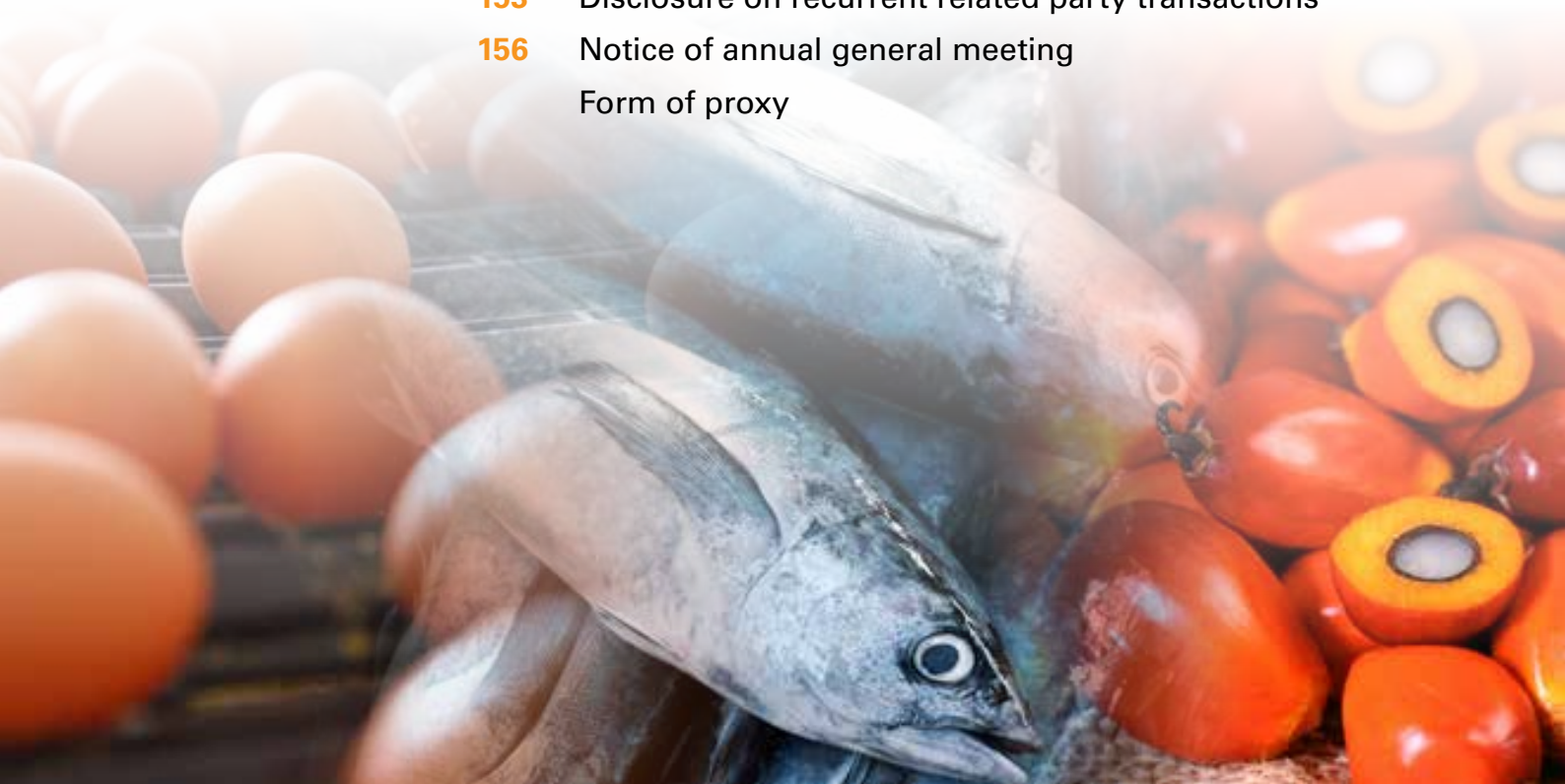


Nourishing Lives

ANNUAL REPORT 2018

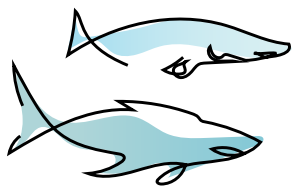
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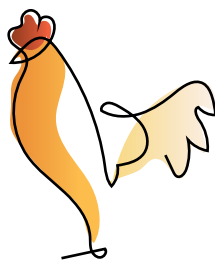
Principle Activities

QL Resources is a sustainable and scalable multinational agro-food corporation that farms and produces some of the most resource-efficient protein and food energy sources. The Group has three principal activities; Integrated Livestock Farming, Marine Products Manufacturing and Palm Oil Activities, and operates in Malaysia, Indonesia, Vietnam and China.



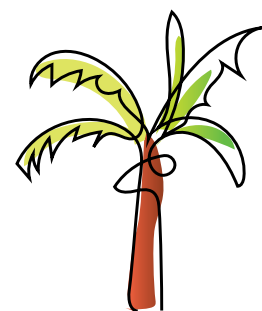
Marine Products Manufacturing

Marine Products Manufacturing consists of upstream and downstream activities including deep-sea fishing, aquaculture farming, surimi and fishmeal production and consumer foods. Through the use of innovative technology and quality practices, QL has achieved industry leadership positions including being Malaysia's largest fishmeal manufacturer and producer of surimi-products, and Asean's largest surimi producer. Mushroom and Figo, QL's marine-product consumer foods brands, are distributed across Asia, Europe and North America.



Integrated Livestock Farming

Organic growth and a series of strategic acquisitions has driven QL's rise to become one of Malaysia's leading operators in animal feed raw materials and poultry farming. QL is among ASEAN's leading poultry egg producers with a group production rate of 5.5 million eggs per day. Approximately 40 million Day Old Chicks (DOC) and 20 million broilers are produced annually across poultry farms in Malaysia and Indonesia. In Malaysia, QL trades over 1,000,000 metric tonnes of animal feed raw materials annually.



Palm Oil Activities

QL has built-up its capabilities in palm oil from milling and estate ownership to biomass clean energy in a move that expands the value chain of traditional agriculture. QL has developed proprietary technology that converts palm waste biomass into a high quality burning fuel, and manufactures industrial boiler systems which convert that biomass fuel into energy, minimising carbon emissions and improving energy cost efficiencies. 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 and one CPO mill in Northern Kalimantan, Indonesia. QL owns a 1,200 hectare mature palm oil estate in Sabah, as well as 15,000 hectare plantation (9,000 hectare mature) in Eastern Kalimantan, Indonesia.



Vision

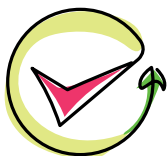
To be the preferred global agro based enterprise

Mission

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

Core Values

PERSONALITY



Progressive



Trustworthy



Initiative

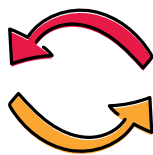


Humility

VALUES



Integrity



Win-win



Teamwork



Innovative

GROUP CORPORATE STRUCTURE

As at 30 June 2018



全利資源有限公司
QL Resources Berhad



Integrated Livestock Farming

100%	QL Feedingstuffs Sdn. Bhd.
100%	Chingsan Development Sdn. Bhd.
100%	QL Feed Sdn. Bhd.
90%	Pacific Vet Group (M) Sdn. Bhd.
100%	QL Pacific Vet Group Sdn. Bhd.
100%	QL Agroventures Sdn. Bhd.
100%	QL Agrofood Sdn. Bhd.
95%	QL AgroResources Sdn. Bhd.
100%	QL Livestock Farming Sdn. Bhd.
100%	Gelombang Elit (M) Sdn. Bhd.
51%	QL TP Fertilizer Sdn. Bhd.
100%	QL Tawau Feedmill Sdn. Bhd.
100%	QL Farms Sdn. Bhd.
100%	AdequateTriumph Sdn. Bhd.
100%	QL Breeder Farm Sdn. Bhd.
100%	QL Inter-Food Sdn. Bhd.
100%	Merkaya Sdn. Bhd.
100%	QL Agrobio Sdn. Bhd.
90%	QL Ansan Poultry Farm Sdn. Bhd.
100%	QL Rawang Poultry Farm Sdn. Bhd.
100%	QL Eco Farm Sdn. Bhd. (fka: Hybrid Figures Sdn. Bhd.)
100%	QL Poultry Farms Sdn. Bhd.
59.999%	Haji Hussin Markom Sdn. Bhd.
100%	QL Realty Sdn. Bhd.
90%	PT. QL Trimitra
99%	PT. QL Agrofood
100%	QL Vietnam AgroResources Liability Limited Company
100%	QL International Pte. Ltd.
87.12%	PT. QL Feed Indonesia
90%	QL Palm Pellet Sdn. Bhd.
100%	QL Feedingstuffs Vietnam Limited Liability Company
100%	QL Farms (Tay Ninh) Liability Limited Company



Marine Products Manufacturing

100%	QL Fishery Sdn. Bhd.
100%	QL Figo Foods Sdn. Bhd.
100%	QL Marine Products Sdn. Bhd.
100%	Icon Blitz Sdn. Bhd.
100%	QL Deep Sea Fishing 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%	Rikawawasan Sdn. Bhd.
100%	Pilihan Mahir Sdn. Bhd.
100%	QL Foods Sdn. Bhd.
100%	QL Aquaculture Sdn. Bhd.
100%	QL Aquamarine Sdn. Bhd.
100%	QL Fishmeal Sdn. Bhd.
0.03%	PT. QL Hasil Laut
1%	PT. QL Nutri Foods Indonesia
82%	QL Lian Hoe Sdn. Bhd.
100%	QL Lian Hoe (S) Pte. Ltd.
100%	Zhongshan True Taste Food Industrial Co. Ltd.
100%	Kuala Kedah Fish Meal Sendirian Berhad
100%	QL Figo (Johor) Sdn. Bhd.
83.33%	Kembang Subur Sdn. Bhd.
100%	KS Pekan Hatchery Sdn. Bhd.
55%	Kembang Subur (Perak) Sdn. Bhd.
51%	Kembang Subur International Ltd.
100%	Nam Duong Vietnam Aquatic Hatchery Co., Ltd.
100%	KS Galah Sdn. Bhd.
100%	KS Monodon Sdn. Bhd.

GROUP CORPORATE STRUCTURE (CONT'D)

As at 30 June 2018



Palm Oil Activities

100% QL Oil Sdn. Bhd.

- **100%** QL BioEnergy Sdn. Bhd.
- **78.42%** QL Mutiara (S) Pte. Ltd.
 - **95%** PT. Pipit Mutiara Indah
- **100%** QL Plantation Sdn. Bhd.
- **100%** QL Tawau Biogas Sdn. Bhd.

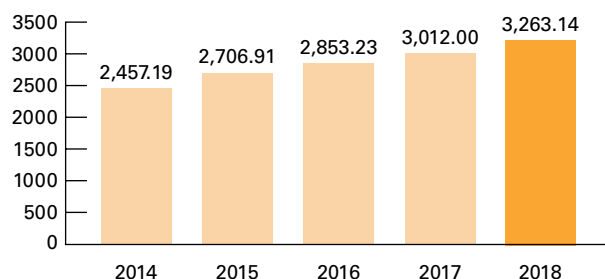
100 % QL Green Resources Sdn. Bhd.

- **100%** QL Tawau Palm Pellet Sdn. Bhd.
- **100%** QL NatureCo Sdn. Bhd.
- **73.33%** Leisure Pyramid Sdn. Bhd.
- **100%** QL ESCO Sdn. Bhd.

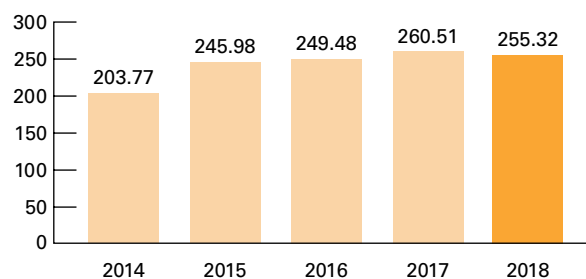
- **100%** **QL IPC Sdn. Bhd.**
- **100%** **QL Corporate Services Sdn. Bhd.**
- **100%** **QL Carbon Sdn. Bhd.**
 - **100%** Maxincome Resources Sdn. Bhd.
 - **100%** QL Kitchen Sdn. Bhd.

5 YEARS FINANCIAL SUMMARY

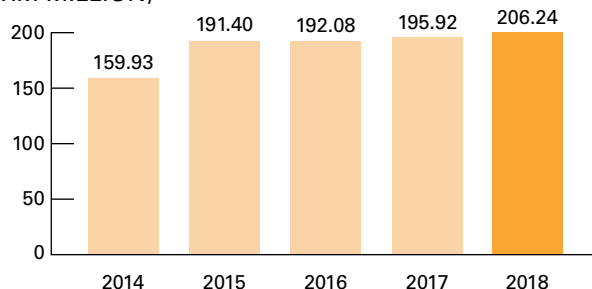
TURNOVER
(RM MILLION)



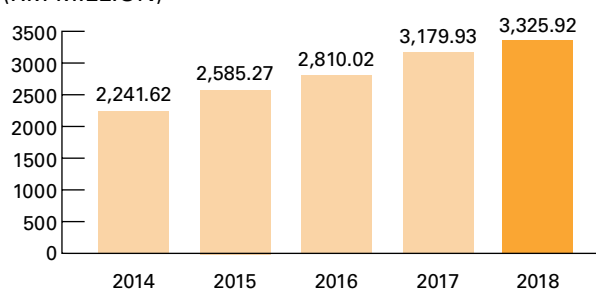
PROFIT BEFORE TAX
(RM MILLION)



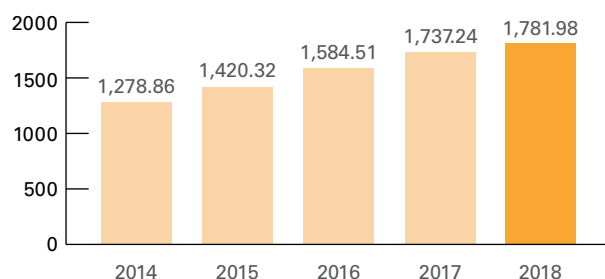
PROFIT AFTER TAX AFTER MINORITY INTEREST
(RM MILLION)



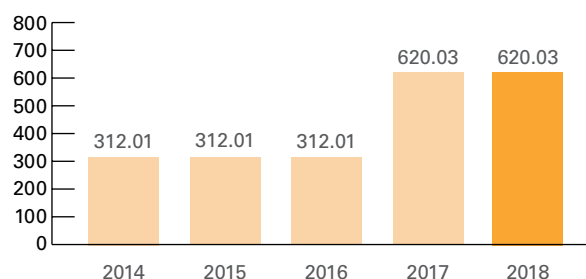
TOTAL ASSETS
(RM MILLION)



NET TANGIBLE ASSETS
(RM MILLION)



PAID-UP SHARE CAPITAL
(RM MILLION)



	2014 RM MIL	2015 RM MIL	2016 RM MIL	2017 RM MIL	2018 RM MIL
Turnover	2,457.19	2,706.91	2,853.23	3,012.00	3,263.14
Profit Before Tax	203.77	245.98	249.48	260.51	255.32
Profit After Tax After Minority Interest	159.93	191.40	192.08	195.92	206.24
Total Assets	2,241.62	2,585.27	2,810.02	3,179.93	3,325.92
Net Tangible Assets	1,278.86	1,420.32	1,584.51	1,737.24	1,781.98
Profit as % of Turnover					
Before Tax	8.29	9.09	8.74	8.65	7.82
After Tax	6.51	7.07	6.73	6.50	6.32
Earnings Per Share (sen)-Basic [^]	10	12	12	12	13
Net Tangible Assets Per Share (sen)	102.47	113.80	126.96	139.20	109.83
Paid-up Share Capital	312.01	312.01	312.01	620.03*	620.03#
No. of Shares in Issue (million)	1,248.03	1,248.03	1,248.03	1,248.03	1,622.44

* Included in the paid-up share capital is RM308.02 million which is transferred from share premium in accordance with Section 618(2) of the Companies Act 2016.

Included in the paid-up share capital is RM214.42 million which is transferred from share premium in accordance with Section 618(2) of the Companies Act 2016.

[^] Adjusted for bonus issue in 2018.

CORPORATE INFORMATION

BOARD OF DIRECTORS

**YM Tengku Dato' Zainal Rashid
Bin Tengku Mahmood**
*Chairman/Independent Non-Executive
Director*
(Retired on 1 April 2018)

Dr. Chia Song Kun
Executive Chairman
(Re-designated on 1 April 2018)

Mr. Chia Song Kooi
Group Managing Director
(Re-designated on 1 April 2018)

Mr. Chia Seong Fatt
Executive Director

Mr. Chia Mak Hooi
Executive Director

Mr. Cheah Juw Teck
Executive Director

Mr. Chia Seong Pow
(Alternate Director to Chia Seong Fatt)
(Re-designated on 1 April 2018)

Mr. Chia Song Swa
(Alternate Director to Chia Mak Hooi)
(Re-designated on 1 April 2018)

Mr. Chia Lik Khai
(Alternate Director to Cheah Juw Teck)
(Re-designated on 1 April 2018)

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

Mr. Tan Bun Poo, Robert
Independent Non-Executive Director

**Prof. Datin Paduka Dato' Dr. Aini
Binti Ideris**
Independent Non-Executive Director

Ms. Kow Poh Gek
Independent Non-Executive Director
(Appointed on 1 April 2018)

Ms. Chan Wai Yen, Millie
Independent Non-Executive Director
(Appointed on 1 April 2018)

Ms. Cynthia Toh Mei Lee
Independent Non-Executive Director
(Appointed on 1 April 2018)

COMPANY SECRETARY

Ms. Ng Geok Ping
MAICSA 7013090

AUDITORS

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

REGISTRARS

**Tricor Investor & Issuing House
Services Sdn. Bhd.**
Unit 32-01, Level 32, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Tel : 03-27839299
Fax : 03-27839222

Customer Service Centre
Unit G-3, Ground Floor
Vertical Podium
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur

STOCK EXCHANGE LISTING

Main Market of
Bursa Malaysia Securities Berhad
Stock Name : QL
Stock Code : 7084

INVESTOR RELATION

Freddie Yap
Tel : 03-78012288
Fax : 03-78012222
Email : freddieyap@ql.com.my

REGISTERED OFFICE

No. 16A, Jalan Astaka U8/83
Bukit Jelutong
40150 Shah Alam
Selangor
Tel : 03-78012288
Fax : 03-78012228
Website : www.ql.com.my

PRINCIPAL BANKERS

Alliance Bank Malaysia Berhad
Alliance Islamic Bank Berhad
AmBank (M) Berhad
Hong Leong Bank Berhad
HSBC Amanah Malaysia Berhad
HSBC Bank Malaysia Berhad
Malayan Banking Berhad
Standard Chartered Bank Malaysia
Berhad
RHB Bank Berhad
United Overseas Bank (Malaysia)
Berhad
Bank of Tokyo-Mitsubishi UFJ
Berhad

BOARD OF DIRECTORS



BOARD OF DIRECTORS (CONT'D)



1. **Dr. Chia Song Kun**
Executive Chairman
2. **Mr. Chia Song Kooi**
Group Managing Director
3. **Mr. Chia Seong Fatt**
Executive Director
4. **Mr. Chia Seong Pow**
Alternate Director to Chia Seong Fatt
5. **Mr. Chia Mak Hooi**
Executive Director
6. **Mr. Chia Song Swa**
Alternate Director to Chia Mak Hooi
7. **Mr. Chia Lik Khai**
Alternate Director to Cheah Juw Teck
8. **Mr. Cheah Juw Teck**
Executive Director
9. **Mr. Chieng Ing Huong, Eddy**
Senior Independent Non-Executive Director
10. **Mr. Tan Bun Poo, Robert**
Independent Non-Executive Director
11. **Ms. Chan Wai Yen, Millie**
Independent Non-Executive Director
12. **Prof. Datin Paduka Dato' Dr. Aini Binti Ideris**
Independent Non-Executive Director
13. **Ms. Cynthia Toh Mei Lee**
Independent Non-Executive Director
14. **Ms. Kow Poh Gek**
Independent Non-Executive Director

BOARD OF DIRECTORS' PROFILE

Dr. Chia Song Kun

Dr. Chia Song Kun, aged 68, male, Malaysian, was appointed as the Group Managing Director of QL Resources Berhad on 3 January 2000 and re-designated as the Executive Chairman on 1 April 2018. He is also a member of the Risk Management Committee.

Dr. Chia was born and raised in Sungai Burong, an impoverished fishing village on the northern coast of Selangor. He graduated with a Bachelor of Science (Honours) degree majoring in Mathematics from the University of Malaya in 1973 and obtained a Master in Business Administration in 1988 from the same university. He started his career as a tutor and subsequently joined University Teknologi Mara as a lecturer where he served for 11 years until 1984.

After his lecturing years, Dr. Chia, along with his brothers and his brothers-in-law, began trading in fish meal and feed meal raw material. The business they founded was subsequently incorporated as QL Resources Berhad. Today QL is a sustainable and scalable multinational agro-food corporation with interests in Integrated Livestock Farming, Marine Products Manufacturing and Palm Oil Activities. The company has a market capitalisation of approximately eight billion ringgit.

Dr. Chia is a founding member of INTI Universal Holdings Berhad, which operates one of the leading private university 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 on the ACE Market of Bursa Malaysia Securities Berhad on 5 May 2011, which then transferred to the Main Market on 4 December 2014.

Dr. Chia's leadership has been recognised by a number of noted organisations. In 2005, *The Edge* selected him as one of '20 CEOs We Admire'. In July 2011, Dr. Chia led the Group to new heights when QL Resources won the prestigious *The Edge* Billion Ringgit Club Company of the Year award. In 2012, Dr. Chia was awarded the Ernst & Young Entrepreneur of the Year Award 2012 for Malaysia.

Dr. Chia Song Kun is the brother of Mr. Chia Song Swa and Mr. Chia Song Kooi. He is the brother-in-law of Mr. Chia Seong Pow and Mr. Chia Seong Fatt and also Mr. Chia Lik Khai's father. He is the Director and beneficial shareholder of CBG (L) Pte Ltd via CBG (L) Foundation, a major shareholder of QL.

He attended all six 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 five years, other than traffic offences (if any).

Mr. Chia Song Kooi

Mr. Chia Song Kooi, aged 58, male, Malaysian, was appointed as an Executive Director of the Company on 3 January 2000. He was re-designated as the Deputy Managing Director of the Company on 21 November 2016 and then as the Group Managing Director on 1 April 2018. He is also a member of the Risk Management Committee.

He holds a bachelor of Agricultural Science from University Putra Malaysia (1985). In 2005 he has completed the Premier Business Management Program which was aimed to equip business leaders with the skills and competencies necessary for navigating uncertainty, adversity and to lead change in the global economy.

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

Mr Chia joined QL Feedingstuffs Sdn. Bhd. as an Executive Director on 21 September 1988. He has more than 20 years of experience in farm management and in trading of raw materials for farm use, as well as more than 10 years of experience in marine products processing. He was the Deputy Chairman of Sabah Livestock Poultry Association from 2012 to 2016. In view of the restructuring of the QL Group, he has resigned as a Director of QL Feedingstuffs Sdn. Bhd. Prior to being the group's Deputy Managing Director, he was overall in charge of the group's operations in Kota Kinabalu since 1990 to 2016.

Mr. Chia Song Kooi is the brother to Dr. Chia Song Kun and Mr. Chia Song Swa.

He attended five out of six 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 five years, other than traffic offences (if any).

BOARD OF DIRECTORS' PROFILE (CONT'D)

Mr. Chia Seong Fatt

Mr. Chia Seong Fatt, aged 62, male, Malaysian, was appointed as an Executive Director of the Company on 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 three years before he pursued further studies in University Malaya. In 1984, he graduated from University of Malaya with a Master degree in Business Administration.

He served for seven years as Managing Director in Sri Tawau Farming Sdn. Bhd., a company involved in layer farming.

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. From 2017 onwards, he is the Director overseeing all farming operations in Sabah.

He is also an Alternate Director in Boilermech Holdings Berhad, a company listed in the ACE Market of Bursa Malaysia Securities Berhad on 5 May 2011, which then transferred to the Main Market on 4 December 2014.

He is the elder brother to Mr. Chia Seong Pow. Both of them are brothers-in-law to Dr. Chia Song Kun. He is the Director and beneficial shareholder of Farsathy Holdings Sdn. Bhd., a major shareholder of QL.

He attended all six 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 five years, other than traffic offences (if any).

Mr. Chia Mak Hooi

Mr. Chia Mak Hooi, aged 53, male, Malaysian, was appointed as an Executive Director of the Company on 3 January 2000. He is also a member of the Risk Management Committee. 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 Mak Hooi is the Director of EITA Resources Berhad and Group, a company listed on the Main Market of the Bursa Malaysia Securities Berhad on 9 April 2012. EITA group is a leading supplier to electrical contractors, switchboard fabricators, Original Equipment Manufacturer ("OEM") and manufacturer of elevators and busduct systems in Malaysia and expanding to other Asian countries.

He is the nephew to Dr. Chia Song Kun, Mr. Chia Song Swa and Mr. Chia Song Kooi.

He attended all six 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 five years, other than traffic offences (if any).

BOARD OF DIRECTORS' PROFILE (CONT'D)

Mr. Cheah Juw Teck

Mr. Cheah Juw Teck, aged 49, male, Malaysian, was 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 division in QL Group as well as the expansion programs in overseas.

Mr. Cheah Juw Teck is the nephew to Dr. Chia Song Kun, Mr. Chia Song Swa and Mr. Chia Song Kooi.

He attended all six 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 five years, other than traffic offences (if any).

Mr. Chia Seong Pow

Mr. Chia Seong Pow, aged 62, male, Malaysian, was appointed as an Executive Director of the Company on 3 January 2000 and re-designated as the Alternate Director to Mr. Chia Seong Fatt on 1 April 2018.

He graduated from Tunku 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. 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.

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

Mr. Chia Seong Pow was appointed as a Director of EITA Resources Berhad on 1 March 2017, a company listed on the Main Market of the Bursa Malaysia Securities Berhad on 9 April 2012. EITA group is a leading supplier to electrical contractors, switchboard fabricators, Original Equipment Manufacturer ("OEM") and manufacturer of elevators and busduct systems in Malaysia and expanding to other Asian countries.

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

He attended all six 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 five years, other than traffic offences (if any).

Mr. Chia Song Swa

Mr. Chia Song Swa, aged 58, male, Malaysian, was appointed as an Executive Director of the Company on 3 January 2000 and re-designated as the Alternate Director to Mr. Chia Mak Hooi on 1 April 2018.

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 two 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 Dr. Chia Song Kun and Mr. Chia Song Kooi.

He attended all six 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 five years, other than traffic offences (if any).

BOARD OF DIRECTORS' PROFILE (CONT'D)

Mr. Chia Lik Khai

Mr. Chia Lik Khai, aged 39, male, Malaysian, was appointed as an Executive Director of the Company on 21 November 2016 and re-designated as the Alternate Director to Mr. Cheah Juw Teck on 1 April 2018.

He graduated from the MBA program of Wharton Business School, University of Pennsylvania, United States where he focused on Entrepreneurship and Corporate Finance. He also received his Master of Science and Bachelor of Science in Electrical Engineering from University of Michigan, Ann Arbor, United States.

Prior to joining QL Resources Berhad and Group, he was with McKinsey & Company in Shanghai, where he was an affiliate of Global Energy & Materials and High-Tech practice. During his tenure there, he focused on serving global clients in renewable energy, consumer products and high-tech sectors on strategy, mergers and acquisitions as well as sales and marketing. He also possesses extensive management experience in high-tech, telecommunications and internet commerce. He spent eight years in the semiconductor industry with Agilent and Avago Technologies in Silicon Valley,

where he assumed multiple roles as R&D staff, New Product Manager and Marketing Manager.

He subsequently joined QL Resources Berhad as Group Corporate Development Director and was appointed as the Executive Director of a few subsidiaries of QL Resources Berhad in 2009. He oversees the group strategic business planning and expansion.

Mr. Chia Lik Khai is also the Deputy Managing Director of Boilermach Holdings Berhad, a company listed on the Main Market of Bursa Malaysia Securities Berhad.

He is the son of Dr. Chia Song Kun, nephew to Mr. Chia Song Swa, Mr. Chia Song Kooi, Mr. Chia Seong Pow and Mr. Chia Seong Fatt.

He attended all six Board of Directors' meetings held for the financial year.

Mr. Chia Lik Khai has no conflict of interest with the Company and he has no convictions for any offences within the past five years, other than traffic offences (if any).

Mr. Chieng Ing Huong, Eddy

Mr. Chieng Ing Huong, Eddy, aged 60, male, Malaysian, was appointed as a Senior Independent Non-Executive Director of the Company on 24 December 2001 and re-designated as the Chairman of the Audit, Nominating, Remuneration and Risk Management Committees on 1 April 2018.

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

Mr. Eddy Chieng has extensive senior management experience having been involved in a number of successful entrepreneurial businesses in Malaysia and overseas; primarily in ASEAN, Hong Kong and Australia.

Mr. Eddy Chieng is also the Executive Chairman of Esthetics International Group Berhad and Chairman of Selangor Dredging Berhad. He was previously the Founder/Managing Director of Nationwide Express Courier Services Berhad, Executive Director of OSK Holdings Berhad, Independent Non-Executive Director of Ancom Berhad, Nylex (Malaysia) Berhad, Oron Group Limited (ASX listed) and Chairman of Asia Poly Holdings Berhad. In addition, he was instrumental in bringing Fedex to Malaysia and was a Director of Federal Express Malaysia for a number of years.

He attended five out of six 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. Eddy Chieng has no conflict of interest with the Company and he has no convictions for any offences within the past five years, other than traffic offences (if any).

BOARD OF DIRECTORS' PROFILE (CONT'D)

Mr. Tan Bun Poo, Robert

Mr. Tan Bun Poo, Robert, aged 68, male, Malaysian, was appointed as an Independent Non-Executive Director of the Company on 1 June 2011. He is also a member of the Audit, Nominating, Remuneration and Risk Management Committees.

He graduated with a Bachelor of Commerce from University of Newcastle, Australia and thereafter qualified as a Chartered Accountant of the Institute of Chartered Accountants in Australia in 1997. He is a member of The Malaysian Institute of Accountants (MIA), The Malaysian Institute of Certified Public Accountants (MICPA), The Malaysian Institute of Taxation and a fellow member of The Institute of Chartered Accountants in Australia. He is a member in the Auditing & Assurance Standards Board established under the auspices of MIA and has served as a council member of MICPA up to June 2015.

Mr. Tan Bun Poo, a practicing accountant, has more than 40 years of experience in the audits of various industries, including banking and financial services,

manufacturing, hospitality and services. 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 was a retired senior partner with Deloitte Malaysia.

Mr. Tan is also a Director of UEM Edgenta Berhad, AmCorp Properties Berhad, RCE Capital Berhad, AmMetLife Takaful Berhad and AmlInvestment Bank Berhad.

He attended all six Board of Directors' meetings held for the financial year.

Mr. Tan Bun Poo has no family relationship with any director and/or major shareholder of the Company. He has no conflict of interest with the Company and he has no conviction for any offences within the past five years, other than traffic offences (if any).

Professor Datin Paduka Dato' Dr. Aini Binti Ideris

Professor Datin Paduka Dato' Dr. Aini Binti Ideris, aged 65, female, Malaysian, was appointed as an Independent Non-Executive Director of the Company on 1 January 2016. She is also a member of the Audit and Risk Management Committees.

She graduated with Doctor of Veterinary Medicine (DVM) degree in 1979 from Universiti Pertanian Malaysia - UPM (currently, Universiti Putra Malaysia) and received her Masters in Veterinary Science (MVSc) Degree in Avian Medicine in 1981 from University of Liverpool, England. She was awarded PhD Degree in 1989 by UPM. She continued her post-doctoral training at University of California Davis, USA and was awarded Asian Development Bank Fellowship in 1993 for further postdoctoral training at Cornell University, USA.

Professor Aini is actively involved as Council Member of Malaysian College of Veterinary Specialists (MCVS), Member of Board of Governance of International Medical University (IMU) and International Medical College (IMC), Member of Board of Directors of Yayasan Putra Business School, Council Member of Malaysian Cancer Research Institute (MCRI) and Executive Member of National Cancer Council (MAKNA). She is the Founding Chairman, Board of Directors of UPM Holdings Sdn. Bhd. and currently Board Member of UPM Holdings Sdn. Bhd. In

December 2013, she was appointed as member of International Advisors of Women Issues, under the Minister at Prime Ministers Department.

She was also a Council Member of Academy of Sciences Malaysia, Board Member of UPM Holdings; Education & Training, and the Founding Director for Corporate Strategy & Communications Office, UPM.

She was previously the Deputy Vice Chancellor (Academic and International) and currently, she is the Vice-Chancellor for Universiti Putra Malaysia (UPM). She is also the Coordinator for the National Centre of Excellence for Swiftlets, under MOA, member of Investigating Tribunal Panel for the Advocates and Solicitors Disciplinary Board of the Bar Council, Malaysia and Vice President of World Veterinary Poultry Association.

She attended four out of six Board of Directors' meetings held for the financial year.

Professor Aini has no family relationship with any director and/or major shareholder of the Company. She is the Independent Non-Executive Director of Malayan Flour Mills Berhad. Besides this, she has no other conflict of interest with the Company. She has no conviction for any offences within the past five years, other than traffic offences (if any).

BOARD OF DIRECTORS' PROFILE (CONT'D)

Ms. Kow Poh Gek

Ms. Kow Poh Gek, aged 60, female, Malaysian, was appointed as an Independent Non-Executive Director of the Company on 1 April 2018. She is also a member of the Audit and Risk Management Committees.

She graduated with a Diploma In Commerce (Cost and Management Accounting) from Tunku Abdul Rahman College and a fellow member of The Chartered Institute of Management Accountants, UK.

Ms. Kow started her career as a Financial Assistant in April 1982. She has more than 35 years of experience in finance and management accounting, financial reporting, taxation, treasury, budgetary control, internal control systems and risk management within the investment holding, banking, hotel and resorts, direct selling, manufacturing and trading/services sectors. In January 2010, she joined EITA Holdings Sdn. Bhd. (now known as EITA Resources Berhad) ("EITA") as the Finance cum Investors Relation Manager. She was later designated as the Chief Financial Officer in EITA in January 2012, a position she held till 31 December 2017.

During her tenure in EITA, she was involved in the preparation of EITA prospectus for its listing on the Main Board of Bursa Malaysia Securities Berhad in April 2012, formulation and documentation of accounting standard operating procedures, evaluation of financial position of companies targeted for merger and acquisition, overseeing the company's financial reporting and entire accounts department, investor relations and risk management functions.

She is also an Independent Non-Executive Director of GDB Holdings Berhad since 14 December 2017.

She will be attending the Board of Directors' meetings held after the financial year ended 31 March 2018.

Ms. Kow Poh Gek has no family relationship with any director and/or major shareholder of the Company. She has no conflict of interest with the Company and she has no conviction for any offences within the past five years, other than traffic offences (if any).

Ms. Chan Wai Yen, Millie

Ms. Chan Wai Yen, Millie, aged 62, female, Malaysian, was appointed as an Independent Non-Executive Director of the Company on 1 April 2018.

She graduated with a Bachelor of Laws Degree with First Class Honours from the University of Malaya, 1980.

Ms. Chan was admitted as an Advocate and Solicitor to the High Court of Malaya in 1981. She commenced legal practice in Maxwell, Kenion, Cowdy & Jones, a law firm in Ipoh. In 1984, Ms. Chan co-founded the legal firm WY Chan & Roy, which has offices in Ipoh and Kuala Lumpur, and continued to practice law in Malaysia until 2007.

Ms. Chan's practice focus in Malaysia during the first seven years of practice was in civil and commercial litigation. In the following two decades, her practice concentrated on corporate securities and finance, and commercial matters.

In 2010, Ms. Chan was admitted to the Law Society of British Columbia, Canada. She practiced in the Vancouver office of Borden Ladner Gervais ("BLG"), a national law firm in Canada, and was a member of BLG Tax Group and the Corporate & Commercial Group. She was also BLG Senior Consultant for Asia Pacific

Market. She advises high net worth families, particularly business families in Asia, in the area of holistic global estate planning, involving inter-generational wealth transfer, asset protection, and capital preservation. In addition, she assists families to establish strategies and processes to promote family governance, maintain family unity, and uphold family identity and integrity. She works with an extensive contact base of financial institutions and offshore service providers for trust, foundations, and corporations.

Ms. Chan applied to be a non-practicing lawyer in British Columbia in 2018 in order to concentrate on consulting with business families and individuals, particularly in Asia, in the area of holistic global estate planning under Legacy 127 Consulting Inc. She remains the Senior Consultant for BLG.

She will be attending the Board of Directors' meetings held after the financial year ended 31 March 2018.

Ms. Chan Wai Yen has no family relationship with any director and/or major shareholder of the Company. She has no conflict of interest with the Company and she has no conviction for any offences within the past five years, other than traffic offences (if any).

BOARD OF DIRECTORS' PROFILE (CONT'D)

Ms. Cynthia Toh Mei Lee

Ms. Cynthia Toh Mei Lee, aged 44, female, Malaysian, was appointed as an Independent Non-Executive Director of the Company on 1 April 2018.

She graduated with a Bachelor of Commerce from Monash University in 1994 and Bachelor of Laws from Monash University in 1996.

Ms. Cynthia Toh is an Advocate & Solicitor of the High Court of Malaya. She is partner of the law firm, Messrs. Wong Beh & Toh since 2002.

In 1997, she completed her pupillage at Messrs. Presgrave & Matthews and was admitted as an advocate and solicitor in the High Court of Malaya in the same year. She worked as a legal assistant at Messrs. Presgrave & Matthews until 2002 when Messrs. Wong Beh & Toh was set up. She is one of the founding partners of Messrs. Wong Beh & Toh.

She practices in the areas of equity corporate finance, mergers and acquisitions as well as private company

advisory work. She is also involved in various other corporate and commercial matters.

She has been involved in both domestic and cross-border transactions. Her experience includes, debt and equity securities offerings, corporate restructurings of insolvent companies, takeovers, mergers and acquisitions of companies and businesses, initial public offerings, venture and development capital financing, unit trusts and investment funds, foreign direct investment, placement and underwriting arrangements, franchising and commercial and intellectual property transactions.

She will be attending the Board of Directors' meetings held after the financial year ended 31 March 2018.

Ms. Cynthia Toh has no family relationship with any director and/or major shareholder of the Company. She has no conflict of interest with the Company and she has no conviction for any offences within the past five years, other than traffic offences (if any).



KEY SENIOR MANAGEMENT



1. **Dr. Chia Song Kun**
Executive Chairman
(Please refer to Directors' Profile on page 10)
2. **Mr. Chia Song Kooi**
Group Managing Director
(Please refer to Directors' Profile on page 10)
3. **Mr. Chia Seong Fatt**
Executive Director
(Please refer to Directors' Profile on page 11)
4. **Mr. Chia Mak Hooi**
Executive Director
(Please refer to Directors' Profile on page 11)
5. **Mr. Cheah Juw Teck**
Executive Director
(Please refer to Directors' Profile on page 12)
6. **Mr. Chia Seong Pow**
Alternate Director to Chia Seong Fatt
(Please refer to Directors' Profile on page 12)
7. **Mr. Chia Song Swa**
Alternate Director to Chia Mak Hooi
(Please refer to Directors' Profile on page 12)
8. **Mr. Chia Lik Khai**
Alternate Director to Cheah Juw Teck
(Please refer to Directors' Profile on page 13)
9. **Mr. Chia Song Kang**
Executive Director

Mr. Chia Song Kang, aged 67, male, Malaysian, joined QL Group as a Director in January 1987. He was appointed as EXCO member of QL in December 2004. He is overall in charge of the operations in Endau, Johor.

He is the brother to Dr. Chia Song Kun, Mr. Chia Song Kooi and Mr. Chia Song Swa.

He has no conviction for any offences within the past five years, other than traffic offences (if any).

CHAIRMAN'S STATEMENT

Dear Shareholders,

As QL Resources Berhad enters a new chapter both in our years in business and for me personally as the Executive Chairman, it is my utmost privilege to pen a report of another consecutive year of profitability.

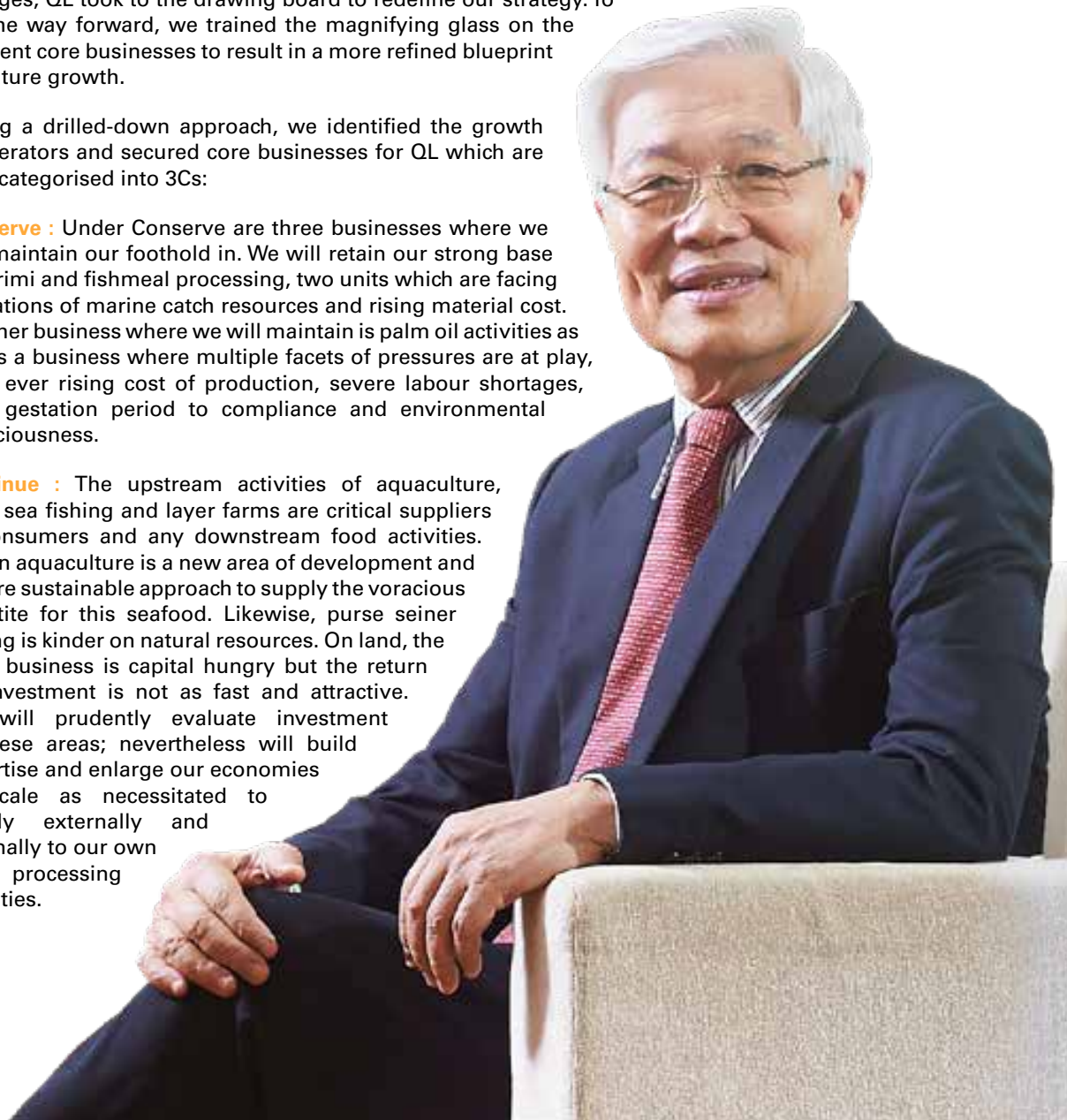
Financial year 2018 was a year where the global economy accelerated in pace, commodity prices stabilised and the Ringgit rose in value above the projected RM4.20 to the greenback. However, it was also an environment steeped with challenges presented by adverse weather-related situations, weak consumer sentiments, labour shortage and rising operating costs. Against a backdrop of needing to constantly be able to anticipate market trends, QL returned a profit after tax and minority interest (PATMI) of RM206.2 million on the back of RM3.263 billion revenue for the financial year 2018. This was a growth of 5.3% and 8.3% respectively.

In the last few financial years, to enable the goal of continuously delivering a double digit compounded annual growth rate (CAGR), QL identified regional replication, strengthening of value chain and downstream integration as the growth themes. This three-pronged strategy has provided us a good guide thus far. As the business environment grows increasingly demanding and our base enlarges, QL took to the drawing board to redefine our strategy. To aid the way forward, we trained the magnifying glass on the different core businesses to result in a more refined blueprint for future growth.

Taking a drilled-down approach, we identified the growth accelerators and secured core businesses for QL which are then categorised into 3Cs:

Conserve : Under Conserve are three businesses where we will maintain our foothold in. We will retain our strong base in surimi and fishmeal processing, two units which are facing limitations of marine catch resources and rising material cost. Another business where we will maintain is palm oil activities as this is a business where multiple facets of pressures are at play, from ever rising cost of production, severe labour shortages, long gestation period to compliance and environmental consciousness.

Continue : The upstream activities of aquaculture, deep sea fishing and layer farms are critical suppliers to consumers and any downstream food activities. Prawn aquaculture is a new area of development and a more sustainable approach to supply the voracious appetite for this seafood. Likewise, purse seiner fishing is kinder on natural resources. On land, the layer business is capital hungry but the return on investment is not as fast and attractive. We will prudently evaluate investment in these areas; nevertheless will build expertise and enlarge our economies of scale as necessitated to supply externally and internally to our own food processing activities.



CHAIRMAN'S STATEMENT (CONT'D)

Core focus : We have identified businesses within our core that have better growing potential and returns at lower capital requirement. This category fits perfectly into our Downstream Integration theme where QL is building our own brands, and reaching consumers directly. Driven by the ravenous demand for the widely accepted chicken meat, the broiler business holds good prospects and we have begun acquiring technologies to grow it. In view of our existing expertise, downstream synergies and good growth potential, we are channeling focus on to value-added food processing, broiler integration activities and convenience store.

This distillation of approach carves a path for QL to unlock the value hidden within our expertise. We are confident this game plan will put us on the path to become one of the leading agro-food companies in Southeast Asia and home to multiple household brand names. We envision becoming the preferred global agro-based enterprise.

As we grew through the years, we have stayed true to our belief of sharing wealth with loyal shareholders and consistently paid out 25%-30% of our profit. A significant portion of the profit is retained to power growth because the business is capital intensive. Hence, we have ploughed back the profit to grow the business while still maintaining a comfortable gearing ratio. For the financial year ended 31 March 2018, a final single tier dividend of 4.50 sen per share has been proposed by the Board, subject to approval of shareholders at the forthcoming general meeting. If approved, the dividend payout will amount to RM73 million or an all-time high of 34% of our profit for financial year past.



FINANCIAL YEAR 2019 PROSPECTS



As an agro-food company including being the largest surimi producer and a leading egg producer in Southeast Asia, we are constantly monitoring global and domestic economic developments. Economic development and policies impact consumer sentiments which in turn affect purchasing power.

In April 2018, the International Monetary Fund (IMF) forecasted a world economy growth of 3.9 per cent for 2018 and 2019. This followed the strong second half of 2017 experienced by major economies which outperformed the 2.7% global economic outlook predicted by World Bank for last year. More recently, emerging economies have experienced the exit of funds brought about in part, by the US interest rate hike. Compounded by the impending US-China trade war, the economic outlook has lost some of its shine.

domestic product (GDP) growth of 5.5% to 6% for 2018 and Fitch Ratings affirmed its A- rating on Malaysia with a stable outlook. After GE14, with the ongoing review of infrastructure projects, cutting of government expenses and belt-tightening, we anticipate the economic growth to be slow down. However, the zero-rating of government service tax (GST) will stimulate sentiments for consumption.

Closer to home before the 14th General Election (GE14), Bank Negara Malaysia projected a gross

The imminent US-China trade war might bring adverse impact on Malaysian economy. Malaysia has been ranked second in the top 10 markets that will be most affected by the US tariffs on Chinese goods via supply chain. Our anticipation of the short term economic outlook, within FY2019, will be a neutral to bearish.

CHAIRMAN'S STATEMENT (CONT'D)

As such, our priorities in FY2019 are focused on capitalising on opportunities, mitigating threats and delivering increased value to shareholders. I am confident with the network built over the last 31 years and blueprint for growth which has now been further defined, the path ahead is clear. We are anticipating a year where we can raise the building blocks onto the foundation laid to realise the promise of our business units.

CORPORATE GOVERNANCE

QL has consistently conducted business conscious of our responsibility to all stakeholders. Values of integrity, entrepreneurial spirit, innovation, vision and gratitude have been our cornerstones as we balance business advancement and profitability with international best practices.

Our desire is to create sustained shareholder value that can withstand the closest of scrutiny, by employing prudent risk management and good governance. The Board holds ourselves accountable for upholding and propagating responsible business practices.



The growth metrics that companies are measured by now encompass financial and non-financial aspects, and QL is committed to fulfilling our commitment and responsibility.

Details of our corporate governance is outlined on pages 31 to 33.

CLOSING REMARKS AND APPRECIATION

I would like to thank our loyal shareholders, customers and suppliers for their unwavering support and belief in QL, alongside the hard work of our employees and management.

Allow me to put on record our gratitude to YM Tengku Dato' Zainal bin Tengku Mahmood for his faithful service as the Chairman and Independent Non-Executive Director of QL since 3 January 2000. His contribution and guidance for 18 years as he sat in various QL committees, have been invaluable and we bid YM Tengku Dato' Zainal a fond retirement as he celebrates his 79th birthday this year.

At the same time, QL welcomes the addition of three new, female Independent Non-Executive Directors this year, whom we believe will add a new perspective as well as increase the diversity of our Board.

The Board of QL will continue to pursue a spirit of excellence in our everyday endeavours. To succeed, all contributing stakeholders, from employees to vendors and management team need to be single-minded in rising to the challenge of a constantly changing business environment. I believe the team spirit and cohesiveness honed over the decades past have become ingrained values of the next generation as we prepare for leadership succession. To this end, QL is in the sweet spot of having the resources, people and being in the right businesses.

This will contribute to QL bearing through the uncertainties ahead to deliver on another year of moderate growth.

DR CHIA SONG KUN
Executive Chairman

MANAGEMENT DISCUSSION AND ANALYSIS



QL Resources Berhad is a diversified consumer group with three main business pillars in Marine Products Manufacturing (MPM), Integrated Livestock Farming (ILF) and Palm Oil Activities (POA) and is listed on Bursa Malaysia since 2000.

We have continuously built on our core competencies to be now the largest surimi producer and one of the largest egg producers in Southeast Asia, the largest fishmeal manufacturer in Malaysia as well as owning brands such as Mushroom, Figo, Ika's, Suria, and OceanRia that are fast becoming household names. QL is driven by our mission to create nourishing products from agro resources, leading to benefit for all.

Our strong fundamentals enabled by our core values have provided us with financial strength bordered by integrity, teamwork, innovation and a win-win approach. This in turn resulted in QL consistently delivering quality products and sustainable performance.

It is this foundation that provided the traction for QL to ride out the various challenges that cropped up in the financial year under review of 1 April 2017 to 31 March 2018. The challenges of financial year (FY) 2018 ranged from post El Nino weather that negatively affected both the fish cycle and oil palm fresh fruit formation, a stronger Ringgit which affected export, increasing operating cost, stiff competition in particular in feed raw material trade and weaker consumption power due to government service tax (GST) in FY2018.

In the face of adversity, QL remained resilient and resourceful to adjust and adapt strategically and operationally to record a RM251.2 million increase in revenue. This is a respectable 8.3% top line growth to a revenue of RM3.263 billion.

Profit before tax (PBT) experienced a 2% contraction to RM255.3 million compared to the previous FY2017 due in part to several factors affecting the three business pillars throughout the course of the year. However, with prudent management and thanks to a lower effective tax rate, the Group was able to record a profit after tax and minority interests (PATMI) of RM206.2 million, which was 5.3% higher than the RM195.9 million recorded in FY2017.

On the regional front, the investment into overseas operations as part of our regional replication growth theme is bearing fruit despite challenging circumstances. The bases were faced with uncertain fishery policies, poultry farming disease situations and weather-related challenges. Notwithstanding these, the regional operations turned in a revenue of RM661.8 million, which was an increase of 16.8% over the FY2017 performance of RM566.3 million.

Segment-wise in FY2018, MPM operated under unexpected headwinds and currents of stronger Ringgit and lower fish catch cycle to haul in RM905.4 million in revenue. This performance also translated to an increase of 3.2% over the last financial year. In terms of PBT, it saw a 15.3% decline to RM124.1 million from the RM146.5 million achieved in FY2017, pressured by low fish catch cycle.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

Historically, ILF has been the key segment for QL and its FY2018 performance is in line with this trend. ILF continued to be the major revenue contributor to QL, with 60.4% of the Group revenue derived from this division. The RM1.971 billion ILF revenue recorded which marked a RM187.5 million (10.5%) improvement over FY2017 can be traced to higher overall sales contribution from East Malaysia and regional poultry operations. The PBT of ILF experienced a 16.1% leap from RM88.9 million recorded in FY2017 to RM103.2 million in FY2018.

The third revenue pillar, POA, remained the smallest contributor to Group revenue. This division is most susceptible to weather patterns. The excessive rainfall, sustained El Nino stress and acute labour shortage in East Malaysia during the year resulted in lower fresh fruit bunch (FFB) yield as well as oil extraction rates. The severe negative effects were slightly offset by the increased harvest thanks to the maturing profile of our planted estates in Indonesia.

Despite these challenges and the weaker CPO price in FY2018, the turnover increased by RM35.5 million from RM351.8 million to RM387.3 million while PBT increased from RM24.9 million to RM27.9 million. The contribution of Boilermach Holdings Berhad, an approximately 44% equity stake associate company has been taken into account in this performance. Boilermach's contribution was lower due to weaker demand in the palm industries.



REVIEW OF OPERATIONS

We embarked on our regional business replication model in Indonesia and Vietnam, applying know-how and lessons learned from our operations in Malaysia to expand into these markets. Whilst the road was not a highway, we can see the clear path forward and with tenacity, we are confident of reaping increasing returns from MPM and ILF activities in particular, due to the population size and changing market demand in these nations.

Likewise, the emphasis on strengthening our value chain and downstream integration is also hatching healthy, resilient units. We are excited at the prospects to witness developments that have strengthened our competitive position. The diligence in building the brands of our consumer food products are bearing fruit. Our brandnames are gaining recognition and FamilyMart, our foray into convenience store is being acknowledged and imitated. As they say, imitation is the best form of flattery!

The best of strategies must be accompanied by corresponding investment and hunger to reach higher. As QL laid out our designs for overall and segmental focus, capital is required to power the strategy and continue to spur growth.

To this end, QL had earmarked RM300 million for capital expenditure (capex) in FY2018. This amount is consistent with the allocation in previous years. The capex was poured mainly into the pillars of MPM and ILF to increase production capacity and improve efficiencies.



MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

Marine Products Manufacturing (MPM)

MPM is part of QL's core business and our activities in this business course through the entire chain from upstream to downstream right up to conveniently prepared food items for consumers. Carved into three distinctive categories, one end of the chain is in fishery and prawn aquaculture. Value-adding the produce is the processing of the raw material into surimi and fishmeal. Moving down the chain, QL also manufactures and supplies seafood-based consumer foods such as fishballs and fun snacks.

The experience, expertise and network built over the years have earned QL the title of largest surimi producer in Southeast Asia. In Malaysia, we are the largest manufacturer of surimi-based products, halal fish-based products, and fishmeal.

In FY2018, QL produced 140,000 tonnes of surimi, surimi-based products, frozen fish and fishmeal. This is comparable to the 135,000 tonnes produced in the prior year and is the optimal output quantity for the operating MPM assets as at FY2018.

Key MPM Developments

For the period under review, QL's fishery units in Kota Kinabalu were deeply affected by low fish cycle caused by unusual post-El Nino events, where a trail of storms followed.

Compounding that, recent super typhoons in tandem with prolonged Northeast monsoons also adversely affected fishery activities. In Endau, the lower fish catch was compounded by a stronger Ringgit. The overall effect was a lower contribution from the fishery operations at this unit.

Three years ago, we commenced our prawn aquaculture activities to diverge from solely depending on fishing activities. In Kudat, the upstream activity challenges reported in the last financial year have been overcome. This Kudat prawn aquaculture unit is now in the recovery phase after the prawn disease outbreak last year. The improved genetics, better pond facilities and new culturing methods have yielded positive results. These mitigation efforts have spawned rewards beyond better harvest. The operations have been endorsed by the Department of Fisheries Malaysia with the Malaysia Good Aquaculture Practices (MyGAP) certification, and Fish Quality Certificate (FQC), adding to the confidence of food safety and sustainable practices.

In our Hutan Melintang marine unit, works for

new chilled surimi-based product plant and frozen products factories were completed in March 2018 at a RM100 million investment. With the new plants, capacity chilled surimi-based products have doubled to 25,000 metric tonnes per year, while capacity for frozen products will see an increase of 15,000 metric tonnes per year to 35,000 metric tonnes per annum.

Concurrently, Figo's operations have been fully migrated to the new Kulai frozen surimi-based factory. The full consolidation of production onto a single site will streamline management and boost production efficiency.

In managing the uncertainty of fishery policies in Indonesia, the value chain has been extended to produce surimi-based products as well as importing bulk packed products for repacking and further distribution in Indonesia. This extension project incurs a cost of RM5 million and will commence operations in FY2019.

A new fishmeal line which includes extending factory floor space is in progress at an investment of RM10 million. Fishmeal prices have been positive with demand from China and Japan.

MPM Outlook

We have been continuously building capacity in MPM as marine-based products are easily and widely accepted worldwide. In addition to our established foothold in the Japanese market, our market leadership and recognition by various authorities have opened doors for QL's marine-based products into new markets.

We anticipate fish catch cycle to normalise and the Ringgit to weaken against the US dollars in FY2019. As such, we expect to face the challenge of international fishmeal prices trending downwards due to the projected ample fish catch including in South America. This impact will be offset by the stronger US dollars. Surimi and surimi-based product sales are projected to remain stable in both price and demand. The bearish outlook of the Ringgit in the short term will be favourable in terms of MPM export sales.

The production of chilled and frozen surimi-based products is expected to rise when contribution of the newly-minted plants in Hutan Melintang comes online. As we gain more experience in our aquaculture activities, the output is expected to improve. The downstream processing of frozen seafood and supporting distribution matrix will be widened accordingly to enhance output and reach. We are optimistic of a recovery in MPM in particular the bottomline in FY2019.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

Integrated Livestock Farming (ILF)

QL operates four sub-pillars within this integrated livestock farming pillar: animal feed and raw material trade, commercial feed milling, layer farming, and broiler integration activities. We have farms located across geographical neighbours and homogenous tropical countries of Malaysia, Indonesia and Vietnam.

QL is the leading egg producer in Malaysia. In FY2017, the Group produced a total of 4.6 million eggs per day, with 40 million Day Old Chicks (DOC) and 20 million broilers for the year. In FY2018, egg production rose to 5.5 million eggs per day, which translates to 20% increase, while total DOC and broiler output remain unchanged.

Improvement to layer health and broiler output can only come about with conscientious efforts. QL Poultry Centre of Excellence is constantly innovating and steadfast in its research and development to contribute towards better poultry farm productivity.

Eggs are a convenient source of affordable, quality protein and are a constant staple in the vast majority of the population's diet. The benefits of being recognised and preferred by consumers cannot be overstated, despite eggs being a ubiquitous product. 'QL Eggs' has a vast base of market acceptance with consistent shelf space in retail, aiding our access to reach directly to consumers.

Key ILF Developments

In Raub, the project involving the building of a new integrated layer farm is undergoing expansion to enlarge capacity by 30% to 650,000 eggs per day. This extension resulting in higher capacity will increase the investment cost from the allocated RM50 million to RM70 million.



The start-up costs are expected to be gradually absorbed as production ramps up. The extension phase of this project is scheduled to conclude in FY2019.

Egg price in Peninsular Malaysia experienced prolonged unattractive market consolidation due to a soft export market, especially Thailand and Hong Kong, and local oversupply. As a result, the egg price did not recover in FY2018.

Operations in Indonesia rebounded healthily. With vigilance and effective vaccination programmes, productivity of the layers has normalised. The Vietnamese unit has also seen gradual increment in production and plans are being mulled to build a new layer farm facility in a new location to double production capacity. Approval for the commencement of this new business and farm has been granted by the Vietnamese authorities. The regional operations lay close to 1.5 million eggs per day. This improved regional performance offset the impact of the egg price, glut and competition in Peninsular Malaysia.

On the feed raw material front, the entry of new players saturated the market, causing intense competition and adversely affected sales and margins.

Integrated broiler units have seen a recovery after facing efficiency issues in the previous financial year. Their activities are expected to be relatively stable as operating efficiencies are back on track now.

ILF Outlook

The current intense competition due to market saturation from new entrants in feed raw material is likely to continue in the next financial year. Adding to the mix is the uncertainty brought on by the rhetorics of the US-China trade war and depreciating exchange of grain producing South American countries, making it tough on players to anticipate feed commodity prices.

The oversupply of eggs in Peninsular Malaysia is unlikely to be resolved within the short term, adding pressure to the price of egg. This process could potentially be long drawn, but the performance of this pillar will be balanced by the positive contribution of regional operations. The outlook for ILF is expected to be fair with moderate improvement.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

Palm Oil Activities (POA)

Modelled after the other two business pillars, our stake in palm oil activities spans upstream plantation to downstream milling activities.

QL owns a total of more than 16,000 hectares of land situated in East Malaysia and Northern Kalimantan, Indonesia for palm oil plantation. Under our Indonesian unit is 9,000 hectares of planted land, with a further 6,000 hectares yet to be utilised. Of the planted area, 77% hectares are in the matured profile, with more mature tracts added each year.

In the downstream portion, QL has three mills located in Sabah and Northern Kalimantan to quickly process the harvested FFB. These mills also receive and process FFB from small and medium holders. QL also holds approximately 44% equity stake in one of the largest biomass boiler manufacturers in Southeast Asia.

Key POA Developments

After a year of toiling watchfully on dry ground in FY2017, the reaping in FY2018 did not materialise. The stress of the harsh dry year in FY2017 lingered on the oil palm trees in our Sabah plantation, resulting in lower FFB output. In Indonesia, the weather blew in heavy rainfalls in FY2018. We are fortunate that the plantation profile within the range of four to eight years also means that the trees are able to weather through the wetter than usual season, but FFB formation was affected.

We initially anticipated POA activities to produce 135,000 metric tonnes of FFB in the financial year under review. However, the high rainfall dampened production to 127,000 metric tonnes. Nevertheless, this was still a 27% higher in FFB production compared to the 100,000 metric tonnes harvested in FY2017.

While the increase in FFB production provided more activities for the mills, the oil extraction rate (OER) was affected by the wet weather in Indonesia and severe labour shortage in Sabah. At the same time, Boilermach Holdings Berhad experienced slower business activity resulting from a poor order book, a hangover since FY2016. The CPO prices traded at about RM2,500 per metric tonne in FY2018 did not provide the silver lining.

POA Outlook

Looking ahead, FFB production will increase as more planted tracts in Indonesia mature. This will keep the mills busy. However, the OER will continue to be affected by the lingering impact of the wet weather in Indonesia and labour shortage in Sabah. Contribution

from Boilermach is anticipated to be cautiously better. At the same time, CPO prices are expected to trend slightly downwards. The adoption of MFRS141 (agriculture) requires bearer plant to be depreciated, a policy which was not required in the last financial year and will impact bottomline.

Overall POA outlook is projected at moderately bearish.

Convenience Store Chain (FamilyMart)

As part of QL's outlined strategy to grow downstream via long-term scaleable businesses, QL is also the master franchisee of the FamilyMart convenience store chain in Malaysia.

FY2018 marks a full year of FamilyMart operations in Malaysia and the rapid expansion for the brand from Japan. By adopting the concept of konbini and providing convenience in particular with ready-to-eat food, FamilyMart created waves wherever it opened.

Standing at 39 stores dotted across the Klang Valley as at 31 March 2018, QL's rate of opening new FamilyMart stores has outpaced the target of 30 stores by the same time. As at 6 July 2018, there are a total of 50 FamilyMart stores in Malaysia.

FamilyMart is striving to uphold its value proposition and differentiation that have set it apart from the market. QL is relentless in our drive to identify new locations and widen the network to live up to the FamilyMart concept. We aim to hit 89 stores by 31 March 2019 with the opening of an additional 50 stores, gearing towards fulfilling our promise of 300 stores in five years (FY2022).

Overall, actual performance in terms of key store operating key performance indicators (KPIs) such as gross margin, average ticket count and ticket size are meeting expectations.

RISKS AND CHALLENGES

Risk and challenges are part and parcel of doing business. The key to success is in correctly identifying and managing the risk factors and rising above challenges. The Board and management have to be critical in steering the business, making astute decisions and taking calculated risks to maximise potential returns.

We need to be agile in responding to changes and market trends while capitalising on and buttressing our forte. QL also takes an unyielding stand on integrity and doing business the ethical way.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)



Adoption of Technology

Guarding against external cyber attack is part of the best practices of any organisation. QL's cybersecurity framework is still in progress with standard operating procedures and guidelines to be finalised in the immediate future. QL is working towards a Group-wide IT blueprint that leverages information technology to improve productivity and business performance.

Financial

As an organisation with international dealings, QL is exposed to forex risks. Fluctuations in strength of the home currency, the Ringgit, may result in changes in consumer sentiment accordingly, regardless of whether it is in their favour or otherwise. We always keep an eye on the market and hedge against our forex exposure in order to minimise its effect on our stability.

Biosecurity and Disease Control

The Group is susceptible to various circumstances that are at times beyond our control. The risk areas here include unusual weather patterns, biological diseases that affect crop and livestock, and consumer perception.

Dealing with live animals naturally exposes us to biosecurity concerns. Any disease contracted can potentially be crippling to our production volume and more importantly to quality, the linchpin to our products' successes. We constantly keep abreast of the latest developments in weather patterns, and potential biosecurity issues while advocating best practices among staff. We undertake proactive measures in disease control and biosecurity across all our operations while being on the lookout for ways to innovate our processes further. Close monitoring of livestock mortality together with veterinarians stationed at farms help ensure livestock health.

Food Safety

Being a diversified food producer, food safety is paramount in our operations. We strictly adhere to

operational best practices and processes as well as standard operating procedures; they are unequivocally enforced in all our units. It is imperative that our staff are trained and ingrained with diligence and care to be conscientious and accountable for their assignments, as a collective effort towards ensuring food safety. Stringent screenings to identify potential alien or microbiological content are enforced at all food production units. We are fully aware and understand one tiny mishap can lead to major consequences to our customers.

We also engage regular internal reviews and external assurance. Certifications such as Makanan Selamat Tanggungjawab Industri (MeSTI), Malaysian Good Agricultural Practices ("MyGAP") for poultry farming, Good Manufacturing Practice (GMP), Hazard Analysis and Critical Control Points (HACCP), Food Safety System Certification 22000 (FSSC 22000), ISO 22000:2005, First Quality Certification (FQC) and Halal Certificate of Authentication serve as checks that there is no shadow of compromise in QL production and practices.

Weather

QL's operations are subject to exposure to climate change. Temperamental weather conditions such as heavy rainfall or extended period of dryness can and will affect fish cycles, health of our poultry layers and oil palm trees leading to an impact on FFB production. We attempt to minimise our exposure through vigilance and close monitoring, while seeking cutting-edge methods to improve our processes.

Change in Regulations and Policies

We take compliance very seriously as an organisation with bases in Malaysia, Indonesia, Vietnam, Singapore and China. We regularly engage with the relevant bodies and authorities to ensure our full compliance and adherence to all regulatory requirements. Open communication channels and ongoing conversations with these parties better enable us in being prepared to address changes in regulations and policies that may arise, therefore minimising impact to the business.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

TRENDS AND OUTLOOK

In a report, World Bank noted that global growth has eased and is projected to moderate to 3.1% this year. Trade and financing conditions are expected to tighten with protectionist measures kicking in.

The looming trade war between the two biggest economies in the world is sending jitters of uncertainty in emerging Asian economies in particular. Should the clash between US and China continue, it will not augur well for Malaysia. According to a report by Schroders, Malaysia is among the top countries that will be most affected by the US tariffs on Chinese goods via supply chain.

The pre-GE14 forecast reported that Malaysia will grow at between 5.5% and 6% this year compared with 5.9% expansion in 2017, mainly due to domestic demand and exports of manufactured goods. Post-GE14, the fiscal discipline measures employed by the government to improve the country's financial situation will slow economic development in the near term. At the same time, the zero-rating of GST is boosting consumption, which is also buoyed by a general perception of optimism amongst Malaysians. This helps to alleviate the negative impacts of a slower economy.



Currency-wise, instability is anticipated in view of the crisis in some emerging markets. The recent fund flight from emerging markets is also causing forex fluctuations. Responding to recent concerns of a possibly tight oil market, Saudi Arabia was increasing oil production substantially; a move that will weaken oil prices, which has been predicted for the second half of the year.

These vacillations in the market have given rise to a lot of uncertainties especially in our trading side of the business. As the exchange rate weakens, we count on our export to offset the forex increase in import of raw materials. The sentiment is expected to undergo a period of weakness.

Whilst the overall macro economy appears moderately bearish, we are confident of our resilient business model and taking all concerns and business operations factors in, we are cautiously optimistic of delivering another year of growth amidst the current challenging time.

We believe our cultivated, ingrained values of hard work, integrity, team work and innovation will serve us well on our journey forward, and provide benefit for all.

AUDIT COMMITTEE REPORT

The Audit Committee (AC) was established on 15 January 2000 by the Board of Directors to assist the Board in its oversight of the Company's financial reporting and, in fulfilling its fiduciary responsibilities relating to internal control. The Audit Committee is guided by its Terms of Reference as set out in the Company's website.

MEMBERSHIP

The present members of the Audit Committee comprise the following members, all of whom are Independent Non-Executive Directors:

Chieng Ing Huong, Eddy	Chairman/Senior Independent Non-Executive Director
Tan Bun Poo, Robert	Member/Independent Non-Executive Director
Prof. Datin Paduka Dato' Dr. Aini Ideris	Member/Independent Non-Executive Director
Kow Poh Gek (appointed on 1.4.2018)	Member/Independent Non-Executive Director

With three (3) AC members being members of the Malaysian Institute of Accountants, the Company meets the requirement of Paragraph 15.09 (1)(c)(i) of the Listing Requirements.

ATTENDANCE AT MEETINGS

During the financial year, the Committee held a total of five (5) 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 (resigned on 31.3.2018)	5/5
Chieng Ing Huong, Eddy	4/5
Tan Bun Poo, Robert	5/5
Prof. Datin Paduka Dato' Dr. Aini Ideris	4/5

The Group Managing Director, Finance Director, Head of Financial Reporting and Investor Relations and Risk Management Manager were present by invitation in all the meetings. The Secretary to the Committee is the Company Secretary.

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

SUMMARY OF ACTIVITIES OF THE AC:

In accordance with the terms of reference of the AC, the following were the activities undertaken by the AC during the financial year: -

A) FINANCIAL STATEMENTS AND CORPORATE GOVERNANCE

1. Reviewed and recommended the Quarterly and Annual Financial Statements of the Company and Group (including announcements to Bursa) for Board's approval, focusing particularly on:
 - the appropriateness and relevance of accounting policies and practices adopted and their application;
 - any significant changes to the basis of preparation of the financial statements or new accounting standards adopted during the year which impacted the results or financial position of the Group;
 - the compliance with financial reporting standards and other regulatory or legal requirements;
 - any amendments to listing requirements and changes in Companies Act;
 - disclosure of related party transactions; and
 - significant accounting matters involving management's judgments or estimates, unusual events or transactions during the year or subsequent to year-end.

AUDIT COMMITTEE REPORT (CONT'D)

2. Reviewed recurrent related party transactions of a revenue or trading nature which are necessary for the day-to-day operations in the ordinary course of business of the Company and its subsidiaries to ascertain that, these transactions were undertaken on normal commercial terms and within the mandate given by shareholders.
3. Reviewed the Circular to Shareholders in respect of the proposed shareholders' mandate for recurrent related party transactions and proposed new mandate for additional recurrent related party transactions of revenue or trading nature.
4. Reviewed non-recurrent related party transactions to ascertain that it was undertaken at arms' length and was in the best interest of the Company.
5. Reviewed and recommended the Statement on Corporate Governance, AC Report and Statement on Risk Management and Internal Control, to the Board for its approval.
6. Reviewed the Terms of Reference of the AC.

B) INTERNAL AUDIT

1. Reviewed the Annual Internal Audit Plan which included the methodology, manpower requirement and proposed audit activities planned.
2. Reviewed the overall performance of the outsourced internal auditor to ensure their effectiveness in meeting audit objectives and professional standards.
3. Reviewed and deliberated the internal audit findings and observations arising from planned and ad-hoc audit and considered their recommendation to Management for improvement in internal control process.
4. Discussed with Internal Auditor pertaining to follow-up review and corresponding corrective actions taken by Management on audit issues to ensure that all the key risks and control lapses have been addressed.

C) RISK MANAGEMENT

Risk management was previously under the purview of the Audit Committee up to 27 November 2017. Thereafter, Risk Management Committee was established.

1. Reviewed prior to the Board's approval, the Risk Management Framework and Risk Profile prepared by Risk Management Committee to ensure they are relevant and consistent with Group's business strategy and level of operations in safeguarding the Group's assets and profitability.
2. Reviewed and recommended the quarterly Risk Management Status Reports to the Board.
3. Reviewed the adequacy and effectiveness of the overall risk management process.

D) EXTERNAL AUDIT

1. Reviewed with the External Auditors: -
 - The audit plan, audit strategy and scope of work, especially on areas identified for audit focus for the year;
 - The audit adjustments and issues arising from their annual audit, including their comments on group's financial reporting and internal accounting control;
 - The audit report and key audit matters highlighted for inclusion therein and the audit process in addressing them; and
 - The Group's financial reporting process including consolidation.

AUDIT COMMITTEE REPORT (CONT'D)

2. Assessed the objectivity and independence of the External Auditors in carrying out their audit during the financial year and this included their appointment for non-audit services.
3. Evaluated the performance and competency of the External Auditors and recommended their re-appointment to the Board of Directors.
4. Met with the External Auditors on 29 May 2017 and 26 February 2018 without the presence of the Executive Directors and Management, to review on any concerns/issues affecting their audit, including the level of cooperation rendered by Management relating to their access to financial information and accounting records.
5. Reviewed and recommended the appointment of the Company's External Auditors for the provision of non-audit services, after assessing and considering the following: -
 - The nature of the non-audit services by the external auditors or its affiliates and fees paid for such services relative to the audit fee;
 - The scope of work as required are permitted under the Malaysian Institute of Accountants By-Laws; and
 - The services would not impair their independence or there were safeguards against threat to the objectivity and independence of the audit arising from the provision of non-audit services or tenure of the external auditors.

INTERNAL AUDIT FUNCTION

The Company has outsourced its internal audit function to an independent professional consulting firm and, together with the group's designated Risk Management Manager, are tasked to provide assurance to the Audit Committee and the Board on the adequacy and effectiveness of the internal control systems and risk management processes in the Company and its subsidiary companies. The internal audit also acts as a source to assist the Audit Committee and the Board in strengthening and improving management and operational control in pursuit of best practices.

The internal audit is risk-based and has incorporated the Group's identified risks focusing on those which would have most impact to the business objectives of the Group. Among the focused areas were operational, financial as well as credit risk.

Activities

The activities undertaken by internal auditors are in conformance with the International Professional Practice Framework (IPPF) on Internal Auditing issued by the Institute of Internal Auditors (IIA).

The internal audit function provided the AC on a quarterly basis, an independent and objective reports on the state of internal control of the various operating business units within the Group, and the extent of compliance with the Group's established policies and procedures as well as relevant statutory requirements. Significant issues were identified and discussed with Management and proposed remedial actions were deliberated and monitored.

The scope of the planned independent audit assignments covered the following: -

- Revenue control management, involving assessing the adequacy of controls over, sales management, cash handling and credit control management.
- Cost control management, involving assessing the adequacy of controls over, purchases of raw materials and stocks; Inventory management; and Asset Management.
- Operational and compliance control management involving assessing the adequacy of controls over scrap management, production and industrial compliance, and recurrent related party transaction to ensure its completeness, accuracy and it's transacted on an arm's length basis.

During the financial year, the total cost incurred for the internal audit function is RM157,500.



CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors of QL Resources Berhad is pleased to present this Corporate Governance (“CG”) Overview Statement to provide shareholders and investors with an overview of the CG practices of the Company during the financial year ended 31 March 2018. This overview takes guidance from the three key principles as set out in the Malaysian Code on Corporate Governance 2017 (“MCCG”).

The Company’s detailed application of each practice is disclosed in the CG Report which is available on QL’s website: <http://ql.com.my/corporate-governance.html>.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

I. Board Responsibilities

The Board is responsible for formulating and reviewing the Group’s strategic plans and key policies, and charting the course of the Group’s business operations whilst providing effective oversight of the Management’s performance, risk assessment and controls over business operations. The Board is responsible for determining the nature and extent of the principal risks it is willing to take in achieving its strategic objectives.

In setting the strategic direction, the Board ensures that there is an appropriate balance between promoting long-term growth and delivering short-term objectives, to be in line with QL’s vision and mission statements. In order to ensure orderly and effective discharge of the above functions and responsibilities of the Board, the Board delegates specific responsibilities to the relevant Board Committees and the Group Managing Director (“GMD”), all of which have their terms of reference to govern their respective scopes and responsibilities.

The positions of Chairman and GMD are held by different individuals with clear division of responsibilities to ensure a balance of authority and power. Their roles and responsibilities are defined in the Board Charter of QL. It also sets out the roles and responsibilities of the Board, the individual Directors as well as the Senior Independent Director.

In July 2018, the Board also reviewed and approved the amendments to the Board Charter and the Code of Conduct for the Group to be in line with the practices in the MCCG. Further details pertaining to the Board Charter and Code of Conduct are set out in the CG Report.

The Directors have ready and unrestricted access to the advice and services of the Company Secretary to enable them to discharge their duty effectively. The Company Secretary is qualified to act under the Companies Act 2016.

II. Board Composition

In line with MCCG practices, the Board composition has been restructured on 1 April 2018. With the current composition, the Board feels that its members have the necessary knowledge, experience, requisite range of skills and competence to enable them to discharge their duties and responsibilities effectively.

The Board through its Nominating Committee conducts an annual review of its size and composition, mix of skills, experience, assessment of Independent Directors, succession plans, and boardroom diversity; oversees training courses for Directors and other requisite qualities of Directors, as well as the annual assessment of the effectiveness of the Board as a whole, its Committees and the performance, commitment, ability and contribution of each individual Director. Further details on the activities of the Nominating Committee are set out in the CG Report.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

III. Remuneration

The Board reviewed and approved the Board Remuneration Policy. It is designed to provide the remuneration packages necessary to attract, retain and motivate Directors of the quality required to manage the business of the Company. The remuneration packages of the Executive Directors are structured to be commensurate with the experience, knowledge and professional skills of the Executive Directors and are also structured so as to link rewards with corporate and individual performance.

In line with MCGG practices, the Board had, in its Board meeting held in July 2018, established a remuneration policy for Directors and Senior Management.

In 2016, the Group engaged an external consultant to carry out Talent Management and Leadership Development ("TM&LD") approach with the view to ensure that the Group continues to retain and attract the best talents in the industry. The TM&LD process cycle continues until today.

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

I. Audit Committee

During the financial year 2018, the Audit Committee ("AC") of the Company comprises four Independent Non-Executive Directors. The AC is chaired by an Independent Non-Executive Director. In July 2018, the requirement that a former key audit partner observe a cooling-off period of at least two years before being appointed as a member of the AC was formalised and incorporated in the Terms of Reference of AC.

In the annual assessment on the suitability, objectivity and independence of the external auditors, the AC is guided by the factors as prescribed under Paragraph 15.21 of the MMLR as well as obtaining declaration of independence from the external auditors.

II. Risk Management and Internal Control

The Board fulfills its responsibilities in the risk governance and oversight functions through its Risk Management Committee ("RMC") in order to manage the overall risk exposure of the Group. The RMC assessed and monitored the efficacy of the risk management controls and measures taken, whilst the adequacy and effectiveness of the internal controls were reviewed by the AC in relation to internal audit function for the Group.

In November 2017, RMC was set up comprising of a majority of Independent Non-Executive Directors supported by Risk Management Unit which comprise of Executive Committee members, Head of Financial Reporting & Investor Relations and Risk Management Manager.

The Board is of the view that the risk management and internal control systems that are in place is adequate and effective to safeguard shareholders' investment and the Group's assets, and the interest of customers, employees and other stakeholders. The details of the Risk Management and Internal Control framework are set out in the Statement on Risk Management and Internal Control of this Annual Report.

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

I. Communication with Stakeholders

The Company recognises the importance of communicating with its shareholders and does this through the Annual Report, Annual General Meeting ("AGM"), press conferences and announcements via Bursa Malaysia to enable comprehensive, timely and accurate disclosures on the Group to the regulators, shareholders and other stakeholders. The Company has set up a website to enable an active dialogue with its investors and shareholders with the intention of giving investors and shareholders a clear and complete picture of the Company's performance and position, its policies on governance, the environment and social responsibilities.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

Furthermore, QL's investor relations activities serve as an important communication channel with shareholders, investors and the investment community, both in Malaysia and internationally.

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 and non-financial information to shareholders, investors and regulatory authorities. As such, the Board will consider various approaches to develop a strategic corporate reporting standard.

II. Conduct of General Meeting

The AGM is the principal forum for dialogue between the Company and its shareholders and investors. At the AGM, the Board briefs shareholders on the status of the Group's businesses and operations. The GMD presents to the meeting on the overall performance of the Group. The shareholders are given the opportunity to raise questions on the Group's activities and prospects as well as to communicate their expectations and concerns to the Company. Extraordinary General Meetings are held as and when shareholders' approvals are required on specific matters.

The voting at the 20th AGM was conducted through electronic voting system. The Company is exploring on leveraging technology to enhance the quality of engagement with its shareholders and facilitate further participation by shareholders at the AGMs of the Company.

The Board has deliberated, reviewed and approved the Corporate Governance Overview Statement on 6 July 2018.

STATEMENT OF DIRECTORS' RESPONSIBILITY

Directors are required by Companies Act 2016 to prepare financial statements for each financial year which give a true and fair view of the financial position of the Group and of the Company at the end of the financial year and of the financial performance of the Group and of the Company for the financial year then ended.

In preparing those financial statements, the Directors have:

- adopted and consistently applied suitable accounting policies;
- made judgements and estimates that are prudent and reasonable;
- ensured applicable financial reporting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepared it 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 in ensuring proper accounting records are kept, 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 2016. The Directors are also responsible to take such steps to safeguard the assets of the Group and of the Company and hence, the prevention and detection of fraud and other irregularities.



STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

BOARD'S RESPONSIBILITIES

The Board of Directors ("The Board") acknowledges their responsibility for maintaining a sound system of internal control covering financial and operational controls, 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 risk management and internal control system in accordance with the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers. However, the Board recognises the review of the Group's system of risk management and internal controls is a concerted and continuous process, designed to manage rather than eliminate the risk of failure to achieve business objectives. As such, internal controls can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board has received assurance from the Executive Committee that the Group's risk management and internal control system is adequate and operates effectively, in all material aspects. The Executive Committee consists of the Executive Chairman, Group Managing Director, Executive Directors and the head of business units.

MANAGEMENT'S RESPONSIBILITIES

Management is accountable to the Board for risk management and internal control and has implemented processes to identify, evaluate, monitor and report risks and to design and implement relevant controls in response to the risks. In this regard, Risk Management Unit ("RMU") and Risk Management Committees ("RMC") have been established at the Group. The terms of reference of RMU & RMC, among others, are: -

- Identify and communicate to the Board, the critical risks, whether present or potential, the Group faces, their changes and the Management action plans to manage the risks;
- Perform risk oversight and review risk profiles of the Group and monitor organisational performance; and
- Provide guidance to the business units on the Group's and business unit's risk appetite and capacity.

The RMU of QL Resources Berhad comprises Executive Committee, Head of Financial Reporting and Investor Relations and Group Risk Management Manager and is chaired by Executive Chairman. The RMU reports to the RMC of the Company. The members of the RMC comprises of Audit Committee members, Executive Chairman, Group Managing Director and Finance Director.

RISK MANAGEMENT

The Board has put in place an Enterprise Risk Management ("ERM") framework, in accordance with the Malaysian Code on Corporate Governance 2017, to ensure that there is an on-going process of identifying, evaluating, and managing significant business risk exposure. The Group's ERM framework aims to facilitate the execution of strategic business action to achieve the Group's vision of being preferred global agro based enterprise, by implementing relevant controls or translating the principal risks of the business into upside opportunities.

The Group has a Risk Management Department ("RM"), led by the Group Risk Management Manager. The RM facilitates and supervises the implementation of the ERM framework and processes by the respective business units. The RM reports functionally to the RMU and RMC.

During the financial year under review, the Group's activities exposed it to the following principal risks:

- Operational Risk

The Group's policy is to assume operational risks that are manageable within its core business competencies. The operational risk management ranges from disease outbreak and farm or plant management. The management of the Group's day-to-day operational risks are mainly decentralised at the respective business unit level and guided by Standard Operating Procedures.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

- Financial Risk

The Group is exposed to various financial risks relating to foreign currency rates, credit risks, interest rate risks and commodity price fluctuations. These financial risks are mitigated through internal control processes and constant monitoring.

- Information Technology Risk

The Group is exposed to various information technology risks. This includes potential risks such as network security risk, data protection risk and cybersecurity risk. These risks are mitigated through regular information technology risk assessment and relevant action plans. The Management is wary of the cybersecurity risk and is in the process of preparing Cybersecurity risk framework to be implemented for the Group.

The key aspects of the risk management process are as follows:

- Emerging and existing risks are identified by respective business unit and are classified based on probability of occurrence and impact magnitude.
- Head of business units undertake to update their risk profiles' worksheet on a quarterly basis.
- The risk profiles' worksheet, control procedures and status of action plans are reviewed for efficacy on a periodic basis by the Group Risk Management Manager together with the Head of business units.
- On a quarterly basis, the RMU and RMC meet to review the risk profiles' worksheet and the progress of the action plans implemented. A risk management report summarising the high and significant risks and status of action plans are presented to the Audit Committee for review, deliberation and recommendation for endorsement by the Board of Directors.

Enterprise Risk Management refresher trainings were conducted separately by third party facilitator and Group Risk Management Manager during the financial year as part of the ERM awareness enhancement activity. Going forward, the RMU and RMC will continuously be deliberating the following to further strengthen the existing risk management controls within the Group:

- Key risks highlighted in the Risk Management Report will be used in developing internal audit plans.
- The Group Risk Management Manager will conduct an annual review of the ERM framework and its processes.
- The documented standard operating policies and procedures to ensure compliance with internal controls, laws and regulations, will be subjected to regular reviews and improvement.

INTERNAL CONTROL PROCESS

The key elements of the Group's internal control processes are summarised as follows:

- The Board, RMU, RMC and Audit Committee meet on a quarterly basis to discuss strategic, operational, risk and control matters raised by the Management.
- The Board has delegated its responsibility to several committees and to the Management of the Company to implement and monitor designated tasks.
- The authority limits delineate authorisation limits for various level of management and matters reserves for collective decision by the Board to ensure proper identification of accountabilities and segregation of duties.
- Standard Operating Procedures are revised to meet the operational requirement, the business and statutory reporting needs when necessary.



STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

- Performance reports are provided to the Executive Committee and the Board for review and deliberation.
- Head of business units present their strategies, annual budgets and capital expenditure proposals to the Executive Committee and the Board for deliberation and approval.
- The review of strategy and annual budget is undertaken by Management on half yearly basis.

INTERNAL AUDIT

Internal audit function was carried out by an independent professional services firm. Scheduled internal audits are carried out based on audit plan approved by the Audit Committee. The internal audit reports, summarising the observations of control weaknesses, recommendations for improvement and Management responses were presented to the Audit Committee on quarterly basis. These findings were deliberated together with Management at the Audit Committee Meetings. The Audit Committee assessed the overall adequacy and effectiveness of the system of internal controls of the Group and reports to the Board of Directors, in particular, the matters relating to significant risks and the necessary recommendations for changes.

For the financial year under review, the internal audit's scope covered the following based on the approved audit plan:

- Revenue control management, involving assessing the adequacy of controls over, sales management, cash handling and credit control management.
- Cost control management, involving assessing the adequacy of controls over, purchases of raw materials and stocks; Inventory management; and Asset Management.
- Operational and compliance control management involving assessing the adequacy of controls over scrap management, production and industrial compliance, and recurrent related party transaction to ensure its completeness, accuracy and it is transacted on an arm's length basis.

CONCLUSION

The Board is of the view that the risk management and internal control systems that are in place for the year under review and up to the date of approval of this statement, is adequate and effective to safeguard the shareholders' investment and the Group's assets.

There have been no significant breakdowns or weaknesses in the system of internal control of the Group for the financial year under review. 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. However, the Group's interest is served through representations on the boards of the respective Associated companies.

This Statement on Risk Management and Internal Control was approved by the Board on 6 July 2018.

SUSTAINABILITY STATEMENT

1. ABOUT THIS STATEMENT

This year, we continue to report on its achievements and progress on its sustainability journey. This marks the disclosures of our second Sustainability Statement ("Statement"), as we continue to progressively enhance our approach in effectively communicating the management of economic, environmental and social ("EES") impacts ("sustainability matters") arising from our business operations. This Statement focuses on the sustainability activities of QL Resources Berhad and subsidiary companies (collectively referred to as the "QL"), as listed in Section 3.0 of this Statement. QL seeks to manage the impact, as part of accomplishing our Vision to be the preferred global agro-based enterprise.

1.1 Preparation of this Statement

This Statement has been prepared in accordance with the Main Market Listing Requirements ("Listing Requirements") on Sustainability Reporting by Bursa Malaysia Securities Berhad ("Bursa Malaysia"), which seeks to enhance corporate transparency on the management of sustainability matters.

The Statement is structured into four sections:

- The first section gives an overview of and highlights of the Statement;
- The second section sets out the governance structure to manage the material sustainability matters;
- The third section records the processes that were undertaken to review and update and prioritise the material matters; and
- The final section reports on the practices and performance related to management of material sustainability matters.

2. SUSTAINABILITY GOVERNANCE

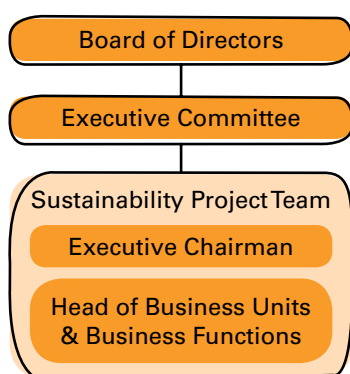


Diagram 1:
*Sustainability Governance
Structure at QL*

The Board of Directors are responsible for setting the sustainability direction of QL. In 2016, a Sustainability Project Team ("SPT") was established. The SPT is chaired by the Executive Chairman and comprises heads of business units and functions.

The following entails the core responsibilities of the SPT:

- Incorporate sustainability into QL's Risk Management and Corporate Strategies;
- Conduct stakeholder engagement processes (i.e. identification of key stakeholders and engagement with stakeholders);
- Perform materiality assessments (i.e. identification and assessment of sustainability matters relevant to QL's business);
- Oversee the management of material sustainability matters as identified;
- Monitor QL's sustainability performance for reporting; and
- Develop sustainability disclosure for reporting.

QL will formalise a governance structure which enables the articulation of responsibilities in the day-to-day undertaking of QL in the future. Current governance processes will be evaluated in order to determine the best manner to incorporate sustainability related responsibilities so as to allow for efficiency and synergy.

3. MATERIALITY ASSESSMENT

3.1 Materiality assessment process

Materiality assessment facilitates the identification and prioritisation of sustainability matters that may potentially affect QL's business and stakeholders. This year, we enhanced our materiality assessment process by reviewing and updating the sustainability matters identified as material in previous reporting year based on the development and changes in the internal and external environment, including EES trends affecting the agro-food and plantation sector. We utilise Bursa Malaysia's Sustainability

SUSTAINABILITY STATEMENT (CONT'D)

Reporting Guide and Toolkits, and international reporting standards such as the Global Reporting Initiative Standards ("GRI Standards"), and relevant industry-specific references and publications to review and update our material sustainability matters that are significant to QL's business operations and influences stakeholders' decisions.

A prioritisation approach was employed, considering the sustainability matters QL assesses as important sustainability matters, and those stakeholders perceive as important. As detailed in Section 3.4, QL engaged with stakeholders to understand their expectations regarding QL's management of sustainability matters.

At the same time, QL's management conducted an assessment on the importance of sustainability matters to QL. This process is aimed at identifying material sustainability matters which are defined in Bursa Malaysia's Listing Requirements as those which:

- Reflect the business' significant EES impacts; and/or
- Substantively influence the assessments and decisions of stakeholders.

Our materiality process is presented as follows:

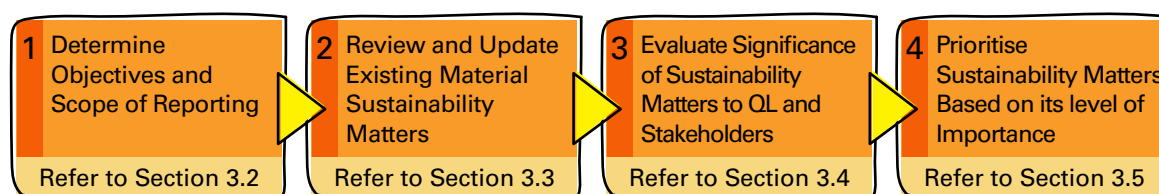


Diagram 2: Flowchart of materiality assessment process

3.2 Reporting Scope of this Statement

Unless otherwise stated, the reporting scope covers disclosures on the QL's sustainability performance and commitments for the financial year ended 31 March 2018, and for the subsidiaries of QL mentioned below.

This year, we have broadened the reporting scope across the three business pillars to include additional subsidiaries. Basis of the reporting scope includes considerations of magnitude of revenue contribution to QL. For future reporting, QL will continue efforts towards covering QL's entire operations. Subsidiaries included in the current year's reporting scope are shown below.



Business Pillars		QL Subsidiaries
	QL Poultry	<ul style="list-style-type: none"> • QL Poultry Farm Sdn Bhd • QL Breeder Farm Sdn Bhd • QL Feed Sdn Bhd
	QL Marine	<ul style="list-style-type: none"> • QL Foods Sdn Bhd • QL Endau Marine Products Sdn Bhd • QL Endau Deepsea Fishing Sdn Bhd • QL Figo Foods Sdn Bhd • QL Figo (Johor) Sdn Bhd
	QL Plantation	<ul style="list-style-type: none"> • QL Plantation Sdn Bhd • QL Tawau Biogas Sdn Bhd

Diagram 3: Scope of reporting

SUSTAINABILITY STATEMENT (CONT'D)

3.3 Relevant Sustainability Matters

Prior to engaging stakeholders or conducting an assessment, QL reviewed and updated 17 sustainability matters which are relevant to QL's business. In updating the sustainability matters, key considerations, among others, were the following:

- The diversity of QL's businesses;
- International and local laws and regulations;
- QL's understanding of its stakeholders' needs;
- Global, national and industrial trends; and
- International sustainability reporting standards, e.g. GRI Standards.

This year, QL considered the United Nations Sustainable Development Goals ("SDGs") and Eleventh Malaysia Plan ("11MP"). We acknowledge that our business and operations have significant influence and dependence on the broader economy, environment and society. Global warming, depleting natural resources as well as human rights issues are some of the few global challenges that affect our people, planet and success.

In response, governments, businesses, various organisations as well as people from different communities are coming together to act in collaborative partnerships under the SDGs. SDGs are a set of 17 goals and 169 targets that provide guidance in achieving sustainable global prosperity. In parallel, the Malaysian government launched the 11MP to support the national growth across EES factors. Moving forward, QL seeks to align its measures and initiatives contributing towards the relevant SDGs and 11MP.

3.4 Stakeholder Engagement

QL acknowledges that stakeholders significantly contribute towards the sustainable growth of QL, and engages with key stakeholders on a regular basis. Below, we highlight our stakeholder engagement efforts.

Table 1: Stakeholder engagement modes, focus areas & responses

Stakeholder Groups	Engagement Channels	Focus Areas	How do we respond?
Investors and shareholders	<ul style="list-style-type: none"> • Annual General Meeting • Analyst briefings • Investor presentations and meetings • Financial statements • Press releases 	<ul style="list-style-type: none"> • Financial performance • Good corporate governance • Responsible and value creation in business management 	<ul style="list-style-type: none"> • Refer to <i>Management Discussion and Analysis</i> ("MD&A") (page 21) • Refer to <i>Sustainable Business Growth</i> (page 44)
Management	<ul style="list-style-type: none"> • Regular meetings • Meetings with the Board 	<ul style="list-style-type: none"> • Economic value creation • Fostering good relationships with stakeholders, including customers, suppliers and regulators • Good corporate governance • Safe and quality products for customers • Increasing operational efficiency, including investing in research and development • Regulatory compliance • Safe workplace and talent retention 	<ul style="list-style-type: none"> • Refer to <i>Management Discussion and Analysis</i> ("MD&A") (page 21) • Refer to <i>Sustainable Business Growth</i> (page 44), <i>Environmental Responsibility</i> (page 48) and <i>Workplace Management</i> (page 51)



SUSTAINABILITY STATEMENT (CONT'D)

Stakeholder Groups	Engagement Channels	Focus Areas	How do we respond?
Employees	<ul style="list-style-type: none"> Workshop discussions Induction training Learning and development programme Corporate volunteering programme Employee performance appraisal 	<ul style="list-style-type: none"> Respect for human rights Safe and healthy workplace Supportive welfare Responsible business management Continuous business growth 	<ul style="list-style-type: none"> Refer to <i>Sustainable Business Growth</i> (page 44), <i>Environmental Responsibility</i> (page 48) and <i>Workplace Management</i> (page 51)
Customers	<ul style="list-style-type: none"> Feedback survey Face-to-face interaction 	<ul style="list-style-type: none"> Safe and quality products Good governance practices Regulatory compliance 	<ul style="list-style-type: none"> Refer to <i>Sustainable Business Growth</i> (page 44), <i>Environmental Responsibility</i> (page 48) and <i>Workplace Management</i> (page 51)
Vendors, suppliers, fisheries, and smallholders	<ul style="list-style-type: none"> Interviews Face-to-face interaction 	<ul style="list-style-type: none"> Business continuity Regulatory compliance 	<ul style="list-style-type: none"> Refer to <i>Management Discussion and Analysis ("MD&A")</i> on page 21 Refer to <i>Sustainable Business Growth</i> (page 44)
Regulators	<ul style="list-style-type: none"> Ongoing meetings and interactions 	<ul style="list-style-type: none"> Regulatory compliance Responsible business practices Indirect economic contribution 	<ul style="list-style-type: none"> Refer to <i>Management Discussion and Analysis ("MD&A")</i> on page 21 Refer to <i>Sustainable Business Growth</i> (page 44), <i>Environmental Responsibility</i> (page 48) and <i>Workplace Management</i> (page 51)
Community	<ul style="list-style-type: none"> Online platforms Corporate volunteering programme 	<ul style="list-style-type: none"> Indirect economic contribution Responsible environmental management 	<ul style="list-style-type: none"> Refer to <i>Sustainable Business Growth</i> (page 44) and <i>Environmental Responsibility</i> (page 48)

SUSTAINABILITY STATEMENT (CONT'D)

Stakeholder Groups	Engagement Channels	Focus Areas	How do we respond?
Media	<ul style="list-style-type: none"> Press conferences and events Media releases Media interviews 	<ul style="list-style-type: none"> Business strategy and business growth Food quality and safety Indirect economic contribution Regulatory compliance Environmental management Workplace management 	<ul style="list-style-type: none"> Refer to <i>Management Discussion and Analysis</i> ("MD&A") on page 21 Refer to <i>Sustainable Business Growth</i> (page 44) and <i>Environmental Responsibility</i> (page 48)

As part of our sustainability reporting process, we enhanced our stakeholder engagement strategy in FY 2018 and directly engaged key stakeholder groups in a consolidated effort across QL Poultry, QL Marine and QL Plantation. QL engaged with some of its key stakeholders specifically to consolidate their views on sustainability.

QL assessed its stakeholders in order to understand the dynamics between QL and its stakeholders and identify stakeholders that are key to QL. An exercise to identify and prioritise a wide range of stakeholder groups was conducted. The SPT mapped QL Poultry, QL Marine, and QL Plantation's stakeholders by identifying stakeholders with the greatest levels of influence and dependence on the respective business units.

Across QL Poultry, QL Marine and QL Plantation, key stakeholder groups engaged this year are: Customers, Shareholders, Management, Employees, Suppliers and Agro-producers.

Key stakeholders for each business segment were engaged at various locations within Malaysia to ascertain their viewpoints on sustainability. Stakeholder representatives were engaged directly using survey forms, where each representative indicated which of the relevant sustainability matters QL should pay the most attention to.

QL Poultry's stakeholders were engaged at the operations of QL Poultry Farm Sdn Bhd and QL Breeder Farm Sdn Bhd in Tawau, Rawang and Pajam. Stakeholders from QL Marine's operations were engaged at Hutan Melintang, Kulai and Endau, the site of operations of QL Endau Marine Products Sdn Bhd, QL Endau Deepsea Fishing Sdn Bhd, QL Figo (Johor) Sdn Bhd, and QL Figo Foods Sdn Bhd. Stakeholders at QL Plantation's operations were engaged at the location of QL Tawau Biogas in Tawau.

3.5 Materiality Matrix

Materiality assessments are a vital strategic business tool which aids in identifying, refining, and prioritising potential EES risks and opportunities as well as possible emerging risks that may affect QL's business and stakeholders.

For FY 2018, QL adopted a structured materiality assessment approach guided by the Sustainability Reporting Guide and Toolkits, issued by Bursa Malaysia. In identifying relevant sustainability matters, consideration was given to the operating environment and emerging risks associated with the agro-food and plantation sector.

To complement engagements with stakeholders, discussions with key internal stakeholders were conducted to evaluate the materiality levels they would place on identified sustainability matters. Engagement was conducted with selected SPT members, selected members of Senior Management and selected Heads of Subsidiaries to conduct sustainability risk assessment exercises. These determined the level of impact of each of the material sustainability matters to QL.

SUSTAINABILITY STATEMENT (CONT'D)

From the materiality assessment, 17 sustainability matters were prioritised and 10 most material matters were identified as being most influential on stakeholders' decisions and to the impact of the business at QL Poultry, QL Marine and QL Plantation. The result of the materiality assessment, the Materiality Matrix is shown below:

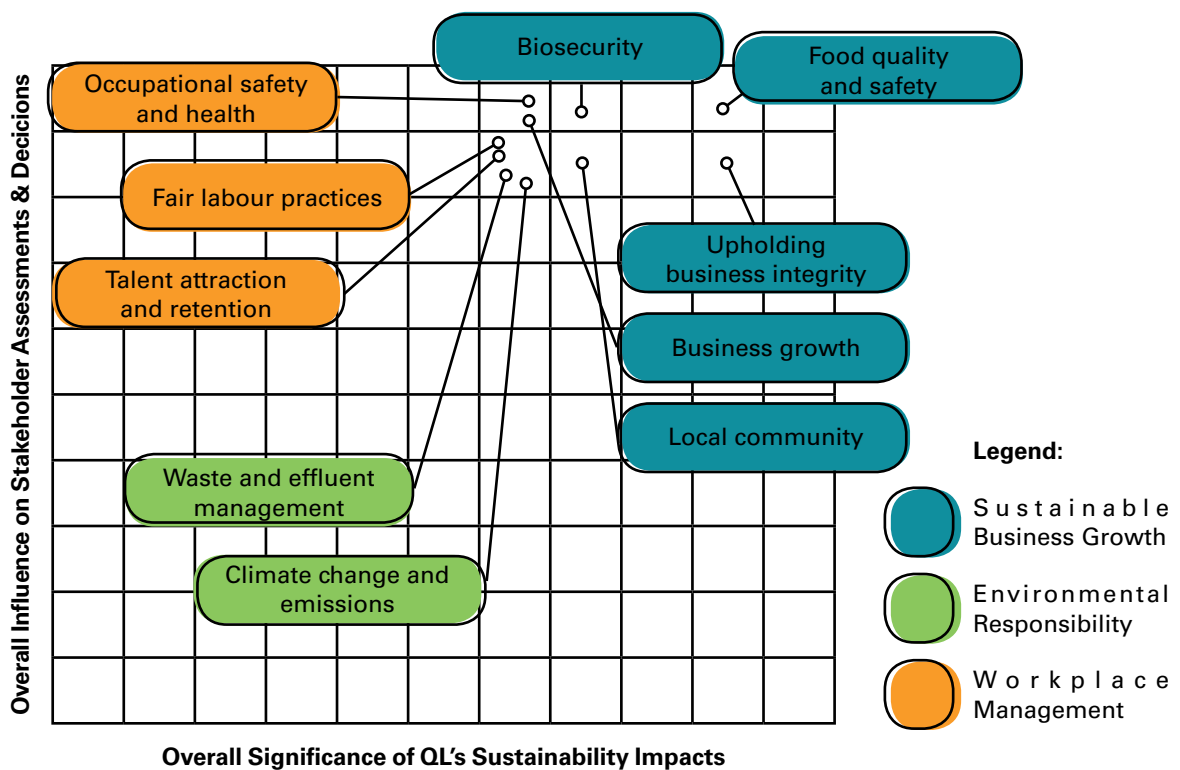


Diagram 4: Materiality Matrix

These matters have been categorised into three themes, *Sustainable Business Growth*, *Environmental Responsibility* and *Workplace Management*, and mapped against each business pillar, as shown below. The next section of this Statement discusses our policies, measures and actions and performance indicators utilised in managing our matters.

Our Material Matters across the three Themes		Poultry	Marine	Plantation
Sustainable Business Growth	Business growth			
	Food quality and safety			
	Biosecurity			
	Upholding business integrity			
	Local community			
Environmental Responsibility	Waste and effluent management			
	Climate change and emissions			
Workplace Management	Fair labour practices			
	Occupational safety and health			
	Talent attraction and retention			

Diagram 5: Mapping of material sustainability matters across the three themes

SUSTAINABILITY STATEMENT (CONT'D)

4. MANAGING SUSTAINABILITY

Sustainability is integral to the way QL conducts its business activities. The aspiration is to drive long-term corporate growth and profitability by mandating the inclusion of economic, environmental and social concerns within the operating model.

4.1 Sustainable Business Growth

With our Vision to be the preferred global agro-based enterprise, we strive to drive long-term corporate growth and profitability and consider EES impacts. As one of Asia's largest agro-food producers, QL has contributed towards consolidating Malaysia's position as Asia's leading agro-food producer.

Business Growth

Global population growth and changes in people's diets are factors contributing to an increase in the demand for food and agricultural products. This poses a great challenge towards enhancing global food security. However, we see it as an opportunity for our business to thrive in the agro-food market. QL Poultry, QL Marine and QL Plantation intend to expand vertically across our three business pillars, with downstream expansion being our current driving force. As we endeavour to achieve this, we recognise the importance of expanding in a sustainable and responsible manner to benefit the surrounding communities while protecting the environment.

Refer to Management Discussion & Analysis for further information on our business growth.

Food Quality and Safety

Our responsibility as an agro-producer is to ensure the quality of our products, and that they are safe for consumption. At QL Poultry and QL Marine, we practise stringent quality controls and promote food safety.

To ensure confidence in our practices amongst our customers and consumers, we have obtained food quality and safety certifications across various production lines. To be certified, our processes are subject to regular internal reviews and external assurance. Below, we list our current certifications.

Table 2: List of current certifications

Name of certification	Nature of certification	Processes certified
Makanan Selamat Tanggungjawab Industri ("MeSTI") certification (in English: Food Safety is the Responsibility of the Industry)	A MeSTI certification indicates that QL meets the requirements of the Malaysian Food Safety Regulations 2009, including the establishment of internal processes and controls to ensure food hygiene. The certification is offered under the jurisdiction of the Ministry of Health Malaysia.	QL Poultry and QL Marine production sites
Malaysian Good Agricultural Practices ("MyGAP") for poultry farming	MyGAP certification is granted under the jurisdiction of the Ministry of Agriculture and Agro-based Industry Malaysia. The practice comprises biosecurity sanitation, as well as waste and pollution management.	QL Poultry



SUSTAINABILITY STATEMENT (CONT'D)

Name of certification	Nature of certification	Processes certified
Good Manufacturing Practice ("GMP")	GMP requires sanitary considerations in food processing, as well as the application of standard food processing steps. This includes cleanliness of food premises, equipment and utensils, correct construction and layout of the food premises, as well as adequate maintenance of equipment and utensils. Certification in GMP is internationally recognised.	QL Poultry
Hazard Analysis and Critical Control Points ("HACCP") certification	HACCP is an internationally-recognised management system that promotes the identification of potential biological, chemical and physical hazards in the food production process.	QL Poultry for the production of washed and chilled shell eggs and QL Marine
ISO 22000:2005 certification	An ISO 22000:2005 certification demonstrates that QL has food safety management systems in place. ISO 22000:2005 is applied worldwide. As part of the management system, food safety issues are effectively communicated to suppliers, customers and other relevant parties.	QL Poultry for the production of washed and chilled shell eggs
Food Safety System Certification 22000 ("FSSC 22000")	A FSSC 22000 certification is recognised by the Global Food Safety Initiative (GFSI). Its framework is based on ISO 22000.	QL Marine
Halal Certificate of Authentication	The certification indicates that the food we produce is compliant with Islamic Law and Malaysian Halal Standard, approved by the Halal Certification Panel of the State Religious Department.	QL Poultry and QL Marine

Managing food safety and quality is not an easy feat and requires rigorous internal controls and oversight in the food processing and packaging process, as well as regular training. Included in our food quality and safety processes are stringent screenings to identify any potential physical, chemical and microbiological content. Furthermore, our operations are audited by third parties that we supply to against specified criteria, including the health and safety of our processing systems. We monitor our performance in upholding safe and quality food practice against the following indicator:

Table 3: No. of cases with feedback from customers

	FY 2017	FY 2018
No. of cases with feedback from customers	12	11

[Indicator above refers to QL Marine only.]

Feedback is gathered from customers through open channels and investigated thoroughly before a response is provided.

SUSTAINABILITY STATEMENT (CONT'D)

Food Quality & Safety Training

Training is an integral element of upholding good practice. They are conducted regularly during the year, and some training target employees with specific scopes of work. Below, we highlight some of the key trainings held at QL Poultry and QL Marine during the year:

Table 4: List of food quality & safety training at QL Poultry and QL Marine

Name of training	Description of training	Frequency of training
Food handling training	Brief on basic food hygiene, in compliance with relevant regulations on hygiene in food processing	Annually to twice a year
Refresher courses on Good Manufacturing Practices ("GMP")	Refresh employees on hygienic practices in food handling, including maintaining personal hygiene	Annually
Refresher training on Halal food production	Brief employees on appropriate measures as required by the Halal certification programme	Annually
ISO 22000:2005/ FSSC 22000 Process-Based Internal Auditing	Train QL Poultry's and QL Marine's internal audit team on programme and focus areas required to perform internal audit in relation to ISO 22000:2005 and FSSC 22000 standards	Every two years
HACCP Awareness	Provide basic understanding on HACCP requirements	Annually

Biosecurity

QL Poultry takes pride in poultry care, to provide farm-to-table goodness. Poultry care encompasses an array of practices, including protecting the population from harmful biological agents. Our operations are certified under recognised national and international food safety standards, as discussed above.

We monitor the performance of biosecurity management at QL Poultry. This year, we report on poultry mortality rate at QL Poultry Farm Sdn Bhd and QL Breeder Farm Sdn Bhd. QL Poultry Farm Sdn Bhd and QL Breeder Farm Sdn Bhd offer different types of poultry farming activities. QL Poultry Farm Sdn Bhd conducts layer farming activities, where table eggs are produced to be distributed to our customers. Whereas, at QL Breeder Farm Sdn Bhd, chickens are raised for breeding, and eggs are then collected for hatching into 'Day Old Chicks'.

The poultry mortality rate for QL Poultry Farm Sdn Bhd and QL Breeder Farm Sdn Bhd are shown below.

Table 5: Poultry mortality rate at QL Poultry Farm Sdn Bhd

QL Poultry Farm Sdn Bhd	FY 2017	FY 2018
Poultry mortality rate (%)	0.47%	0.45%

During FY 2018, poultry mortality rate at QL Breeder Farm Sdn Bhd increased by 0.13%. We continuously monitor and seek to improve measures at this farm. Currently, plans are underway to move operations to an upgraded facility at Tawau.

SUSTAINABILITY STATEMENT (CONT'D)

Table 6: Poultry mortality rate at QL Breeder Farm Sdn Bhd

QL Breeder Farm Sdn Bhd	FY 2017	FY 2018
Poultry mortality rate (%)	2.27%	2.40%

Biosecurity management requires a significant amount of investment annually to ensure facilities are maintained well and adopt the latest technology, and controls are implemented properly. In addition, our QL Poultry Centre of Excellence provides input on improving biosecurity measures, including in poultry health and nutrition.

Table 7: Total investment in vaccines, disinfectants and other medications, as part of biosecurity measures (RM) for QL

	FY 2017 (RM)	FY 2018 (RM)
QL total investment in vaccines, disinfectants and other medications, as part of biosecurity measures	18,215,022	24,070,390

Upholding Business Integrity

QL Poultry, QL Marine and QL Plantation practise business integrity by operating in compliance with relevant laws and regulations, and by upholding our very own principles and values which are built on *integrity*, *win-win*, *teamwork* and *innovation*. We are dedicated to aligning our business with these values as it is integral in building stakeholders' trust and improving our brand recognition.

We take a firm stance against unethical business practices, including corruption, illegal conduct and fraud within our organisation and supply chain. We have in place a Code of Conduct (the "Code") for our Directors, senior management and employees to remain dedicated to the values of transparency, integrity, impartiality and accountability in the conduct of the company's business and affairs. QL's Code of Conduct is available on QL website at <http://ql.com.my/corporate-governance.html>. Furthermore, we promote good corporate governance to set QL direction on business integrity. Refer to pages 31 to 33 of the Annual Report for further information on our corporate governance.

Whistleblowing

Our Whistleblowing Policy is detailed in our Code of Conduct. We encourage our employees to lodge a report regarding any non-compliance activities without fear of retaliation. In FY 2018, there were no reported cases.

Local Community

QL Poultry, QL Marine and QL Plantation realise that the sustainable success of QL should also be reflected in the continuous positive impacts we create for the community. Therefore, we place great importance on enhancing and enriching the lives of the surrounding communities in the regions where we run our business.

Fishermen's Financial Assistance Scheme

Our hallmark programme is our Fishermen's Financial Assistance Scheme ("Scheme") at QL Marine. The Scheme provides a source of capital for fishermen to build, upgrade and modernise their fishing fleets. This gives positive impact towards their fishing capabilities and livelihoods. Concurrently, we are able to secure our long-term supply of marine catch. In FY 2018, we provided loans of RM29.7 million to 798 fishermen.

Table 8: No. of fishermen and total amount of interest-free loans (RM)

	FY 2017	FY 2018
No. of fishermen	828	798
Total amount of interest-free loans (RM)	32,375,903	29,658,835

SUSTAINABILITY STATEMENT (CONT'D)

Engaging the Local Community

Our relationship with the local community has been sturdy as we consistently seek opportunities to engage and work with them in areas where it matters to both their interests as well as our business. We wish to remain widely accepted by the local community, thus we listen to any complaints communicated and take them seriously as we work towards win-win solutions.

4.2 Environmental Responsibility

We acknowledge our responsibility towards managing our environment-related impacts. With three main lines of business, the magnitude of our impacts varies across our relevant sustainability matters. Therefore, we strive to mitigate our environmental impact, and exercise great care and attention as we grow in a sustainable manner.

Waste and Effluent Management

As part of our responsibility to mitigate our environmental impacts, we supervise our waste and effluents. This includes monitoring the quality and amount generated, and ensuring appropriate disposal. Due to the nature of our operations, each business arm generates different types of waste and effluent. Hence, unique initiatives are implemented to mitigate the impacts on the environment.

Hazardous and non-hazardous waste

Scheduled and non-hazardous waste is collected and disposed by licensed waste contractors at our operations in QL Poultry, QL Marine and QL Plantation. Our scheduled waste disposal contractors are approved by the Department of Environment Malaysia ("DOE"), in line with national environmental regulations. Prior to disposal, scheduled waste is stored in appropriate containers and in secured storage areas. All our stored scheduled waste is correctly labelled. In addition, the process to manage scheduled waste is subject to regular internal review and audit by DOE.

Wastewater

Wastewater is discharged water that has been altered in content during our operations. It arises from our operations across QL Poultry, QL Marine and QL Plantation. Prior to disposal, effluent is treated to ensure its quality adheres to relevant regulatory requirements. Regulatory requirements impose discharge limits for specific pollutants and quality of effluent discharged that include, but are not limited to, Biochemical Oxygen Demand ("BOD"), Chemical Oxygen Demand ("COD"), Suspended Solids, Oil & Grease, and potential of hydrogen ("pH"). To date, all our wastewater discharge have met regulatory requirements.

Refer to the next section on our management of palm oil mill effluent ("POME"), a form of wastewater from palm oil activities at QL Plantation.

Manure

Operations at QL Poultry produce a substantial discharge of manure. Due to the significant footprint of our operations, manure is generated in problematic amounts. As a result, two of our key challenges are the management of odour pollution, and appropriate management and disposal of the manure.

In the effort to efficiently manage waste from poultry farming, QL Poultry invested in fermentation technology. We harness optimum microbial fermentation to convert manure into organic fertiliser, as part of an entirely process. The fertiliser is either reused at our operations, or sold to neighboring farms and plantations. Excess manure that is not fermented is sold to other farms and plantations as well. QL Poultry Farm Sdn Bhd generates significantly greater amounts of fertiliser compared to QL Breeder Farm Sdn Bhd, primarily due to a higher population of poultry at the former. In FY 2018, we invested in new technology at QL Poultry Farm Sdn Bhd, which significantly increased capacity to convert manure to fertiliser.

SUSTAINABILITY STATEMENT (CONT'D)

Table 9: Total amount of manure generated (tonnes) and % of manure converted into fertiliser at QL Poultry Farm Sdn Bhd

QL Poultry Farm Sdn Bhd	FY 2017	FY 2018
Total amount of manure generated (tonnes)	39,600	38,880
% of manure converted into fertiliser	56%	78%

Table 10: Total amount of manure generated (tonnes) and % of manure converted into fertiliser at QL Breeder Farm Sdn Bhd

QL Breeder Farm Sdn Bhd	FY 2017	FY 2018
Total amount of manure generated (tonnes)	148	302
% of manure converted into fertiliser	60%	60%

Palm Oil Mill Effluent ("POME")

Primary effluents from our palm oil mills at QL Plantation are the palm oil mill effluent ("POME"). POME is wastewater discharged from processing Fresh Fruit Bunches ("FFB"). In its raw form, POME contains oil, plant debris and nutrients, giving it, amongst others, a high biological oxygen demand ("BOD"). In FY 2018, our operations generated 254,967 tonnes of POME.

Table 11: Total amount of POME generated (tonnes) at QL Plantation

	FY 2017	FY 2018
Total amount of POME generated (tonnes)	201,580	254,967

QL Plantation has made significant strides in the management of POME by establishing a biogas plant at our operations in Tawau, Sabah. The plant captures methane released by POME during anaerobic digestion and converts the gas into a source of fuel in the form of biogas. The digestate from the biogas plant is dewatered and can be processed into organic fertiliser. In parallel, the liquid portion goes through secondary and tertiary water treatment, which increases the quality of discharge. Further information on the energy generated from our biogas plant is under the greenhouse gas emissions section.

Another industrial practice to manage POME is through the use of treatment plants, with the goal of changing the effluent to an environmentally friendly state for discharge. Prior to discharge, we test the quality of our discharge and report the results to DOE to ensure the readings are within regulatory limits. Below, we highlight our average readings against the regulatory limit of 20 mg/L.

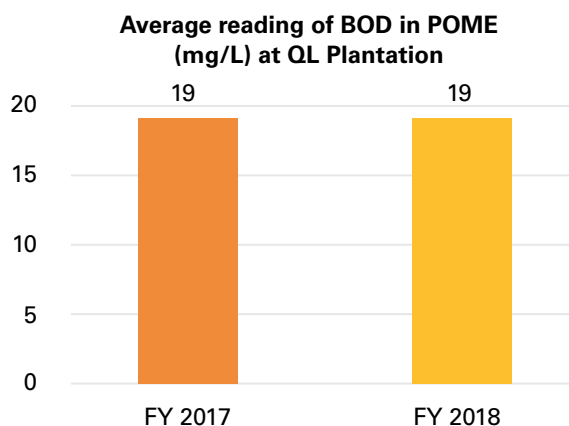


Diagram 6: Average reading of BOD in POME (mg/L) at QL Plantation

SUSTAINABILITY STATEMENT (CONT'D)

Climate change and Emissions

In the agro-food industry, companies depend greatly on climate patterns and seek to anticipate and effectively respond to its impact. Therefore, QL remains alert to climate change. In addition, we strive to manage our emissions to air, including odour arising from our farms.

Climate change

QL Poultry, QL Marine and QL Plantation acknowledge that global warming poses a risk to our operations. In recent years, we have experienced changes in weather patterns with periods of extreme heat and increased dryness, as well as unusually heavy rainfall. These affect each of our business pillars, including causing changes in fish cycles, affecting the health of our poultry layers, and FFB production rates. We respond by ensuring our operations are well-equipped and informed to respond to extreme weather patterns, as well as reviewing our environmental impact.

Greenhouse gas ("GHG") emissions

Emissions are generated in the course of our operations at each stage at QL Poultry, QL Marine and QL Plantation, including Scope 1 and Scope 2 emissions. Scope 1 emissions are generated primarily from fuel consumed by our machinery and vehicles, while Scope 2 emissions are generated mostly from electricity consumption.

As discussed above, QL Plantation has an operational biogas plant at our oil palm plantation mill in Tawau. Methane captured is converted into energy, a portion of which is used to power our operations. The rest of the energy generated is sold to the local grid at a significantly higher tariff than energy sourced from non-renewable energy. This initiative is in line with the national target set by the Malaysian government for 50% of energy consumed to be derived from renewable energy sources by 2050. Further information on our biogas projects are available on our website at <http://ql.com.my/environment.html>.

Other efforts to reduce energy consumption from non-renewable sources include re-using biomass residue in various areas of operations, including re-use of fibres to fuel boilers at QL Plantation.

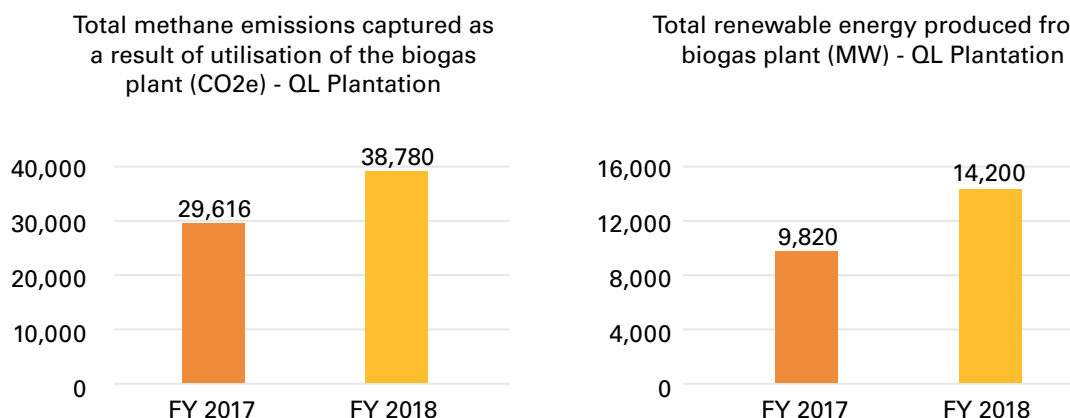


Diagram 7: Total methane emissions captured as a result of utilisation of the biogas plant (CO₂e) at QL Plantation

Diagram 8: Total renewable energy produced from biogas plant (MW) at QL Plantation

Odour management

Odour pollution from manure is a significant area of concern at QL Poultry. To reduce odour emitted from our operations, we utilise fermentation technology to convert the manure into organic fertiliser. A designated system is applied during the process, which utilises microbes to neutralise the odour of the emitted gas.

SUSTAINABILITY STATEMENT (CONT'D)

In addition, QL Poultry actively engages Air Quality and Odour Management consultants to frequently test air quality surrounding poultry sites. If any areas of concern are raised by consultants, we respond immediately. In FY 2018 our poultry farm in Negeri Sembilan was awarded Outstanding Environmental Friendly Farm from Malaysia Poultry Industry Awards 2018 for its management of odour at the farm.

4.3 Workplace Management

We understand that our business growth is dependent on the diversified skill sets and experience of our workforce. Therefore, QL pledges to provide equal employment opportunities and ensure all employees are treated with respect, and strive to promote a positive and nurturing work environment for our people to develop their skills.

Fair Labour Practices

We provide a positive working environment where we celebrate diversity, and value and treat our people fairly and with respect. This includes upholding the human rights of our employees.

Human Rights Practices

QL Poultry, QL Marine and QL Plantation do not condone violations of human rights, including acts of forced labour, discrimination, child labour, and acts barring freedom of opinion and expression.

Furthermore, some of our more laborious types of work are performed by our foreign workforce. We understand the need to provide additional welfare for those working away from home. Some of our efforts to support our workers include providing free housing, bearing the annual levy fees, providing medical insurance, and ensuring our workers' wages meet national minimum wage requirements, as stipulated by relevant national regulations.

Diverse workforce

QL Poultry, QL Marine and QL Plantation embrace diversity to drive an inclusive culture, and to support a proactive workplace with a range of talent and experiences. Below, we illustrate our employee statistics across the three business pillars. Our Board Diversity Policy promotes our initiatives for directors, including identifying and balancing different characteristics, including gender and skillset, as well as appointing and retaining directors based on merit. We apply these principles across all our employees. Recently, we have appointed 3 Independent Directors, all of whom are women. Further elaboration on our Board members are available in pages 10 to 16 of the Annual Report.

QL Poultry

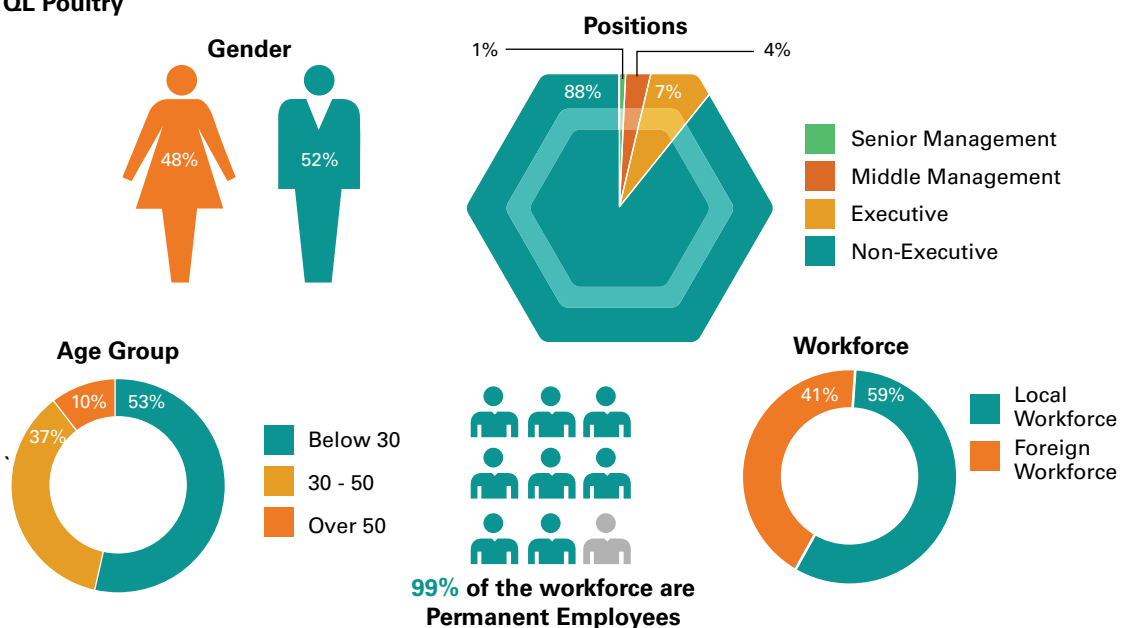


Diagram 9: Employee statistics at QL Poultry

SUSTAINABILITY STATEMENT (CONT'D)

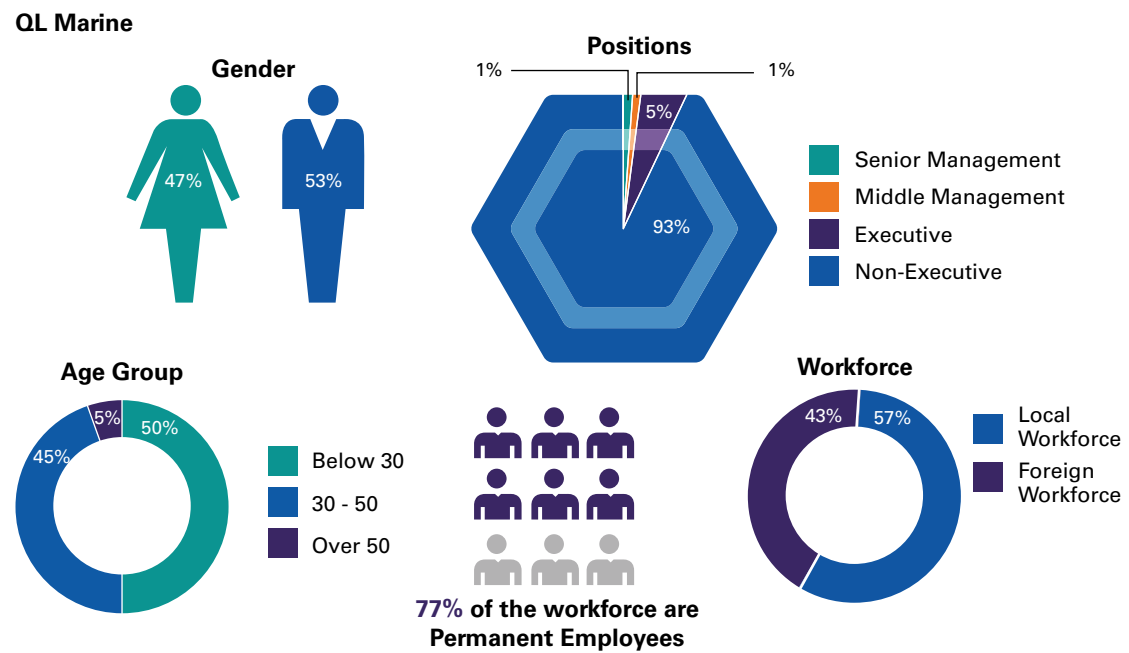


Diagram 10: Employee statistics at QL Marine

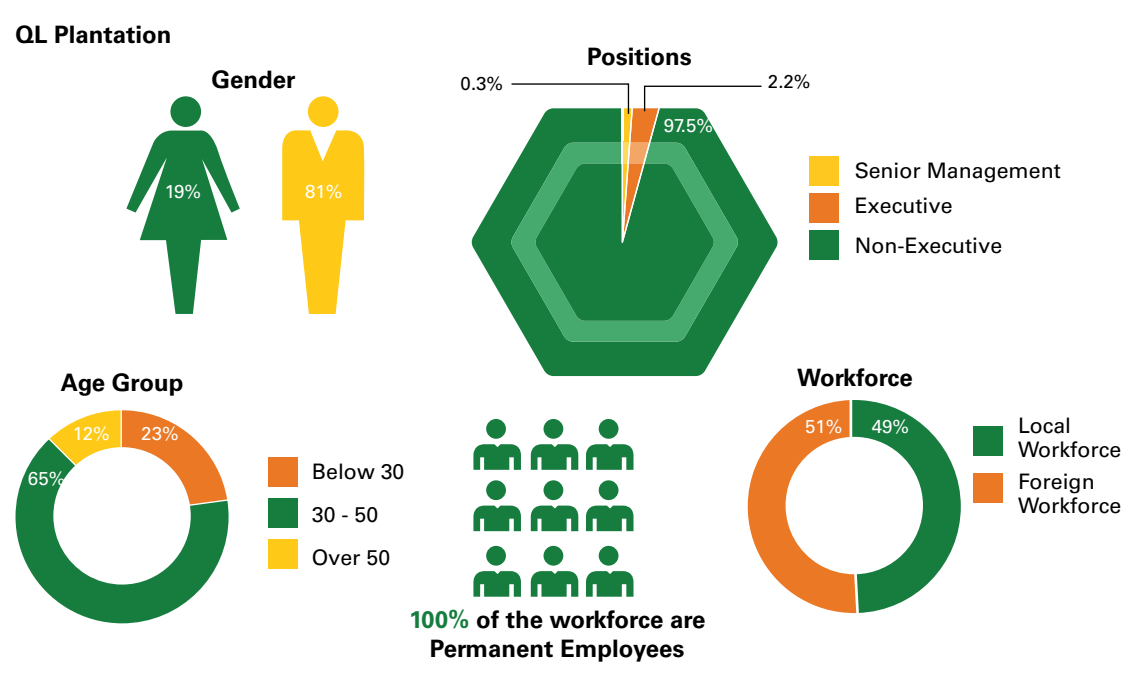


Diagram 11: Employee statistics at QL Plantation

SUSTAINABILITY STATEMENT (CONT'D)

Occupational Safety and Health

Ensuring a safe and healthy workplace and culture for our employees is a key focus area of our operations. We strive to provide a safe working environment and promote safety measures and practices, via stringent training schedules, awareness briefings and robust internal controls and processes.

Safety performance is monitored and reported regularly to respective safety committees and safety officers at each subsidiary. Respective committees and safety officers are responsible for monitoring the safety performance of each subsidiary, including ensuring compliance with local regulations, promoting safety awareness, and responding and investigating any incidents. In addition, performance is benchmarked against internal targets and reviewed regularly. Our safety target is zero fatality across QL. In FY 2018, no fatality occurred. In the table below, we summarise our safety performance for full-time employees and contract employees.

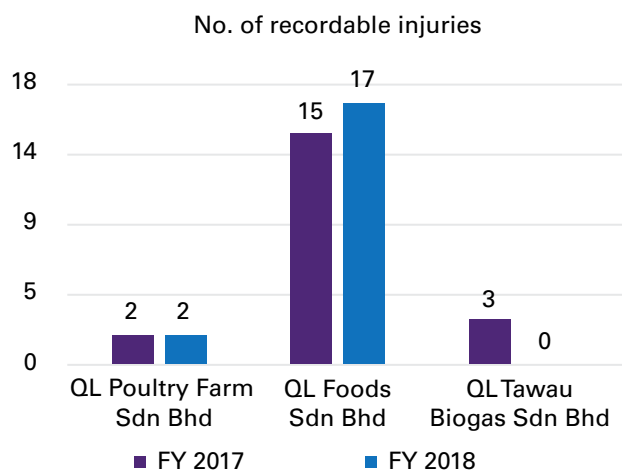


Diagram 12: No. of recordable injuries

Occupational safety and health training

Furthermore, we emphasise the safety culture via awareness training. Training is held according to a strict schedule, which is reviewed and updated on a regular basis. Some trainings held during the year at QL Poultry, QL Marine and QL Plantation include:

Table 12: Occupational safety and health training at QL Poultry, QL Marine and QL Plantation

Name of training	Description of training	Frequency of training
Health and Safety Awareness Training	Raise safety awareness of employees, including briefing on potential safety risks, and on practising safety measures implemented by QL	Annually
Chemical Handling Training	Train employees on proper methods and safety measures in handling chemicals, including wearing appropriate Personal Protective Equipment ("PPE")	Annually
Training on equipment and machinery handling (i.e. forklifts, X-ray machines)	Train employees on appropriate methods of operating work equipment and machinery. These trainings are tailored for relevant equipment / machinery at QL, within the respective scope of work	Annually to twice a year
Fire Drills	Drills to educate employees on swift response in case of fire, including quickly reaching assembly points and raising awareness on emergency exits	Annually

SUSTAINABILITY STATEMENT (CONT'D)

Talent Attraction and Retention

Our employees are a critical component to our current and future success. We constantly seek ways to attract and retain the best talents to be part of QL's continuous growth. We understand that our people needs to grow in their career. Therefore, we provide our employees with opportunities and promote a conducive environment to learn, develop and progress.

Training and Development

Focusing on training and developing our people will benefit both our employees and QL. It is crucial for us to maintain and develop the skills and knowledge of our employees so that we can deliver the best to our customers. To ensure this, we provide key training and programme designed to equip them with the expertise to grow and contribute to our business.

In general, training programme is held to address soft and technical skillsets required at the workplace, and to provide employees with confidence and knowledge to perform work efficiently and to solve problems. QL Plantation, QL Marine and QL Poultry run two key career development programmes – Leadership Development (LEAD) and Accelerated Learning Process. Below, we describe these programmes:

Table 13: Occupational safety and health training at QL Poultry, QL Marine and QL Plantation

Name of programme	Description of programme
LEAD	A leadership development programme targeted at Executive and Assistant Managers, Managers and General Managers, from all subsidiaries. The programme is tailored to meet the needs of each employee, arising from their responsibilities and scope of work. Employees from each designation attend a set of sessions designed to develop skillsets in project and team management. These sessions are conducted by in-house trainers at QL.
Accelerated Learning Process	A structured programme to develop and retain internal talent, it began in 2016. Currently, 23 General Managers and Senior Managers are enrolled in the programme, after undergoing a stringent selection process. Upon selection, Individual Development Programme is formed and communicated to selected employees to highlight strengths and opportunities for further development. As part of the programme, participants undergo training such as networking sessions, classroom-based learning, and career coaching.

Performance and career development review

At QL Poultry, QL Marine and QL Plantation, on-the-job feedback is regularly provided to employees, and formal feedback on performance is provided through a structured appraisal system to encourage open two-way communication channels, and to help employees manage their performance at work. The structured appraisal process is performed annually to allow employees to reflect on their career development during the year and to seek feedback from peers and experienced employees. This process also enables the remuneration philosophy to be based on merit.

Looking forward

As we progress towards achieving our Vision of becoming the preferred global agro-based enterprise, we remain focused on creating shared value through our business activities for all stakeholders. This drives us to continuously improve our efficiency and effectiveness in order to manage our impact across EES. QL is a company with a long-term focus, and we are committed to continue on this path towards enhancing corporate business sustainability.

ADDITIONAL COMPLIANCE INFORMATION

OTHER INFORMATION

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

The shareholders of the Company approved the Proposed Renewal of Shareholders' Mandate for RRPT of a revenue or trading nature during its AGM held on 25 August 2017.

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

(b) Share Buy Back

The shareholders of the Company approved the Proposed Renewal of Share Buy Back Authority during its AGM held on 25 August 2017.

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

(c) Audit fees and Non-audit fees

The amount of audit fees and non-audit fees of the external auditors, for the financial year ended 31 March 2018 were as follows:-

	Audit fees		Non-audit fees	
	Group RM'000	Company RM'000	Group RM'000	Company RM'000
KPMG PLT Malaysia	1,203	201	225	225
Overseas affiliates of KPMG PLT Malaysia	197	–	215	–
Other auditors	336	–	–	–

ADDITIONAL COMPLIANCE INFORMATION

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

During the financial year under review, there were no:

- (i) material contracts between the Company and its subsidiaries that involve directors' or major shareholders' interests, except as those disclose on RRPT transactions; and
- (ii) contract of loans between the Company and its subsidiaries that involve directors' or major shareholders' interests.

Financial Statements

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DIRECTORS' REPORT

For the year ended 31 March 2018

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 March 2018.

Principal activities

The Company is principally engaged in investment holding and provision of management services, whilst the principal activities of the subsidiaries are as stated in Note 33 to the financial statements. There has been no significant change in the nature of these activities during the financial year.

Subsidiaries

The details of the Company's subsidiaries are disclosed in Note 33 to the financial statements.

Results

	Group RM'000	Company RM'000
Profit for the year attributable to:		
Owners of the Company	206,236	53,497
Non-controlling interests	9,446	–
	215,682	53,497

Reserves and provisions

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

Dividends

Since the end of the previous financial year, the amount of dividends declared and paid by the Company were as follows:

i) In respect of the financial year ended 31 March 2017:

- a special dividend of 3.00 sen per ordinary share totalling approximately RM37,441,000 was declared on 28 February 2017 and paid on 14 April 2017.
- a final dividend of 4.25 sen per ordinary share totalling approximately RM53,041,000 was declared on 25 August 2017 and paid on 20 September 2017.

A final single tier dividend recommended by the Directors in respect of the financial year ended 31 March 2018 is 4.50 sen per ordinary share totalling approximately RM73,010,000 subject to the approval of the members at the forthcoming Annual General Meeting of the Company.

DIRECTORS' REPORT (CONT'D)

For the year ended 31 March 2018

Directors of the Company

Directors who served during the financial year until the date of this report are:

Director

Dr. Chia Song Kun *
Professor Datin Paduka Dato' Dr. Aini Binti Ideris
Mr. Chia Seong Fatt
Mr. Chia Song Kooi
Mr. Chia Mak Hooi
Mr. Cheah Juw Teck
Mr. Chieng Ing Huong
Mr. Tan Bun Poo
Ms. Kow Poh Gek ^
Ms. Chan Wai Yen ^
Ms. Cynthia Toh Mei Lee ^
Mr. Chia Seong Pow #
Mr. Chia Song Swa #
Mr. Chia Lik Khai #
YM Tengku Dato' Zainal Rashid Bin Tengku Mahmood @

Alternate

Mr. Chia Seong Pow ^

Mr. Chia Song Swa ^
Mr. Chia Lik Khai ^

* redesignated as chairman on 1 April 2018

^ appointed on 1 April 2018

resigned on 1 April 2018

@ retired on 1 April 2018

List of Directors of subsidiaries

Pursuant to Section 253(2) of the Companies Act 2016 in Malaysia, the list of Directors of the subsidiaries (excluding Directors who are also Directors of the Company) during the financial year and up to the date of this report is as follows:

Dr. Cecep Mohammad Wahyudin
Dr. Ng Siew Thiam
Mr. Ahmad Azlam Bin Jikan
Mr. Ang Han Seng
Mr. Cheah Soon Hai
Mr. Cheah Yaw Song
Mr. Chia Che Keng
Mr. Chia Chw Pew
Ms. Chia Juak Sui
Mr. Chia Liek Kuen
Mr. Chia Song Phuan
Mr. Chia Song Pou
Mr. Chia Song Kang
Mr. Chia Soon Lai
Mr. Chia Tai Ling
Mr. Chia Teow Guan
Mr. Chua Chye Huat
Mr. Ding Lean Yew
Mr. Heng Hup Peng
Mr. Hussin Bin Markom
Mrs. Juliet Kristianto

DIRECTORS' REPORT (CONT'D)

For the year ended 31 March 2018

List of Directors of subsidiaries (cont'd)

Mr. Khoo Ng Hiong
 Mr. Kristianto Kandi Saputro
 Mr. Lee Kat Choy
 Mr. Liew Meow Fook
 Mr. Liu Sin
 Mr. Mak Weng Kieng
 Mr. Noor Azman bin Nordin
 Mr. Saidi Widjaja
 Mr. Sim Chin Swee
 Mr. Sim Ing Jye
 Mr. Tan Eng Hai
 Mr. Tan Gek Len
 Mr. Chee Chik Eng *
 Mr. Kuan Kian Seng #
 Mr. Tsai, Cheng-Yuan ^

* resigned on 24 November 2017

resigned on 14 November 2017

^ resigned on 18 January 2018

Directors' interests in shares

The interests and deemed interests in the ordinary shares of the Company and of its related companies (other than wholly-owned subsidiaries) of those who were Directors at financial year end (including the interests of the spouse and 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			
	At 1.4.2017	Bought	Bonus Issue	Sold At 31.3.2018
Shareholdings in the Company which Directors have direct interests:				
YMTengku Dato' Zainal Rashid Bin Tengku Mahmood	3,870,000	–	1,161,000	– 5,031,000
Chia Song Kun	675,000	–	202,500	– 877,500
Chia Seong Pow	2,200,000	–	660,000	– 2,860,000
Chia Seong Fatt	486,000	–	145,800	– 631,800
Chia Song Kooi	870,000	–	261,000	– 1,131,000
Chia Song Swa	567,000	–	170,100	– 737,100
Chia Mak Hooi	2,285,900	111,700	685,770	(130,000) 2,953,370
Cheah JuwTeck	2,338,550	151,400	692,565	(580,000) 2,602,515
Chia Lik Khai	1,028,000	431,700	308,400	– 1,768,100

DIRECTORS' REPORT (CONT'D)

For the year ended 31 March 2018

Directors' interests in shares (cont'd)

	Number of ordinary shares				
	At 1.4.2017	Bought	Bonus Issue	Sold	At 31.3.2018
Shareholdings in the Company which Directors have deemed interests:					
Chia Song Kun	536,292,466	239,700	160,886,444	(1,691,362)	695,727,248
Chia Seong Pow	154,322,870	14,600	46,296,861	(671,700)	199,962,631
Chia Seong Fatt	152,651,810	–	45,795,543	(671,700)	197,775,653
Chia Song Kooi	2,440,800	–	732,240	–	3,173,040
Chia Song Swa	1,100,000	380,000	330,000	–	1,810,000
Chia Mak Hooi	3,115,050	–	934,515	(3,573,765)	475,800
Cheah Juw Teck	7,319,700	–	2,195,910	(8,415,610)	1,100,000
Chia Lik Khai	146,400	–	43,920	–	190,320

By virtue of his interest in the shares of the Company, Chia Song Kun is also deemed interested in the shares of all subsidiaries disclosed in Note 33 to these financial statements to the extent that the Company has an interest. Details of his deemed shareholdings in non wholly-owned subsidiaries are shown in Note 33.1 to these financial statements.

The other Directors, Chieng Ing Huong, Tan Bun Poo and Professor Datin Paduka Dato' Dr. Aini Binti Ideris holding office at 31 March 2018 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 those fees and other benefits included in the aggregate amount of remuneration 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 or of related corporations) 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 have substantial financial interests in companies which traded with certain companies in the Group in the ordinary course of business as disclosed in Note 32 to the financial statements.

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

Issue of shares and debentures

During the financial year, the Company issued 374,408,829 new ordinary shares pursuant to the bonus issue on the basis of three (3) bonus shares for every ten (10) existing ordinary shares held by way of capitalisation of share premium. The bonus issue exercise was completed on 13 September 2017 following the listing and quotation of the 374,408,829 bonus shares on the Main Market of Bursa Malaysia Securities Berhad. These new ordinary shares issued rank *pari passu* in all respect with the existing shares of the Company.

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

There were no debentures issued during the financial year.

DIRECTORS' REPORT (CONT'D)

For the year ended 31 March 2018

Options granted over unissued shares

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

Share buy-back

The shareholders of the Company, by an ordinary resolution passed in the Annual General Meeting held on 25 August 2017, renewed the Company's plan to buy-back its own shares.

There was no share buy-back during the financial year.

Indemnity and insurance costs

The following disclosure on particulars of indemnity given to, or insurance effected for, any Director or officer of the Company is made pursuant to Section 289(7) of the Companies Act 2016:

	Amount paid RM	Sum insured RM
Directors and Officers Liability Insurance	26,510	20,000,000

There was no indemnity given to, or insurance effected for auditors of the Company during the financial year.

Other statutory information

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

- i) all known bad debts have been written off and adequate provision made for doubtful debts, and
- ii) any 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 financial statements of the Group and of the Company misleading, or
- iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate, or
- iv) not otherwise dealt with in this report or the financial statements that would render any amount stated in the financial statements of the Group and of the Company misleading.

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

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

DIRECTORS' REPORT (CONT'D)

For the year ended 31 March 2018

Other statutory information (cont'd)

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 2018 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 event

The significant event during the financial year is disclosed in Note 34 to the financial statements.

Subsequent event

The event subsequent to the end of the reporting period is disclosed in Note 36 of the financial statements.

Auditors

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

The auditors' remuneration is disclosed in Note 21 to the financial statements.

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

.....
Chia Song Kun
Director

.....
Chia Mak Hooi
Director

Shah Alam

Date: 6 July 2018



STATEMENTS OF FINANCIAL POSITION

As at 31 March 2018

		Group		Company	
	Note	2018	2017	2018	2017
		RM'000	RM'000	RM'000	RM'000
Assets					
Property, plant and equipment	3	1,705,224	1,559,805	149	212
Investment properties	4	22,731	23,671	–	–
Prepaid lease payments	5	57,600	57,778	–	–
Intangible assets	6	10,617	11,068	–	–
Biological assets	7	133,681	151,989	–	–
Investment in subsidiaries	8	–	–	1,214,910	1,115,187
Investment in associates	9	131,257	116,156	–	–
Deferred tax assets	10	2,172	799	–	–
Other receivables	11	10,033	8,056	175,416	106,618
Total non-current assets		2,073,315	1,929,322	1,390,475	1,222,017
Biological assets	7	133,213	108,758	–	–
Inventories	12	376,289	405,728	–	–
Current tax assets		25,273	15,963	890	243
Trade and other receivables	11	383,986	378,597	127,724	158,347
Prepayments and other assets	13	22,530	27,648	1,637	626
Derivative financial assets	14	242	6,894	–	3,569
Cash and cash equivalents	15	304,028	306,907	10,096	10,013
		1,245,561	1,250,495	140,347	172,798
Assets classified as held for sale	16	7,042	110	–	–
Total current assets		1,252,603	1,250,605	140,347	172,798
Total assets		3,325,918	3,179,927	1,530,822	1,394,815
Equity					
Share capital		620,025	620,025	620,025	620,025
Reserves		1,172,575	1,128,281	223,764	224,172
Equity attributable to owners of the Company		1,792,600	1,748,306	843,789	844,197
Non-controlling interests		98,331	93,305	–	–
Total equity	17	1,890,931	1,841,611	843,789	844,197
Liabilities					
Loans and borrowings	18	548,204	344,076	514,599	300,720
Trade and other payables	19	208	–	–	–
Employee benefits	20	6,282	4,483	–	–
Deferred tax liabilities	10	91,561	87,050	–	–
Total non-current liabilities		646,255	435,609	514,599	300,720
Loans and borrowings	18	465,920	579,711	134,389	207,725
Trade and other payables	19	283,040	313,394	4,272	42,173
Derivative financial liabilities	14	34,339	27	33,773	–
Current tax liabilities		5,433	9,575	–	–
Total current liabilities		788,732	902,707	172,434	249,898
Total liabilities		1,434,987	1,338,316	687,033	550,618
Total equity and liabilities		3,325,918	3,179,927	1,530,822	1,394,815

The notes on pages 71 to 141 are an integral part of these financial statements.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2018

	Note	Group		Company	
		2018	2017	2018	2017
		RM'000	RM'000	RM'000	RM'000
Revenue					
– sale of goods		3,263,144	3,012,000	–	–
– dividend income		126	26	83,404	67,817
		3,263,270	3,012,026	83,404	67,817
Cost of sales		(2,657,658)	(2,467,424)	–	–
Gross profit		605,612	544,602	83,404	67,817
Administrative expenses		(252,498)	(212,765)	(2,903)	(4,970)
Distribution costs		(61,689)	(61,032)	–	–
Other expenses		(29,865)	(36,225)	(35,054)	–
Other income		24,296	47,189	1,930	21,184
Results from operating activities	21	285,856	281,769	47,377	84,031
Finance costs	22	(48,645)	(40,234)	(27,871)	(20,333)
Finance income	23	7,906	7,360	33,602	28,120
Share of profits of equity-accounted associates, net of tax		10,204	11,616	–	–
Profit before tax		255,321	260,511	53,108	91,818
Tax (expense)/credit	24	(39,639)	(53,691)	389	(181)
Profit for the year		215,682	206,820	53,497	91,637
Other comprehensive (expense)/income, net of tax					
Items that are or may be reclassified subsequently to profit or loss					
Foreign currency translation differences for foreign operations		(106,212)	55,283	–	–
Share of gain/(loss) of equity-accounted associates		3,672	(3,330)	–	–
Cash flow hedge		(811)	3,055	(864)	3,194
Total other comprehensive (expense)/income for the year, net of tax		(103,351)	55,008	(864)	3,194
Total comprehensive income for the year		112,331	261,828	52,633	94,831
Profit attributable to:					
Owners of the Company		206,236	195,921	53,497	91,637
Non-controlling interests		9,446	10,899	–	–
Profit for the year		215,682	206,820	53,497	91,637
Total comprehensive income attributable to:					
Owners of the Company		103,891	247,135	52,633	94,831
Non-controlling interests		8,440	14,693	–	–
Total comprehensive income for the year		112,331	261,828	52,633	94,831
Basic/Diluted earnings per ordinary share (sen)	25	13	12		

The notes on pages 71 to 141 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2018

	Note	Attributable to owners of the Company					Distributable		Non-controlling interests	Total equity
		Share capital	Share premium	Translation reserves	Hedging reserves	Retained earnings	Total			
Group		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 April 2016		312,007	308,018	(35,084)	(2,028)	1,008,740	1,591,653	79,241	1,670,894	
Foreign currency translation differences for foreign operations		-	-	51,489	-	-	51,489	3,794	55,283	
Share of loss of equity-accounted associates		-	-	-	(3,330)	-	(3,330)	-	(3,330)	
Cash flow hedge		-	-	-	3,055	-	3,055	-	3,055	
Total other comprehensive income/(expenses) for the year		-	-	51,489	(275)	-	51,214	3,794	55,008	
Profit for the year		-	-	-	-	195,921	195,921	10,899	206,820	
Total comprehensive income/(expenses) for the year		-	-	51,489	(275)	195,921	247,135	14,693	261,828	
Contributions by and distributions to owners of the Company										
- Dividend to owners of the Company	26	-	-	-	-	(53,041)	(53,041)	-	(53,041)	
- Special dividend payable to owners of the Company	26	-	-	-	-	(37,441)	(37,441)	-	(37,441)	
- Dividends to non-controlling interests		-	-	-	-	-	-	(4,779)	(4,779)	
- Subscription of shares in a subsidiary by non-controlling interests		-	-	-	-	-	-	4,150	4,150	
Total transactions with owners of the Company		-	-	-	-	(90,482)	(90,482)	(629)	(91,111)	
Transfer in accordance with Section 618(2) of the Companies Act 2016		308,018	(308,018)	-	-	-	-	-	-	
At 31 March 2017		620,025	-	16,405	(2,303)	1,114,179	1,748,306	93,305	1,841,611	
	Note 17.1			Note 17.2	Note 17.3					

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONT'D)

For the year ended 31 March 2018

<div>↔ Attributable to owners of the Company ↔</div> <div>↔ Non-distributable ↔ Distributable</div>									
Note	Share capital RM'000	Share premium RM'000	Translation reserves RM'000	Hedging reserves RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000	
Group (cont'd)									
At 31 March/1 April 2017									
Foreign currency translation differences for foreign operations	620,025	-	16,405	(2,303)	1,114,179	1,748,306	93,305	1,841,611	
Share of loss of equity-accounted associates	-	-	(105,206)	-	-	(105,206)	(1,006)	(106,212)	
Cash flow hedge	-	-	-	3,672	-	3,672	-	3,672	
Total other comprehensive (expenses)/income for the year	-	-	(105,206)	2,861	-	(102,345)	(1,006)	(103,351)	
Profit for the year	-	-	-	-	206,236	206,236	9,446	215,682	
Total comprehensive (expenses)/income for the year									
<i>Contributions by and distributions to owners of the Company</i>									
26	-	-	-	-	(53,041)	(53,041)	-	(53,041)	
- Dividend to owners of the Company	-	-	-	-	-	-	(3,951)	(3,951)	
- Dividends to non-controlling interests	-	-	-	-	(6,556)	(6,556)	537	(6,019)	
35	-	-	-	-	-	-	-	-	
- Acquisition of non-controlling interests									
Total transactions with owners of the Company									
-	-	-	-	-	(59,597)	(59,597)	(3,414)	(63,011)	
At 31 March 2018									
620,025	-	(88,801)	558	1,260,818	1,792,600	98,331	1,890,931		
Note 17.1	Note 17.2		Note 17.3						

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2018

<div>← Attributable to owners of the Company →</div> <div>← Non-distributable → Distributable</div>					
Note	Share capital RM'000	Share premium RM'000	Hedging reserves RM'000	Retained earnings RM'000	Total equity RM'000
Company					
At 1 April 2016	312,007	308,018	(3,816)	223,639	839,848
Cash flow hedge	-	-	3,194	-	3,194
Total other comprehensive income for the year	-	-	3,194	-	3,194
Profit for the year	-	-	-	91,637	91,637
Total comprehensive income for the year	-	-	3,194	91,637	94,831
<i>Distributions to owners of the Company</i>					
- Dividend to owners of the Company	-	-	-	(53,041)	(53,041)
- Special dividend payable to owners of the Company	-	-	-	(37,441)	(37,441)
Total transactions with owners of the Company	-	-	-	(90,482)	(90,482)
Transfer in accordance with Section 618(2) of the Companies Act 2016	308,018	(308,018)	-	-	-
At 31 March 2017	620,025	-	(622)	224,794	844,197
	Note 17.1		Note 17.3		
Company					
At 31 March/1 April 2017	620,025	-	(622)	224,794	844,197
Cash flow hedge	-	-	(864)	-	(864)
Total other comprehensive expense for the year	-	-	(864)	-	(864)
Profit for the year	-	-	-	53,497	53,497
Total comprehensive (expense)/income for the year	-	-	(864)	53,497	52,633
<i>Distributions to owners of the Company</i>					
- Dividend to owners of the Company	-	-	-	(53,041)	(53,041)
Total transactions with owners of the Company	-	-	-	(53,041)	(53,041)
At 31 March 2018	620,025	-	(1,486)	225,250	843,789
	Note 17.1		Note 17.3		

The notes on pages 71 to 141 are an integral part of these financial statements.

STATEMENTS OF CASH FLOWS

For the year ended 31 March 2018

	Note	Group		Company	
		2018	2017	2018	2017
		RM'000	RM'000	RM'000	RM'000
Cash flows from operating activities					
Profit before tax		255,321	260,511	53,108	91,818
<i>Adjustments for:</i>					
Amortisation of intangible assets	6	228	178	–	–
Amortisation of investment properties	4	940	940	–	–
Amortisation of prepaid lease payments	5	1,621	1,596	–	–
Depreciation of property, plant and equipment	3	123,729	110,076	63	53
Derivative loss/(gain)		3,675	(1,435)	–	–
Dividends from liquid investments		(126)	(26)	(5)	(26)
Dividends from subsidiaries		–	–	(83,399)	(67,791)
Finance costs		48,645	40,234	27,871	20,333
Finance income		(7,906)	(7,360)	(33,602)	(28,120)
Gain on disposal of assets classified as held for sale		(2,890)	–	–	–
Gain on disposal of a subsidiary		–	(14,509)	–	–
Gain on disposal of property, plant and equipment		(3,148)	(2,315)	–	–
Loss/(Gain) on foreign exchange – unrealised		193	726	35,054	(22,649)
Impairment loss of property, plant and equipment	3	–	1,696	–	–
Property, plant and equipment written off		1,459	704	–	–
Share of associates' profits		(10,204)	(11,616)	–	–
Operating profit/(loss) before changes in working capital		411,537	379,400	(910)	(6,382)
Changes in working capital:					
Biological assets		(6,147)	(42,295)	–	–
Inventories		29,439	(30,477)	–	–
Trade and other receivables and other financial assets		(2,441)	(45,671)	(33,133)	58,589
Employee benefits		1,799	2,179	–	–
Trade and other payables, including derivatives		(49,603)	64,429	(461)	1,342
Bills payable		(29,359)	34,826	–	–
Cash generated from/(used in) operations		355,225	362,391	(34,504)	53,549
Dividends from liquid investments		126	26	5	26
Income taxes paid		(49,953)	(50,679)	(258)	(586)
Interest paid		(14,672)	(13,110)	(251)	(211)
Interest received		7,906	7,360	33,602	28,120
Net cash generated from/(used in) operating activities		298,632	305,988	(1,406)	80,898

STATEMENTS OF CASH FLOWS (CONT'D)

For the year ended 31 March 2018

	Note	Group		Company	
		2018	2017	2018	2017
		RM'000	RM'000	RM'000	RM'000
Cash flows from investing activities					
Acquisition of a subsidiary	35.1	(480)	–	–	–
Acquisition of intangible assets		–	(3,960)	–	–
Acquisition of investment properties		–	(2,362)	–	–
Acquisition of prepaid lease payments		(1,508)	(1,103)	–	–
Acquisition of property, plant and equipment	(i)	(338,887)	(315,473)	–	–
Dividends received from associates	9	3,298	3,854	–	–
Dividends received from subsidiaries		–	–	115,430	35,760
Increase in investment in associates	9	(4,523)	(3,824)	–	–
Increase in investment in subsidiaries		–	–	(89,380)	(15,000)
Net proceeds from disposal of a subsidiary	35.3	–	19,071	–	–
Proceeds from disposal of assets classified as held for sale		3,000	–	–	–
Proceeds from disposal of property, plant and equipment		7,264	9,947	–	–
Net cash (used in)/generated from investing activities		(331,836)	(293,850)	26,050	20,760
Cash flows from financing activities					
(Acquisition of non-controlling interests)/Subscription of shares by non-controlling interests		(6,019)	4,150	–	–
Advances to subsidiaries		–	–	(83,480)	(165,513)
Dividends paid to non-controlling interests		(3,951)	(4,779)	–	–
Dividends paid to owners of the Company		(90,482)	(53,041)	(90,482)	(53,041)
Interest paid		(33,973)	(27,124)	(27,620)	(20,122)
Proceeds from government grant	3	202	10,263	–	–
Proceeds from loans and other borrowings		169,256	108,916	177,021	129,214
Repayment of finance lease liabilities		(146)	(309)	–	–
Net cash generated from/(used in) financing activities		34,887	38,076	(24,561)	(109,462)
Net increase/(decrease) in cash and cash equivalents		1,683	50,214	83	(7,804)
Cash and cash equivalents at 1 April 2017/2016		280,600	230,386	10,013	17,817
Cash and cash equivalents at 31 March	(iii)	282,283	280,600	10,096	10,013

STATEMENTS OF CASH FLOWS (CONT'D)

For the year ended 31 March 2018

Notes to the statements of cash flows

i) Acquisition of property, plant and equipment

During the financial year, the Group acquired property, plant and equipment with an aggregate cost of RM338,945,000 (2017: RM315,712,000), of which RM58,000 (2017: RM239,000) were acquired by means of finance leases.

ii) Non-cash transactions

Investing activities

Group

During the financial year, the Group increased its ownership in a subsidiary from 80% to 90% via capitalisation of debts in the said subsidiary (see Note 35.2.2).

Company

During the financial year, the Company subscribed shares in subsidiaries amounting to RM91,880,000 (2017: RM15,000,000) of which RM2,500,000 was satisfied via capitalisation of debts and the remaining was satisfied via cash.

Financing activities

Company

During the financial year, the Company undertook bonus issue of 374,408,829 new ordinary shares pursuant to the bonus issue on the basis of three (3) bonus shares for every ten (10) existing ordinary shares. The issuance of bonus shares totalling approximately RM93,602,000 was capitalised from share premium.

iii) Cash and cash equivalents

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

	Note	Group		Company	
		2018	2017	2018	2017
		RM'000	RM'000	RM'000	RM'000
Cash and bank balances		250,772	264,388	9,557	9,268
Deposits placed with licensed banks		39,971	26,372	278	580
Liquid investments		13,285	16,147	261	165
	15	304,028	306,907	10,096	10,013
Bank overdrafts	18	(21,745)	(26,307)	–	–
		282,283	280,600	10,096	10,013

The notes on pages 71 to 141 are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2018

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 are as follows:

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 financial year ended 31 March 2018 comprise the Company and its subsidiaries (together referred to as the “Group” and individually referred to as “Group entities”) and the Group’s interest in associates. The financial statements of the Company as at and for the financial year ended 31 March 2018 do not include other entities.

The Company is principally engaged in investment holding, whilst the principal activities of the subsidiaries are as stated in Note 33 to the financial statements. There has been no significant change in the nature of these activities during the financial year.

These financial statements were authorised for issue by the Board of Directors on 6 July 2018.

1. Basis of preparation

(a) Statement of compliance

The financial statements of the Group and of the Company have been prepared in accordance with Financial Reporting Standards (“FRSs”) and the requirements of the Companies Act 2016 in Malaysia.

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

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2018

- FRS 9, *Financial Instruments* (2014)
- IC Interpretation 22, *Foreign Currency Transactions and Advance Consideration*
- Amendments to FRS 1, *First-time Adoption of Financial Reporting Standards (Annual Improvements to FRS Standards 2014-2016 Cycle)*
- Amendments to FRS 2, *Share-based Payment – Classification and Measurement of Share-based Payment Transactions*
- Amendments to FRS 4, *Insurance Contracts – Applying FRS 9 Financial Instruments with FRS 4 Insurance Contracts*
- Amendments to FRS 128, *Investments in Associates and Joint Ventures (Annual Improvements to FRS Standards 2014-2016 Cycle)*
- Amendments to FRS 140, *Investment Property – Transfers of Investment Property*

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2019

- IC Interpretation 23, *Uncertainty over Income Tax Treatments*

FRSs, Interpretations and amendments effective for annual periods beginning on or after a date yet to be confirmed

- Amendments to FRS 10, *Consolidated Financial Statements* and FRS 128, *Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The Group and the Company fall within the scope of MFRS 141, *Agriculture*. Therefore, the Group and the Company are currently exempted from adopting the Malaysian Financial Reporting Standards (“MFRS”) and are referred to as “Transitioning Entity”.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the year ended 31 March 2018

1. Basis of preparation (cont'd)

(a) Statement of compliance (cont'd)

Being Transitioning Entity, the Group and the Company will adopt the MFRS issued by MASB and International Financial Reporting Standards ("IFRSs") and presents its first set of MFRS financial statements for annual period beginning on 1 April 2018. As a result, the Group and the Company will not be adopting the above FRSs, interpretations and amendments.

(b) Malaysian Financial Reporting Standards Framework

The adoption of the MFRS Framework for annual period beginning on 1 April 2018 would result in the Group and the Company preparing an opening MFRS statement of financial position as at 1 April 2017, which adjusts for differences between the classification and measurement bases in the existing FRS Framework versus that in the new MFRS Framework. This would also result in a restatement of the annual financial performance for the financial year ended 31 March 2018 in accordance with MFRS, which would form the MFRS comparatives for the annual financial performance for the financial year ending 31 March 2019 respectively.

The initial application of the MFRS is not expected to have any material financial impact to the current period and prior period financial statements of the Group and the Company, except for the following:

(i) MFRS 9, *Financial Instruments*

MFRS 9 replaces the guidance in MFRS 139, *Financial Instruments: Recognition and Measurement* on the classification and measurement of financial assets and financial liabilities, and on hedge accounting.

In respect of impairment of financial assets, MFRS 9 replaces the "incurred loss" model in MFRS 139 with an "expected credit loss" (ECL) model. The new impairment model applies to financial assets measured at amortised cost, contract assets and debt investments measured at fair value through other comprehensive income, but not to investments in equity instruments.

The Group and the Company anticipate that the impairment allowance on receivables may increase upon adoption of MFRS 9. The anticipation is based on assessment undertaken to date and may subject to change until the Group and the Company present their first MFRS financial statements that include the date of initial application.

(ii) MFRS 141, *Agriculture* and Amendments to MFRS 116 and MFRS 141, *Agriculture: Bearer Plants*

MFRS 141, *Agriculture* prescribes the accounting treatment, financial statements presentation and disclosures related to agricultural activity. It requires biological assets (except for bearer plants) to be measured at fair value less costs to sell from initial recognition of biological assets up to the point of harvest, other than when fair value cannot be measured reliably on initial recognition. Gains and losses arising on the initial recognition of biological assets at fair value less costs to sell and changes in fair value less costs to sell are recognised on the statement of profit or loss in the period in which they arise.

The amendments to MFRS 116 and MFRS 141, *Agriculture: Bearer Plants* change the accounting requirements for biological assets that meet the definition of bearer plants. Under the amendments, biological assets that meet the definition of bearer plants will be within the scope of MFRS 116, *Property, Plant and Equipment*. After initial recognition, bearer plants will be measured under MFRS 116 at accumulated cost (before maturity) and using either the cost model or revaluation model (after maturity). The Group is currently capitalising all the new planting expenditure incurred from land clearing to the point of harvesting under plantation development expenditure and was not amortised and the replanting expenditure, which represents cost incurred in replanting old planted areas, was charged to profit or loss. Hence, the change in accounting policies would result in reclassification of bearer plants from biological assets – plantation development expenditure to property, plant and equipment and additional depreciation on property, plant and equipment.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the year ended 31 March 2018

1. Basis of preparation (cont'd)

(b) Malaysian Financial Reporting Standards Framework (cont'd)

(ii) MFRS 141, *Agriculture* and Amendments to MFRS 116 and MFRS 141, *Agriculture: Bearer Plants* (cont'd)

The replanting expenditure that is charged to profit or loss during the previous financial year will be reversed and capitalised under property, plant and equipment. The amendments also require that produce that grows on bearer plants be within the scope of MFRS 141 measured at fair value less costs to sell.

The Group anticipates that the value of the biological assets (except for bearer plants) would increase and the carrying value of the property, plant and equipment would decrease upon adoption of MFRS 141. The anticipation is based on assessment undertaken to date and may be subject to changes arising from further detailed analysis or additional reasonable and supportable information being made available to the Group until the Group presents the first MFRS financial statements that include the date of initial application.

(iii) MFRS 16, *Leases*

MFRS 16 replaces the guidance in MFRS 117, *Leases*, IC Interpretation 4, *Determining whether an Arrangement contains a Lease*, IC Interpretation 115, *Operating Leases – Incentives* and IC Interpretation 127, *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

MFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligations to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard which continues to be classified as finance or operating lease.

The Group and the Company are currently assessing the financial impact that may arise from the adoption of MFRS 16.

(c) Basis of measurement

These financial statements have been prepared on the historical cost basis other than as disclosed in Note 2.

(d) Functional and presentation currency

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

(e) Use of estimates and judgements

The preparation of the 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 estimates are 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 6 - measurement of the recoverable amounts of cash-generating units
- Note 7 - valuation of biological assets
- Note 11 - valuation of receivables
- Note 12 - valuation of inventories
- Note 20 - employee benefits

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the year ended 31 March 2018

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 structured entities, controlled by the Company. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. The Group also considers it has *de facto* power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

Investments in subsidiaries are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investments includes transaction costs.

(ii) Business combinations

Business combinations are accounted for using the acquisition method from the acquisition date, which is the date on which control is transferred to the Group.

Acquisitions on or after 1 April 2011

For acquisitions on or after 1 April 2011, the Group measures the costs of goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

For each business combination, the Group elects whether it measures the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Acquisitions between 1 April 2006 and 31 March 2011

For acquisitions between 1 April 2006 and 31 March 2011, goodwill represents the excess of the cost of the acquisition over the Group's interest in the recognised amount (generally fair value) of the identifiable assets, liabilities and contingent liabilities of the acquiree. When the excess was negative, a bargain purchase gain was recognised immediately in profit or loss.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurred in connection with business combinations were capitalised as part of the cost of the acquisition.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the year ended 31 March 2018

2. Significant accounting policies (cont'd)

(a) Basis of consolidation (cont'd)

(ii) Business combinations (cont'd)

Acquisitions prior to 31 March 2006

For acquisitions prior to 31 March 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.

(iii) Acquisitions of non-controlling interests

The Group accounts for all changes in its ownership interest in a subsidiary that do not result in a loss of control as equity transactions between the Group and its non-controlling interest 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) Acquisition from entities under common controls

Business combinations arising from transfer of interests in entities that are under the control of the shareholder that controls the Group are accounted for using book value accounting as occur and the comparatives are not restated. The assets and liabilities acquired are recognised at the carrying amounts recognised previously in the Group controlling shareholder's consolidated financial statements. The components of equity of the acquired entities are added to the same components within Group equity and any resulting gain/loss is recognised directly in equity.

(v) Loss of control

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the former subsidiary, any non-controlling interests and the other components of equity related to the former subsidiary from the consolidated statement of financial position. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the former subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

(vi) Associates

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

Investments 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 distribution. The cost of the investment includes transaction costs. The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of the 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 associate, the carrying amount of that interest including any long-term investments is reduced to zero, 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 associate.

When the Group ceases to have significant influence over an associate, any retained interest in the former associate at the date when significant influence is lost is measured at fair value and this amount is regarded as the initial carrying amount of a financial asset. The difference between the fair value of any retained interest plus proceeds from the interest disposed of and the carrying amount of the investment at the date when equity method is discontinued is recognised in the profit or loss.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the year ended 31 March 2018

2. Significant accounting policies (cont'd)

(a) Basis of consolidation (cont'd)

(vi) Associates (cont'd)

When the Group's interest in an associate decreases but does not result in a loss of significant influence, any retained interest is not remeasured. Any gain or loss arising from the decrease in interest is recognised in profit or loss. Any gains or losses previously recognised in other comprehensive income are also reclassified proportionately to the profit or loss if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

Investments in associates are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investment includes transaction costs.

(vii) Non-controlling interests

Non-controlling interests at the end of the reporting period, being the equity in a subsidiary not attributable directly or indirectly to the equity holders of the Company, 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. Non-controlling interests in the results of the Group is presented in the consolidated statement of profit or loss and other comprehensive income as an allocation of the profit or loss and the comprehensive income for the year between non-controlling interests and owners of the Company.

Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

(viii) 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 associates are eliminated against the investment to the extent of the Group's interest in the investees. 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 end of 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 period, 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 hedge of currency risk, which are recognised in other comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the year ended 31 March 2018

2. Significant accounting policies (cont'd)

(b) Foreign currency (cont'd)

(i) Foreign currency transactions (cont'd)

In the consolidated financial statements, when settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur 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 foreign currency translation reserve ("FCTR") in equity.

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

The assets and liabilities of operations denominated 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 April 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 FCTR in equity. However, if the operation is a non wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the FCTR related to that foreign operation is reclassified to profit or loss as part of the profit or loss on disposal.

When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate that includes a foreign operation while retaining significant influence, the relevant proportion of the cumulative amount is reclassified to profit or loss.

(c) Financial instruments

(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 policy applicable to the nature of the host contract.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the year ended 31 March 2018

2. Significant accounting policies (cont'd)

(c) Financial instruments (cont'd)

(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 a designated and effective hedging instrument), contingent consideration in a business combination 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.

(b) Loans and receivables

Loans and receivables category comprises debt instruments that are not quoted in an active market.

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

All financial assets, except for those measured at fair value through profit or loss, are subject to review for impairment (see Note 2(m)(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 derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument), contingent consideration in a business combination 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 equity instruments that do not have a quoted price in an active market for identical instruments whose fair values otherwise 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.

(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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the year ended 31 March 2018

2. Significant accounting policies (cont'd)

(c) Financial instruments (cont'd)

(iii) Financial guarantee contracts (cont'd)

Fair value arising from financial guarantee contracts are classified as deferred income and is 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) Hedge accounting

Fair value hedge

A fair value hedge is a hedge of the exposure to changes in fair value of a recognised asset or liability or an unrecognised firm commitment, or an identified portion of such an asset, liability or firm commitment, that is attributable to a particular risk and could affect the profit or loss.

In a fair value hedge, the gain or loss from remeasuring the hedging instrument at fair value or the foreign currency component of its carrying amount translated at the exchange rate prevailing at the end of the reporting period is recognised in profit or loss. The gain or loss on the hedged item, except for hedge item categorised as available-for-sale, attributable to the hedged risk is adjusted to the carrying amount of the hedged item and recognised in profit or loss. For a hedge item categorised as available-for-sale, the fair value gain or loss attributable to the hedge risk is recognised in profit or loss.

Fair value hedge accounting is discontinued prospectively when the hedging instrument expires or is sold, terminated or exercised, the hedge is no longer highly effective or the hedge designation is revoked.

Cash flow hedge

A cash flow hedge is a hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction and could affect the profit or loss. In a cash flow hedge, the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised in other comprehensive income and the ineffective portion is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the year ended 31 March 2018

2. Significant accounting policies (cont'd)

(c) Financial instruments (cont'd)

(v) Hedge accounting (cont'd)

Cash flow hedge (cont'd)

Subsequently, the cumulative gain or loss recognised in other comprehensive income is reclassified from equity into profit or loss in the same period or periods during which the hedged forecast cash flows affect profit or loss. If the hedge item is a non-financial asset or liability, the associated gain or loss recognised in other comprehensive income is removed from equity and included in the initial amount of the asset or liability. However, loss recognised in other comprehensive income that will not be recovered in one or more future periods is reclassified from equity into profit or loss.

Cash flow hedge accounting is discontinued prospectively when the hedging instrument expires or is sold, terminated or exercised, the hedge is no longer highly effective, the forecast transaction is no longer expected to occur or the hedge designation is revoked. If the hedge is for a forecast transaction, the cumulative gain or loss on the hedging instrument remains in equity until the forecast transaction occurs. When the forecast transaction is no longer expected to occur, any related cumulative gain or loss recognised in other comprehensive income on the hedging instrument is reclassified from equity into profit or loss.

(vi) 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 control of the financial asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. 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, cancelled or expired. 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.

(d) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less any 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 also includes the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the year ended 31 March 2018

2. Significant accounting policies (cont'd)

(d) Property, plant and equipment (cont'd)

(i) Recognition and measurement (cont'd)

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and is recognised net within "other income" or "other expenses" respectively in profit or loss.

(ii) Subsequent costs

The cost of replacing a component 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 component will flow to the Group or the Company, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised to profit or loss. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, then that component is depreciated separately.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment from the date they are available for use. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group or the Company 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:

Long term leasehold land	49 - 948 years
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 - 15 years
Motor vehicles	5 - 10 years

Depreciation methods, useful lives and residual values are reviewed at end of the reporting period, and adjusted as appropriate.

(e) Government grants

Government grants are recognised when there is reasonable assurance that the Group will comply with the relevant conditions and the grant will be received.

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

Grants that compensate the Group for the cost of an asset are deducted from the cost of the asset and are recognised in profit or loss on a systematic basis over the useful life of the depreciable assets as a reduced depreciation charged.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the year ended 31 March 2018

2. Significant accounting policies (cont'd)

(f) Leased assets

(i) Finance lease

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

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

Leasehold land which in substance is a finance lease is classified as property, plant and equipment, or as investment property if held to earn rental income or for capital appreciation or for both.

(ii) Operating lease

Leases, where the Group or the Company does not assume substantially all the risks and rewards of ownership are classified as operating leases and, except for property interest held under operating lease, the leased assets are not recognised on the statement of financial position.

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense, over the term of the lease. Contingent rentals are charged to profit or loss in the reporting period in which they are incurred.

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.

Leasehold land which in substance is an operating lease is classified as prepaid lease payments.

(g) Intangible assets

(i) Goodwill

Goodwill arises on business combinations is measured at cost less any accumulated impairment losses. In respect of equity-accounted associates, 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 associates.

(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 as 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 and to use or sell the asset.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the year ended 31 March 2018

2. Significant accounting policies (cont'd)

(g) Intangible assets (cont'd)

(ii) Research and development (cont'd)

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. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs. Other development expenditure is recognised in profit or loss as incurred.

Capitalised development expenditure is measured at cost less any accumulated amortisation and any accumulated impairment losses.

(iii) Other intangible assets

Intangible assets, other than goodwill, that are acquired by the Group, which have finite useful lives, are measured 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.

(v) Amortisation

Goodwill and 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 they are available for use. Amortisation is based on the cost of an asset less its residual value. Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets.

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

Capitalised development costs	10 years
Patents and trademarks	15 years
Franchise fees	20 years

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

(h) Investment properties

(i) Investment properties carried at cost

Investment properties are properties which are owned or held under a leasehold interest to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

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

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the year ended 31 March 2018

2. Significant accounting policies (cont'd)

(h) Investment properties (cont'd)

(i) Investment properties carried at cost (cont'd)

An investment property is derecognised on its disposal, or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal. The difference between the net disposal proceeds and the carrying amount is recognised in profit or loss in the period in which the item is derecognised.

(ii) Reclassification to/from investment properties

When an item of property, plant and equipment is transferred to/from investment property following a change in its use, the transfer does not change the cost and the carrying amount of that property transferred.

(i) Biological assets

(i) Plantation development expenditure

New planting which include land clearing, planting, field upkeep and maintenance of oil palm planting to maturity are capitalised as plantation development expenditure. Oil palm planting are considered mature 30 months after the date of planting. Expenditures incurred after maturity of crops are charged to the 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 year in which it is incurred.

(ii) Livestock

Layer farms

Pullets and layers are measured at the lower of amortised cost and net realisable value. Cost of layers includes cost of pullet plus all attributable costs including relevant overheads and interest cost incurred in nursing the pullets to the point of lay. Thereafter, the cost is amortised over its estimated economic life of the layers of approximately 56 weeks (2017: approximately 60 weeks).

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

Breeder farms

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the year ended 31 March 2018

2. Significant accounting policies (cont'd)

(i) Biological assets (cont'd)

(ii) Livestock (cont'd)

Broiler farms

Broilers are measured at lower of cost and net realisable value. Cost of broilers includes costs of chicks plus all attributable costs and interest cost 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.

Shrimp farms

Shrimp livestock are measured at lower of cost and net realisable value. Cost of shrimp livestock includes costs of larvae and nauplii plus all attributable costs in breeding the shrimp livestock to saleable condition.

Post larvae are measured at lower of cost and net realisable value. Cost of post larvae includes costs of nauplii plus all attributable costs in culturing the post larvae to nurturing stage for breeding to shrimp or saleable condition.

For broodstock, cost consists of the original purchase price. The costs of the broodstock are amortised over the expected reproductive lifespan which are estimated to be approximately 6 months.

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.

(j) Inventories

Inventories comprise raw materials, manufactured inventories and trading inventories which are measured at the lower of cost and net realisable value. The cost of inventories is measured based on first-in-first-out principle.

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.

The fair value of inventories acquired in a business combination is determined based on the estimated selling price in the ordinary course of business less the estimated costs of completion and sale, and a reasonable profit margin based on the effort required to complete and sell the inventories.

(k) Non-current assets held for sale

Non-current assets 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 or distribution, 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 of disposal.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the year ended 31 March 2018

2. Significant accounting policies (cont'd)

(k) Non-current assets held for sale (cont'd)

Impairment losses on initial classification as held for sale or distribution and subsequent gains or losses on remeasurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

Property, plant and equipment once classified as held for sale or distribution are not amortised or depreciated.

(l) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in fair value with original maturities of three months or less, and are used by the Group and the Company in the management for their short-term commitments. For the purpose of the statements of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

Cash and cash equivalents are categorised and measured as loans and receivables in accordance with Note 2(c).

(m) Impairment

(i) Financial assets

All financial assets (except for financial assets categorised as fair value through profit or loss, investment in subsidiaries and investment in 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 investment in an equity instrument, a significant or prolonged decline in the fair value below its cost is an objective evidence of impairment. If any such objective evidence exists, then the impairment loss of the financial asset is estimated.

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.

Impairment losses recognised in profit or loss for an investment in an equity instrument classified as available-for-sale 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, deferred tax assets and non-current assets classified as held for sale) 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 goodwill and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each period at the same time.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the year ended 31 March 2018

2. Significant accounting policies (cont'd)

(m) Impairment (cont'd)

(ii) Other assets (cont'd)

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 cash-generating units. Subject to an operating segment ceiling test, for the purpose of goodwill impairment testing, cash-generating units to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to a cash-generating unit or a group of 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 of disposal. 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 or cash-generating unit.

An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit exceeds its estimated 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 cash-generating unit (group of cash-generating units) and then to reduce the carrying amounts of the other assets in the cash-generating unit (groups of cash-generating units) on a *pro rata* basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at 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 financial year in which the reversals are recognised.

(n) Equity instruments

Instruments classified as equity are measured at cost on initial recognition and are not remeasured subsequently.

(i) Issue expenses

Costs directly attributable to the issue of instruments classified as equity are recognised as a deduction from equity.

(ii) Ordinary shares

Ordinary shares are classified as equity.

(o) Employee benefits

(i) 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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the year ended 31 March 2018

2. Significant accounting policies (cont'd)

(o) Employee benefits (cont'd)

(i) Short-term employee benefits (cont'd)

A liability is recognised for the amount expected to be paid under short-term cash bonus if the Group and the Company have 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.

(ii) State plans

The Group's contributions to statutory pension funds are charged to profit or loss in the financial year to which they relate. Once the contributions have been paid, the Group has no further payment obligations.

(iii) Defined benefit plans

The Group's net obligation in respect of defined benefit retirement plans arises from its subsidiaries in Indonesia for long-term and post-employment benefits, such as pension, severance pay, service pay and other benefits.

The Group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in other comprehensive income. The Group determines the net interest expense or income on the net defined liability or asset for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then net defined benefit liability or asset, taking into account any changes in the net defined benefit liability or asset during the period as a result of contributions and benefit payments.

Net interest expense and other expenses relating to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(p) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the year ended 31 March 2018

2. Significant accounting policies (cont'd)

(p) Provisions (cont'd)

Provision for restoration costs

A provision for site restoration is recognised when there is a projected cost of dismantlement, removal or restoration as a consequence of using a leased property during a particular period. The provision is measured at the present value of the restoration cost expected to be paid upon termination of the lease agreement.

(q) Revenue and other income

(i) Goods sold

Revenue from the sale of goods in the course of ordinary activities is measured at fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Revenue is recognised when persuasive evidence exists, usually in the form of an executed sales agreement, that the significant risks and rewards of ownership have been transferred to the customer, 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, and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised.

(ii) Management fee and administrative charges

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

(iii) Rental income

Rental income from investment properties 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.

(iv) Dividend income

Dividend income is recognised in profit or loss on the date that the Group's or the Company's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

(v) Interest income

Interest income is recognised as it accrues using the effective interest method in profit or loss except for interest income arising from temporary investment of borrowings taken specifically for the purpose of obtaining a qualifying asset which is accounted for in accordance with the accounting policy on borrowing costs.

(r) Borrowing costs

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the year ended 31 March 2018

2. Significant accounting policies (cont'd)

(r) Borrowing costs (cont'd)

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.

(s) Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are 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 or receivable on the taxable income or loss 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 financial years.

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 be applied 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. Deferred tax assets and liabilities are not discounted.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

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.

Unutilised reinvestment allowance and investment tax allowance, being tax incentives that is not a tax base of an asset, is recognised as a deferred tax asset to the extent that it is probable that the future taxable profits will be available against which the unutilised tax incentive can be utilised.

(t) Earnings per ordinary share

The Group presents basic and diluted earnings per share data for its ordinary shares ("EPS").

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, adjusted for own shares held.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the year ended 31 March 2018

2. Significant accounting policies (cont'd)

(u) 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. All operating segments' operating results are reviewed regularly by the chief operating decision makers, which in this case are the Executive Chairman and Group's Managing Director of the Group, to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

(v) Contingencies

(i) 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 not recognised in the statements of financial position and 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.

(ii) Contingent assets

When an inflow of economic benefit of an asset is probable where it arises from past events and where existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity, the asset is not recognised in the statements of financial position but is being disclosed as a contingent asset. When the inflow of economic benefit is virtually certain, then the related asset is recognised.

(w) Fair value measurements

Fair value of an asset or a liability is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair value are categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: unobservable inputs for the asset or liability.

The Group recognises transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the year ended 31 March 2018

3. Property, plant and equipment

Group	Note	Freehold land RM'000	Long term leasehold land RM'000	Buildings and improvements RM'000	Farm buildings RM'000	Fishing boat and equipment RM'000	Furniture, fittings and equipment RM'000	Plant and machinery RM'000	Motor vehicles RM'000	Capital work-in- progress RM'000	Total RM'000
Cost											
At 1 April 2016		115,996	73,789	303,893	349,012	63,878	93,728	805,388	96,556	53,279	1,955,519
Additions		36,470	28,297	11,674	21,078	4,994	19,162	50,190	13,074	130,773	315,712
Disposals		(421)	-	(1,834)	(24)	-	(1,293)	(2,854)	(4,591)	(182)	(11,199)
Written off		-	-	-	(1,747)	-	(106)	(561)	(128)	-	(2,542)
Transfer in/(out)		1,656	-	8,901	25,771	1,492	345	33,343	-	(71,508)	-
Transfer to investment properties	4	-	(6,233)	-	-	-	-	-	-	-	(6,233)
Disposal of a subsidiary		-	(1,976)	-	-	-	-	-	-	(894)	(2,870)
Government grant		-	-	(10,224)	-	-	-	(39)	-	-	(10,263)
Effect of movements in exchange rates		725	-	1,096	1,899	-	(993)	1,793	533	1,070	6,123
At 31 March/1 April 2017		154,426	93,877	313,506	395,989	70,364	110,843	887,260	105,444	112,538	2,244,247
Additions		456	1,921	34,989	15,290	201	30,946	103,673	13,115	138,354	338,945
Acquisition of a subsidiary	35.1	-	449	-	-	-	-	-	-	-	449
Disposals		(656)	-	(47)	-	(489)	(977)	(6,146)	(5,131)	(1,392)	(14,838)
Written off		-	-	-	-	-	(482)	(4,478)	(395)	(509)	(5,864)
Transfer in/(out)		166	-	39,694	35,689	5,951	3,870	35,351	26	(120,747)	-
Transfer to assets held for sale	16	(780)	-	(3,103)	-	-	(379)	(1,440)	-	(2,479)	(8,181)
Government grant		-	-	(202)	-	-	-	-	-	-	(202)
Effect of movements in exchange rates		(4,342)	-	(5,781)	(30,053)	-	(662)	(28,118)	(3,003)	(4,422)	(76,381)
At 31 March 2018		149,270	96,247	379,056	416,915	76,027	143,159	986,102	110,056	121,343	2,478,175

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the year ended 31 March 2018

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

Group (cont'd)	Note	Freehold land RM'000	Long term leasehold land RM'000	Buildings and improvements RM'000	Farm buildings RM'000	Fishing boat and equipment RM'000	Furniture, fittings and equipment RM'000	Plant and machinery RM'000	Motor vehicles RM'000	Capital work-in-progress RM'000	Total RM'000
Depreciation and impairment loss											
At 1 April 2016		-	7,058	50,640	78,166	19,288	45,297	322,359	60,050	-	582,858
Depreciation for the year		-	846	10,453	15,823	3,473	12,766	54,888	11,827	-	110,076
Disposals		-	-	(618)	(19)	-	(836)	(761)	(1,333)	-	(3,567)
Written off		-	-	-	(1,088)	-	(77)	(545)	(128)	-	(1,838)
Transfer to investment properties	4	-	(75)	-	-	-	-	-	-	-	(75)
Disposal of a subsidiary		-	(11)	-	-	-	-	-	-	-	(11)
Impairment loss		-	-	332	-	-	201	1,162	1	-	1,696
Effect of movements in exchange rates		-	9	(670)	(3,152)	-	(1,566)	185	497	-	(4,697)
At 31 March/1 April 2017		-	7,827	59,805	89,730	22,761	55,584	376,126	70,913	-	682,746
- Accumulated depreciation		-	7,827	59,805	89,730	22,761	55,584	376,126	70,913	-	682,746
- Accumulated impairment loss		-	-	332	-	-	201	1,162	1	-	1,696
Depreciation for the year		-	7,827	60,137	89,730	22,761	55,785	377,288	70,914	-	684,442
Disposals		-	1,286	14,031	19,348	2,473	15,322	58,593	12,676	-	123,729
Written off		-	-	(30)	-	(110)	(745)	(5,828)	(4,009)	-	(10,722)
Transfer to assets held for sale		-	-	-	-	-	(372)	(3,780)	(253)	-	(4,405)
Effect of movements in exchange rates	16	-	-	(310)	-	-	(185)	(644)	-	-	(1,139)
At 31 March 2018		-	-	(1,516)	(5,119)	-	(353)	(10,267)	(1,699)	-	(18,954)
- Accumulated depreciation		-	9,113	71,980	103,959	25,124	69,251	414,200	77,628	-	771,255
- Accumulated impairment loss		-	-	332	-	-	201	1,162	1	-	1,696
		-	9,113	72,312	103,959	25,124	69,452	415,362	77,629	-	772,951
Carrying amounts											
At 1 April 2016		115,996	66,731	253,253	270,846	44,590	48,431	483,029	36,506	53,279	1,372,661
At 31 March/1 April 2017		154,426	86,050	253,369	306,259	47,603	55,058	509,972	34,530	112,538	1,559,805
At 31 March 2018		149,270	87,134	306,744	312,956	50,903	73,707	570,740	32,427	121,343	1,705,224

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the year ended 31 March 2018

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

	Motor vehicles RM'000
Company	
Cost	
At 31 March/1 April 2017/31 March 2018	751
Accumulated depreciation	
At 1 April 2016	486
Depreciation for the year	53
At 31 March/1 April 2017	539
Depreciation for the year	63
At 31 March 2018	602
Carrying amounts	
At 1 April 2016	265
At 31 March/1 April 2017	212
At 31 March 2018	149

3.1 Government grant

During the year, a subsidiary of the Company received a government grant in respect of the integrated shrimps farm amounting to RM202,000 (2017: RM10,263,000).

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	
	2018	2017
	RM'000	RM'000
Motor vehicles	1,033	1,196

3.3 Capital work-in-progress

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the year ended 31 March 2018

4. Investment properties

	Note	Group RM'000
Cost		
At 1 April 2016		36,177
Additions		2,362
Transfer from property, plant and equipment	3	6,233
Disposal of a subsidiary		(14,990)
At 31 March/1 April 2017/31 March 2018		29,782
Amortisation and impairment loss		
At 1 April 2016		
- Accumulated amortisation		3,923
- Accumulated impairment loss		1,221
		5,144
Amortisation for the year		940
Transfer from property, plant and equipment	3	75
Disposal of a subsidiary		(48)
At 31 March/1 April 2017		
- Accumulated amortisation		4,890
- Accumulated impairment loss		1,221
		6,111
Amortisation for the year		940
At 31 March 2018		
- Accumulated amortisation		5,830
- Accumulated impairment loss		1,221
		7,051
Carrying amounts		
At 1 April 2016		31,033
At 31 March/1 April 2017		23,671
At 31 March 2018		22,731
Fair value		
At 1 April 2016		79,706
At 31 March/1 April 2017		57,477
At 31 March 2018		53,255

The following are recognised in profit or loss in respect of investment properties:

	Group	
	2018 RM'000	2017 RM'000
Rental income	1,314	1,230
Direct operating expenses:		
- income generating investment properties	(794)	(867)
- non-income generating investment properties	(72)	(85)

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the year ended 31 March 2018

4. Investment properties (cont'd)

Fair value information

Fair value of investment properties are categorised as follows:

	Group Level 3	
	2018	2017
	RM'000	RM'000
Land	33,864	34,536
Building	19,391	22,941
	53,255	57,477

Level 3 fair value

Level 3 fair value is estimated using unobservable inputs for the investment property.

Level 3 fair values of land is estimated by Directors by making reference to the asking price of comparable properties in close proximity and adjusting for differences in key attributes such as property size and bargain discount. The significant unobservable inputs include adjustments to price per square feet at comparable properties and the discount factors.

5. Prepaid lease payments

	Note	Short-term leasehold land* RM'000
Group		
Cost		
At 1 April 2016		68,361
Additions		1,103
Transfer to current assets held for sale	16	(150)
Effect of movements in exchange rates		42
At 31 March/1 April 2017		69,356
Additions		1,508
Effect of movements in exchange rates		(71)
At 31 March 2018		70,793
Amortisation		
At 1 April 2016		10,019
Amortisation for the year		1,596
Transfer to current assets held for sale	16	(40)
Effect of movements in exchange rate		3
At 31 March/1 April 2017		11,578
Amortisation for the year		1,621
Effect of movements in exchange rate		(6)
At 31 March 2018		13,193
Carrying amounts		
At 1 April 2016		58,342
At 31 March/1 April 2017		57,778
At 31 March 2018		57,600

* Unexpired period less than 50 years.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the year ended 31 March 2018

5. Prepaid lease payments (cont'd)

Included in the cost of prepaid lease payments is an amount of RM19,740,000 which represents the valuation of the land use rights in respect of a subsidiary in Indonesia, as agreed in a master joint venture agreement dated 16 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 approval for the land utilisation rights measuring 14,177 hectares was granted in 2010 for a period of 35 years and the title was fully issued in prior years. The cultivation right title is extendable under Indonesian Land Ordinance.

Under the Indonesian regulations, approximately 20% of the land use rights have to be set aside for Plasma Scheme. This Scheme is a programme where oil palm plantation owners/operators are required to participate in selected programmes to develop plantations to smallholders (herein referred to as plasma farmers)(see Note 11.2).

6. Intangible assets

	Goodwill RM'000	Development costs RM'000	Patents and trademarks RM'000	Franchise fees RM'000	Total RM'000
Group					
Cost					
At 1 April 2016	7,222	54	554	–	7,830
Additions	–	–	–	3,960	3,960
Effect of movements in exchange rates	140	–	–	–	140
At 31 March/1 April 2017	7,362	54	554	3,960	11,930
Effect of movements in exchange rates	(223)	–	–	–	(223)
At 31 March 2018	7,139	54	554	3,960	11,707
Amortisation and impairment loss					
At 1 April 2016					
- Accumulated amortisation	–	49	349	–	398
- Accumulated impairment loss	197	–	89	–	286
	197	49	438	–	684
Amortisation for the year	–	3	89	86	178
At 31 March/1 April 2017					
- Accumulated amortisation	–	52	438	86	576
- Accumulated impairment loss	197	–	89	–	286
	197	52	527	86	862
Amortisation for the year	–	2	27	199	228
At 31 March 2018					
- Accumulated amortisation	–	54	465	285	804
- Accumulated impairment loss	197	–	89	–	286
	197	54	554	285	1,090
Carrying amounts					
At 1 April 2016	7,025	5	116	–	7,146
At 31 March/1 April 2017	7,165	2	27	3,874	11,068
At 31 March 2018	6,942	–	–	3,675	10,617

The goodwill recognised on acquisition is attributable mainly to the synergies expected to be achieved from integrating the acquired 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 calculations use pre-tax cash flow projections based on financial budgets approved by management.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the year ended 31 March 2018

7. Biological assets

	Group	
	2018	2017
	RM'000	RM'000
At cost:		
Non-current		
Plantation development expenditure	133,681	151,989
Current		
Livestock	133,213	108,758
	266,894	260,747

Significant changes in accounting estimates

During the financial year, the Group conducted a costing review of the layer to better reflect the cost incurred in nursing the pullet to point of lay. This resulted in changes in estimation of the attributable cost incurred up to the point of lay.

As a result, both the value of the biological assets at year end and the related amortisation of the layer value over its estimated economic life during the year increased. The net effect of these changes reduced the cost of sales during the year by RM18,937,000.

8. Investment in subsidiaries

	Company	
	2018	2017
	RM'000	RM'000
Unquoted shares, at cost	774,136	682,256
Amount due from subsidiaries	440,774	432,931
	1,214,910	1,115,187

During the financial year, the Company subscribed shares in subsidiaries amounting to RM91,880,000 (2017: RM15,000,000) of which RM2,500,000 (2017: Nil) was satisfied via capitalisation of debts and the remaining was satisfied via cash.

8.1 The amount due from subsidiaries are advances amounting to:

- RM247,181,000 (2017: RM282,709,000) which are subject to fixed interest rate from 3.70% to 6.50% (2017: 3.70% to 6.50%) per annum and the repayment is neither planned nor likely to occur in the foreseeable future; and
- RM193,593,000 (2017: RM150,222,000) which are subject to the Company's weighted average cost of funds ("COF") (2017: COF) per annum and the repayment is neither planned nor likely to occur in the foreseeable future.

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the year ended 31 March 2018

8. Investment in subsidiaries (cont'd)

Non-controlling interests in subsidiaries

The Group's subsidiaries that have material non-controlling interests ("NCI") are as follows:

	2018						
	QL Endau Marine Products Sdn. Bhd. and its subsidiaries RM'000	QL Ansan Poultry Farm Sdn. Bhd. and its subsidiaries RM'000	PT Pipit Mutiar Indah RM'000	Kembang Subur Sdn. Bhd. and its subsidiaries RM'000	QL Mutiar (S) Pte. Ltd. RM'000	Other individually immaterial subsidiaries RM'000	Total RM'000
NCI percentage of ownership interest and voting interest	29.41%	10.00%	25.50%	16.67%	21.58%		
Carrying amount of NCI	55,982	9,078	6,931	4,243	11,329	10,768	98,331
Total comprehensive income/(expense) allocated to NCI	7,601	(119)	2,659	(1,455)	(6)	(240)	8,440
Summarised financial information before intra-group elimination							
As at 31 March							
Non-current assets	139,372	249,231	202,684	38,599	52,745		
Current assets	84,511	111,933	43,281	8,005	31		
Non-current liabilities	(21,568)	(47,182)	(1,223)	(13,794)	–		
Current liabilities	(11,963)	(223,202)	(217,563)	(7,352)	(278)		
Net assets	190,352	90,780	27,179	25,458	52,498		

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the year ended 31 March 2018

8. Investment in subsidiaries (cont'd)

Non-controlling interests in subsidiaries (cont'd)

The Group's subsidiaries that have material non-controlling interests ("NCI") are as follows: (cont'd)

	2018				
	QL Endau Marine Products Sdn. Bhd. and its subsidiaries RM'000	QL Ansan Poultry Farm Sdn. Bhd. and its subsidiaries RM'000	PT Pipit Mutiar Indah RM'000	Kembang Subur Sdn. Bhd. and its subsidiaries RM'000	QL Mutiara (S) Pte. Ltd. RM'000
Year ended 31 March					
Revenue	182,887	223,045	124,019	16,034	–
Total comprehensive income/(expense)	25,844	(1,190)	10,427	(4,125)	(28)
Cash flows from/(used in) operating activities	33,568	4,581	25,512	(1,299)	(60)
Cash flows used in investing activities	(15,675)	(68,956)	(9,701)	(5,824)	–
Cash flows (used in)/from financing activities	(19,795)	70,209	–	6,358	59
	(1,902)	5,834	15,811	(765)	(1)
Dividends paid to NCI	(3,530)	(98)	–	–	–

	2017						
	QL Endau Marine Products Sdn. Bhd. and its subsidiaries RM'000	QL Ansan Poultry Farm Sdn. Bhd. and its subsidiaries RM'000	PT Pipit Mutiar Indah RM'000	Kembang Subur Sdn. Bhd. and its subsidiaries RM'000	QL Mutiar (S) Pte. Ltd. RM'000	Other individually immaterial subsidiaries RM'000	Total RM'000
NCI percentage of ownership interest and voting interest	29.41%	10.00%	25.50%	36.67%	21.58%		
Carrying amount of NCI	51,911	9,295	4,272	10,847	11,335	5,645	93,305
Total comprehensive income/(expense) allocated to NCI	8,801	(23)	4,205	(306)	(8)	2,024	14,693

Summarised financial information before intra-group elimination

As at 31 March

Non-current assets	132,467	190,368	228,493	34,546	52,745
Current assets	82,563	85,703	39,024	9,955	4
Non-current liabilities	(20,510)	(12,128)	(1,410)	(6,462)	–
Current liabilities	(18,010)	(170,993)	(249,355)	(8,459)	(223)
Net assets	176,510	92,950	16,752	29,580	52,526

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the year ended 31 March 2018

8. Investment in subsidiaries (cont'd)

Non-controlling interests in subsidiaries (cont'd)

The Group's subsidiaries that have material non-controlling interests ("NCI") are as follows: (cont'd)

	2017				
	QL Endau Marine Products Sdn. Bhd. and its subsidiaries RM'000	QL Ansan Poultry Farm Sdn. Bhd. and its subsidiaries RM'000	PT Pipit Mutiarah Indah RM'000	QL Mutiara (S) Pte. Ltd. RM'000	Kembang Subur Sdn. Bhd. and its subsidiaries RM'000
Year ended 31 March					
Revenue	181,070	197,813	105,730	–	18,895
Total comprehensive income/(expense)	29,928	(235)	16,490	(36)	(834)
Cash flows from/(used in) operating activities	33,871	63,932	32,192	(32,131)	1,629
Cash flows used in investing activities	(16,326)	(64,655)	(13,627)	–	(3,709)
Cash flows (used in)/from financing activities	(17,509)	(2,895)	(10,017)	32,190	2,107
	36	(3,618)	8,548	59	27
Dividends paid to NCI	(4,180)	(275)	–	–	–

9. Investment in associates

	Group	
	2018 RM'000	2017 RM'000
At cost:		
Unquoted shares	2,594	2,594
Quoted shares in Malaysia	64,259	59,736
Share of post-acquisition reserve	64,404	53,826
	131,257	116,156
Market value:		
Quoted shares in Malaysia	150,974	185,761

During the financial year, the Group increased its investment in Boilermech Holdings Berhad by RM4,523,000 (2017: RM3,824,000).

Details of the associates are as follows:

Name of Company	Country of incorporation	Principal activities	Effective ownership interest and voting interest	
			2018 %	2017 %
Indahgrains Logistics Sdn. Bhd.*	Malaysia	Operating of warehouse and warehouse management	29.87	29.87
Boilermech Holdings Berhad#	Malaysia	Manufacturing, repairing and servicing of boilers	43.67	42.60
AB Hatchery Sdn. Bhd.*	Malaysia	Hatchery and culturing of shrimps	40.83	31.03

* Equity-accounted based on management accounts.

Audited by another firm of accountants.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the year ended 31 March 2018

9. Investment in associates (cont'd)

The following table summarises the information of the Group's material associate, adjusted for any differences in accounting policies and reconciles the information to the carrying amount of the Group's interest in the associate.

	← 2018 →		
	Boilermech Holdings Berhad RM'000	Other individually immaterial associates RM'000	Total RM'000
Group			
Summarised financial information			
As at 31 March			
Non-current assets	88,027		
Current assets	220,410		
Non-current liabilities	(6,637)		
Current liabilities	(102,288)		
Net assets	199,512		
Less: Non-controlling interest	(9,197)		
	190,315		
Year ended 31 March			
Total comprehensive income of the material associate	30,344		
<i>Included in the total comprehensive income of the material associate are:</i>			
Revenue of the material associate	225,907		
Reconciliation of net assets to carrying amount			
As at 31 March			
Group's share of net assets	83,111	3,518	86,629
Goodwill	44,580	48	44,628
Carrying amount in the statements of financial position	127,691	3,566	131,257
Group's share of results for year ended 31 March			
Group's share of profit or loss	9,611	593	10,204
Group's share of other comprehensive income	3,672	–	3,672
Group's share of total comprehensive income	13,283	593	13,876
Other information			
Dividends received	3,298	–	3,298

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the year ended 31 March 2018

9. Investment in associates (cont'd)

	2017		
	Boilermech Holdings Berhad RM'000	Other individually immaterial associates RM'000	Total RM'000
Group			
Summarised financial information			
As at 31 March			
Non-current assets	90,891		
Current assets	182,241		
Non-current liabilities	(8,184)		
Current liabilities	(88,010)		
Net assets	176,938		
Less: Non-controlling interest	(7,876)		
	169,062		
Year ended 31 March			
Total comprehensive income of the material associate	16,153		
<i>Included in the total comprehensive income of the material associate are:</i>			
Revenue of the material associate	237,190		
Reconciliation of net assets to carrying amount			
As at 31 March			
Group's share of net assets	72,020	2,925	74,945
Goodwill	41,163	48	41,211
Carrying amount in the statements of financial position	113,183	2,973	116,156
Group's share of results for year ended 31 March			
Group's share of profit or loss	10,211	1,405	11,616
Group's share of other comprehensive expense	(3,330)	–	(3,330)
Group's share of total comprehensive income	6,881	1,405	8,286
Other information			
Dividends received	3,257	597	3,854

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the year ended 31 March 2018

10. Deferred tax assets/(liabilities)

Recognised deferred tax assets/(liabilities)

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2018	2017	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Group						
Property, plant and equipment	–	–	(100,226)	(91,400)	(100,226)	(91,400)
Biological assets	–	–	(1,979)	(1,979)	(1,979)	(1,979)
Tax loss carry-forwards	772	2,046	–	–	772	2,046
Unabsorbed capital allowances	10,083	4,287	–	–	10,083	4,287
Other temporary/taxable differences	3,473	1,686	(1,512)	(891)	1,961	795
Tax assets/(liabilities)	14,328	8,019	(103,717)	(94,270)	(89,389)	(86,251)
Set off of tax	(12,156)	(7,220)	12,156	7,220	–	–
Net tax assets/(liabilities)	2,172	799	(91,561)	(87,050)	(89,389)	(86,251)

Movement in temporary differences during the year

	Recognised in profit or loss		At		
	At 1.4.2016	(Note 24)	31.3.2017/1.4.2017	Recognised in profit or loss (Note 24)	At 31.3.2018
	RM'000	RM'000	RM'000	RM'000	RM'000
Group					
Property, plant and equipment	(77,856)	(13,544)	(91,400)	(8,826)	(100,226)
Biological assets	(1,979)	–	(1,979)	–	(1,979)
Tax loss carry-forwards	1,254	792	2,046	(1,274)	772
Unabsorbed capital allowances	4,120	167	4,287	5,796	10,083
Other temporary differences	458	337	795	1,166	1,961
	(74,003)	(12,248)	(86,251)	(3,138)	(89,389)

Unrecognised deferred tax

Deferred tax has not been recognised in respect of the following items (stated at gross):

	Group	
	2018	2017
	RM'000	RM'000
Property, plant and equipment	53,761	29,096
Tax loss carry-forwards	(182,186)	(181,495)
Unabsorbed capital allowances	(97,019)	(61,502)
Other deductible temporary differences	(7,019)	(4,778)
	(232,463)	(218,679)

The tax loss carry-forwards do not expire under current tax legislation, except for tax losses of subsidiaries in Indonesia of RM139,887,000 (2017: RM169,297,000) which expire over a 5 year period.

Deferred tax assets have not been recognised in respect of the tax loss carry-forwards and unabsorbed capital allowances because it is not probable that future taxable profit will be available against which the Group entities can utilise the benefits therefrom.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the year ended 31 March 2018

11. Trade and other receivables

	Note	Group		Company	
		2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Non-current					
Subsidiaries	11.1	–	–	175,416	106,618
Other receivables	11.2	10,033	8,056	–	–
		10,033	8,056	175,416	106,618
Current					
Trade					
Trade receivables	11.3	313,836	307,280	–	–
Non-trade					
Subsidiaries	11.1	–	–	127,724	158,347
Other receivables	11.2	70,150	71,317	–	–
		70,150	71,317	127,724	158,347
		383,986	378,597	127,724	158,347
		394,019	386,653	303,140	264,965

11.1 Amounts due from subsidiaries

Subsidiaries

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

- RM29,307,000 (2017: RM61,102,000) which is unsecured, subject to fixed interest rate from 3.70% to 6.50% (2017: 3.70% to 6.50%) per annum with fixed terms of repayment over a period of 1 to 5 years (2017: 1 to 4 years);
- RM855,000 (2017: RM253,000) which is unsecured, subject to fixed interest rate from 3.70% to 4.60% (2017: 3.70% to 5.09%) per annum and is repayable on demand;
- RM242,448,000 (2017: RM141,574,000) which is subject to the Company's weighted average cost of funds ("COF") (2017: COF) per annum with fixed terms of repayment over a period of 1 to 7 years (2017: 1 to 6 years);
- RM1,409,000 (2017: RM929,000) which is subject to Company's COF (2017: COF) per annum and is repayable on demand; and
- RM32,031,000 in prior year, which were in respect of dividend receivables.

11.2 Other receivables

- Included in non-current other receivables of the Group are advances for plasma plantation projects in Indonesia amounting to RM7,633,000 (2017: RM8,056,000).

The advances made by the Group in the form of plasma plantation development costs are recoverable from the plasma farmers upon the completion and handover of the plasma plantation projects to plasma farmers. These advances are recoverable from plasma farmers or through bank loans obtained by plasma farmers. Impairment losses are made when the estimated amount recoverable is less than the outstanding advances.

- Included in non-current other receivables of the Group are refundable deposits paid for rental of convenience stores amounting to RM2,400,000 (2017: Nil).
- Included in current other receivables of the Group are advances made to suppliers of certain subsidiaries amounting to RM34,330,000 (2017: RM32,050,000) to secure the constant source of raw material supplies for the manufacturing activities. The amount is net of impairment loss on advances to suppliers, unsecured, interest free and repayment is substantially made through the supply of raw materials.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the year ended 31 March 2018

11. Trade and other receivables (cont'd)

11.3 Trade receivables

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

	Group	
	2018	2017
	RM'000	RM'000
A person connected with a Director of a subsidiary	282	441
Companies in which certain Directors of the subsidiaries have interests	19,614	15,764
	19,896	16,205

The amounts due from related parties are subject to normal trade terms.

12. Inventories

	Group	
	2018	2017
	RM'000	RM'000
At cost:		
Raw materials	92,753	99,780
Manufactured and trading inventories	282,903	304,500
	375,656	404,280
At net realisable value:		
Manufactured and trading inventories	633	1,448
	376,289	405,728

13. Prepayments and other assets

	Group		Company	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Prepayments	16,476	20,171	1,452	441
Other assets	6,054	7,477	185	185
	22,530	27,648	1,637	626



NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the year ended 31 March 2018

14. Derivative financial assets/(liabilities)

	2018			2017		
	Nominal value RM'000	Assets RM'000	Liabilities RM'000	Nominal value RM'000	Assets RM'000	Liabilities RM'000
Group						
Derivative used for hedging						
- Commodity future contracts	1,461	–	(172)	7,950	854	–
- Cross currency swap	490,570	–	(33,657)	106,435	3,383	–
- Forward exchange contracts	96,329	242	(394)	47,404	2,471	(27)
- Interest rate swap	69,500	–	(116)	88,500	186	–
	657,860	242	(34,339)	250,289	6,894	(27)
Company						
Derivative used for hedging						
- Cross currency swap	490,570	–	(33,657)	106,435	3,383	–
- Interest rate swap	69,500	–	(116)	88,500	186	–
	560,070	–	(33,773)	194,935	3,569	–

The commodity future contracts were entered into with the objective of managing and hedging the Group's exposure to adverse commodity price movements. The cross currency swap and interest rate swap contracts of the Group and of the Company are mainly used to hedge against its exposures of foreign currency and movements in interest rates.

Forward exchange contracts are used to manage the foreign currency exposures arising from the Group's receivables and payables denominated in currencies other than the functional currencies of Group entities. Most of the forward exchange contracts have maturities of less than one year after the end of the reporting period. Where necessary, the forward contracts are rolled over at maturity.

15. Cash and cash equivalents

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Cash and bank balances	250,772	264,388	9,557	9,268
Deposits with licensed banks	39,971	26,372	278	580
Liquid investments	13,285	16,147	261	165
	304,028	306,907	10,096	10,013

16. Assets classified as held for sale

	Note	Group	
		2018 RM'000	2017 RM'000
Assets classified as held for sale			
Property, plant and equipment	3	7,042	–
Prepaid lease payment	5	–	110
		7,042	110

The carrying values of the property, plant and equipment and prepaid lease payment are the same as their carrying values before they were being reclassified to current asset.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the year ended 31 March 2018

17. Capital and reserves

17.1 Share capital

	Group		and Company	
	Amount	Number	Amount	Number
	2018	of shares	2017	of shares
	RM'000	2018	RM'000	2017
		'000		'000
Ordinary shares, issued and fully paid:				
At 1 April 2017/2016	312,007	1,248,030	312,007	1,248,030
Issued during the year pursuant to bonus issue	93,602	374,408	–	–
At 31 March	405,609	1,622,438	312,007	1,248,030
Share premium				
At 1 April 2017/2016	308,018	–	–	–
Transfer from share premium in accordance with Section 618(2) of the Companies Act 2016	–	–	308,018	–
Utilisation in accordance with Section 618(3) of the Company Act 2016	(93,602)	–	–	–
At 31 March	214,416	–	308,018	–
At 31 March	620,025	1,622,438	620,025	1,248,030

i) Bonus issue

The Company issued 374,408,829 new ordinary shares pursuant to the bonus issue on the basis of three (3) bonus shares for every ten (10) existing ordinary shares held by way of capitalisation of share premium. The bonus issue exercise was completed on 13 September 2017 following the listing and quotation of the 374,408,829 bonus shares on the Main Market of Bursa Malaysia Securities Berhad.

ii) Share premium

In the previous financial year, the amounts standing to the credit of the share premium account of RM308,018,000 has been transferred and become part of the Company's share capital as required by section 618(2) of the Companies Act 2016 which came into effect on 31 January 2017. The share premium of RM308,018,000 is available to be utilised in accordance with Section 618(3) of Companies Act 2016 on or before 30 January 2019 (24 months from the commencement of Section 74 of Companies Act 2016).

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company.

17.2 Translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of the Group entities with functional currencies other than RM as well as the exchange differences arising from monetary items that in substance form the Company's net investments in subsidiaries.

17.3 Hedging reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedges related to hedged transactions that have not yet occurred.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the year ended 31 March 2018

18. Loans and borrowings

		Group		Company	
	Note	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Non-current:					
Term loans					
- Conventional - unsecured		276,189	139,883	244,661	96,720
- Islamic - unsecured		271,898	204,000	269,938	204,000
Finance lease liabilities	18.1	117	193	–	–
		548,204	344,076	514,599	300,720
Current:					
Term loans					
- Conventional - unsecured		60,503	59,209	25,889	47,225
- Islamic - unsecured		71,037	69,500	69,500	69,500
Bank overdrafts					
- Unsecured		21,745	26,307	–	–
Bills payable					
- Conventional - unsecured		173,613	219,862	–	–
- Islamic - unsecured		80,780	63,890	–	–
Revolving credit					
- Unsecured		58,146	140,823	39,000	91,000
Finance lease liabilities	18.1	96	120	–	–
		465,920	579,711	134,389	207,725
		1,014,124	923,787	648,988	508,445

18.1 Finance lease liabilities

Group

Finance lease liabilities are payable as follows:

	Future minimum lease payments 2018 RM'000	Interest 2018 RM'000	Present value of minimum lease payments 2018 RM'000	Future minimum lease payments 2017 RM'000	Interest 2017 RM'000	Present value of minimum lease payments 2017 RM'000
Less than one year	109	(13)	96	136	(16)	120
Between one and five years	123	(6)	117	202	(9)	193
	232	(19)	213	338	(25)	313

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the year ended 31 March 2018

18. Loans and borrowings (cont'd)

18.2 Reconciliation of movement of liabilities to cash flows arising from financing activities

Group

	At 1 April 2017 RM'000	Net changes from financing cash flows RM'000	Acquisition of new lease RM'000	Foreign exchange movement RM'000	At 31 March 2018 RM'000
Term loans	472,592	251,933	–	(44,898)	679,627
Finance lease liabilities	313	(146)	58	(12)	213
Revolving credit	140,823	(82,677)	–	–	58,146
Total liabilities from financing activities	613,728	169,110	58	(44,910)	737,986

Company

	At 1 April 2017 RM'000	Net changes from financing cash flows RM'000	Foreign exchange movement RM'000	At 31 March 2018 RM'000
Term loans	417,445	229,021	(36,478)	609,988
Revolving credit	91,000	(52,000)	–	39,000
Total liabilities from financing activities	508,445	177,021	(36,478)	648,988

19. Trade and other payables

	Note	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
Non-current					
Other payables	19.1	208	–	–	–
Current					
Trade payables	19.2	136,800	137,045	–	–
Associate - trade	19.3	1,360	1,563	–	–
Other payables	19.1	104,114	134,242	38	37,488
Accrued expenses		40,766	40,544	4,234	4,685
		283,040	313,394	4,272	42,173
		283,248	313,394	4,272	42,173

19.1 Other payables

Non-current

Under the provision of lease agreements, the Group has an obligation to dismantle and remove structures on the site and restore those sites at the end of the lease term to an acceptable condition. The liabilities for restoration are recognised at present value of the compounded future expenditure estimated using current price and discounted using a discount rate of 4.86% (2017: Nil).

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the year ended 31 March 2018

19. Trade and other payables (cont'd)

19.1 Other payables (cont'd)

Current

Included in the other payables of the Group and of the Company in the prior year was special dividend of RM37,441,000. The special dividend was paid during the financial year.

Included in other payables of the Group are the following amounts due to related parties:

	Group	
	2018	2017
	RM'000	RM'000
Companies in which certain Directors have interests	82	28
Amount due to non-controlling interests and its related parties	52,103	52,103
	52,185	52,131

The amounts due to related parties are unsecured, interest free and repayable on demand.

19.2 Trade payables

Included in trade payables of the Group are the following amounts due to related parties:

	Group	
	2018	2017
	RM'000	RM'000
Companies in which certain Directors of subsidiaries have interests	944	992

The amounts due to related parties are subject to normal trade terms.

19.3 Amount due to associate

The amount due to associate is trade in nature, interest free and subject to normal trade terms.

20. Employee benefits

The Group's net obligation in respect of defined benefit retirement plans arises from its subsidiaries in Indonesia. The following tables summarise the components of net employee benefit expense recognised in the statement of profit or loss and other comprehensive income and in the statement of financial position as employee benefits.

	Group	
	2018	2017
	RM'000	RM'000
• Expense recognised in profit or loss		
Current service cost	1,553	2,130
Interest on obligation	383	260
Net benefit expense	1,936	2,390
• Present value of defined benefit obligations		
Net benefit expense	6,282	4,483
• Present value of defined benefit obligation		
Defined benefit obligations at 1 April 2017/2016	4,483	2,304
Current service cost and interest	1,936	2,390
Payment during the year	(137)	(211)
Defined benefit obligations at 31 March	6,282	4,483

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the year ended 31 March 2018

20. Employee benefits (cont'd)

The principal assumptions used in determining the retirement benefit cost at end of the reporting period are as follows:

Calculation method	: Projected Unit Credit
Normal pension age	: 55 years
Annual salary increment (estimated)	: 7% - 10.2% (2017: 7% - 10.2%)
Annual discount rate	: 7.37% - 8.34% (2017: 8.00% - 8.50%)
Mortality level	: Indonesian Mortality Table ("TMI") 3
Disability level	: 10% from mortality level (2017: 10%)
Resignation level	: 5% constant until the age of 34 and linearly decreasing until the pension age

The Group's management believes that the accrued employee benefit as of 31 March 2018 is sufficient to meet the requirements of the law in Indonesia.

21. Results from operating activities

	Group		Company	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Results from operating activities is arrived at after charging:				
Auditors' remuneration:				
- Audit fees				
KPMG in Malaysia				
- current year	1,203	1,124	201	189
- prior years	52	17	-	-
Overseas affiliates of KPMG in Malaysia	197	168	-	-
Other auditors	336	253	-	-
- Non-audit fees				
KPMG in Malaysia	225	327	225	327
Overseas affiliates of KPMG in Malaysia	215	232	-	-
Amortisation of investment properties	940	940	-	-
Amortisation of intangible assets	228	178	-	-
Amortisation of prepaid lease payments	1,621	1,596	-	-
Bad debts written off	301	922	-	-
Depreciation of property, plant and equipment	123,729	110,076	63	53
Derivative loss	3,675	-	-	-
Hire of plant and machinery	47	34	-	-
Impairment loss:				
- property, plant and equipment	-	1,696	-	-
- trade and other receivables	6,898	5,510	-	-
Loss on foreign exchange:				
- realised	-	3,190	-	1,463
- unrealised	193	726	35,054	-
Loss on liquid investment:				
- unrealised	-	45	-	-
Personnel expenses (including key management personnel):				
- contributions to state plans	14,635	11,637	-	-
- expenses related to defined benefit plans	1,936	2,390	-	-
- wages, salaries and others	199,423	171,766	-	-
Property, plant and equipment written off	1,459	704	-	-
Rental of land and buildings and office premises	12,695	6,697	-	-
Rental of plant, machinery, equipment and motor vehicles	1,718	119	-	-

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the year ended 31 March 2018

21. Results from operating activities (cont'd)

	Group		Company	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
and after crediting:				
Dividend income from:				
Subsidiaries (unquoted)	–	–	83,399	67,791
Other investments				
- liquid investments	126	26	5	26
Derivative gain	–	1,435	–	–
Gain on foreign exchange:				
- realised	7,178	–	1,667	–
- unrealised	–	–	–	22,649
Gain on liquid investment:				
- realised	12	–	–	–
- unrealised	91	–	91	–
Gain on disposal of assets classified as held for sale	2,890	–	–	–
Gain on disposal of property, plant and equipment	3,148	2,315	–	–
Gain on disposal of a subsidiary	–	14,509	–	–
Rental of equipment	146	162	–	–
Rental of premises	1,931	1,976	–	–
Reversal of impairment loss:				
- advances to suppliers	186	126	–	–
- trade and other receivables	705	896	–	–

22. Finance costs

	Group		Company	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Interest expense of financial liabilities that are not at fair value through profit or loss:				
- term loans	29,591	24,573	24,317	18,553
- bank overdrafts	1,123	1,467	–	–
- bills payable	10,452	8,351	–	–
- finance lease liabilities	33	40	–	–
- revolving credit	4,349	2,511	3,303	1,569
	45,548	36,942	27,620	20,122
Other finance costs	3,097	3,292	251	211
	48,645	40,234	27,871	20,333

23. Finance income

	Group		Company	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Interest income of financial assets that are not at fair value through profit or loss:				
- deposits placed with licensed banks	7,906	7,064	484	279
- subsidiaries	–	–	33,118	27,841
- others	–	296	–	–
	7,906	7,360	33,602	28,120

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the year ended 31 March 2018

24. Tax expense/(credit)

	Group		Company	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Tax expense/(credit) on continuing operations	39,639	53,691	(389)	181
Share of tax of equity-accounted associates	3,798	3,830	–	–
Total tax expense/(credit)	43,437	57,521	(389)	181
Current tax expense				
- current year	32,957	41,004	–	457
- under/(over) provision in prior years	3,544	439	(389)	(276)
	36,501	41,443	(389)	181
Deferred tax expense				
- origination of temporary differences	4,424	10,880	–	–
- (over)/under provision in prior years	(1,286)	1,368	–	–
	3,138	12,248	–	–
Share of tax of equity-accounted associates	3,798	3,830	–	–
Total tax expense/(credit)	43,437	57,521	(389)	181
Reconciliation of tax expense				
Profit for the year	215,682	206,820	53,497	91,637
Total income tax expense/(credit)	43,437	57,521	(389)	181
Profit excluding tax	259,119	264,341	53,108	91,818
Income tax calculated using Malaysian tax rate of 24% (2017: 24%)	62,189	63,442	12,746	22,036
Effect of tax rates in foreign jurisdictions	(792)	(332)	–	–
Non-deductible expenses	6,960	10,084	1,791	2,868
Tax exempt income	(9,796)	(7,871)	(14,537)	(24,447)
Tax incentives	(19,546)	(10,399)	–	–
Effect of temporary differences not recognised	2,359	1,068	–	–
Under/(Over) provided in prior years	2,258	1,807	(389)	(276)
Others	(195)	(278)	–	–
Tax expense/(credit)	43,437	57,521	(389)	181

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 RM206,236,000 (2017: RM195,921,000) and the weighted average number of ordinary shares in issue during the year.

	Note	2018 '000	2017 '000 restated
Issued ordinary shares at beginning of the year		1,248,030	1,248,030
Effect of bonus issue	(i)	374,409	374,409
Weighted average number of ordinary shares at 31 March		1,622,439	1,622,439
Basic earnings per ordinary share (sen)		13	12

(i) The comparative figures for the weighted average number of ordinary shares for basic earnings per share have been restated to reflect the adjustments arising from bonus issue during the year.

Diluted earnings per ordinary share

The Group has no dilution in its earnings per ordinary share at 31 March 2018 and 31 March 2017.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the year ended 31 March 2018

26. Dividends

Dividends recognised by the Company:

	Sen per share	Total amount RM'000	Date of payment
2018			
Final 2017	4.25	53,041	20 September 2017
2017			
Final 2016	4.25	53,041	15 September 2016
Special dividend	3.00	37,441	14 April 2017
		90,482	

A final single tier dividend recommended by the Directors in respect of the financial year ended 31 March 2018 is 4.50 sen per ordinary share totalling approximately RM73,010,000 subject to the approval of the members at the forthcoming Annual General Meeting of the Company.

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 Makers ("CODM") whom are also the Executive Chairman and Group 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 costs 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 and biomass energy	Plantation, crude palm oil milling activities and downstream palm biomass technology.
Integrated livestock farming	Distribution of animal feed raw materials, food related products and livestock farming and operation of convenience stores.

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 five geographical areas: Malaysia, Indonesia, Vietnam, China and Singapore.

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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the year ended 31 March 2018

27. Operating segments (cont'd)

	Marine-products manufacturing		Palm oil and biomass energy activities		Integrated livestock farming		Consolidated	
	2018	2017	2018	2017	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Business segments								
Revenue from external customers	905,380	877,098	387,288	351,852	1,970,602	1,783,076	3,263,270	3,012,026
Segment profit before taxation	124,157	146,585	27,948	24,969	103,216	88,957	255,321	260,511
<i>Included in the measurement of segment profit before taxation are:</i>								
Inter-segment revenue	119,855	127,968	1,953	1,990	3,185	3,133	124,993	133,091
Finance costs	(6,146)	(4,870)	(5,756)	(6,927)	(36,743)	(28,437)	(48,645)	(40,234)
Finance income	3,270	3,024	1,424	589	3,212	3,747	7,906	7,360
Depreciation and amortisation	(50,078)	(45,857)	(20,441)	(14,440)	(55,999)	(52,493)	(126,518)	(112,790)
Share of (losses)/profits of associates, net of tax	(173)	793	9,585	10,131	792	692	10,204	11,616
<i>Not included in the measurement of segment profit before taxation but provided to CODM:</i>								
Tax (expense)/credit	(18,991)	(32,799)	(420)	1,413	(20,228)	(22,305)	(39,639)	(53,691)

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the year ended 31 March 2018

27. Operating segments (cont'd)

	Marine-products manufacturing		Palm oil and biomass energy activities		Integrated livestock farming		Consolidated	
	2018	2017	2018	2017	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Segment assets	1,076,552	988,703	486,907	512,293	1,762,459	1,678,931	3,325,918	3,179,927
Segment liabilities	258,264	231,390	159,021	226,844	1,017,702	880,082	1,434,987	1,338,316

Included in the measurement of segment assets are:

Investment in associates	91	271	127,691	114,906	3,475	979	131,257	116,156
Additions to non-current assets other than financial instruments and deferred tax assets	145,336	90,067	18,530	24,559	177,036	208,511	340,902	323,137

	Malaysia		Indonesia		Vietnam		Other countries		Consolidated	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Geographical segments										
Revenue from external customers	2,601,516	2,445,683	560,399	470,927	93,599	90,473	7,756	4,943	3,263,270	3,012,026
Non-current assets other than deferred tax assets	1,502,824	1,326,965	483,380	515,867	81,144	81,315	3,795	4,376	2,071,143	1,928,523

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the year ended 31 March 2018

28. Financial instruments

28.1 Categories of financial instruments

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

- i) Loans and receivables ("L&R"), and
- ii) Financial liabilities measured at amortised cost ("FL").

	Carrying amount RM'000	L&R/ (FL) RM'000	Derivatives used for hedging RM'000
2018			
Financial assets			
Group			
Derivative financial assets	242	–	242
Trade and other receivables, excluding advances to suppliers	359,689	359,689	–
Cash and cash equivalents	304,028	304,028	–
	663,959	663,717	242
Company			
Trade and other receivables	303,140	303,140	–
Cash and cash equivalents	10,096	10,096	–
	313,236	313,236	–
Financial liabilities			
Group			
Loans and borrowings	(1,014,124)	(1,014,124)	–
Derivative financial liabilities	(34,339)	–	(34,339)
Trade and other payables	(283,040)	(283,040)	–
	(1,331,503)	(1,297,164)	(34,339)
Company			
Loans and borrowings	(648,988)	(648,988)	–
Trade and other payables	(4,272)	(4,272)	–
	(653,260)	(653,260)	–
2017			
Financial assets			
Group			
Derivative financial assets	6,894	–	6,894
Trade and other receivables, excluding advances to suppliers	354,603	354,603	–
Cash and cash equivalents	306,907	306,907	–
	668,404	661,510	6,894
Company			
Derivative financial assets	3,569	–	3,569
Trade and other receivables	264,965	264,965	–
Cash and cash equivalents	10,013	10,013	–
	278,547	274,978	3,569
Financial liabilities			
Group			
Loans and borrowings	(923,787)	(923,787)	–
Derivative financial liabilities	(27)	–	(27)
Trade and other payables	(313,394)	(313,394)	–
	(1,237,208)	(1,237,181)	(27)
Company			
Loans and borrowings	(508,445)	(508,445)	–
Trade and other payables	(42,173)	(42,173)	–
	(550,618)	(550,618)	–

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the year ended 31 March 2018

28. Financial instruments (cont'd)

28.2 Net losses and gains arising from financial instruments

	Group		Company	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Net (losses)/gains arising on:				
Derivatives designated as hedging instrument:				
- recognised in profit or loss	(3,675)	1,435	–	–
Loans and receivables	1,641	1,805	33,698	28,146
Financial liabilities measured at amortised cost	(41,660)	(44,150)	(61,259)	853
	(43,694)	(40,910)	(27,561)	28,999

28.3 Financial risk management

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

The Group and the Company have exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

28.4 Credit risk

Receivables

Credit risk is the risk of a financial loss to the Group and the Company 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 counterparty.

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 statements 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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the year ended 31 March 2018

28. Financial instruments (cont'd)

28.4 Credit risk (cont'd)

Receivables (cont'd)

Impairment losses

The ageing of receivables net of advances to suppliers as at the end of the reporting period was:

	Gross RM'000	Impairment RM'000	Net RM'000
Group			
2018			
Not past due	223,325	–	223,325
Past due 1-120 days	118,706	(75)	118,631
Past due more than 120 days	35,543	(17,810)	17,733
	377,574	(17,885)	359,689
2017			
Not past due	211,252	–	211,252
Past due 1-120 days	129,536	(45)	129,491
Past due more than 120 days	26,746	(12,886)	13,860
	367,534	(12,931)	354,603

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

	Group	
	2018 RM'000	2017 RM'000
At 1 April 2017/2016	12,931	8,842
Impairment loss recognised	6,898	5,510
Impairment loss reversed	(705)	(896)
Impairment loss written off	(1,239)	(525)
At 31 March	17,885	12,931

Financial guarantees

Risk management objectives, policies and processes for managing the risk

The Company provides 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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the year ended 31 March 2018

28. Financial instruments (cont'd)

28.4 Credit risk (cont'd)

Inter-company balances

Risk management objectives, policies and processes for managing the risk

The Company provides unsecured 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 statements of financial position.

Impairment losses

As at the end of the reporting period, there was no indication that the advances to the subsidiaries are not recoverable. The Company does not specifically monitor the ageing of the advances to subsidiaries. Nevertheless, non-current advances 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 and the Company will not be able to meet its financial obligations as they fall due. The Group's and the Company's exposure to liquidity risk arises principally from its various payables, loans and borrowings.

The Group and the Company maintain 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.

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the year ended 31 March 2018

28. Financial instruments (cont'd)

28.5 Liquidity risk (cont'd)

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	Carrying amount RM'000	Contractual interest/ profit rate %	Contractual cash flows RM'000	Under 1 year RM'000	1 – 2 years RM'000	2 – 5 years RM'000	More than 5 years RM'000
2018							
<i>Non-derivative financial liabilities</i>							
Revolving credit	58,146	4.18 – 5.38	60,925	60,925	-	-	-
Bank overdrafts	21,745	7.35 – 8.35	23,452	23,452	-	-	-
Bills payable	254,393	1.85 – 4.86	262,928	262,928	-	-	-
Term loans	679,627	1.84 – 9.85	755,383	189,412	180,457	362,054	23,460
Finance lease liabilities	213	3.49 – 3.90	232	109	48	75	-
Trade and other payables	283,040	-	283,040	283,040	-	-	-
	1,297,164		1,385,960	819,866	180,505	362,129	23,460
<i>Derivative financial liabilities</i>							
Forward exchange contracts (gross settled):							
Outflow	152	-	92,992	92,992	-	-	-
Inflow	-	-	(92,840)	(92,840)	-	-	-
Commodity future contracts	172	-	172	172	-	-	-
Cross currency swap	33,657	-	33,657	33,657	-	-	-
Interest rate swap	116	-	144	107	32	5	-
	1,331,261		1,420,085	853,954	180,537	362,134	23,460

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the year ended 31 March 2018

28. Financial instruments (cont'd)

28.5 Liquidity risk (cont'd)

Maturity analysis (cont'd)

Group (cont'd) 2017	Carrying amount RM'000	Contractual interest/ profit rate %	Contractual cash flows RM'000	Under 1 year RM'000	1 – 2 years RM'000	2 – 5 years RM'000	More than 5 years RM'000
<i>Non-derivative financial liabilities</i>							
Revolving credit	140,823	1.45 – 5.38	145,632	145,632	-	-	-
Bank overdrafts	26,307	7.35 – 8.35	28,372	28,372	-	-	-
Bills payable	283,752	3.29 – 4.51	294,819	294,819	-	-	-
Term loans	472,592	2.37 – 7.67	532,900	173,067	94,494	178,980	86,359
Finance lease liabilities	313	3.20 – 3.95	338	136	86	116	-
Trade and other payables	313,394	-	313,394	313,394	-	-	-
	1,237,181		1,315,455	955,420	94,580	179,096	86,359
<i>Derivative financial liabilities</i>							
Forward exchange contracts (gross settled):							
Outflow	-	-	64,064	64,064	-	-	-
Inflow	(2,444)	-	(66,508)	(66,508)	-	-	-
Commodity future contracts	(854)	-	(854)	(854)	-	-	-
Cross currency swap	(3,383)	-	(3,383)	(3,383)	-	-	-
Interest rate swap	(186)	-	(442)	(200)	(145)	(97)	-
	1,230,314		1,308,332	948,539	94,435	178,999	86,359

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the year ended 31 March 2018

28. Financial instruments (cont'd)

28.5 Liquidity risk (cont'd)

Maturity analysis (cont'd)

Company	Carrying amount RM'000	Contractual interest/ profit rate %	Contractual cash flows RM'000	Under 1 year RM'000	1 – 2 years RM'000	2 – 5 years RM'000	More than 5 years RM'000
2018							
<i>Non-derivative financial liabilities</i>							
Revolving credit	39,000	4.18 – 4.92	40,775	40,775	-	-	-
Term loans	609,988	4.28 – 5.05	673,433	145,734	167,586	339,533	20,580
Trade and other payables	4,272	-	4,272	4,272	-	-	-
Financial guarantees	-	-	1,112,991	1,112,991	-	-	-
	653,260		1,831,471	1,303,772	167,586	339,533	20,580
<i>Derivative financial liabilities</i>							
Cross currency swap	33,657	-	33,657	33,657	-	-	-
Interest rate swap	116	-	144	107	32	5	-
	687,033		1,865,272	1,337,536	167,618	339,538	20,580
2017							
<i>Non-derivative financial liabilities</i>							
Revolving credit	91,000	4.13 – 4.62	94,981	94,981	-	-	-
Term loans	417,445	2.80 – 4.50	472,863	120,985	89,645	175,874	86,359
Trade and other payables	42,173	-	42,173	42,173	-	-	-
Financial guarantees	-	-	1,157,035	1,157,035	-	-	-
	550,618		1,767,052	1,415,174	89,645	175,874	86,359
<i>Derivative financial liabilities</i>							
Cross currency swap	(3,383)	-	(3,383)	(3,383)	-	-	-
Interest rate swap	(186)	-	(442)	(200)	(145)	(97)	-
	547,049		1,763,227	1,411,591	89,500	175,777	86,359

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the year ended 31 March 2018

28. Financial instruments (cont'd)

28.6 Market risk

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

28.6.1 Currency risk

The Group and the Company are exposed to foreign currency risk arising from transactions that are denominated in a currency other than the respective functional currencies of the Group entities. The currency giving rise to this risk is primarily US Dollars.

The management does not view the exposure to other currencies to be significant.

Risk management objectives, policies and processes for managing the risk

The Group's and the Company'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 functional currency of the Group entities) risk, based on carrying amounts as at the end of the reporting period was:

	Denominated in USD	
	2018	2017
	RM'000	RM'000
Group		
Trade receivables	18,599	21,098
Unsecured bank loans	(486,344)	(170,429)
Trade payables	(40,198)	(45,336)
Forward exchange contracts	152	(2,444)
Cross currency swap	490,570	106,435
Cash and cash equivalents	15,358	12,260
Net exposure	(1,863)	(78,416)
Company		
Unsecured bank loans	(415,488)	(109,424)
Cross currency swap	490,570	106,435
Cash and cash equivalents	687	46
Net exposure	75,769	(2,943)

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the year ended 31 March 2018

28. Financial instruments (cont'd)

28.6 Market risk (cont'd)

28.6.1 Currency risk (cont'd)

Currency risk sensitivity analysis

A 1.50% (2017: 1.50%) strengthening of RM against USD at the end of the reporting period would have increased 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)	
	2018	2017
	RM'000	RM'000
Group		
USD	21	894
Company		
USD	(864)	34

A 1.50% (2017: 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.

28.6.2 Interest rate risk

The Group's and the Company's fixed rate borrowings are exposed to a risk of change in their fair value due to changes in interest rates. The Group's and the Company's variable rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates. 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 and the Company maintain a balanced portfolio of fixed and floating rate instruments. All interest rate exposures are monitored and managed by the Group and the Company 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		Company	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Fixed rate instruments				
Financial assets	39,971	26,372	30,440	62,100
Financial liabilities	(312,752)	(454,720)	(39,000)	(124,350)
	(272,781)	(428,348)	(8,560)	(62,250)
Floating rate instruments				
Financial assets	264,057	264,388	253,675	151,936
Financial liabilities	(701,372)	(469,067)	(609,988)	(384,095)
	(437,315)	(204,679)	(356,313)	(232,159)

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the year ended 31 March 2018

28. Financial instruments (cont'd)

28.6 Market risk (cont'd)

28.6.2 Interest rate risk (cont'd)

Interest rate risk sensitivity analysis

(a) Fair value sensitivity analysis for fixed rate instruments

The Group and the Company do not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the Group and the Company do not designate derivatives as hedging instruments under a fair value hedge 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) the 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 2018 RM'000	50 bp decrease 2018 RM'000	50 bp increase 2017 RM'000	50 bp decrease 2017 RM'000
Group				
Floating rate instruments	(1,662)	1,662	(778)	778
Company				
Floating rate instruments	(1,354)	1,354	(1,189)	1,189

28.7 Hedging activities

28.7.1 Cash flow hedge

The Group entered into forward exchange contracts as hedges for purchases denominated in foreign currencies. The Group and the Company also entered into cross currency swap and interest rate swap to hedge against its exposures of borrowings in foreign currency and movements in interest rates.

During the year, the Group and the Company had recognised net loss of RM811,000 and RM864,000 (2017: net gain of RM3,055,000 and RM3,194,000) respectively in other comprehensive income.

28.8 Fair value information

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

The carrying amounts of the floating rate borrowings and long term advances to subsidiaries approximate fair values 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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the year ended 31 March 2018

28. Financial instruments (cont'd)

28.8 Fair value information (cont'd)

The table below analyses financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statements of financial position.

Fair value of financial instruments carried at fair value										Fair value of financial instruments not carried at fair value			Total fair value	Carrying amount	
Level 1		Level 2		Level 3		Total		Level 1		Level 2		Level 3		Total	
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2018															
Group															
Financial liabilities															
Commodity future contracts															
-		(172)		-	(172)			-		-		-		(172)	(172)
Cross currency swap															
-		-		(33,657)	(33,657)			-		-		-		(33,657)	(33,657)
Interest rate swap															
-		-		(116)	(116)			-		-		-		(116)	(116)
Forward exchange contracts															
-		(152)		-	(152)			-		-		-		(152)	(152)
Finance lease liabilities															
-		-		-	-			-		(204)		(204)		(204)	(213)
-		(324)		(33,773)	(34,097)			-		(204)		(204)		(34,301)	(34,310)
2017															
Group															
Financial assets															
Commodity future contracts															
-		854		-	854			-		-		-		854	854
Cross currency swap															
-		-		3,383	3,383			-		-		-		3,383	3,383
Interest rate swap															
-		-		186	186			-		-		-		186	186
Forward exchange contracts															
-		2,444		-	2,444			-		-		-		2,444	2,444
-		3,298		3,569	6,867			-		-		-		6,867	6,867
Financial liabilities															
Finance lease liabilities															
-		-		-	-			-		-		(300)		(300)	(313)

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the year ended 31 March 2018

28. Financial instruments (cont'd)

28.8 Fair value information (cont'd)

	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value	Carrying amount
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000		
2018										
Company										
Financial assets										
Amounts due from subsidiaries	-	-	-	-	-	-	29,472	29,472	29,472	29,307
Financial liabilities										
Cross currency swap	-	-	(33,657)	(33,657)	-	-	-	-	(33,657)	(33,657)
Interest rate swap	-	-	(116)	(116)	-	-	-	-	(116)	(116)
	-	-	(33,773)	(33,773)	-	-	-	-	(33,773)	(33,773)
2017										
Company										
Financial assets										
Amounts due from subsidiaries	-	-	-	-	-	-	61,323	61,323	61,323	61,102
Cross currency swap	-	-	3,383	3,383	-	-	-	-	3,383	3,383
Interest rate swap	-	-	186	186	-	-	-	-	186	186
	-	-	3,569	3,569	-	-	61,323	61,323	64,892	64,671

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the year ended 31 March 2018

28. Financial instruments (cont'd)

28.8 Fair value information (cont'd)

Transfers between Level 1 and Level 2 fair values

There has been no transfer between Level 1 and 2 fair values during the financial year (2017: no transfer in either directions).

Level 2 fair value

Derivatives

The fair value of forward exchange contracts and commodity option are based on the market price obtained from licensed financial institutions.

Level 3 fair value

The following table shows a reconciliation of Level 3 fair values:

	2018 RM'000	2017 RM'000
Group/Company		
Balance at 1 April	3,569	3,550
Loss recognised in profit or loss		
Other expenses - realised	–	(3,175)
(Loss)/Gain recognised in other comprehensive income		
Cash flow hedge	(37,342)	3,194
Balance at 31 March	(33,773)	3,569

The following table shows the valuation techniques used in the determination of fair values within Level 3, as well as the key unobservable inputs used in the valuation models.

(a) Financial instruments carried at fair value

Type	Valuation Technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Derivative used for hedging	The fair value of cross currency swap and interest rate swap are based on broker quotes. Those quotes are tested for reasonableness by discounting estimated future cash flows based on the terms and maturity of each contract and using spot rate and market interest rates respectively for a similar instrument at the measurement date.	Exchange rate at maturity Interest rate (2018: 3-5%; 2017: 3-5%)	The estimated fair value would increase (decrease) if the foreign currency rate were strengthen (weaken). The estimated fair value would increase (decrease) if the interest rate were higher (lower).

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the year ended 31 March 2018

28. Financial instruments (cont'd)

28.8 Fair value information (cont'd)

(b) Financial instruments not carried at fair value

Type	Description of valuation technique and inputs used
Finance lease liabilities and amounts due from subsidiaries	Discounted cash flows using a rate based on the current market rate of borrowing of the Group at the reporting date.

29. Capital and other commitments

	Group	
	2018	2017
	RM'000	RM'000
Capital commitments:		
<i>Property, plant and equipment</i>		
Contracted but not provided for	36,406	25,105

30. Capital management

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

31. Operating leases

Non-cancellable operating leases are as follows:

	Group	
	2018	2017
	RM'000	RM'000
Less than one year	7,549	2,592
Between one and five years	8,604	3,714
More than five years	314	301
	16,467	6,607

The subsidiaries lease land, hostel, shoplots and convenience stores under operating lease. For the land under operating leases, the lease typically runs for a period ranging from 1 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 hostel, shoplots and convenience stores, the leases typically run for an initial period of two to three years with an option to renew the leases after the expiry date.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the year ended 31 March 2018

32. Related parties

Identity of related parties

For the purposes of these financial statements, parties are considered to be related to the Group 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. Related parties may be individuals or other entities.

Related parties also include key management personnel 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 include all the Directors of the Group.

The Group and the Company have related party relationship with its subsidiaries, associates and Directors.

Significant related party transactions

Related party transactions have been entered into in the normal course of business under normal trade terms. The significant related party transactions of the Group and the Company are as follows:

	Group	
	2018	2017
	RM'000	RM'000
With companies in which Chia Song Kun, Chia Song Phuan, Chia Teow Guan, Cheah Yaw Song, Cheah Juw Teck, Chia Song Pou, Chia Seong Fatt, Chia Song Swa, Chia Song Kooi, Heng Hup Peng, Ng Siew Thiam and Sim Chin Swee, Directors of certain subsidiaries have interests		
Success Portfolio Sdn. Bhd.:		
Sales	(3,068)	(3,583)
MB Agriculture (Sandakan) Sdn. Bhd.:		
Sales	(8,054)	(6,156)
Purchases	1,036	976
MB Agriculture (Sabah) Sdn. Bhd.:		
Sales	(11,688)	(18,923)
Arena Dijaya Sdn. Bhd.:		
Sales	(2,598)	(3,017)
Keang Huat Trading Sdn. Bhd.:		
Purchases	4,773	4,735
Perikanan Sri Tanjung Sdn. Bhd.:		
Purchases	939	940
Green Breeder Sdn. Bhd.:		
Sales	(30,965)	(24,824)
C-Care Enterprise Sdn. Bhd.:		
Sales	(1,259)	(1,084)
Sin Teow Fatt Trading Co.:		
Purchases	561	721
With a person connected to Cheah Yaw Song and Cheah Juw Teck, Directors of certain subsidiaries have interests		
Cheah Joo Kiang Enterprise:		
Sales	(4,067)	(3,773)
E Koon Plastic Trading:		
Purchases	1,805	1,597

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the year ended 31 March 2018

32. Related parties (cont'd)

Significant related party transactions (cont'd)

Related party transactions have been entered into in the normal course of business under normal trade terms. The significant related party transactions of the Group and the Company are as follows: (cont'd)

	Group	
	2018	2017
	RM'000	RM'000
With a person connected to Chia Song Kun, Chia Song Phuan, Chia Teow Guan, Chia Song Pou, Chia Yaw Song, Chia Song Kooi, Chia Song Swa, Directors of certain subsidiaries have interests		
Fusipim Sdn. Bhd.:		
Sales	(1,985)	(1,909)
Associates		
Gross dividends received	(3,298)	(3,854)
Warehousing services	10,886	9,371
Sales of feed	–	(113)
Related party		
Disposal of a subsidiary	–	19,082
Subsidiaries		
Finance income	(33,118)	(27,841)
Dividend received	(83,399)	(67,791)

The key management personnel compensation are as follows:

	Group		Company	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Directors of the Company				
- Fees	1,519	1,406	1,008	945
- Remuneration	12,880	12,356	10	10
- Other short-term employee benefits (including estimated monetary value of benefits-in-kind)	171	123	–	–
	14,570	13,885	1,018	955
Directors of subsidiaries				
- Fees	472	499	12	12
- Remuneration	8,840	9,354	–	–
- Other short-term employee benefits (including estimated monetary value of benefits-in-kind)	216	199	–	–
	9,528	10,052	12	12
	24,098	23,937	1,030	967

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the year ended 31 March 2018

33. Subsidiaries

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

Name of company	Principal activities	Effective ownership interest	
		2018 %	2017 %
QL Feedingstuffs Sdn. Bhd. and its subsidiaries	Investment holding, provision of management services	100	100
QL Agrofood Sdn. Bhd.	Processing and sale of animal feeds, trading of raw materials for animal feeds, lubricants and foodstuffs	100	100
QL Agroventures Sdn. Bhd.	Layer and broiler farming	100	100
Chingsan Development Sdn. Bhd.	Property holding	100	100
QL Tawau Feedmill Sdn. Bhd.	Manufacture and sale of animal feeds and providing chicken parts processing service	100	100
QL Feed Sdn. Bhd.	Marketing and distribution of animal feed raw material and food grain	100	100
QL Realty Sdn. Bhd. and its subsidiaries	Investment holding	100	100
PT. QL Trimitra ^(a)	Integrated broiler farming and its related activities	90	80
PT. QL Agrofood ^(a)	Layer farming and poultry feed manufacturing	100	100
Pacific Vet Group (M) Sdn. Bhd. and its subsidiary	Investment holding	90	90
QL Pacific Vet Group Sdn. Bhd.	Trading of feed supplement, animal health food and agricultural products	90	90
QL AgroResources Sdn. Bhd. and its subsidiaries	Investment holding, feed milling, selling and distribution of animal feeds, raw materials and other related products	95	95
QL Livestock Farming Sdn. Bhd.	Poultry farming, feed milling as well as selling and distribution of animal feeds, poultry and related products	95	95
Gelombang Elit (M) Sdn. Bhd.	Property holding	95	95
QL TP Fertilizer Sdn. Bhd.	Producing and selling organic fertilizer	48.45	48.45
QL Farms Sdn. Bhd. and its subsidiaries	Investment holding, layer and broiler farming, wholesale of frozen chicken parts, manufacturing and sales of organic fertilizer	100	100

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the year ended 31 March 2018

33. Subsidiaries (cont'd)

Name of company	Principal activities	Effective ownership interest	
		2018 %	2017 %
AdequateTriumph Sdn. Bhd.	Property holding	100	100
QL Inter-Food Sdn. Bhd.	Trading of goods	100	100
QL Breeder Farm Sdn. Bhd.	Poultry breeding and farming	100	100
Merkaya Sdn. Bhd.	Dormant	100	100
QL Agrobio Sdn. Bhd.	Commercial production and supply of biologically digested feeding raw materials	100	100
QL Ansan Poultry Farm Sdn. Bhd. and its subsidiaries	Investment holding and poultry farming	90	90
QL Rawang Poultry Farm Sdn. Bhd.	Property holding	90	90
QL Poultry Farms Sdn. Bhd.	Layer farming	90	90
QL Eco Farm Sdn. Bhd. (formerly known as Hybrid Figures Sdn. Bhd.)	Layer farming	90	90
Haji Hussin Markom Sdn. Bhd.	Dormant	54	–
QL Vietnam AgroResources Liability Limited Company ^(b)	Poultry farming	100	100
QL International Pte. Ltd.	Marketing and trading of animal feed raw materials	100	100
PT. QL Feed Indonesia ^(a)	Trading of animal feed raw materials and related products	88	100
QL Palm Pellet Sdn. Bhd.	Dormant	90	90
QL Feedingstuffs Vietnam Limited Liability Company ^(b)	Trading of poultry products	100	100
QL Oil Sdn. Bhd. and its subsidiaries	Investment holding	100	100
QL Plantation Sdn. Bhd. and its subsidiary	Investment holding, oil palm cultivation, processing and marketing of oil palm products	100	100
QL Tawau Biogas Sdn. Bhd.	Operating a biogas power plant	100	100
QL BioEnergy Sdn. Bhd.	Dormant	100	100

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the year ended 31 March 2018

33. Subsidiaries (cont'd)

Name of company	Principal activities	Effective ownership interest	
		2018 %	2017 %
QL Mutiara (S) Pte. Ltd. ^(c) and its subsidiary	Investment holding	78.42	78.42
PT. Pipit Mutiara Indah ^(a)	Oil palm plantation and crude palm oil milling	74.50	74.50
QL Fishery Sdn. Bhd. and its subsidiaries	Investment holding	100	100
QL Marine Products Sdn. Bhd. and its subsidiaries	Investment holding, manufacturing of surimi, surimi-based products and fishmeal as well as processing and sale of frozen seafood	100	100
Icon Blitz Sdn. Bhd.	Dormant	100	100
QL Deep Sea Fishing Sdn. Bhd.	Deep sea fishing and sale of subsidised diesel to fishermen	100	100
QL Foods Sdn. Bhd. and its subsidiaries	Investment holding, manufacturing of surimi and surimi-based products	100	100
QL Aquaculture Sdn. Bhd.	Dormant	100	100
QL Aquamarine Sdn. Bhd.	Shrimp farming	100	100
QL Fishmeal Sdn. Bhd. and its subsidiary	Investment holding, manufacturing and trading of fishmeal	100	100
PT. QL Hasil Laut ^(a) and its subsidiary	Manufacturing of surimi and fishmeal	100	100
PT. QLNutri Foods Indonesia ^(d)	Dormant	100	–
QL Endau Marine Products Sdn. Bhd. and its subsidiaries	Investment holding and manufacturing of surimi	70.59	70.59
QL Endau Deep Sea Fishing Sdn. Bhd.	Deep sea fishing	70.59	70.59
QL Endau Fishmeal Sdn. Bhd.	Manufacturing and trading of fishmeal	70.59	70.59
Pilihan Mahir Sdn. Bhd.	Letting of property	70.59	70.59
Rikawawasan Sdn. Bhd.	Deep sea fishing	70.59	70.59
QL Figo Foods Sdn. Bhd.	Manufacturing and sale of “halal” food products	100	100
QL Figo (Johor) Sdn. Bhd.	Manufacturing and sale of “halal” food products	100	100

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the year ended 31 March 2018

33. Subsidiaries (cont'd)

Name of company	Principal activities	Effective ownership interest	
		2018 %	2017 %
QL Fresh Choice Seafood Sdn. Bhd.	Coastal fish trawling and wholesale of marine products	100	100
QL Lian Hoe Sdn. Bhd.	Manufacturing and sale of surimi-based products	82	82
QL Lian Hoe (S) Pte. Ltd. ^(c) and its subsidiary	Investment holding	100	100
Zhongshan True Taste Food Industrial Co. Ltd. ^(e)	Manufacturing and sale of food products	100	100
Kuala Kedah Fish Meal Sendirian Berhad	Property investment	100	100
KS Galah Sdn. Bhd. [#]	Dormant	100	–
KS Monodon Sdn. Bhd. [#]	Dormant	100	–
Kembang Subur Sdn. Bhd. and its subsidiaries	Hatchery and culturing of shrimps	83.33	63.33
KS Galah Sdn. Bhd. [#]	Dormant	–	63.33
KS Monodon Sdn. Bhd. [#]	Dormant	–	63.33
Kembang Subur (Perak) Sdn. Bhd.	Breeding, genetic selection and hatchery operation for the production of shrimps	45.83	34.83
KS Pekan Hatchery Sdn. Bhd.	Breeding, genetic selection and hatchery operation for the production of shrimps	83.33	63.33
Kembang Subur International Ltd. ^(f) and its subsidiary	Investment holding	42.50	32.30
Nam Duong Vietnam Aquatic Hatchery Company Limited ^(g)	Production and sales of shrimps	42.50	32.30
QL Green Resources Sdn. Bhd. and its subsidiaries	Investment holding	100	100

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the year ended 31 March 2018

33. Subsidiaries (cont'd)

Name of company	Principal activities	Effective ownership interest	
		2018 %	2017 %
QL Tawau Palm Pellet Sdn. Bhd.	Operating a palm pellet plant	100	100
QL NatureCo Sdn. Bhd.	Dormant	100	100
QL ESCO Sdn. Bhd.	Supply of biomass	100	100
Leisure Pyramid Sdn. Bhd.	Manufacturing of wood pellet	73.33	73.33
QL IPC Sdn. Bhd.	Dormant	100	100
QL Carbon Sdn. Bhd. and its subsidiaries	Investment holding	100	100
Maxincome Resources Sdn. Bhd.	Operating and franchising of convenience stores	100	100
QL Kitchen Sdn. Bhd.	Operation of centralised kitchen	100	100
QL Corporate Services Sdn. Bhd.	Provision of management services	100	100

(a) Subsidiaries incorporated in Indonesia and audited by another firm of accountants.

(b) Subsidiaries incorporated in Vietnam and audited by a member firm of KPMG.

(c) Subsidiaries incorporated in Singapore and audited by another firm of accountants.

(d) Subsidiary incorporated in Indonesia and consolidated based on management accounts.

(e) Subsidiary incorporated in China and consolidated based on management accounts.

(f) Subsidiary incorporated in Labuan and consolidated based on management accounts.

(g) Subsidiary incorporated in Vietnam and consolidated based on management accounts.

During the year, these subsidiaries were restructured within the Group.

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the year ended 31 March 2018

33. Subsidiaries (cont'd)

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

	Number of ordinary shares			
	At 1.4.2017	Bought	Sold	At 31.3.2018
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 subsidiaries	14,820,000	–	–	14,820,000
QL Livestock Farming Sdn. Bhd.	20,000,000	–	–	20,000,000
Gelombang Elit (M) Sdn. Bhd.	352,600	–	–	352,600
QL TP Fertilizer Sdn. Bhd.	255,000	–	–	255,000
QL Ansan Poultry Farm Sdn. Bhd. and its subsidiaries	34,200,000	–	–	34,200,000
QL Rawang Poultry Farm Sdn. Bhd.	4,400,000	–	–	4,400,000
QL Eco Farm Sdn. Bhd. (formerly known as Hybrid Figures Sdn. Bhd.)	2	–	–	2
QL Poultry Farms Sdn. Bhd.	18,000,000	–	–	18,000,000
Haji Hussin Markom Sdn. Bhd.	–	60,000	–	60,000
PT. QL Trimitra	5,200,000	6,500,000	–	11,700,000
QL Palm Pellet Sdn. Bhd.	3,870,000	–	–	3,870,000
Interest in non wholly-owned subsidiaries via QL Oil Sdn. Bhd.				
QL Mutiara (S) Pte. Ltd. and its subsidiary	11,919,998	–	–	11,919,998
PT. Pipit Mutiara Indah	2,983,000	–	–	2,983,000
Interest in non wholly-owned subsidiaries via QL Fishery Sdn. Bhd.				
QL Endau Marine Products Sdn. Bhd. and its subsidiaries	6,723,960	–	–	6,723,960
QL Endau Deep Sea Fishing Sdn. Bhd.	43,800,000	–	–	43,800,000

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the year ended 31 March 2018

33. Subsidiaries (cont'd)

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

	Number of ordinary shares			At 31.3.2018
	At 1.4.2017	Bought	Sold	
QL Endau Fishmeal Sdn. Bhd.	20,100,000	–	–	20,100,000
Pilihan Mahir Sdn. Bhd.	10,000	–	–	10,000
Rikawawasan Sdn. Bhd.	10,000,000	–	–	10,000,000
QL Lian Hoe Sdn. Bhd.	8,200,000	–	–	8,200,000
Kembang Subur Sdn. Bhd. and its subsidiaries	5,700,000	1,800,000	–	7,500,000
Kembang Subur International Ltd.	51	–	–	51
Kembang Subur (Perak) Sdn. Bhd.	275,000	–	–	275,000
KS Pekan Hatchery Sdn. Bhd	4,000,000	–	–	4,000,000
Interest in non wholly-owned subsidiaries via QL Green Resources Sdn. Bhd.				
Leisure Pyramid Sdn. Bhd.	1,100,000	–	–	1,100,000

34. Significant event

In May 2017, the Group, via its wholly-owned subsidiary, PT. QL Hasil Laut ("PTHL") had received the deed of a limited liability company issued by the Minister of Justice of the Republic of Indonesia for the incorporation of a wholly-owned subsidiary known as PT. QLNutri Foods Indonesia ("QLNutri"), in Indonesia. Its intended principal activities are trading in surimi and surimi-based products.

35. Acquisition/Disposal of subsidiaries and non-controlling interests

35.1 Acquisition of a subsidiary in 2018

In June 2017, the Group, via its subsidiary, QL Ansan Poultry Farm Sdn. Bhd. ("QLAPF") acquired 60% equity interest in Haji Hussin Markom Sdn. Bhd. ("HHM"), comprising sixty thousand (60,000) ordinary shares for a cash consideration of RM480,000. The acquisition had the following effect on the Group's assets and liabilities on acquisition date:

	Note	Recognised values on acquisition RM'000
Property, plant and equipment	3	449
Cost of plantation		97
Other payables		(44)
Non-controlling interest		(22)
Total purchase consideration		480

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the year ended 31 March 2018

35. Acquisition/Disposal of subsidiaries and non-controlling interests (cont'd)

35.2 Acquisition of non-controlling interests in 2018

35.2.1 In November 2017, the Group, via its wholly-owned subsidiary, QL Fishery Sdn. Bhd. ("QLFI") entered into the Share Purchase Agreement with Rising Growth Sdn. Bhd. to acquire 20% equity interest in Kembang Subur Sdn. Bhd. ("KSSB") for RM6,019,000 in cash, increasing its ownership from 63.33% to 83.33%. The net assets at the acquisition date is RM25,744,000.

35.2.2 In January 2018, the Group, via its wholly-owned subsidiary, QL Realty Sdn. Bhd. increased its ownership from 80% to 90% by capitalising the amount owing from PT. QL Trimitra ("PTQLT") amounting to RM26,559,000. The increase in the additional shareholdings resulted in a decrease in non-controlling interest by RM5,686,000.

35.3 Disposal of a subsidiary in 2017

In the previous financial year, the Group, via its wholly-owned subsidiary, QL Feedingstuff Sdn. Bhd. ("QLFS"), had entered into two share sale agreements to dispose off 100% of equity interest in QL KK Properties Sdn. Bhd. (formerly known as QL Feedmills Sdn. Bhd.) to Ruby Technique Sdn. Bhd. in March 2017 for a total consideration of RM19,082,000.

Details of net assets disposed and cash flows arising from the disposal are as follows:

	RM'000
Property, plant and equipment	2,859
Investment property	14,942
Cash and cash equivalents	11
Other receivables	320
Other payables	(13,559)
Net assets disposed	4,573
Gain on disposal of a subsidiary	14,509
Cash consideration received	19,082

Net cash inflows arising from disposal of a subsidiary are as follows:

	RM'000
Disposal proceeds discharged by cash	19,082
Cash and cash equivalents of a subsidiary disposed	(11)
Net cash inflows	19,071

36. Subsequent event

In April 2018, the Group, via its wholly-owned subsidiary, QL Feedingstuffs Sdn. Bhd. ("QLFS") had received Enterprise Registration Certificate issued by Department of Planning and Investment of Tay Ninh Province, Socialist Republic of Vietnam for the incorporation of a new wholly-owned subsidiary known as QL Farms (Tay Ninh) Liability Limited Company ("QLFTN"), in Vietnam. Its principal activity is to build up and operate a farm for chicken eggs, chicken meat and fertilisers from chicken manure.

STATEMENT BY DIRECTORS

Pursuant to Section 251(2) of the Companies Act 2016

In the opinion of the Directors, the financial statements set out on pages 63 to 141 are drawn up in accordance with Financial Reporting Standards and the requirements of the Companies Act 2016 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 2018 and of their financial performance and cash flows for the financial year then ended.

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

Chia Song Kun
Director

Chia Mak Hooi
Director

Shah Alam

Date: 6 July 2018



STATUTORY DECLARATION

Pursuant to Section 251(1)(b) of the Companies Act 2016

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 63 to 141 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed Chia Mak Hooi, NRIC: 650605-08-6113, at Klang in the State of Selangor on 6 July 2018.

Chia Mak Hooi

Before me:

Tee Hsiao Mei
Commissioner for Oaths
Klang, Selangor

INDEPENDENT AUDITORS' REPORT

To the members of QL Resources Berhad

Report on the Financial Statements

Opinion

We have audited the financial statements of QL Resources Berhad, which comprise the statements of financial position as at 31 March 2018 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 63 to 141.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 March 2018, and of their financial performance and their cash flows for the year then ended in accordance with Financial Reporting Standards and the requirements of Companies Act 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our auditors' report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation for biological assets – Livestock

Refer to Note 2(i)(ii) – Significant account policies: Biological assets – livestock and Note 7 – Biological assets to the financial statements.

Key audit matter

The Group held RM133,213,000 of biological assets – livestock as at 31 March 2018. The cost of biological assets – livestock, was subject to feed price fluctuation. In addition, there was a high volume of livestock held at year end. We have identified the valuation of livestock as a key audit matter because of the factors such as feed price and quantities of livestock may affect the valuation of livestock and, therefore could have resulted in the carrying value of biological assets – livestock exceeded the net realisable value.

How the matter was addressed in our audit

Our audit procedures performed over this area included, among others:

- We attended and observed the livestock count. We also tested the Group's control over the recording of livestock quantities. Our testing involved a comparison of actual quantity to our expectations, derived based on our understanding of the operation, size of the farms and sampled count;
- We checked whether the Group's costing methodology had been consistently applied by testing the relevant inputs to ascertain the appropriateness of the biological assets costing as at year end; and
- We compared the carrying values of the biological assets – livestock as at the end of the financial year with the estimated realisable value to determine whether there is any impairment loss.



INDEPENDENT AUDITORS' REPORT (CONT'D)

To the members of QL Resources Berhad

Report on the Financial Statements (cont'd)

Valuation of trade receivables

Refer to the Note 2(m)(i) – Significant accounting policies: Impairment – Financial Assets and Note 11 to the financial statements.

Key Audit Matter

As at 31 March 2018, the Group's trade receivables amounted to RM313,836,000. The determination as to whether a trade receivable is collectible involves the Group's judgement. Specific factors that the Group considered include the age of the balance, existence of disputes, recent historical payment patterns and any other available information concerning the creditworthiness of trade receivables. We focused on this area due to the degree of judgement involved estimation of recoverability of the amounts owing from trade receivables.

How the matter was addressed in our audit

Our audit procedures performed over this area included, among others:

- We tested the Group's controls over the receivables collection processes;
- We challenged the Group's assumptions in making allowance by reference to history of recoveries and customers' payment trend, correspondences with customers, and post year end cash received allocated against overdue trade receivables at year end; and
- We have also considered the adequacy of Group's disclosure in this area.

We have determined that there are no key audit matters in the audit of the separate financial statements of the Company to communicate in our auditors' report.

Information Other than the Financial Statements and Auditors' Report Thereon

The Directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Financial Reporting Standards and the requirements of Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the ability of the Group and of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

INDEPENDENT AUDITORS' REPORT (CONT'D)

To the members of QL Resources Berhad

Auditors' Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal controls relevant to the audit 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 internal control of the Group and of the Company.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group or of the Company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.



INDEPENDENT AUDITORS' REPORT (CONT'D)

To the members of QL Resources Berhad

Auditors' Responsibility for the Audit of the Financial Statements (cont'd)

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our audit report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, the subsidiaries of which we have not acted as auditors are disclosed in Note 33 to the financial statements.

Other Matter

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

KPMG PLT
LLP0010081-LCA & AF 0758
Chartered Accountants

Ooi Eng Siong
Approval Number: 03240/02/2020 J
Chartered Accountant

Petaling Jaya, Selangor

Date: 6 July 2018

LIST OF PROPERTIES

As at 31 March 2018

No.	Owner Company	Particulars of property	Date of revaluation or (date of acquisition)	Tenure
1	PT. Pipit Mutiara Indah	Desa Sekatak Buji, Kecamatan Sekatak, Kabupaten Bulungan, Provinsi Kalimantan Timur	Dec 2009 (date obtained Hak Guna Usaha)	Leasehold to 19.01.2045
2	PT. QL Agrofood	Desa Ciketing Udik, Kec. Bantar Gebang, Bekasi	02.11.2013	Leasehold to 09.10.2042
3	QL Figo (Johor) Sdn. Bhd.	GRN238020, Lot 3627, Mukim of Kulai, District of Kulai Jaya, Johor	(June 2014)	Industrial land
4	QL Foods Sdn. Bhd.	Lot 9122,109,110,111,112 GM2114,3285,3287,3288,3397 Mukim of Hutan Melintang District of Hilir Perak, Perak	13.01.2014	Freehold
5	QL Marine Products Sdn. Bhd.	CL045081687 CL045076042 Kampung Bolong, District of Tuaran, Sabah	(27.12.2002) (19.09.2003)	1. Leasehold to 31.12.2104 2. Leasehold to 27.04.2929
6	QL Palm Pellet Sdn. Bhd.	Geran 83005, Lot 1911, Mukim Buloh Kasap, Daerah Segamat, Negeri Johor	(30.11.2016)	Freehold
7	Pilihan Mahir Sdn. Bhd.	H.S.(D) 5258, PTD 4967, Mukim Padang Endau Daerah Mersing, Johor	(31.03.2010)	Leasehold expiring 22.11.2108
	QL Endau Marine Products Sdn. Bhd.			
8	QL Foods Sdn. Bhd.	GM 1033, Lot 3315 GM1149A, Lot 3316 GM1128, Lot 3317 GM750, Lot 3318 GM717, Lot 3319 Mukim of Hutan Melintang District of Hilir Perak, Perak	(08.02.2012)	Freehold
9	QL Feedingstuffs Sdn. Bhd.	PT76108, GRN 104808 Lot 76108 (Fasa D9), Persiaran Balairong, Bukit Jelutong (TK-Pejabat Korporat) Shah Alam, 40150 Shah Alam	(June 2011)	Freehold
10	Gelombang Elit (M) Sdn. Bhd.	Lot 8157, Block 59, Muara Tuang Land District	(07.10.2011)	Leasehold to 02.11.2060
	QL Livestock Farming Sdn. Bhd.			

LIST OF PROPERTIES (CONT'D)

As at 31 March 2018

Existing use	Land & Build-up area	Net Book Value (RM'000)	Age of building (years)
Oil Palm Estate together with palm oil mill & building	14,177 ha Build-up area 20.0 ha	138,189	9
Feedmill	11.04 acres 19,308 sq.m.	55,365	3
2-storey detached office building, 8 blocks of single-storey detached factory	Land cost Site 5.5948 hectares Build-up area 245,000 sq.ft. (Factory Building)	18,000 21,195 39,195	13
2 units of Surimi based products factory	Gross build-up of 16,840 sq.m. 3.55 ha	34,827	3
Surimi, Fishmeal & Frozen Seafood Plant	26 acres 3 acres Build-up area 30,000 sq.m.	2,903 205 28,516 31,624	14
Land with existing oil palm estate	156.2815 hectares	28,209	N/A
Vacant industrial land	2.544 ha	220	N/A
Coldroom Factory	Build-up area 2,592 sq.m. Build-up area 6,243 sq.m.	4,032 13,577 17,829	6 3
One unit of Snack Foods Factory	Gross build up area of 7,792 sq.m. 4.4895 ha	17,142	4
Industrial land	2.72 acres	16,496	N/A
Slaughter House	1.49 ha	149	N/A
Slaughter House	Build-up area 4,968 sq.m.	15,999 16,148	4

SHAREHOLDERS' ANALYSIS REPORT

As at 29 June 2018

Issued and paid-up capital : RM620,025,000*
Type of shares : Ordinary shares
Voting rights : One vote per ordinary share

* Included in share capital is share premium amounting to RM214,416,000 that is available to be utilised in accordance with Section 618(3) of Companies Act 2016 on or before 30 January 2019 (24 months from the commencement of Section 74 of Companies Act 2016).

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

Size of Shareholdings	No. of Shareholders	No. of Shares	% of Shareholding
less than 100	274	9,430	0.00
100 to 1,000	843	462,455	0.03
1,001 to 10,000	2,882	13,263,913	0.82
10,001 to 100,000	2,093	66,445,696	4.09
100,001 to less than 5% of issued shares	604	671,547,329	41.39
5% and above of issued shares	2	870,709,436	53.67
	6,698	1,622,438,259	100.00

Directors' Shareholdings

Name of directors	Direct	No. of shares held		% [^]
		% [^]	Indirect	
Chia Song Kun	877,500	0.05	695,727,348*	42.88
Chia Song Kooi	1,131,000	0.07	3,173,040**	0.20
Chia Seong Fatt	631,800	0.04	197,775,653 [#]	12.19
Chia Mak Hooi	2,953,370	0.18	475,800**	0.03
Cheah Juw Teck	2,602,515	0.16	1,100,000**	0.07
Chia Seong Pow (Alternate Director)	2,860,000	0.18	199,962,631 ^{##}	12.32
Chia Song Swa (Alternate Director)	737,100	0.05	1,810,000**	0.11
Chia Lik Khai (Alternate Director)	1,768,100	0.11	190,320**	0.01
Chieng Ing Huong, Eddy	—	—	—	—
Tan Bun Poo, Robert	—	—	—	—
Prof. Datin Paduka Dato' Dr. Aini Binti Ideris	—	—	—	—
Kow Poh Gek	—	—	9,230 ⁺	0.00
Chan Wai Yen, Millie	—	—	—	—
Cynthia Toh Mei Lee	—	—	—	—

Notes:

* Deemed interest via his and his spouse's interest in CBG (L) Foundation, the holding company of CBG (L) Pte. Ltd., Song Bak Holdings Sdn. Bhd. (Formerly: Attractive Features Sdn. Bhd.), his and his spouse's indirect interest in Ruby Technique Sdn. Bhd. ("RT") as well as his spouse's and children's shares in QL.

** Indirect interest via his spouse's shares 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 shares in QL.

^{##} Deemed interest via his and his spouse's beneficial interest in FH, his and his spouse's indirect interest in RT, his spouse's and children's shares in QL.

⁺ Indirect interest via her son's shares in QL.

[^] Based on the issued and paid-up share capital of the Company comprising 1,622,438,259 ordinary shares.

SHAREHOLDERS' ANALYSIS REPORT (CONT'D)

As at 29 June 2018

Substantial Shareholders

Name of Shareholders	Direct	%	Indirect	%
1 CBG (L) Pte. Ltd.	682,554,573	42.07	–	0.00
2 CBG (L) Foundation	–	0.00	682,554,573	42.07
3 Farsathy Holdings Sdn. Bhd.	195,954,863	12.08	–	0.00
4 Chia Song Kun	877,500	0.05	695,727,248	42.88
5 Chia Seong Pow	2,860,000	0.18	199,962,631	12.32
6 Chia Seong Fatt	631,800	0.04	197,775,653	12.19

List of 30 Largest Shareholders

No.	Name	Holdings	%
1	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR CBG (L) PTE LTD (PB)	682,554,573	42.07
2	FARSATHY HOLDINGS SDN BHD	188,154,863	11.60
3	AMANAHRAYA TRUSTEES BERHAD AMANAH SAHAM BUMIPUTERA	80,000,000	4.93
4	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD	75,085,060	4.63
5	AMANAHRAYA TRUSTEES BERHAD PUBLIC ITTIKAL SEQUEL FUND	13,226,020	0.82
6	MAYBANK NOMINEES (TEMPATAN) SDN BHD MAYBANK TRUSTEES BERHAD FOR PUBLIC REGULAR SAVINGS FUND (N14011940100)	11,829,960	0.73
7	HSBC NOMINEES (ASING) SDN BHD TNTC FOR MONDRIAN EMERGING MARKETS SMALL CAP EQUITY FUND, L.P.	11,137,790	0.68
8	CARTABAN NOMINEES (ASING) SDN BHD EXEMPT AN FOR STATE STREET BANK & TRUST COMPANY (WEST CLT OD67)	10,245,982	0.63
9	HSBC NOMINEES (ASING) SDN BHD JPMCB NA FOR VANGUARD TOTAL INTERNATIONAL STOCK INDEX FUND	8,675,203	0.53
10	HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR THE BANK OF NEW YORK MELLON (MELLON ACCT)	8,526,675	0.53
11	TOKIO MARINE LIFE INSURANCE MALAYSIA BHD AS BENEFICIAL OWNER (PF)	7,950,605	0.49
12	LIU SIN	7,815,912	0.48

SHAREHOLDERS' ANALYSIS REPORT (CONT'D)

As At 29 June 2018

List of 30 Largest Shareholders (cont'd)

No.	Name	Holdings	%
13	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT - AMBANK ISLAMIC BERHAD FOR FARSATHY HOLDINGS SDN BHD	7,800,000	0.48
14	CHEAHYAW SONG	7,097,610	0.44
15	CHIA SONG PHUAN	6,699,784	0.41
16	AMANAHRAYA TRUSTEES BERHAD PB GROWTH FUND	6,387,250	0.39
17	ATTRACTIVE FEATURES SDN. BHD.	5,908,500	0.37
18	LIU FUI MOY	5,894,360	0.36
19	CHIA SIANG ENG	5,803,804	0.36
20	AMANAHRAYA TRUSTEES BERHAD PUBLIC ISLAMIC SELECT ENTERPRISES FUND	5,688,760	0.35
21	KEE SIOK HIN	5,554,250	0.34
22	HSBC NOMINEES (ASING) SDN BHD JPMCB NA FOR VANGUARD EMERGING MARKETS STOCK INDEX FUND	5,311,720	0.33
23	AMANAHRAYA TRUSTEES BERHAD PB ISLAMIC EQUITY FUND	5,239,495	0.32
24	CITIGROUP NOMINEES (ASING) SDN BHD CBNY FOR EMERGING MARKET CORE EQUITY PORTFOLIO DFA INVESTMENT DIMENSIONS GROUP INC	5,168,647	0.32
25	CARTABAN NOMINEES (TEMPATAN) SDN BHD PAMB FOR PRULINK EQUITY FUND	5,103,049	0.32
26	CITIGROUP NOMINEES (ASING) SDN BHD CBNY FOR DFA EMERGING MARKETS SMALL CAP SERIES	5,049,759	0.31
27	PERMODALAN NASIONAL BERHAD	5,000,000	0.31
28	KUMPULAN WANG PERSARAAN (DIPERBADANKAN)	4,972,500	0.31
29	HLIB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR NG SAI BEE @ NG SAU BEE (CCTS)	4,751,820	0.29
30	CARTABAN NOMINEES (TEMPATAN) SDN BHD PBTB FORTAKAFULINK DANA EKUITI	4,751,737	0.29
		1,207,385,688	74.42



DISCLOSURE ON RECURRENT RELATED PARTY TRANSACTIONS

Nature of RRPT and Estimated Value

No.	Nature of Transaction	Related Parties	Estimated Value from the date of the forthcoming AGM to the next AGM * (RM'000)	Mandate obtained from last year's AGM (RM'000)	Actual transacted value for the period from 26 August 2017 to 30 June 2018 (RM'000)	Actual transacted value for the financial year ended 31 March 2018 (RM'000)
1.	Sale of animal feed by QL Livestock Farming Sdn. Bhd. ("QLLF")	Green Breeder Sdn. Bhd.	10,000	24,000	18,388	30,965
2.	Sale of animal feed by QLLF	Success Portfolio Sdn. Bhd.	6,000	6,000	2,581	3,068
3.	Purchase of raw fish by QL Foods Sdn. Bhd. ("QL Foods")	Sin Teow Fatt Trading Co.	800	800	613	561
4.	Sale of surimi, surimi-based & flour-based product and frozen fish by QL Group	Fusipim Sdn. Bhd.	5,100	4,100	2,007	1,985
5.	Sale of surimi-based product by QL Foods	Cheah Joo Kiang Enterprise	5,000	4,300	3,431	4,067
6.	Purchase of spare parts by Endau Group	Keang Huat Trading Sdn. Bhd.	6,500	6,000	4,114	4,773
7.	Trading of fish by Endau Group	Perikanan Sri Tanjung Sdn. Bhd.	2,000	1,500	815	1,060
8.	Trading of fish by Endau Group	Timurikan Trengganu Marine Products Sdn. Bhd.	1,500	1,500	384	459
9.	Sale of animal feed and lubricant by QL Agrofood Sdn. Bhd.	M.B. Agriculture (Sabah) Sdn. Bhd.	20,000	20,000	9,466	11,688
10.	Sale of surimi-based product by QL Foods	C-Care Enterprise Sdn. Bhd.	3,000	1,500	1,253	1,259
11.	Sale of animal feed by QL Tawau Feedmill Sdn. Bhd. ("QLTF")	Arena Dijaya Sdn. Bhd.	4,000	5,000	1,994	2,598
12.	Purchase of packing material by QL Farms Group		20	20	6	6
13.	Sales of animal feed by QLTF	M.B. Agriculture (Sandakan) Sdn. Bhd. ("MB (Sandakan)")	7,000	7,000	6,615	7,721
14.	Purchase of fresh fruit bunch and ERP fertilizer by QL Plantation Sdn. Bhd. ("QLP")		1,700	1,700	695	1,031
15.	Purchase of raw material and packing material as well as sale of chicken part, egg and sundries and sale of broiler, meat/frozen food and organic fertilizer by QL Farms Group		600	600	369	338
16.	Purchase of packing material by QL Group	E Koon Plastics Trading	2,600	2,600	1,635	1,805

DISCLOSURE ON RECURRENT RELATED PARTY TRANSACTIONS (CONT'D)

Nature of RRPT and Estimated Value

No.	Nature of Transaction	Related Parties	Estimated Value from the date of the forthcoming AGM to the next AGM * (RM'000)	Mandate obtained from last year's AGM (RM'000)	Actual transacted value for the period from 26 August 2017 to 30 June 2018 (RM'000)	Actual transacted value for the financial year ended 31 March 2018 (RM'000)
17.	Trading of fish by Endau Group	Perikanan Hap Huat Sdn. Bhd.	100	100	53	43
18.	Purchase of fish by Endau Group	Hai Hong Fishery Sdn. Bhd.	600	600	303	317
19.	Purchase of fresh fruit bunch by QLP	Highglobal Properties Sdn. Bhd.	500	500	183	228
20.	Sale of organic fertilizer by QL Farms Group		80	80	–	8
21.	Purchase of fresh fruit bunch by QLP	Total Icon Sdn. Bhd.	300	300	128	151
22.	Sale of organic fertilizer by QL Farms Group		40	40	–	11

Note:

- * The new estimated value is based on the Management's estimate which takes into account the transacted amount for the financial year ended 31 March 2018 as well as the changing economic and competitive environment. Announcement will be made accordingly if the actual value exceeds the estimated value by 10% or more.

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

- Green Breeder Sdn. Bhd. ("**GB**") is a company involved in livestock farming. The directors are Dr. Ng Siew Thiam ("**Dr. Ng**") and spouse, Chew Ching Kwang. The major shareholder (85%) is May Hoo Trading Sdn. Bhd. owned by Dr. Ng and spouse. Dr. Ng is a Director of QLLF. He is also a Director and Major Shareholder (5%) in the holding company of QLLF, namely QL AgroResources Sdn. Bhd. ("**QLAR**").
- Success Portfolio Sdn. Bhd. ("**SP**") is a company engaged in livestock farming which Dr. Ng has interest by virtue of his and his spouse interests in May Hoo Trading Sdn. Bhd., which in turn holds 25% in SP. Dr. Ng is a director and shareholder of QLAR, a 95% owned subsidiary of QL and the holding company of QLLF. 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 is a Person Connected to CBG (L) Pte Ltd ("**CBG (L)**"), a Major Shareholder of QL. Farsathy is also a Major Shareholder of QL.
- Sin Teow Fatt Trading Co. is a partnership involved in wholesale of fish and it is owned by Mr. Chia Teow Guan, Mr. Chia Song Pou, Mr. Cheah Yaw Song and Mr. Chia Song Phuan, who are also directors of QL Foods and members of the Chia Family.
- Fusipim Sdn. Bhd. ("**Fusipim**") is a company involved in processing of frozen and non-frozen seafood, operation of cold storage and warehouse as well as powder based products. The directors and shareholders of Fusipim are Madam Chia Kah Chuan and her spouse Mr. Eng Seng Poo. Madam Chia Kah Chuan is a member of the Chia Family.
- Mr. Cheah Joo Kiang had established a sole proprietorship under the name Cheah Joo Kiang Enterprise, which is engaged in the trading of fish ball. Mr. Cheah Joo Kiang is the son of Mr. Cheah Yaw Song and the brother of Mr. Cheah Juw Teck. Mr. Cheah Yaw Song and Mr. Cheah Juw Teck are directors of QL Foods and shareholders of QL.

DISCLOSURE ON RECURRENT RELATED PARTY TRANSACTIONS (CONT'D)

The Proposed Renewal of RRPT Mandate will apply to the following Related Parties:- (cont'd)

- (vi) Keang Huat Trading Sdn. Bhd. ("**KH**") is a trading company of all kinds of hardware and a Major Shareholder (10.88%) of QL Endau Marine Products Sdn. Bhd. ("**QLEMP**"). Mr. Sim Chin Swee is a director and shareholder in both KH and QLEMP. QLEMP is 70.59% owned by QL.
- (vii) Perikanan SriTanjung Sdn. Bhd. ("**PST**") is a company engaged in manufacturing, trading and processing of deep sea fish, diesel and provision of transportation services. Mr. Sim Chin Swee, Mr. Heng Hup Peng, Mr. Heng Chai Khoon, Mr. Chua Lee Guan and Mr. Loh Yoo Ming are Major Shareholders of PST. They are also shareholders of QLEMP holding 8.18% in total. Mr. Sim Chin Swee and Mr. Heng Hup Peng are directors of PST and Endau Group.
- (viii) Timurikan Trengganu Marine Products Sdn. Bhd. ("**TTMP**") is a company engaged in marine products manufacturing, trading of edible fishes, frozen fishes and other aquatic animals. Mr. Sim Chin Swee, Mr. Heng Hup Peng, Mr. Heng Chai Khoon, Mr. Chua Lee Guan and Mr. Loh Yoo Ming are Major Shareholders of TTMP. They are also shareholders of QLEMP holding 8.18% in total. Mr. Sim Chin Swee and Mr. Heng Hup Peng are directors of TTMP and Endau Group.
- (ix) M.B. Agriculture (Sabah) Sdn. Bhd. is engaged in livestock farming and is wholly-owned by RT which in turn is 77.67% and 22.33% owned by CBG and Farsathy respectively. CBG is a Person Connected to CBG (L), a Major Shareholder of QL. Farsathy is also a Major Shareholder of QL.
- (x) C-Care Enterprise Sdn. Bhd. ("**C-Care**") is engaged in businesses of sundry and other consumable goods. Mr. Chia Soon Hooi and his spouse are directors and shareholders of C-Care. Mr. Chia Soon Hooi is the son of Mr. Chia Teow Guan and the brother of Mr. Chia Mak Hooi. Mr. Chia Teow Guan is a director of QL Foods and member of the Chia Family whereas Mr. Chia Mak Hooi is a director and shareholder of QL.
- (xi) Arena Dijaya Sdn. Bhd. ("**Arena**") is engaged in livestock farming and is 90% owned by RT which in turn is 77.67% and 22.33% owned by CBG and Farsathy respectively. CBG is a Person Connected to CBG (L), a Major Shareholder of QL. Farsathy is also a Major Shareholder of QL. Mr. Liu Sin is a director and shareholder of Arena as well as director of QL Farms Group and a shareholder of QL.
- (xii) MB (Sandakan) is engaged in livestock farming and is 90% owned by RT which in turn is 77.67% and 22.33% owned by CBG and Farsathy respectively. CBG is a Person Connected to CBG (L), a Major Shareholder of QL. Farsathy is also a Major Shareholder of QL. Mr. Liu Sin is a director and shareholder of MB (Sandakan) as well as director of QL Farms Group and a shareholder of QL.
- (xiii) E Koon Plastics Trading ("**E Koon**") is a sole proprietorship engaged in wholesale of household utensils and cutlery, crockery, glassware, chinaware and pottery, wholesale of other construction materials, hardware, plumbing and heating equipment and supplies N.E.C., retail sale of construction materials, hardware, paints and glass, wholesale of plastic materials in primary forms. E Koon is owned by Ms. Eng Siew Yong. She is the daughter-in-law and sister-in-law of Mr. Cheah Yaw Song and Mr. Cheah Juw Teck respectively, who are directors of QL Foods and QL Fishmeal Sdn. Bhd. as well as shareholders of QL.
- (xiv) Perikanan Hap Huat Sdn. Bhd. ("**PHH**") is a wholesaler and engaged in trading of frozen edible fishes and other aquatic animals. Mr. Heng Hup Peng and Mr. Sim Chin Swee are the directors and shareholders of PHH. They are also the directors and shareholders of QLEMP.
- (xv) Hai Hong Fishery Sdn. Bhd. ("**HHF**") is engaged in trading of fish, all types of fishery and seafood products. Mr. Heng Hup Peng is a director and shareholder in both HHF and QLEMP.
- (xvi) Highglobal Properties Sdn. Bhd. ("**HP**") is engaged in the cultivation of oil palm, sales of fresh fruit bunches, sales of gravel and rearing of swiftlets. HP is an associate of MB (Sandakan), of which Farsathy is the ultimate holding company. Mr. Chia Seong Fatt is the director of QL Plantation Sdn. Bhd. ("**QLP**"), HP and Farsathy. He has deemed interest in HP by virtue of his beneficial interests in Farsathy.
- (xvii) Total Icon Sdn. Bhd. ("**TI**") is engaged in sales of fresh fruit bunches and rearing of swiftlets. Mr. Chia Seong Fatt, Mr. Chia Lik Khai and Mr. Chia Seong Pow are major shareholders of TI with a total shareholding of 40% in TI. Mr. Chia Seong Fatt and Mr. Chia Lik Khai are directors of QLP. Mr. Chia Seong Fatt and Mr. Chia Seong Pow are brothers and they are also directors and Major Shareholders of QL. Mr. Chia Lik Khai is also the director and shareholder of QL.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 21st Annual General Meeting has been scheduled on Tuesday, 28 August 2018 at 10.00 a.m. to be held at Saujana Ballroom, Saujana Resort, Jalan Lapangan Terbang SAAS, 40150 Shah Alam, Selangor Darul Ehsan.

AGENDA

As Ordinary Business:

- | | | |
|-----|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------|
| (1) | To receive the Audited Financial Statements for the financial year ended 31 March 2018 together with the Directors' and Auditors' Report thereon. | Refer to Explanatory Note 1 |
| (2) | To approve the payment of a final single tier dividend of 4.50 sen per ordinary share in respect of the financial year ended 31 March 2018. | Ordinary Resolution 1 |
| (3) | To re-elect the following Directors who retire in accordance with Article No. 97 of the Company's Articles of Association and being eligible, offers themselves for re-election:-

Chia Song Kun
Chia Seong Fatt
Chia Song Kooi | Ordinary Resolution 2
Ordinary Resolution 3
Ordinary Resolution 4 |
| (4) | To re-elect the following Directors who retire in accordance with Article No. 103 of the Company's Articles of Association and being eligible, offers themselves for re-election:-

Kow Poh Gek
Chan Wai Yen
Cynthia Toh Mei Lee | Ordinary Resolution 5
Ordinary Resolution 6
Ordinary Resolution 7 |
| (5) | To approve the proposed payment of Directors' fees and benefits amounting to RM1,062,000 and RM42,000 respectively, commencing the conclusion of this meeting up till the conclusion of the next Annual General Meeting in 2019, and further, to authorise the Directors to apportion the fees and make payment in the manner as the Directors may determine. | Ordinary Resolution 8 |
| (6) | To approve the additional payment of Directors' benefits of RM5,000 for the period from 1 February 2018 to 31 August 2018. | Ordinary Resolution 9 |
| (7) | To re-appoint Messrs. KPMG PLT as the auditors of the Company and to authorise the Directors to fix their remuneration. | Ordinary Resolution 10 |

As Special Business:

To consider and if thought fit, pass the following resolutions:-

- | | | |
|-----|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------|
| (8) | Retention of Independent Non-Executive Director

"THAT approval be and is hereby given to Chieng Ing Huong, Eddy who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than sixteen years, to continue to act as an Independent Non-Executive Director of the Company." | Ordinary Resolution 11 |
|-----|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------|

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

(9) **Authority to Directors to allot and issue shares pursuant to Section 75 and Section 76 of the Companies Act 2016**

Ordinary Resolution 12

"THAT pursuant to Section 75 and Section 76 of the Companies Act 2016, 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 total number of issued shares 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."

(10) **Proposed Renewal for the Company to purchase its own shares of up to 10% of the total number of issued shares ("Proposed Renewal of Share Buy Back Authority")**

Ordinary Resolution 13

"THAT approval be and is hereby given to the Company to, from time to time, purchase through Bursa Malaysia Securities Berhad ("Bursa Securities") such number of ordinary shares in the Company ("Share(s)") and/or retain such Shares so purchased as treasury shares ("Treasury Share(s)") as may be determined by the Directors of the Company upon such terms and conditions as the Directors may deem fit and expedient in the best interests of the Company provided that the aggregate number of Shares purchased and/or retained as Treasury Shares shall not exceed 10% of the total number of issued shares of the Company at the time of purchase ("Proposed Renewal of Share Buy Back Authority");

THAT the maximum amount of funds to be utilised for the purpose of the Proposed Renewal of Share Buy Back Authority shall not exceed the Company's aggregate retained profits;

THAT upon the purchase by the Company of its own Shares, the Directors of the Company be and are hereby authorised to:-

- (a) cancel all or part of the Shares so purchased;
- (b) retain all or part of the Shares so purchased as Treasury Shares;
- (c) distribute the Treasury Shares as share dividends to the Company's shareholders for the time being;
- (d) transfer the Treasury Shares or any part thereof as purchase consideration and/or for the purposes of or under an employees' share scheme; and/or
- (e) to resell the Treasury Shares on Bursa Securities;

THAT such authority from shareholders of the Company will be effective immediately upon passing of this ordinary resolution and will continue to be in force until:-

- (i) the conclusion of the next Annual General Meeting ("AGM") of the Company at which time the authority shall lapse unless by ordinary resolution passed at that meeting the authority is renewed either unconditionally or subject to conditions; or

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

- (ii) the expiration of the period within which the next AGM is required by law to be held; or
- (iii) revoked or varied by ordinary resolution passed by the shareholders of the Company in a general meeting;

whichever occurs first, but not so as to prejudice the completion of purchase(s) by the Company before the aforesaid expiry date and in any event, in accordance with the provisions of the guidelines issued by Bursa Securities or any other relevant authority;

AND THAT authority be and is hereby given to the Directors of the Company to take all such steps as are necessary, including the opening and maintaining of a central depositories account(s) and entering into all other agreements, arrangements and guarantees with any party or parties to implement, finalise and give full effect to and to implement the Proposed Renewal of Share Buy Back Authority with full powers to assent to any conditions, modifications, revaluations, variations and/or amendments (if any) as may be required or imposed by the relevant authorities from time to time and to do all such acts and things as the Directors may deem fit and expedient in the best interest of the Company."

(11) **Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature ("Proposed Renewal of RRPT Mandate")**

Ordinary Resolution 14

"THAT approval be and is hereby given to the Company and its subsidiaries to renew the shareholders' mandate for the recurrent related party transactions of a revenue or trading nature as set out in Part B, Section 2.4 of the Circular to Shareholders dated 27 July 2018 with the related parties described therein which are necessary for the Group's day to day operations, carried out in the normal course of business, at arm's length, on normal commercial terms, not more favourable to the related parties than those generally available to the public and are not detriment of the minority shareholders;

THAT such approval shall continue to be in force until:-

- (i) the conclusion of the next annual general meeting of the Company following the general meeting at which such mandate was passed, at which time it will lapse, unless by a resolution passed at the meeting, the authority is renewed; or
- (ii) the expiration of the period within which the next annual general meeting after the date it is required to be held pursuant to Section 340(2) of the Companies Act, 2016 ("Act") (but must not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
- (iii) revoked or varied by resolution passed by the shareholders in general meeting;

whichever is the earlier, AND THAT the Directors of the Company be authorised to complete and do all such acts and things (including all such documents as may be required) as they may consider expedient or necessary to give effect to the Proposed Renewal of RRPT Mandate."



NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

- (12) 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 2016.

Notice of Dividend Entitlement and Payment

NOTICE IS ALSO HEREBY GIVEN that the final single tier dividend, if approved, will be paid on 20 September 2018 to shareholders whose names appear in the Record of Depositors of the Company at the close of business on 12 September 2018.

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 12 September 2018 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
27 July 2018

NOTES:-

PROXY:

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 can be any person and there shall be no restriction as to the qualification of the proxy.
2. Where a member of the Company is an exempt authorised nominee as defined under the Securities Industry (Central Depository) Act, 1991 which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
3. Only members whose name appears on the Register of Depositors as at 20 August 2018 shall be entitled to attend the said meeting or appoint proxy(ies) to attend and/or vote on his behalf.
4. 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.
5. 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.

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

EXPLANATORY NOTES ON ORDINARY / SPECIAL BUSINESS:-

1. Item 1 of the Agenda

This Agenda item is meant for discussion only as the provision of Section 340(1)(a) of the Companies Act 2016 does not require a formal approval of the shareholders for the Audited Financial Statements. Hence, this Agenda item is not put forward for voting.

2. Ordinary Resolution 1

With reference to Section 131 of the Companies Act 2016, a company may only make a distribution to the shareholders out of profits of the Company available if the Company is solvent. On 24 May 2018, the Board had considered the amount of dividend and decided to recommend the same for the shareholders' approval.

The Directors of the Company are satisfied that the Company will be solvent as it will be able to pay its debts as and when the debts become due within twelve months immediately after the distribution is made on 20 September 2018 in accordance with the requirements under Section 132(2) and (3) of the Companies Act 2016.

3. Ordinary Resolution 8

The actual payment of Directors' fees incurred for the financial year 2018 was RM1,008,000.

Following the restructuring of the Board and assuming that the total number of Directors remain the same, the proposed payment of Directors' fees and benefits is amounting to RM1,062,000 and RM42,000 respectively, commencing the conclusion of this meeting up till the conclusion of the next Annual General Meeting in 2019. This resolution, if passed, will facilitate the payment of Directors' fees and benefits on current financial year basis.

4. Ordinary Resolution 9

Following the restructuring with additional Independent Non-Executive Directors on the Board, the actual payment of Directors' benefits was at RM31,000 for the period from 1 February 2018 to 31 August 2018.

The proposed Directors' benefits payable comprises of meeting allowances only.

5. Ordinary Resolution 11

Mr Chieng Ing Huang, Eddy was appointed as an Independent Non-Executive Director of the Company on 24 December 2001, and has, therefore served the Company for more than sixteen years. He meets the criteria of an Independent Director as defined in Chapter 1 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. He has performed his duty diligently and in the best interest of the Company and has provided independent judgement and broader views and balanced assessments to the proposals from the Management with his diverse experience and expertise. The Board, therefore recommends that he should be retained as an Independent Non-Executive Director.



NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

6. Ordinary Resolution 12

The proposed resolution is a renewal of the general authority for the Directors to issue shares pursuant to Section 75 and Section 76 of the Companies Act 2016. If passed will empower the Directors from the date of the above AGM until the next AGM to allot and issue shares in the Company up to an amount not exceeding 10% of the total number of issued shares 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 AGM.

The Company has not issued any new shares pursuant to Section 75 and Section 76 of the Companies Act 2016 under the general mandate which was approved at the 20th AGM of the Company held on 25 August 2017 and which will lapse at the conclusion of the 21st AGM. A renewal of this authority is being sought at the 21st AGM.

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.

7. Ordinary Resolution 13

The proposed resolutions, if passed, will empower the Company to purchase and/or hold up to 10% of the total number of issued shares of the Company. This authority unless revoked or varied by the Company at a general meeting will expire at the next AGM of the Company. For further information, please refer to Part A of the Circular to Shareholders dated 27 July 2018.

8. Ordinary Resolution 14

The proposed resolutions pertains to the shareholders' mandate required under Part E, Chapter 10.09(2) of the Listing Requirements of the Bursa Malaysia Securities Berhad. The said Proposed Renewal of RRPT Mandate if passed, will mandate the Company and/or its subsidiaries to enter into categories of recurrent transactions of a revenue or trading nature and with those related parties as specified in Part B, Section 2.2 of the Circular to Shareholders dated 27 July 2018. The mandate is subject to annual renewal and disclosure is made in the annual report of the aggregate value of transactions conducted pursuant to the shareholders' mandate during the financial year. The interested director, interested major shareholder or interested person connected with a director or major shareholder; and where it involves the interest of an interested person connected with a director or major shareholder, such director or major shareholder, must not vote on the resolutions approving the transactions. An interested director or interested major shareholder must ensure that persons connected to him abstain from voting on the resolutions approving the transactions.

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FORM OF PROXY



Tel./Handphone No.	
No. of ordinary shares held	
CDS Account No.	
Email address	

I/We _____ (NRIC No./Passport No. _____)
(FULL NAME IN BLOCK LETTERS)

of _____
(FULL ADDRESS)

being a member of **QL RESOURCES BERHAD**, hereby appoint _____
(FULL NAME)

(NRIC No./Passport No. _____) (Proxy 1) of _____
(FULL ADDRESS)

or failing him, _____ (NRIC No./Passport No. _____) (Proxy 2)

of _____
(FULL ADDRESS)

as my/our proxy/proxies to vote for me/us on my/our behalf at the 21st 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, 28 August 2018 at 10.00 a.m. or any adjournment thereof.

My/our proxy is to vote as indicated below:-

Resolutions	For	Against
Ordinary Resolution No. 1		
Ordinary Resolution No. 2		
Ordinary Resolution No. 3		
Ordinary Resolution No. 4		
Ordinary Resolution No. 5		
Ordinary Resolution No. 6		
Ordinary Resolution No. 7		
Ordinary Resolution No. 8		
Ordinary Resolution No. 9		
Ordinary Resolution No. 10		
Ordinary Resolution No. 11		
Ordinary Resolution No. 12		
Ordinary Resolution No. 13		
Ordinary Resolution No. 14		

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 21st 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..... 2018

Signature of Shareholder

For appointment of two proxies, percentage of shareholding to be represented by the proxies:		
	No. of Shares	Percentage
Proxy 1		
Proxy 2		
Total		

Notes:-

- A member of the Company entitled to attend and vote at the Meeting may appoint up to two proxies to attend and vote in his place. Where a member appoints two proxies, he shall specify the proportion of his shareholdings to be represented by each proxy. A proxy can be any person and there shall be no restriction as to the qualification of the proxy.
- Where a member of the Company is an exempt authorised nominee as defined under the Securities Industry (Central Depository) Act, 1991 which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
- Only members whose name appears on the Register of Depositors as at 20 August 2018 shall be entitled to attend the said meeting or appoint proxy(ies) to attend and/or vote on his behalf.
- The instrument appointing a proxy must be deposited at the Registered Office of the Company at No. 16A, Jalan Astaka U8/83, Bukit Jelutong, 40150 Shah Alam, Selangor Darul Ehsan, at least 48 hours before the appointed time of holding the Meeting.
- In the case of a corporation, the instrument appointing a proxy or proxies must be under seal or under the hand of an officer or attorney duly authorised.

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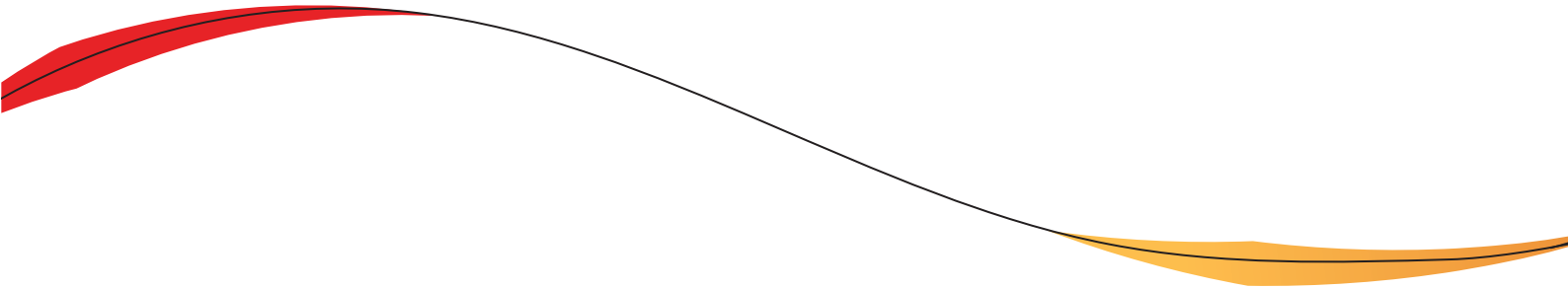
AFFIX
STAMP

The Company Secretary

QL RESOURCES BERHAD

NO. 16A, JALAN ASTAKA U8/83
BUKIT JELUTONG
40150 SHAH ALAM
SELANGOR DARUL EHSAN

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QL RESOURCES BERHAD (428915-X)
No. 16A, Jalan Astaka U8/83, Bukit Jelutong,
40150 Shah Alam, Selangor Darul Ehsan.
Tel : 03-7801 2288 Fax : 03-7801 2228

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