

**All terms and abbreviations used herein shall have the same meanings as those defined in the "Definitions" section of this Abridged Prospectus unless stated otherwise.**

**THIS ABRIDGED PROSPECTUS IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.**

**IF YOU ARE IN ANY DOUBT AS TO THE ACTION YOU SHOULD TAKE, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY.**

If you have sold or transferred all your QL Shares, you should at once hand this Abridged Prospectus, and the accompanying NPA and RSF to the agent through whom you effected the sale or transfer for onward transmission to the purchaser or transferee. All enquiries concerning the Rights Issue should be addressed to our Share Registrar, Bina Management (M) Sdn Bhd, Lot 10, The Highway Centre, Jalan 51/205, 46050 Petaling Jaya, Selangor Darul Ehsan.

A copy of this Abridged Prospectus has been registered with the SC. The registration of this Abridged Prospectus should not be taken to indicate that the SC recommends the Rights Issue or assumes responsibility for the correctness of any statement made or opinion or report expressed in this Abridged Prospectus. The SC has not, in any way, considered the merits of the securities being offered for investment. A copy of this Abridged Prospectus, and the accompanying NPA and RSF have also been lodged with the Registrar of Companies who takes no responsibility for the contents of these documents.

The approval from our shareholders for the Rights Issue was obtained at our EGM held on 24 January 2014. Approval from Bursa Securities has also been obtained on 6 November 2013 for the admission of the Rights Shares to the Official List and the listing of the Rights Shares on the Main Market of Bursa Securities. However, this is not an indication that Bursa Securities recommends the Rights Issue. The admission of the Rights Shares to the Official List and the listing of and quotation for all the new securities on the Main Market of Bursa Securities are in no way reflective of the merits of the Rights Issue. The admission of the Rights Shares to the Official List and the official listing of and quotation for all the new securities will commence after the receipt of confirmation from Bursa Depository that all the CDS Accounts of the successful Entitled Shareholders and/ or their renouncee(s) (if applicable) have been duly credited and notices of allotment have been despatched to them.

Neither the SC nor Bursa Securities takes any responsibility for the correctness of statements made or opinions expressed in this Abridged Prospectus.

Our Directors have seen and approved all the documentation relating to this Rights Issue. They collectively and individually accept full responsibility for the accuracy of the information given and confirm that, after having made all reasonable enquiries and to the best of their knowledge and belief, there are no false or misleading statements or other facts which if omitted would make the statements in these documents false or misleading.

This Abridged Prospectus, and the accompanying NPA and RSF are only despatched to our Entitled Shareholders whose names appear on our Record of Depositors and who have provided our Share Registrar with an address in Malaysia not later than 5.00 p.m. on 14 February 2014. This Abridged Prospectus, and the accompanying NPA and RSF are not intended to be (and will not be) issued, circulated or distributed in countries or jurisdictions other than Malaysia and no action has been or will be taken to ensure that the Rights Issue complies with the laws of any countries or jurisdictions other than the laws of Malaysia. Entitled Shareholders and/ or their renouncee(s) (if applicable) who are residents in countries or jurisdictions other than Malaysia should therefore immediately consult their legal advisers and/ or other professional advisers as to whether the acceptance and/ or renunciation (as the case may be) of all or any part of their entitlements to the Rights Shares would result in a contravention of any laws of such countries or jurisdictions. Neither we, RHB Investment Bank nor any other professional advisers shall accept any responsibility or liability in the event that any acceptance and/ or renunciation (as the case may be) of the entitlements to the Rights Shares made by the Entitled Shareholders and/ or their renouncee(s) (if applicable) is or shall become illegal, unenforceable, voidable or void in any such countries or jurisdictions.

RHB Investment Bank, being our Principal Adviser for this Rights Issue, acknowledges that, based on all available information and to the best of its knowledge and belief, this Abridged Prospectus constitutes a full and true disclosure of all material facts concerning the Rights Issue.

**FOR INFORMATION CONCERNING CERTAIN RISK FACTORS WHICH YOU SHOULD CONSIDER, PLEASE REFER TO SECTION 7 OF THIS ABRIDGED PROSPECTUS.**



(Company No. 428915-X)  
(Incorporated in Malaysia under the Companies Act, 1965)

**RENOUNCEABLE RIGHTS ISSUE OF 166,403,924 NEW ORDINARY SHARES OF RM0.25 EACH IN QL RESOURCES BERHAD ("QL") ("QL SHARE(S)") ("RIGHTS SHARE(S)") AT AN ISSUE PRICE OF RM1.80 PER QL SHARE ON THE BASIS OF TWO (2) RIGHTS SHARES FOR EVERY TEN (10) EXISTING QL SHARES HELD BY OUR SHAREHOLDERS AS AT 5.00 P.M. ON 14 FEBRUARY 2014 ("RIGHTS ISSUE")**

*Principal Adviser*



**RHB Investment Bank Berhad**  
(Company No. 19663-P)

(A Participating Organisation of Bursa Malaysia Securities Berhad)

**IMPORTANT RELEVANT DATES AND TIME:-**

Entitlement Date	: Friday, 14 February 2014 at 5.00 p.m.
Last date and time for sale of provisional allotment of rights	: Tuesday, 25 February 2014 at 5.00 p.m.
Last date and time for transfer of provisional allotment of rights	: Friday, 28 February 2014 at 4.00 p.m.
Last date and time for acceptance and payment	: Wednesday, 5 March 2014 at 5.00 p.m.*
Last date and time for excess application and payment	: Wednesday, 5 March 2014 at 5.00 p.m.*

\* or such later date and time as our Board may determine and announce not less than two (2) Market Days before the stipulated date and time.

This Abridged Prospectus is dated 14 February 2014

*All terms and abbreviations used herein shall have the same meanings as those defined in the "Definitions" section of this Abridged Prospectus unless stated otherwise.*

**THIS ABRIDGED PROSPECTUS HAS BEEN REGISTERED WITH THE SC. THE SC IS NOT LIABLE FOR ANY NON-DISCLOSURE ON THE PART OF THE COMPANY AND TAKES NO RESPONSIBILITY FOR THE CONTENTS OF THIS ABRIDGED PROSPECTUS, MAKES NO REPRESENTATION AS TO ITS ACCURACY OR COMPLETENESS AND EXPRESSLY DISCLAIMS ANY LIABILITY FOR ANY LOSS YOU MAY SUFFER ARISING FROM OR IN RELIANCE UPON THE WHOLE OR ANY PART OF THE CONTENTS OF THIS ABRIDGED PROSPECTUS.**

**YOU SHOULD RELY ON YOUR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF THE INVESTMENT IN THE RIGHTS SHARES. IN CONSIDERING THE INVESTMENT, IF YOU ARE IN ANY DOUBT AS TO THE ACTION TO BE TAKEN, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISER IMMEDIATELY.**

**YOU ARE ADVISED TO NOTE THAT RECOURSE FOR FALSE OR MISLEADING STATEMENTS OR ACTS MADE IN CONNECTION WITH THIS ABRIDGED PROSPECTUS ARE DIRECTLY AVAILABLE THROUGH SECTIONS 248, 249 AND 357 OF THE CMSA.**

**SECURITIES LISTED ON BURSA SECURITIES ARE OFFERED TO THE PUBLIC PREMISED ON FULL AND ACCURATE DISCLOSURE OF ALL MATERIAL INFORMATION CONCERNING THE RIGHTS ISSUE FOR WHICH ANY OF THE PERSONS SET OUT IN SECTION 236 OF THE CMSA, E.G. DIRECTORS AND ADVISERS, ARE RESPONSIBLE.**

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**DEFINITIONS**


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Except where the context otherwise requires, the following definitions shall apply throughout this Abridged Prospectus, the NPA and the RSF:-

"Abridged Prospectus"	: This Abridged Prospectus dated 14 February 2014 in relation to the Rights Issue
"Act"	: The Companies Act, 1965 as amended from time to time and any re-enactment thereof
"Board"	: Board of Directors of QL
"Bonus Issue"	: The bonus issue of 249,605,886 Bonus Shares on the basis of three (3) Bonus Shares for every ten (10) existing QL Shares held on the Entitlement Date
"Bonus Share(s)"	: 249,605,886 new QL Shares to be issued pursuant to the Bonus Issue
"Bursa Depository" or "Depository"	: Bursa Malaysia Depository Sdn Bhd
"Bursa Securities"	: Bursa Malaysia Securities Berhad
"CBG"	: CBG Holdings Sdn Bhd
"CDS"	: Central Depository System, the system established and operated by Bursa Depository for the central handling of securities deposited with Bursa Depository
"CDS Account(s)"	: A securities account established by Bursa Depository for a depositor pursuant to the SICDA, 1991 and the Rules of Bursa Depository for the recording of deposits of securities and for dealings in such securities by the depositor
"CMSA"	: The Capital Markets and Services Act 2007
"Code"	: The Malaysian Code on Take-Overs and Mergers, 2010
"Corporate Exercises"	: The Bonus Issue, Rights Issue and the Exemption, collectively
"Director(s)"	: The director(s) of QL and shall have the meaning given in Section 4 of the Act
"Documents"	: Collectively, this Abridged Prospectus, the NPA and RSF
"EGM"	: Extraordinary General Meeting
"Entitled Shareholder(s)"	: The shareholders of QL who are registered as a member and whose names appear in the Record of Depositors of the Company as at the close of business on the Entitlement Date
"Entitlement Date"	: 5.00 p.m. on 14 February 2014, being the date and time on which the names of our shareholders must appear in the Record of Depositors in order to participate in the Rights Issue
"EPS"	: Earnings per Share

**DEFINITIONS (CONT'D)**

"Excess Application"	:	Application(s) for additional Rights Shares in excess of the Provisional Allotment as set out in Section 3.8 of this Abridged Prospectus
"Exemption"	:	The exemption under Paragraph 16.1 of Practice Note 9 of the Code to CBG and PACs from the obligation of extending a mandatory take-over offer for the remaining QL Shares not already owned by them pursuant to the Rights Issue
"Farsathy"	:	Farsathy Holdings Sdn Bhd
"FPE"	:	Financial period ended/ending
"FYE"	:	Financial year ended/ ending
"Listing Requirements"	:	Main Market Listing Requirements of Bursa Securities
"LPD"	:	16 January 2014, being the latest practicable date prior to the registration of this Abridged Prospectus with the SC
"M&A"	:	Memorandum and Articles of Association
"Market Day(s)"	:	Any day between Monday to Friday (inclusive), excluding public holidays, and any day on which Bursa Securities is open for trading of securities
"Maximum Subscription Level"	:	Assuming all the shareholders of QL subscribe to their respective entitlements under the Rights Issue amounting to 166,403,924 Rights Shares
"Minimum Subscription Level"	:	Assuming only CBG and Farsathy subscribe to their respective entitlements under the Rights Issue amounting to 96,236,844 Rights Shares
"MT"	:	Metric ton(s)
"NA"	:	Net assets
"NPA"	:	Notice of Provisional Allotment
"Official List"	:	A list specifying all securities which have been admitted for listing on the Main Market of Bursa Securities and not removed
"PAC(s)"	:	Persons acting-in-concert with CBG pursuant to the Exemption
"PAT"	:	Profit after tax
"PBT"	:	Profit before tax
"Provisional Allotment"	:	Rights Shares provisionally allotted to the Entitled Shareholders and/or their renouncee(s) (if applicable) pursuant to the Rights Issue
"QL" or the "Company"	:	QL Resources Berhad
"QL Group" or the "Group"	:	QL and its subsidiary companies, collectively
"QL Share(s)" or "Share(s)"	:	Ordinary share(s) of RM0.25 each in QL

**DEFINITIONS (CONT'D)**

"Record of Depositors"	: A record of depositors established by Bursa Depository under the Rules of Depository
"RHB Investment Bank" or the "Principal Adviser"	: RHB Investment Bank Berhad
"Rights Issue"	: The renounceable rights issue of 166,403,924 Rights Shares on the basis of two (2) Rights Shares for every ten (10) existing QL Shares held on the Entitlement Date at an issue price of RM1.80 per Rights Share
"Rights Share(s)"	: 166,403,924 new QL Shares to be issued pursuant to the Rights Issue
"RM" and "sen"	: Ringgit Malaysia and sen, respectively
"RP"	: Indonesian Rupiah
"RSF"	: Rights Subscription Form
"Ruby"	: Ruby Technique Sdn Bhd
"Rules of Bursa Depository"	: The rules of Central Depository as defined in the SICDA
"SC"	: Securities Commission Malaysia
"SGD"	: Singaporean Dollar
"SICDA"	: Securities Industry (Central Depositories) Act, 1991
"TEAP"	: Theoretical ex-all price
"Undertakings"	: Irrevocable undertakings from QL's major shareholders, namely CBG and Farsathy, to fully subscribe for their total entitlement under the Rights Issue based on their direct shareholdings
"USD"	: United States Dollar
"VWAP"	: Volume weighted average price

All references to "our Company" or "QL" in this Abridged Prospectus are made to QL Resources Berhad and references to "our Group" are made to our Company and our subsidiary companies. All references to "we", "us", "our" and "ourselves" are made to our Company, or where the context requires, our Group or any of our subsidiary companies. All references to "you" in this Abridged Prospectus are made to our Entitled Shareholders and/or where the context otherwise requires, their renounee(s) and/or transferee(s).

Words incorporating the singular shall, where applicable, include the plural and vice versa and words incorporating the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. Reference to persons shall include a corporation, unless otherwise specified.

Any reference in this Abridged Prospectus to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any reference to a time of day in this Abridged Prospectus shall be a reference to Malaysian time, unless otherwise specified.

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**CORPORATE DIRECTORY****BOARD OF DIRECTORS**

<b>Name</b>	<b>Address</b>	<b>Nationality</b>	<b>Occupation</b>
YM Tengku Dato' Zainal Rashid Bin Tengku Mahmood (Chairman/ Independent Non-Executive Director)	104, Jalan Burhanuddin Helmi 2 Taman Tun Dr Ismail 60000 Kuala Lumpur	Malaysian	Company Director
Chia Song Kun (Group Managing Director)	17, Jalan Kelab Golf 13/3 Seksyen 13 40000 Shah Alam Selangor	Malaysian	Company Director
Chia Seong Pow (Executive Director)	19, Jalan Kelab Golf 13/3 Seksyen 13 40000 Shah Alam Selangor	Malaysian	Company Director
Chia Seong Fatt (Executive Director)	No. 303, Taman Lily Batu 4, Jalan Sin On 91000 Tawau Sabah	Malaysian	Company Director
Chia Song Kooi (Executive Director)	2B, Lorong Raja Udang 9 Kingfisher Park PH 2 88400 Kota Kinabalu Sabah	Malaysian	Company Director
Chia Song Swa (Executive Director)	No. 8, Jalan Setia Nusantara U13/19B Setia Eco Park Setia Alam Section U13 40170 Shah Alam Selangor	Malaysian	Company Director
Chia Mak Hooi (Executive Director)	No. 29, Jalan Kubah U8/59 Bukit Jelutong 40150 Shah Alam Selangor	Malaysian	Company Director
Cheah Juw Teck (Executive Director)	G-1, Jalan Tepi Sungai 36400 Hutan Melintang Perak	Malaysian	Company Director
Chieng Ing Huong, Eddy (Senior Independent Non-Executive Director)	G-17, Park Seven No. 5, Persiaran KLCC 50450 Kuala Lumpur	Malaysian	Company Director
Tan Bun Poo, Robert (Independent Non-Executive Director)	35, Persiaran Zaaba Taman Tun Dr. Ismail 60000 Kuala Lumpur	Malaysian	Company Director
Datuk Wira Jalilah Binti Baba (Independent Non-Executive Director)	A8-B-01, Amanee Terrace Condominium, Jalan PJU 8/1 Damansara Perdana 47820 Petaling Jaya Selangor	Malaysian	Company Director



**CORPORATE DIRECTORY (CONT'D)****AUDIT COMMITTEE**

<b>Name</b>	<b>Designation</b>	<b>Directorship</b>
YM Tengku Dato' Zainal Rashid Bin Tengku Mahmood	Chairman	Independent Non-Executive Director
Chieng Ing Huong, Eddy	Member	Senior Independent Non-Executive Director
Tan Bun Poo, Robert	Member	Independent Non-Executive Director
Datuk Wira Jalilah Binti Baba	Member	Independent Non-Executive Director

**COMPANY SECRETARY** : Ng Geok Ping (MAICSA 7013090)  
29 Jalan Merbuk 3  
Bandar Puchong Jaya  
47100 Puchong  
Selangor

**REGISTERED OFFICE AND PRINCIPAL OFFICE** : No 16A, Jalan Astaka U8/83  
Bukit Jelutong  
40150 Shah Alam  
Selangor Darul Ehsan  
  
Tel: 03-7801 2288  
Fax: 03-7801 2228  
Website: <http://www.ql.com.my>

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

**AUDITORS AND REPORTING ACCOUNTANTS** : **Messrs KPMG**  
Chartered Accountants  
Level 10, KPMG Tower  
8, First Avenue  
Bandar Utama  
47800 Petaling Jaya  
Selangor

**PRINCIPAL BANKERS** : **AmBank (M) Berhad**  
22nd Floor, Bangunan AmBank Group  
No. 55, Jalan Raja Chulan  
P.O. Box 10233  
50708 Kuala Lumpur

**Hong Leong Bank Berhad**  
Level 5, Wisma Hong Leong  
18 Jalan Perak  
50450 Kuala Lumpur

**HSBC Amanah Malaysia Berhad**  
2, Leboh Ampang  
50100 Kuala Lumpur

**HSBC Bank Malaysia Berhad**  
Head Office, 2, Leboh Ampang  
50100 Kuala Lumpur

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**CORPORATE DIRECTORY (CONT'D)**

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**Malayan Banking Berhad**

Menara Maybank  
100 Jalan Tun Perak  
50050 Kuala Lumpur

**Standard Chartered Bank Malaysia Berhad**

Level 13, Menara Standard Chartered  
P.O. Box 13570,  
50814 Kuala Lumpur

**United Overseas Bank (M) Berhad**

Level 11, Menara UOB  
Jalan Raja Laut, P.O. Box 11212  
50738 Kuala Lumpur

**DUE DILIGENCE SOLICITORS**

: **Messrs Enlil Loo**  
M-2-9, Plaza Damas  
60, Jalan Sri Hartamas 1  
Sri Hartamas  
50480 Kuala Lumpur

**PRINCIPAL ADVISER**

: **RHB Investment Bank Berhad**  
Level 10, Tower One, RHB Centre  
Jalan Tun Razak  
50400 Kuala Lumpur

**STOCK EXCHANGE LISTED AND  
LISTING SOUGHT**

: Main Market of Bursa Securities

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全利資源有限公司  
Resources Berhad

(Company No. 428915-X)  
(Incorporated in Malaysia under the Companies Act, 1965)

**Registered Office**

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

14 February 2014

**Board of Directors**

YM Tengku Dato' Zainal Rashid Bin Tengku Mahmood (Chairman/ Independent Non-Executive Director)  
Chia Song Kun (Group Managing Director)  
Chia Seong Pow (Executive Director)  
Chia Seong Fatt (Executive Director)  
Chia Song Kooi (Executive Director)  
Chia Song Swa (Executive Director)  
Chia Mak Hooi (Executive Director)  
Cheah Juw Teck (Executive Director)  
Chieng Ing Huong, Eddy (Senior Independent Non-Executive Director)  
Tan Bun Poo, Robert (Independent Non-Executive Director)  
Datuk Wira Jalilah Binti Baba (Independent Non-Executive Director)

**To: Our Entitled Shareholders**

Dear Sir/ Madam,

**RENOUNCEABLE RIGHTS ISSUE OF 166,403,924 NEW ORDINARY SHARES OF RM0.25 EACH IN QL AT AN ISSUE PRICE OF RM1.80 PER QL SHARE ON THE BASIS OF TWO (2) RIGHTS SHARES FOR EVERY TEN (10) EXISTING QL SHARES HELD BY OUR SHAREHOLDERS AS AT 5.00 P.M. ON 14 FEBRUARY 2014**

**1. INTRODUCTION**

On 3 October 2013, RHB Investment Bank, on behalf of our Board, announced that we propose to undertake the Bonus Issue, Rights Issue and Exemption.

On 7 November 2013, RHB Investment Bank, on behalf of our Board, announced that Bursa Securities had, vide its letter dated 6 November 2013, resolved to approve the following:-

- (i) Listing of and quotation for 249,605,886 Bonus Shares to be issued pursuant to the Bonus Issue; and
- (ii) Listing of and quotation for 166,403,924 Rights Shares to be issued pursuant to the Rights Issue.

The aforesaid approval is subject to, inter-alia, the following conditions:-

Conditions	Status of compliance
i. QL and RHB Investment Bank must fully comply with the relevant provisions under the Listing Requirements pertaining to the implementation of the Corporate Exercises	Noted
ii. QL and RHB Investment Bank to inform Bursa Securities upon the completion of the Corporate Exercises;	To be complied
iii. QL to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Corporate Exercises are completed; and	To be complied
iv. QL and RHB Investment Bank are required to make relevant announcements pursuant to Paragraph 6.35(2)(a) and (b) and 6.35(4) of the Listing Requirements for the Bonus Issue	To be complied

On 24 January 2014, our shareholders had approved, amongst others, the Rights Issue at our EGM. A certified true extract of the resolutions pertaining to the Rights Issue passed at the aforesaid EGM is set out in **Appendix I** of this Abridged Prospectus.

On 29 January 2014, RHB Investment Bank had, on behalf of our Board, announced that the issue price of the Rights Shares has been fixed at RM1.80. RHB Investment Bank had on even date, on behalf of our Board, announced that the Entitlement Date has been fixed on 14 February 2014 at 5.00 p.m., along with other relevant dates pertaining to the Rights Issue.

No person is authorised to give any information or to make any representation not contained in this Abridged Prospectus in connection with the Rights Issue and if given or made, such information or representation must not be relied upon as having been authorised by us or RHB Investment Bank in connection with the Rights Issue.

**IF YOU ARE IN ANY DOUBT AS TO THE ACTION TO BE TAKEN, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY.**

## 2. DETAILS OF THE RIGHTS ISSUE

### 2.1 Details of the Rights Issue

Based on the total issued and paid-up share capital of QL as at LPD of RM208,004,905 comprising 832,019,620 QL Shares, the Rights Issue entails an issuance of 166,403,924 Rights Shares on a renounceable basis of two (2) Rights Shares for every ten (10) existing QL Shares held on the Entitlement Date.

The Rights Issue is not conditional on the Bonus Issue and as such, the number of Rights Shares to be issued will not be dependent on the number of Bonus Shares to be issued pursuant to the Bonus Issue. For avoidance of doubt, shareholders who do not subscribe for the Rights Shares will still be entitled to the Bonus Shares under the Bonus Issue.

The Rights Issue is renounceable in full or in part. Accordingly, the Entitled Shareholders can subscribe for and/or renounce their entitlements for the Rights Shares in full or in part. Any unsubscribed Rights Shares shall be offered to other shareholders of QL under the excess Rights Shares application by the other Entitled Shareholders and/or their renounees. It is the Board's intention to allocate the excess Rights Shares in a fair and equitable manner and on such basis as set out in **Section 3.8** of this Abridged Prospectus.

Any fractional entitlements of the Rights Shares under the Rights Issue will be disregarded and shall be dealt with in such manner as the Board in their absolute discretion deemed fit and expedient, and to be in the best interest of the Company.

Any Rights Shares which are not taken-up or validly taken-up shall be made available for Excess Application by the Entitled Shareholders.

As you are an Entitled Shareholder and the QL Shares are prescribed securities, your CDS Account will be duly credited with the number of provisionally allotted Rights Shares which you are entitled to subscribe for in full or in part under the terms of the Rights Issue. You will find enclosed in this AP, a NPA notifying you of the crediting of such number of securities into your CDS Account and a RSF to enable you to subscribe for such number of Rights Shares provisionally allotted to you, as well as to apply for excess Rights Shares if you choose to do so.

Any dealing in our securities will be subject to, *inter-alia*, the provisions of the Securities Industry (Central Depositories) Act, 1991, the Securities Industry (Central Depositories) (Amendment) Act, 1998, the Rules of Bursa Depository and any other relevant legislation. Accordingly, the Rights Shares will be credited directly into the respective CDS Accounts of the successful applicants. No physical share certificates will be issued but notices of allotment will be despatched to the successful applicants.

Within eight (8) Market Days from the last date of acceptance and payment for the Rights Shares or such other period as may be prescribed by Bursa Securities, a notice of allotment will be despatched to you and/or your renounee(s) (if applicable). The Rights Shares will then be quoted on the Main Market of Bursa Securities two (2) Market Days after the application for quotation is made to Bursa Securities.

## **2.2 Basis and justification of determining the issue price of the Rights Shares**

As announced on 29 January 2014, our Board has fixed the issue price of the Rights Shares at RM1.80 per Rights Share. The issue price represents a discount of approximately 37.5% to the TEAP of RM2.88 per QL Share (after taking into account the Bonus Issue) based on the five (5)-day VWAP of QL Shares up to and including 28 January 2014, being the last trading day immediately preceding the price-fixing date of RM3.95.

Our Board is of the opinion that the attractive discount to the TEAP will provide an incentive for all the shareholders to subscribe for the Rights Shares whilst at the same time also enable our Company to raise funds as disclosed in **Section 6** of the Abridged Prospectus.

## **2.3 Ranking of the Rights Shares**

The Rights Shares will, upon allotment and issuance, rank *pari passu* in all respects with the existing QL Shares, save and except that the Rights Shares will not be entitled to any dividends, rights, allotments and/ or any other forms of distribution that may be declared, made or paid prior to the relevant date of allotment and issuance of the Rights Shares.

## 2.4 Details of other corporate exercises

Save for the Bonus Issue, Rights Issue and the corporate proposals disclosed below, the Board confirms that there is no other outstanding corporate exercise that has been announced but not yet completed as at the LPD.

- (i) On 30 December 2013, QL Fishery Sdn Bhd proposed to acquire 100% equity interest in Kuala Kedah Fish Meal Sendirian Berhad, comprising of two (2) ordinary shares of RM1.00 each from Kuala Kedah Fish Industry Sdn Bhd for a total consideration of RM2,700,000.00 ("Proposed Acquisition"). As at LPD, the Proposed Acquisition is still pending completion; and
- (ii) On 12 December 2013, QL KK Properties Sdn Bhd proposed to dispose the sub-parcels identified as Lot Nos. 14 to 29 measuring an aggregate of approximately 1.604 hectares forming part of all that pieces of leasehold land held under CL015485864 measuring approximately 2.727 hectares and PL016143114 measuring approximately 2.901 hectares, both located at kilometre 12, Jalan Tuaran, Inanam Industrial Belt area, in the District of Kota Kinabalu to a related party namely, Leisure Junction Sdn Bhd, for a total consideration of RM18,482,000.00 ("Proposed Disposal"). As at LPD, the Proposed Disposal is still pending completion.

## 3. INSTRUCTIONS FOR ACCEPTANCE, PAYMENT AND EXCESS APPLICATION

### 3.1 General

If you are an Entitled Shareholder, your CDS Account will be duly credited with the number of Provisional Allotment, which you are entitled to subscribe for in full or in part under the terms of the Rights Issue. You will find enclosed together with this Abridged Prospectus, the NPA notifying you of the crediting of such Provisional Allotment into your CDS Account and the RSF to enable you to subscribe for the Provisional Allotment, as well as to apply for excess Rights Shares if you choose to do so.

### 3.2 NPA

The Provisional Allotment are prescribed securities pursuant to Section 14(5) of the Securities Industry (Central Depositories) Act, 1991 and therefore, all dealings in the Provisional Allotment will be by book entries through CDS Accounts and will be governed by the Securities Industry (Central Depositories) Act, 1991, the Securities Industry (Central Depositories) (Amendment) Act, 1998 and the Rules of Bursa Depository. You and/or your renouncee(s) (if applicable) are required to have valid and subsisting CDS Accounts when making your applications.

### 3.3 Last date and time for acceptance and payment

The last date and time for acceptance and payment for the Provisional Allotment is at **5.00 p.m. on 5 March 2014**, or such extended date and time as our Board may decide at its absolute discretion. Where the closing date of the acceptance is extended from the original closing date, the announcement of such extension will be made not less than two (2) Market Days before the original closing date.

### 3.4 Procedures for acceptance and payment

Acceptance and payment for the Provisional Allotment by you as an Entitled Shareholder or your renounee(s) (if applicable) must be made on the RSF enclosed together with this Abridged Prospectus and must be completed in accordance with the notes and instructions contained in these documents. Acceptances which do not strictly conform to the terms of this Abridged Prospectus, NPA or RSF or the notes and instructions contained in these documents or which are illegible may not be accepted at the absolute discretion of our Board.

**FULL INSTRUCTIONS FOR THE ACCEPTANCE OF AND PAYMENT FOR THE PROVISIONAL ALLOTMENT, EXCESS APPLICATION FOR THE RIGHTS ISSUE AND THE PROCEDURES TO BE FOLLOWED SHOULD YOU WISH TO SELL/TRANSFER ALL OR ANY PART OF YOUR ENTITLEMENT ARE SET OUT IN THIS ABRIDGED PROSPECTUS AND THE ACCOMPANYING RSF.**

**YOU AND/OR YOUR RENOUNCEE(S) (IF APPLICABLE) ARE ADVISED TO READ THIS ABRIDGED PROSPECTUS, THE ACCOMPANYING RSF AND THE NOTES AND INSTRUCTIONS PRINTED THEREIN CAREFULLY.**

You or your renounee(s) (if applicable) who are accepting the Provisional Allotment are required to fill and complete the Parts I(A) and II of the RSF in accordance with the notes and instructions contained in the RSF. Each completed and signed RSF together with the relevant payment must be despatched by **ORDINARY POST** or **DELIVERY BY HAND**, at your own risk, in the self-addressed envelope provided, to our Share Registrar at the following address:-

**Bina Management (M) Sdn Bhd**

Lot 10, The Highway Centre  
Jalan 51/205  
46050 Petaling Jaya  
Selangor Darul Ehsan

Tel: 03-7784 3922  
Fax: 03-7784 1988

so as to arrive not later than **5.00 p.m. on 5 March 2014**, being the last time and date for acceptance and payment for the Provisional Allotment, or such extended time and date as may be determined and announced by our Board not less than two (2) Market Days before the stipulated date and time.

A reply envelope is enclosed in this Abridged Prospectus. In order to facilitate the processing of the RSF by the Share Registrar for the Rights Issue, you are advised to use one (1) reply envelope for each completed RSF.

One (1) RSF can only be used for acceptance of Provisional Allotment standing to the credit of one (1) CDS Account. Separate RSF(s) must be used for the acceptance of Provisional Allotment standing to the credit of more than one (1) CDS Account. If successful, the Rights Shares subscribed for will be credited into your CDS Account(s) as stated in the completed RSF(s) where your provisional allotted Rights Shares are standing to the credit.

You and/or your renounee(s) (if applicable) should take note that a trading board lot for the Rights Shares will comprise 100 Rights Shares each, respectively. The minimum number of securities that can be subscribed for or accepted is one (1) Rights Share for every five (5) existing QL Shares held. Fractions of a Rights Share will be disregarded and shall be dealt with in such manner as our Board in its absolute discretion deemed fit and expedient, and to be in the best interests of our Company.

If acceptance and payment for the Provisional Allotment by you and/or your renouncee(s) (if applicable) is not received by our Share Registrar by **5.00 p.m. on 5 March 2014**, being the last date and time for acceptance and payment for the Provisional Allotment, or any other extended date and time as may be determined and announced by our Board not less than two (2) Market Days before the stipulated time and date at its discretion, you and/or your renouncee(s) (if applicable) will be deemed to have declined the Provisional Allotment made to you and/or your renouncee(s) and it will be cancelled. Such Rights Shares not taken up will be allotted to the applicants applying for excess Rights Shares. Proof of time of postage shall not constitute proof of time of receipt by the Share Registrar. Our Board reserves the right not to accept or to accept any application in full or in part only without providing any reasons.

You and/or your renouncee(s) (if applicable) who lose, misplace or for any other reasons require another copy of the RSF may obtain additional copies from your stockbrokers, Bursa Securities' website (<http://www.bursamalaysia.com>), our Share Registrar at the address stated above or our registered office.

**EACH COMPLETED RSF MUST BE ACCOMPANIED BY THE APPROPRIATE REMITTANCE MADE IN RM FOR THE FULL AMOUNT PAYABLE FOR THE RIGHTS SHARES ACCEPTED IN THE FORM OF BANKER'S DRAFT(S), CASHIER'S ORDER(S), MONEY ORDER(S) OR POSTAL ORDER(S) DRAWN ON A BANK OR POST OFFICE IN MALAYSIA CROSSED "A/C PAYEE ONLY" AND MADE PAYABLE TO "QL RIGHTS ISSUE ACCOUNT" AND ENDORSED ON THE REVERSE SIDE WITH YOUR NAME, CONTACT NUMBER AND CDS ACCOUNT NUMBER IN BLOCK LETTERS SO AS TO BE RECEIVED BY OUR SHARE REGISTRAR NOT LATER THAN THE LAST DATE AND TIME FOR ACCEPTANCE AND PAYMENT AS SET OUT ON THE COVER PAGE OF THIS ABRIDGED PROSPECTUS.**

**APPLICATIONS ACCOMPANIED BY PAYMENT OTHER THAN IN THE MANNER STATED ABOVE OR WITH EXCESS OR INSUFFICIENT REMITTANCES MAY NOT BE ACCEPTED AT THE ABSOLUTE DISCRETION OF OUR BOARD. DETAILS OF THE REMITTANCES MUST BE FILLED IN THE APPROPRIATE BOXES PROVIDED IN THE RSF.**

**NO ACKNOWLEDGEMENT OF RECEIPT OF THE RSF OR APPLICATION MONIES IN RESPECT OF THE RIGHTS ISSUE WILL BE MADE BY OUR COMPANY OR OUR SHARE REGISTRAR FOR THE RIGHTS ISSUE. HOWEVER, SUCCESSFUL APPLICANTS WILL BE ALLOTTED THEIR RIGHTS SHARES, AND NOTICES OF ALLOTMENT WILL BE ISSUED AND FORWARDED BY ORDINARY POST TO THEM OR THEIR RENOUNCEE(S) (IF APPLICABLE) AT THEIR OWN RISK TO THE ADDRESS SHOWN IN THE RECORD OF DEPOSITORS PROVIDED BY BURSA DEPOSITORY WITHIN EIGHT (8) MARKET DAYS FROM THE LAST DATE FOR ACCEPTANCE AND PAYMENT FOR THE RIGHTS ISSUE SUCH OTHER PERIOD AS MAY BE PRESCRIBED BY BURSA SECURITIES.**

**APPLICANTS SHOULD NOTE THAT THE RSF AND REMITTANCES SO LODGED WITH OUR SHARE REGISTRAR FOR THE RIGHTS ISSUE SHALL BE IRREVOCABLE AND CANNOT BE SUBSEQUENTLY WITHDRAWN.**

**WHERE AN APPLICATION IS NOT ACCEPTED OR ACCEPTED ONLY IN PART, THE FULL AMOUNT OR THE BALANCE OF THE APPLICATION MONIES, AS THE CASE MAY BE, SHALL BE REFUNDED WITHOUT INTEREST AND SHALL BE DESPATCHED TO THE APPLICANTS WITHIN FIFTEEN (15) MARKET DAYS FROM THE LAST DATE FOR ACCEPTANCE AND PAYMENT FOR THE RIGHTS ISSUE BY ORDINARY POST TO THE ADDRESS SHOWN IN THE RECORD OF DEPOSITORS PROVIDED BY BURSA DEPOSITORY AT THE APPLICANTS' OWN RISK.**



**APPLICATIONS SHALL NOT BE DEEMED TO HAVE BEEN ACCEPTED BY REASON OF THE REMITTANCE BEING PRESENTED FOR PAYMENT.**

**3.5 Procedures for part acceptance**

You are entitled to accept part of your Provisional Allotment. The minimum number of securities that can be subscribed for or accepted is one (1) Rights Share for every five (5) QL Shares held.

You must complete Part I(A) and Part II of the RSF by specifying the number of Rights Shares which you are accepting and deliver the completed RSF together with the relevant payment to our Share Registrar, in the same manner as set out in **Section 3.4** of this Abridged Prospectus.

**YOU ARE ADVISED TO READ AND ADHERE TO THE RSF AND THE NOTES AND INSTRUCTIONS CONTAINED THEREIN.**

The portion of the Provisional Allotment that have not been accepted shall be allotted to any other persons allowed under the laws, regulations or rules to accept the transfer of the Provisional Allotment who have made excess application(s) as set out in **Section 3.8** of this Abridged Prospectus.

**3.6 Procedures for sale or transfer of Provisional Allotment**

As the Provisional Allotment are prescribed securities, you may sell or transfer all or part of your entitlement to the Rights Shares to one (1) or more person(s) through your stockbroker for the period up to the last date and time for sale or transfer of such Provisional Allotment, without first having to request for a split of the Provisional Allotment standing to the credit of your CDS Account. To dispose all or part of your entitlement to the Rights Shares, you may sell such entitlement on the open market or transfer such entitlement to such persons as may be allowed pursuant to the Rules of Bursa Depository.

In selling or transferring all or part of your Provisional Allotment, you and/or your renounee(s) (if applicable) need not deliver any document including the RSF, to your stockbroker. However, you and/or your renounee(s) (if applicable) must ensure that there is sufficient Provisional Allotment standing to the credit of your CDS Accounts that are available for settlement of the sale or transfer.

If you have sold or transferred only part of your Provisional Allotment, you may still accept the balance of your Provisional Allotment by completing the RSF. Please refer to **Section 3.4** of this Abridged Prospectus for the acceptance and payment.

Purchaser(s) or transferee(s) of the Provisional Allotment may obtain a copy of this Abridged Prospectus and the RSF from his / her / their stockbrokers or from our Share Registrar as stated above. This Abridged Prospectus and RSF are also available on Bursa Securities' website (<http://www.bursamalaysia.com>).

**3.7 Procedure for acceptance by renounee(s)**

Renounee(s) who wish to accept the Provisional Allotment must obtain a copy of the RSF from their stockbrokers, our Share Registrar, or at our registered office or from the Bursa Securities' website (<http://www.bursamalaysia.com>) and complete the RSF, submit the same together with the remittance to our Share Registrar for the Rights Issue in accordance with the notes and instructions printed therein.

The procedure for acceptance and payment applicable to the Entitled Shareholders as set out in **Section 3.4** of this Abridged Prospectus also applies to renounee(s) who wish to accept the Provisional Allotment.

**RENOUNCEE(S) ARE ADVISED TO READ, UNDERSTAND AND CONSIDER CAREFULLY THE CONTENTS OF THIS ABRIDGED PROSPECTUS AND ADHERE TO THE NOTES AND INSTRUCTIONS CONTAINED IN THIS ABRIDGED PROSPECTUS AND THE RSF CAREFULLY.**

### **3.8 Procedure for Excess Application**

As an Entitled Shareholder, you and/or your renounee(s) (if applicable) may apply for excess Rights Shares in addition to the Provisional Allotment to you and/or your renounee(s) by completing Part I(B) of the RSF (in addition to Part I(A) and II) and forward it (together with a **separate remittance in RM** for the full amount payable in respect of the excess Rights Shares applied for) to our Share Registrar at the address set out above, so as to arrive **not later than 5.00 p.m. on 5 March 2014**, being the last time and date for acceptance and payment, or such extended time and date as may be determined and announced by our Board not less than two (2) Market Days before the stipulated date and time.

**PAYMENT FOR THE EXCESS RIGHTS SHARES APPLIED FOR SHOULD BE MADE IN THE SAME MANNER AS DESCRIBED ABOVE, AND IN THE FORM OF BANKER'S DRAFT(S), CASHIER'S ORDER(S), MONEY ORDER(S) OR POSTAL ORDER(S) DRAWN ON A BANK OR POST OFFICE IN MALAYSIA CROSSED "A/C PAYEE ONLY", MADE PAYABLE TO "QL EXCESS RIGHTS ISSUE ACCOUNT" AND ENDORSED ON THE REVERSE SIDE WITH YOUR NAME, CONTACT NUMBER AND CDS ACCOUNT NUMBER IN BLOCK LETTERS TO BE RECEIVED BY OUR SHARE REGISTRAR NOT LATER THAN THE LAST DATE AND TIME FOR ACCEPTANCE AND PAYMENT AS SET OUT ON THE COVER PAGE OF THIS ABRIDGED PROSPECTUS.**

Our Board reserves the right to allot the excess Rights Shares applied for under Part I(B) of the RSF, in a fair and equitable basis and in such manner as they deem fit and expedient. As such, it is the intention of our Board to allot the excess Rights Shares in the following priority:-

- (i) firstly, to minimise the incidence of odd lots;
- (ii) secondly, for allocation to Entitled Shareholders who have applied for excess Rights Shares, on a pro-rata basis and in board lots, calculated based on their respective shareholdings as at the Entitlement Date;
- (iii) thirdly, for allocation to the Entitled Shareholders who have applied for excess Rights Shares, on a pro-rata basis and in board lots calculated based on the quantum of their respective excess Rights Shares application for; and
- (iv) fourthly, for allocation to transferee(s) and/or renounee(s) who have applied for excess Rights Shares, on a pro-rata basis and in board lots, calculated based on the quantum of their respective excess Rights Shares application.

Nevertheless, our Board reserves the right to allot any excess Rights Shares applied for under Part I(B) of the RSF in such manner as it deems fit and expedient and in the best interest of our Company subject always to such allocation being made on a fair and equitable basis, and that the intention of the Board set out in **Section 3.8(i)-(iv)** of this Abridged Prospectus are achieved. Our Board also reserves the right not to accept or to accept any application for excess Rights Shares, in full or in part, without assigning any reason.

NO ACKNOWLEDGEMENT OF RECEIPT OF THE RSF OR APPLICATION MONIES WILL BE MADE BY OUR COMPANY OR OUR SHARE REGISTRAR IN RESPECT OF THE EXCESS RIGHTS SHARES. HOWEVER, SUCCESSFUL APPLICANTS WILL BE ALLOTTED WITH THEIR RIGHTS SHARES, AND NOTICES OF ALLOTMENT WILL BE ISSUED AND FORWARDED BY ORDINARY POST TO THE APPLICANTS AT THEIR OWN RISK TO THE ADDRESS SHOWN IN THE RECORD OF DEPOSITORS PROVIDED BY BURSA DEPOSITORY WITHIN EIGHT (8) MARKET DAYS FROM THE LAST DATE FOR ACCEPTANCE AND PAYMENT FOR THE EXCESS RIGHTS SHARES OR SUCH OTHER PERIOD AS MAY BE PRESCRIBED BY BURSA SECURITIES.

APPLICANTS ARE NOT ALLOWED TO WITHDRAW THE RSF AND PAYMENT ONCE THEY HAVE BEEN LODGED WITH OUR SHARE REGISTRAR.

IN RESPECT OF UNSUCCESSFUL OR PARTIALLY SUCCESSFUL EXCESS RIGHTS SHARES APPLICATIONS, THE FULL AMOUNT OR THE BALANCE OF THE APPLICATION MONIES, AS THE CASE MAY BE, SHALL BE REFUNDED WITHOUT INTEREST AND SHALL BE DESPATCHED TO THE APPLICANT WITHIN FIFTEEN (15) MARKET DAYS FROM THE LAST DATE FOR ACCEPTANCE AND PAYMENT FOR THE EXCESS RIGHTS SHARES BY ORDINARY POST TO THE ADDRESS SHOWN IN THE RECORD OF DEPOSITORS PROVIDED BY BURSA DEPOSITORY AT THE APPLICANTS' OWN RISK.

### 3.9 Form of issuance

Bursa Securities has prescribed QL Shares listed on the Main Market of Bursa Securities to be deposited with Bursa Depository. Accordingly, the Rights Shares are prescribed securities and as such, the Securities Industry (Central Depositories) Act, 1991 and the Rules of Bursa Depository shall apply in respect of the dealings in the Rights Shares.

Failure to comply with the specific instructions for applications or inaccuracy in the CDS Account number may result in the application being rejected. No physical share certificate shall be issued to you under the Rights Issue. The notices of allotment will be issued and forwarded to you by ordinary post at your own risk to the address shown in the Record of Depositors provided by Bursa Depository within eight (8) Market Days from the last time and date for acceptance and payment of the Rights Issue.

Where the Rights Shares are provisionally allotted to you as an Entitled Shareholder in respect of your existing QL Shares standing to the credit to your CDS Account on the Entitlement Date, the acceptance by you of the Provisional Allotment shall mean that you consent to receive such Provisional Allotment as prescribed or deposited securities which will be credited directly into your CDS Account.

Any person who has purchased the Provisional Allotment or whom the Provisional Allotment has been transferred and intends to subscribe for the Rights Shares must state his/her CDS Account number in the space provided in the RSF. The Rights Shares will be credited directly as prescribed or deposited securities into his/her CDS Account upon allotment and issuance.

The excess Rights Shares, if allotted to the successful applicant who applied for excess Rights Shares, will be credited directly as prescribed securities into his CDS Account. The allocation of the excess Rights Shares will be made on a fair and equitable basis as disclosed in **Section 3.8** of this Abridged Prospectus.

### 3.10 Laws of foreign jurisdictions

This Abridged Prospectus, and the accompanying NPA and RSF have not been (and will not be) made to comply with the laws of any foreign country or jurisdiction, and have not been (and will not be) lodged, registered or approved pursuant to or under any legislation (or with or by any regulatory authorities or other relevant bodies) of any foreign country or jurisdiction. The Rights Issue will not be made or offered for subscription in any foreign country or jurisdiction.

The foreign Entitled Shareholders and/or their renouncee(s) (if applicable) may accept or renounce (as the case may be) all or any part of their entitlements and exercise any other rights in respect of the Rights Issue only to the extent that it would be lawful to do so. RHB Investment Bank, our Company, our Directors and officers and other professional advisers would not, in connection with the Rights Issue, be in breach of the laws of any country or jurisdiction to which the foreign Entitled Shareholders and/or their renouncee(s) (if applicable) are or may be subject to. The foreign Entitled Shareholders and/or their renouncee(s) (if applicable) shall solely be responsible to seek advice from their legal advisers and/or other professional advisers as to the laws of the countries or jurisdictions to which they are or may be subject to. RHB Investment Bank, our Company, our Directors and officers and other professional advisers shall not accept any responsibility or liability in the event that any acceptance or renunciation made by any foreign Entitled Shareholders and/or their renouncee(s) (if applicable), is or shall become unlawful, unenforceable, voidable or void in any such country or jurisdiction.

Accordingly, this Abridged Prospectus, and the accompanying NPA and RSF will not be sent to the foreign Entitled Shareholders and/or their renouncee(s) (if applicable) who do not have a registered address in Malaysia. However, such foreign Entitled Shareholders or their renouncee(s) (if applicable) may collect this Abridged Prospectus including the accompanying NPA and RSF from our Share Registrar for the Rights Issue, in which event our Share Registrar shall be entitled to request for such evidence as it deems necessary to satisfy itself as to the identity and authority of the person collecting the aforesaid documents relating to the Rights Issue.

The foreign Entitled Shareholders or their renouncee(s) (if applicable) will be responsible for payment of any issue, transfer or any other taxes or other requisite payments due in such country or jurisdiction and we shall be entitled to be fully indemnified and held harmless by such foreign Entitled Shareholders and/or their renouncee(s) (if applicable) for any issue, transfer or other taxes or other requisite payments that such person may be required to pay in any country or jurisdiction. They will have no claims whatsoever against us and/or RHB Investment Bank in respect of their rights and entitlements under the Rights Issue. Such foreign Entitled Shareholders and/or their renouncee(s) (if applicable) should consult their professional advisers as to whether they require any governmental, exchange control or other consents or need to comply with any other applicable legal requirements to enable them to accept the Rights Issue.

By signing any of the forms accompanying this Abridged Prospectus, the NPA, and the RSF, the foreign Entitled Shareholders and/or their renouncee(s) (if applicable) are deemed to have represented, acknowledged and declared in favour of (and which representations, acknowledgements and declarations will be relied upon by) RHB Investment Bank, other experts, our Company and our Board and officers that:-

- (i) we would not, by acting on the acceptance or renunciation in connection with the Rights Issue, be in breach of the laws of any jurisdiction to which that foreign Entitled Shareholders and/or renouncee(s) (if applicable) are or may be subject to;

- (ii) the foreign Entitled Shareholders and/or their renounee(s) (if applicable) have complied with the laws to which they are or may be subject to in connection with the acceptance or renunciation of the Provisional Allotment;
- (iii) the foreign Entitled Shareholders and/or their renounee(s) (if applicable) are not nominees or agents of a person in respect of whom we would, by acting on the acceptance or renunciation of the Provisional Allotment, be in breach of the laws of any jurisdiction to which that person is or may be subject to;
- (v) the foreign Entitled Shareholders and/or their renounee(s) (if applicable) are aware that the Rights Shares can only be transferred, sold or otherwise disposed of, or charged, hypothecated or pledged in accordance with all applicable laws in Malaysia;
- (vi) the foreign Entitled Shareholders and/or their renounee(s) (if applicable) have received a copy of this Abridged Prospectus, and have had access to such financial and other information and have been afforded the opportunity to pose such questions to the representatives of our Company and receive answers thereto as they deem necessary in connection with their decision to subscribe for or purchase the Rights Shares; and
- (vii) the foreign Entitled Shareholders and/or their renounee(s) have sufficient knowledge and experience in financial and business matters to be capable of evaluating the merits and risks of subscribing or purchasing the Rights Shares, and are and will be able, and are prepared to bear the economic and financial risks of investing in and holding the Rights Shares.

Persons receiving this Abridged Prospectus, NPA and RSF (including without limitation custodians, nominees and trustees) must not, in connection with the offer, distribute or send it into any country or jurisdiction, where to do so would or might contravene local securities, exchange control or relevant laws or regulations. If this Abridged Prospectus, NPA and RSF are received by any persons in such country or jurisdiction, or by the agent or nominee of such a person, he must not seek to accept the offer unless he has complied with and observed the laws of the relevant country or jurisdiction in connection herewith.

Any person who does forward this Abridged Prospectus, NPA and RSF to any foreign country or jurisdiction, whether pursuant to a contractual or legal obligation or otherwise, should draw the attention of the recipient to the contents of this section and we reserve the right to reject a purported acceptance of the Rights Shares from any such application by foreign Entitled Shareholders and/or their renounee(s) (if applicable) in any foreign country or jurisdiction.

Our Company reserves the right, in our absolute discretion, to treat any acceptance of the Rights Shares as invalid if it believes that such acceptance may violate any applicable legal or regulatory requirements in Malaysia.

#### 4. RATIONALE AND JUSTIFICATION FOR THE RIGHTS ISSUE

After due consideration of the various funding options available to us, our Board is of the view that the Rights Issue is the most appropriate avenue for raising funds after taking into consideration the following factors:-

- i. enable QL to raise funds without incurring interest cost, as compared to bank borrowings. The funds raised will be utilised for the purposes highlighted in **Section 6** of this Abridged Prospectus, which are expected to contribute positively towards the future earnings of the QL Group;

- ii. provide the Entitled Shareholders with an opportunity to further increase their equity participation in the Company on a pro-rata basis and acquire new QL Shares at a discount to prevailing market prices and to benefit from the future growth and any potential capital appreciation arising therefrom; and
- iii. increase the size and strength of QL's statement of financial position, reduce the Group's gearing ratio as well as to potentially increase the market capitalisation of QL.

## 5. IRREVOCABLE UNDERTAKINGS AND UNDERTAKING ARRANGEMENT

The Board has decided to undertake the Rights Issue on the Minimum Subscription Level. The Company intends to raise a minimum of approximately RM173.2 million from the Rights Issue to meet the immediate funding requirements of QL Group.

The Company had on 24 December 2013 procured written irrevocable undertakings from its major shareholders, namely CBG and Farsathy, to subscribe in full for their total entitlement of 96,236,844 Rights Shares based on their direct shareholdings as at LPD under the Rights Issue.

A summary of the irrevocable undertakings is set out below:-

	Shareholding as at the LPD		Entitlement under the Rights Issue	
	No. of Shares	%	No. of Shares	% <sup>(1)</sup>
CBG	373,846,682	44.93	74,769,336	44.93
Farsathy	107,337,540	12.90	21,467,508	12.90

**Note:-**

<sup>(1)</sup> Computed based on 166,403,924 Rights Shares available for subscription under the Maximum Subscription Level.

The funding requirements for CBG and Farsathy amounts to approximately RM173.2 million, based on the issue price of RM1.80 per Rights Share. Accordingly, CBG and Farsathy had on 24 December 2013 provided confirmation that they have sufficient financial resources to subscribe for their respective entitlements under the Rights Issue.

As the Rights Issue will be undertaken on a Minimum Subscription Level basis, QL will not procure any underwriting arrangement for the remaining Rights Shares not subscribed for by other Entitled Shareholders.

Assuming that only CBG and Farsathy subscribe for their respective entitlements for the Rights Issue pursuant to the Undertakings, CBG may potentially increase its shareholding in QL from 44.93% to 47.61%. As CBG and its PACs do not intend to undertake a mandatory general offer to acquire all the remaining QL Shares not already held by them upon completion of the Rights Issue in the event of an under-subscription of the Rights Shares (and as a result thereof, its equity interest in QL increases by more than two (2) percent over a period of six (6) months), CBG and its PACs had obtained shareholders' approval on the Exemption at QL's EGM held on 24 January 2014. Pursuant thereto, the SC had vide its letter dated 29 January 2014 granted approval for the Exemption.

For avoidance of doubt, all the Entitled Shareholders of QL are entitled to subscribe for their Rights Shares entitlements and apply for excess Rights Shares in accordance to Section 3.8 of the Abridged Prospectus.

## 6. UTILISATION OF PROCEEDS

The Rights Issue is expected to raise gross proceeds of up to approximately RM299.5 million based on the issue price of RM1.80 per Rights Share. The gross proceeds are expected to be utilised in the following manner:-

Details of utilisation	Minimum Subscription Level (RM'000)	Maximum Subscription Level (RM'000)	Timeframe for the utilisation of proceeds
Repayment of bank borrowings <sup>(a)</sup>	172,026	220,000	Within nine (9) months
Capital Expenditure <sup>(b)(i)</sup>	-	70,000	Within eighteen (18) months
Working Capital <sup>(b)(ii)</sup>	-	8,327	Within twelve (12) months
Estimated expenses for the Corporate Exercises	1,200	1,200	Upon completion of the Corporate Exercises
	<b>173,226</b>	<b>299,527</b>	

### Notes:-

- (a) QL has earmarked approximately RM172 million and RM220 million based on the Minimum Subscription Level and Maximum Subscription Level respectively for the repayment of the following types of bank borrowings:-

Type of borrowings	Repayment amount		Indicative month for repayment
	Minimum Subscription Level (RM'000)	Maximum Subscription Level (RM'000)	
Revolving credit financing	56,000	104,000	March 2014
Term loan	116,000	116,000	<sup>(1)</sup> March 2014-September 2014

### Note:-

- (1) Approximately RM95 million will be repaid shortly after the completion of the Corporate Exercises while the balance amounting to approximately RM21 million will be repaid on a staggered basis in accordance to the bank's loan repayment schedule.

As at LPD, the total bank borrowings of QL Group stood at approximately RM885 million. For illustrative purposes, the repayment of bank borrowings under the Maximum Subscription Level and Minimum Subscription Level will reduce the debt position of the Group to approximately RM665 million and RM713 million respectively.

Based on the average cost of borrowings of approximately 4% per annum, the repayment of bank borrowings of RM220 million under the Maximum Subscription Level and RM172 million under the Minimum Subscription Level is expected to result in interest cost savings of approximately RM8.8 million and RM6.9 million per annum respectively. The borrowings to be repaid pursuant to the Right Issue was used for capital expenditure of our marine products manufacturing, integrated livestock farming as well as palm oil activities business segment. Based on the Maximum Subscription Level, QL intends to apportion the repayments to the following banks:-

Type of borrowings	Name of Banks	(RM'000)
Revolving credit financing	United Overseas Bank (Malaysia) Berhad	69,000
	AmBank (M) Berhad	35,000
Term loan	Alliance Bank Berhad	15,000
	Al Rajhi Banking & Investment Corporation (Malaysia) Berhad	12,000
	Bank of Tokyo-Mitsubishi UFJ (Malaysia) Berhad	74,000
	HSBC Bank Malaysia Berhad	15,000

(b) In the event of Maximum Subscription Level, QL has earmarked the following-

(i) RM70.0 million of the funds allocated for the capital expenditure of the marine and livestock division, to be utilised in the following manner:-

(A) Integrated Livestock Farming - 50% of the proceeds earmarked for capital expenditure will be utilised towards the following:-

(I) expansion of QL Group's existing poultry farms in Malaysia, Indonesia and Vietnam

Currently, its poultry farms in Malaysia, Indonesia and Vietnam are operating at near to full or full capacity, producing an overall total of approximately 40 million day old chicks annually and 4 million eggs daily. The expansion of the poultry farms will potentially increase the overall total production capacity of these poultry farms to a maximum output of approximately 50 million day old chicks annually and 5.0 million eggs daily within the next eighteen (18) months from the date of this Abridged Prospectus. The management estimates that the total cost for such expansion is approximately RM60 million.

(II) the construction of a new feedmill in Indonesia

To cater for the growing scale of QL Group's poultry farms, QL intends to build a new feedmill in Bekasi, Indonesia, which has an estimated built-up area approximately 10,900 square meters. With the new feedmill, QL will be producing its own feed, hence lengthening the value chain of its integrated livestock farming. The feedmill is expected to lower the feed cost for its operating poultry farms in Indonesia as the Group currently sources its feed from third parties.

The expected production capacity of the feedmill is approximately 30,000 MT of mesh feed per month which accounts for 40% of the total enlarged mesh feed production capacity of our Group per month. The feedmill is expected to be completed by the fourth quarter of FYE 31 March 2015. The estimated total construction cost of the feedmill is approximately RM50 million.

The estimated total cost for the above projects is approximately RM110 million, of which RM35 million will be satisfied using the proceeds raised from the Rights Issue. The balance of the estimated total cost will be funded from internally generated funds and/or bank borrowings.

(B) Marine Product Manufacturing - Balance 50% of the proceeds will be utilised for the upgrading of QL's existing marine product manufacturing facilities as well as to develop a new marine prawn aquaculture farm in Malaysia.

QL's existing marine product manufacturing facility which is able to produce approximately 25,000 MT per annum of frozen surimi-based products per annum is currently operating at full capacity. QL Group intends to utilise part of the proceeds for the construction of its frozen surimi-based product plant in Hutan Melintang, Perak Darul Ehsan. The new frozen surimi-based product plant (with an estimated built-up area of approximately 6,400 square feet) will provide the QL Group with an additional production capacity of 15,000 MT per annum.

In addition, part of the allocated proceeds will also be utilised for the development of a new marine prawn aquaculture farm in Kudat, Sabah. This marks QL Group's first investment and venture into shrimp farming as the Board envisages positive growth in this market. For information purposes, the prospects of the shrimp industry are as follows:-



*“Cultured shrimps have become a more affordable protein source and coupled with changing consumption pattern, the demand for cultured shrimps has been increasing. The Malaysia government is also encouraging greater involvement of corporate sectors on capital intensive as well as high-tech culture method and integration for sustainable growth in aquaculture. Aquaculture Industrial Zones (AIZ) have been designated for commercial scale aquaculture integrated projects. The Malaysia government provides its support by, amongst others, macro planning, funding for main basic infrastructure, technical and services support, tax incentive, development of structure and bio secure shrimp farm belt as well as tackle disease outbreak through greater cooperation and coordination response among the regional industry fraternity. In view of the growing demand for cultured shrimps and government support, the management is of the opinion that shrimp farming is a sustainable business venture.”*

*(Source: Management)*

*QL intends to complete Phase 1 of the project which will comprise hundred (100) ponds measuring approximately 250 acres, by the fourth quarter of 2015. The management expects the initial first batch of twenty (20) ponds measuring approximately 50 acres to be completed and commence operations in 2014.*

*The management estimates that the cost for upgrading of the existing marine product manufacturing facilities and the marine prawn aquaculture farm to be approximately RM30 million and RM50 million, respectively. The source of funding for the projects will be from the allocated proceeds from the Rights Issue, internally generated funds and/or bank borrowings.*

*The final utilisation of proceeds may vary between each of the above purposes as they are based on management's estimates and are also dependent on the needs of the QL Group at that point in time. However, such variations will not be material for each category.*

- (ii) *RM8.32 million of the proceeds to be utilised to finance the day-to-day operating expenses which includes amongst others, payment of trade and other payables, staff costs, utilities expenses as well as rental of buildings.*

*Although QL has adequate cash to finance its day-to-day operating expenses, it should be noted that the proceeds earmarked as working capital will provide the Company with the opportunity to reserve its existing funds towards its business developments or investment expenditures.*

Any variation to the amount of proceeds to be raised, which is dependent upon the level of subscription from shareholders will be adjusted against the working capital.

Pending utilisation of the proceeds from the Rights Issue for the above purposes, the proceeds will be placed in deposits with financial institutions or short-term money market instruments.

## **7. RISK FACTORS**

You and/ or your renounee(s) (if applicable) should consider carefully, in addition to other information contained elsewhere in this Abridged Prospectus, the following risk factors (which may not be exhaustive) which may have an impact on the future performance of our Group before subscribing for or investing in the Rights Issue.

## 7.1 Risks relating to our Group

### 7.1.1 Business risks

Our Group is principally involved in the integrated livestock farming, marine products manufacturing and palm oil activities which contribute approximately 60.56%, 25.46% and 13.98% to our Group's revenue in FYE 31 March 2013 respectively.

In this regards, our Group is exposed to the risks that are inherent to the industries which we operate in. These risks include, but are not limited to, outbreak of poultry diseases, rising cost of labour and feed, fluctuations in demand for chicken eggs and fluctuations in selling price of chicken eggs and other related products, changes in consumer tastes and preferences, new entrants offering similar products as well as any changes in the legal and environment framework within the industry we operate.

Our Group seeks to manage and/or limit these risks through, *inter-alia*, adoption of advance machinery throughout its production cycle and incorporating a high level of automation to the production process, constant focus on research, high level of compliance to good standard operating procedures and development to improve on production efficiencies, adopting prudent cost control strategies, maintaining good business relationship with our customers and suppliers, as well as continual improvement of product quality and variety. However, there can be no assurance that any changes to these factors will not have material adverse effects on the business and operations of our Group.

### 7.1.2 Political, economic and regulatory considerations

Our Group operates mainly in Malaysia but has overseas operations in Indonesia, Singapore, Vietnam and China. Therefore the business, prospects, financial condition and results of operations of our Group may be adversely affected by political, economic and regulatory conditions in the countries which we operate. Amongst the political, economic and regulatory uncertainties that may affect our operations and profitability are the changes in political leadership, changes in interest rates, expropriation, nationalisation or nullification of existing sales orders and contracts, as well as the changes in the regulations relating to taxation or licensing in which our Group operates.

Our Group has ensured and will continue to ensure material compliance with rules and regulations of the legal and regulatory framework in the jurisdictions in which it operates and may take effective measures to mitigate the aforementioned risks, where necessary. There is no assurance that the introduction of new laws or other future economic, political and regulatory conditions will not have material adverse effect on the business, results of operations or financial condition of our Group.

### 7.1.3 Foreign currency exchange ("Forex")

Our Group's financial reporting currency is RM. The currency of the Group's operating costs for subsidiaries and associates varies according to the jurisdictions in business presence and are mainly denominated in RM, Japanese Yen, RP, SGD, Vietnamese Dong, USD and Renminbi. Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates on the dates of transactions. Any differences in the prevailing exchange rates on the date of payment and receipt of each transaction may give rise to foreign currency exchange gains or losses that would affect our Group's financial performance.

The above risks are to a certain extent mitigated by the constant monitoring of the foreign currency fluctuations by our experienced management. In addition, our Group also has in place an existing hedging facility to hedge certain foreign currency fluctuations as and when necessary. However, there can be no assurance that our Group will not be adversely affected by the Forex rate movements.

#### **7.1.4 Licences/Permits**

Our Group has been granted various licences, certificates and permits which include, *inter alia*, business and trading licences, import and export permits, halal certification for slaughter houses as well as the plantation certificates for palm oil plantation. Some of these licences are subject to periodic renewals. There can be no assurance that our licence, certificates and permits from authorities will not be revoked or suspended prior to their expiration. There can also be no assurance that we will be able to renew such licences, certificates and permits from authorities particularly if any new terms or conditions are imposed in the future.

However, our Group seeks to limit this risk by endeavouring to ensure compliance to the terms and conditions as set out in these licences and any other licences with the respective authorities. As at the LPD, we have not experienced nor do we anticipate any major difficulty in obtaining approvals and renewal for the necessary licences within a reasonable timeframe to enable our Group to continue operating its business.

#### **7.1.5 Adequacy of insurance coverage**

We are aware of the adverse consequences arising from inadequate insurance coverage. Hence, in response, we regularly review and ensure that our insurance coverage is adequate for our assets on a continuous basis. The major assets of our Group include, amongst others, its office buildings, farm buildings, land, plant and machinery as well as its motor vehicles. Our Group conducts regular servicing and maintenance procedure on all our major assets to minimize the risk of machineries breakdowns which may adversely affect the business operations of our Group.

All our major assets are adequately insured with fire, consequential loss and equipment and office risk insurance policies. For the past three (3) financial years up to FYE 31 March 2013, we have not had many material incidents or accidents to our assets and those that have happened have been adequately covered by insurance. However, there can be no assurance that the insurance coverage would be adequate for the replacement of our assets or any consequential loss arising thereof.

#### **7.1.6 Competition risks**

Our Group faces competition from new entrants and established players in the various industries we operate. The Board believes that our Group will remain highly competitive due to its close rapport with its customers and suppliers and high level of integration of its layer and broiler operations from breeding and hatching of day old chicks.

Over the years, our Group has established its presence across Asia, Europe and North America with the distribution of our marine product consumer foods brands, Mushroom and Figo to these regions. In this regard, our Group will face competition in both domestic and international markets. Our Group's competitiveness in the trading and manufacturing sector will largely depend on our technical expertise, production and process know-how, production management, marketing strategy and ability to provide the relevant products to meet the needs of the target market. Our Board has always placed strong emphasis on marketing and planning strategies and has been constantly reviewing its development and marketing strategy in response to ever-changing economic condition and market demand in the marine product manufacturing industry.

Nevertheless, there can be no assurance that competition within these industries will not have any material impact on our business and financial performance.

#### **7.1.7 Dependence on key personnel**

Our Group believes that its continuing success depends, to a significant extent, upon the abilities and continuing efforts of its existing Directors and senior management. The loss of any of our key members may adversely affect our Group's continuing ability to compete in the industry. In this regard, our Group constantly promotes loyalty not only amongst the management team, but also employees of our Group and to inculcate a conducive working environment for the continual growth of our Group. Further, our Group has a good management team whose combined experience and expertise has brought it to its present success. Our Group acknowledges that the loss of any key members of the Board may cause temporary setbacks, hence, every effort is presently being made to groom the junior members of management to progressively take over managerial responsibilities to ensure continuity in the effectiveness of the management team.

Whilst we have sought to mitigate the risks associated with the loss of any key personnel, there can be no assurance that the above measures will be successful in attracting and retaining key personnel or mitigating the effects of any loss of key personnel should unforeseen circumstances occur.

### **7.2 Risks relating to our Group's integrated livestock farming segment**

#### **7.2.1 Diseases and adverse weather conditions**

The poultry industry is subject to risks such as the outbreak of diseases and adverse changes in environmental and weather conditions. For example, in the recent years, various countries have been battling the outbreak of poultry diseases. In the event our livestock are afflicted with outbreak of diseases, it would have an adverse effect on the profitability of our integrated livestock farming segment.

Our Group minimises and contains these risks by adopting the enclosed system of environmentally controlled layer and broiler houses, a strict compliance to all bio-security measures for farm operations and strict adherence to vaccination programmes. The Group also has a team of qualified veterinary doctors as well as experienced and knowledgeable personnel who are well versed in disease prevention and control. Although there have been multiple measures implemented for disease prevention, there is no assurance that any adverse change in these factors such as the emergence of new strain of viruses will not have a material effect on our Group's business, financial condition, operating results and prospects.

### **7.2.2 Labour issues**

The poultry industry is traditionally a labour-intensive industry and has heavy reliance on foreign labour. In order to mitigate the risk of manpower shortage, our Group has been investing to increase the automation in our layer and broiler farms such as auto feeder system and cooling system as well as investing in highly advanced machineries for our hatching farms, packing centre and feed manufacturing facilities. Although the amount of labour required has been reduced substantially, significant manpower is still required in the day-to-day operations of our farming operations and also to handle the machineries during the production process.

Our Group seeks to manage and/or limit the risk of labour shortage through, amongst others, providing competitive remuneration package, managing employees' welfare, create healthy working environment as well as providing career advancement opportunities. However, there can be no assurance that, any change to the wage policies or labour law in the countries in which our businesses operate will not have material adverse effects on the operations and profitability of our Group.

## **7.3 Risks relating to our Group's marine product manufacturing business**

### **7.3.1 Substitution products and changing customer preferences**

There are presently a variety of food choices in the market and consumers' choices in edible products are buoyed by, amongst others, the changes in consumer preferences and behaviour, dietary habits, health and nutritional preferences, cultural preferences and ethical standards, some of which may be influenced by campaign messages by environmental and social non-government organisation and lobby groups.

Our Group's success in the marine product industry is contingent upon our ability to be proactive and responsive in managing the changes in consumer preferences and market forces surrounding the industry. There is no assurance that our Group will be able to effectively respond to future shifts in customer preferences to stay efficient and competitive.

### **7.3.2 Availability and cost of materials**

Our ability to produce high quality marine products at competitive prices is dependent on our ability to procure marine catch at competitive prices. Any increase in the market price of marine catch will inevitably affect the profit margin of our Group. In the event that there is a shortage of marine catch which may be due to adverse weather conditions, water pollution and depletion of fish population, it may be potentially difficult for our Group to procure sufficient materials at prices that are commercially acceptable. Higher prices of raw material may push the selling prices of our marine products higher and consequently, have adverse impact on our business performance.

Our Group seeks to mitigate these risks by maintaining good business relationships with our long term major suppliers and where possible, source of supplies from a variety of suppliers. However, there can be no assurance that any shortage of raw materials will not affect our operations.

## **7.4 Risks relating to our Group's palm oil activities segment**

### **7.4.1 Fluctuation of crude palm oil ("CPO") and palm kernel ("PK") prices**

Being globally traded commodities, the prices of CPO and PK are based on or affected by global prices, which tend to be cyclical and are subject to fluctuations. A number of factors that may influence the movement and direction of palm product prices includes, but are not limited to, (i) global demand and supply of other substitute oil and fats; (ii) import and export tariff barriers; (iii) agricultural policies and regulations imposed by importing and exporting countries; (iv) renewable fuel policies and regulations; (v) food safety and quality standards; as well as (vi) weather and other agricultural influences.

Given that, the selling prices achieved for palm products is linked to our profitability, there is no assurance that adverse movements in the prices of CPO and PK will not have an adverse effect on the performance of our Group.

The above risks are to a certain extent mitigated by the constant monitoring of the prices of CPO and PK by our experienced management. However, there is no assurance that our Group's financial results would not be adversely affected by fluctuations in prices of the underlying commodity products after it enters into such contracts or trades in such instruments.

### **7.4.2 Adverse weather conditions**

The oil palm crop, as with any agriculture produce, is profoundly influenced by weather and climate conditions. Severe and extreme weather events such as excessive rainfall, heavy flooding or droughts can curtail oil palm yields, in turn affect the production of fresh fruit bunches and CPO as well as production efficiencies. Excessive rainfall generally leads to poor pollination of palms and decreases the effectiveness of fertilisers, while drought results in oil palm trees forming fewer fruit bunches and could also cause fire outbreaks in the plantations.

As our Group's plantation landbank is concentrated primarily in Sabah, Malaysia and Eastern Kalimantan, Indonesia, severe weather conditions in these locales may affect our palm oil activities.

## **7.5 Risks relating to the Rights Issue**

### **7.5.1 Market risks of the Rights Shares**

The market price of our Shares is influenced by, amongst others, the prevailing market sentiments, the liquidity of our Shares, the volatility of equity markets, change in regulatory requirements, the outlook of the poultry farming, oil palm plantation and marine product manufacturing industry as well as our financial performance.

In view of this, there can be no assurance that our Rights Shares will be traded above the TEAP (after taking into account the Bonus Issue) after the completion of the Rights Issue.

### 7.5.2 Delay in or abortion of the Rights Issue

The Rights Issue is exposed to the risk that it may be aborted or delayed on the occurrence of any material adverse change of events/ circumstances such as changes in inflation rates, interest rates, political leadership and unfavourable changes in the governments' policies such as taxation and licensing regulations as well as other *force majeure* events, which are beyond the control of our Company and RHB Investment Bank, arising prior to or during the implementation of the Rights Issue.

Nevertheless, our Group will endeavour to ensure the successful listing of the Rights Shares. However, there can be no assurance that the abovementioned events will not occur or cause a delay in or abortion of the Rights Issue.

In the event the Rights Issue is aborted, our Group will repay without interest all monies received in respect of the accepted application for the subscription of the Rights Shares pursuant to the Rights Issue and if such monies are not repaid within fourteen (14) days after it becomes liable, we will repay such monies with interest at the rate of 10% per annum or at such other rate as may be prescribed by the SC in accordance with Section 243(2) of the CMSA (if applicable).

### 7.6 Forward-looking statements

Certain statements in this Abridged Prospectus are based on historical information which may not be reflective of the future results, whilst others are forward-looking in nature, which are subject to uncertainties and contingencies.

All forward-looking statements contained in this Abridged Prospectus are based on forecasts and assumptions made by our Group, unless stated otherwise. Although our Board believes that these forward-looking statements are reasonable, the statements are nevertheless subject to known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to differ materially from the future results, performance or achievements expressed or implied in such forward-looking statements. Such factors include, inter-alia, the risk factors as set out in this section. In light of these uncertainties, the inclusion of any forward-looking statements in this Abridged Prospectus should not be regarded as a representation or Rights Shares by our Company that the plans and objectives of our Group will be achieved.

## 8. INDUSTRY OVERVIEW AND PROSPECTS OF OUR GROUP

### 8.1 Overview and outlook of the Malaysia economy

The Malaysian economic registered real GDP growth of 4.2% during the first half of 2013. The prospects of stronger recovery in advanced economies coupled with a moderate, but steady GDP growth in China, are expected to create a positive outlook for Malaysia's exports. While the impact of the US Federal Reserve tapering its quantitative easing (QE) programme remains a lingering concern, the Malaysian real GDP is expected to register a growth of 4.5% - 5% in 2013 (2012: 5.6%) supported by its resilient domestic economy and improving exports during the second half of 2013. Headline inflation is expected to increase and average 2% - 2.5% in 2013 (2012: 1.6%). Inflation is, however, expected to be mitigated by moderating energy and global food prices.

The Malaysian economy is expected to expand further by 5% - 5.5% in 2014 (2013: 4.5% - 5%), supported by favourable domestic demand and an improving external environment. Growth will be private-led, supported by strong private capital spending while private consumption continues to remain resilient. Domestic demand is expected to continue its strong growth momentum, driven mainly by the private sector. Malaysia's macroeconomic fundamentals are expected to remain strong. Of significance, labour market conditions are expected to be favourable with the unemployment rate at 3.1%. Headline inflation is expected to remain manageable at 2% - 3% in 2014. Domestic demand-driven inflation is expected to remain modest, amid increased capacity expansion and improved productivity.

*(Source: Economic Report 2013/2014, Ministry of Finance)*

## **8.2 Overview and outlook of the Indonesia economy**

Indonesia's GDP growth remained strong, albeit at a slower pace of 5.9% (January – June 2012: 6.3%), supported mainly by transport and communication as well as trade, hotel and restaurant industries, which grew 10.7% and 6.5%, respectively. Meanwhile, the manufacturing sector which expanded 5.9% also continued to support growth. In August, inflation accelerated to 8.8% (August 2012: 4.6%), the highest level in more than four years, driven by increased prices of gasoline and diesel, which rose 44% and 22%, respectively due to the reduction in fuel subsidies. Indonesia has increased imports of food and removed import quotas on products such as beef and soybeans to address the surge in inflation. In addition, Bank Indonesia increased its policy rate four times since June 2013 by a total of 150 basis points to 7.25% in September 2013. In 2013, Indonesia is expected to grow 5.3% (2012: 6.2%).

*(Source: Economic Report 2013/2014, Ministry of Finance)*

## **8.3 Overview and prospects of Malaysia's fisheries and poultry livestocks industry**

Increasing production of food commodities such as vegetables, fruits and livestock as well as the sustained production of CPO and rubber are expected to support growth of the agriculture sector. The food commodities, mainly livestock, fruits and vegetables as well as fishing will continue to record favourable growth, following various government initiatives through the National Key Economic Areas Entry Point Projects (EPPs) to ensure sufficient domestic food production. In addition, investment in oil palm and rubber downstream industries will steadily increase growth in the agriculture sector.

Exports of manufactured goods, which accounted for 74.1% of total exports, are expected to decrease 0.2% to RM518.2 billion (2012: 73.9%; 2.8%; RM519.1 billion) affected by lower shipments of electrical & electronics products. Export of agriculture products are expected to fall 138% to RM66.8 billion (2012: -15.3%; RM77.4 billion) affected by lower prices of palm oil and rubber.

Production of food commodities comprising livestock, other agriculture and fishing remain as the main driver of the agriculture sector. Value-added of the livestock subsector increased 7.4% (January-June 2012: 8.9%), mainly on account of higher poultry output (9.2%), goats (45.7%) and eggs (4.6%), as demand by domestic food processing industries and the external market increased. Meanwhile, the fishing subsector rebounded 4% (January-June 2012: -2.1%) on account of higher growth of aquaculture produce at 3.7% and marine fish landings, 4.2%. Similarly, the other agriculture subsector expanded strongly by 8.9% (January-June 2012: 7.7%) attributed to higher output of paddy (3.2%), fruits (9.4%) and vegetables (13.4%) amid expansion in cultivated areas.

*(Source: Chapter 3, Economic Report 2013/2014, Ministry of Finance Malaysia)*



#### 8.4 Overview and prospects of Malaysia's oil palm industry

During the first eight months of 2013, export receipts of palm oil contracted 20.2% to RM28.4 billion (January-August 2012: -11%; RM35.6 billion). However, shipments of palm oil increased 5.1% to 11.6 million tonnes (January-August 2012: -5.1%; 11.1 million tonnes) attributed to higher demand, mainly from China, Pakistan and the Netherlands. China remained the largest importer of palm oil with a 19.6% share of total palm oil exports. The higher export volume was, however, unable to offset the impact of the sharp fall in CPO prices of 25% to RM2,439 per tonne (January-August 2012: -6.1%; RM3,209 per tonne). For the year, export receipts of palm oil are projected to contract 15.9% to RM45.2 billion (2012: -11.9%; RM53.7 billion) amid lower export price of RM2,450 per tonne (2012: RM3,002 per tonne).

The agriculture sector is expected to register a growth of 3% (2013: 2.7%) as demand for palm oil and rubber from major export markets improve in line with better prospects in 2014. Production of CPO is estimated to increase further following higher FFB yields due to increased matured areas, particularly in Sabah and Sarawak.

*(Source: Chapter 3, Economic Report 2013/2014, Ministry of Finance Malaysia)*

#### 8.5 Prospects of our Group

QL Group is principally involved in marine products manufacturing, integrated livestock farming and palm oil activities.

Over the years, QL Group has successfully grown to become Malaysia's largest fishmeal, surimi-based product and Halal fish-based product manufacturer. To the best of QL management's knowledge, QL Group is currently deemed to be the largest surimi producer in the ASEAN region with its marine product consumer brand foods namely Mushroom, OceanRia, Suria and iKa's, being distributed across Asia, Europe and North America. As of 2012, QL produced approximately 30,000 tonnes of surimi-based products per year.

Apart from marine product manufacturing, QL Group is also known to be one of the key players in agricultural-based food production. Presently, QL has poultry farms in Peninsular Malaysia, East Malaysia, Indonesia and Vietnam. In Southeast Asia, Malaysians are among the top consumers of poultry, with the average person consuming approximately 38kg of broiler chicken per year as of 2009. Malaysia's poultry production usually meets domestic demand and excess supply is exported to other countries. Malaysia's poultry industry has potential as it has ability to produce halal poultry and it also has the best access to the Singapore market which does not produce much food. While Indonesia's average quantity of poultry meat eaten is low at just 6kg per person in 2009, it is anticipated that an expanding middle class will contribute significantly to a doubling of consumption in the future.

Our Group is also involved in palm oil activities. It currently owns a total of approximately 1,200 hectares of mature palm oil estates in Sabah and 15,000 hectares of palm oil estates under development in Eastern Kalimantan, Indonesia. The QL Group is currently operating three (3) crude palm oil mills, of which two (2) mills are located in Sabah and the other mill in Indonesia. The total production capacity of these three (3) crude palm oil mills is 150 MT per hour.

The growth strategy of the QL Group is to replicate and expand all its three core businesses regionally to further strengthen and integrate the Company's value chain and to develop a stronger presence in the consumer foods market.

Presently, our Group has undertaken a series of business development and expansion projects to further enhance the production capacity of its existing integrated livestock farming and marine product manufacturing business. Apart from the existing and proposed expansion plans disclosed in **Section 6** of this Abridged Prospectus, the management of QL Group has also undertaken or will undertake the following to further grow the earnings of the Group:-

- (i) our Group has recently doubled its fishmeal and surimi production capacity in its marine product manufacturing plant in Surabaya, Indonesia, from 5,000 MT to 10,000 MT per annum, having only commenced its plant operations two (2) years ago. Such efforts were made to cater for the growing high demand for the Group's products during the peak season in Indonesia;
- (ii) our Group is presently assessing the prospects of manufacturing surimi-based products in Indonesia. Presently, the QL Group is only involved in the production of fishmeal and surimi in Indonesia. The management of QL Group is optimistic of the potential of the surimi-based products market in Indonesia given the improving standard of living of the country and the fact that these products are basic inexpensive food items; and
- (iii) our Group has completed the acquisition of a surimi-based manufacturer based in Zhongshan, China, in June 2013. The said company produces various types of frozen minced fish fillets and other flavoured products. The management of QL Group believes that the acquisition will provide QL Group with the platform to tap into the large consumer market in China in the near future.

Premised on the above, the prospects of the industries disclosed in **Section 8.3 and 8.4** of this Abridged Prospectus, the Board believes that the businesses of the Group will continue to flourish, and the Group will further benefit as and when its future plans are realised.

*(Source: Management of QL)*

## 9. FINANCIAL EFFECTS OF THE RIGHTS ISSUE

For illustration purposes, the effects of the Bonus Issue and Rights Issue on our issued and paid-up ordinary share capital, NA per share and gearing, EPS, substantial shareholders' shareholdings and existing convertible securities are as illustrated below.

### 9.1 Issued and paid-up share capital

The proforma effects of the Bonus Issue and Rights Issue on the issued and paid-up share capital of QL are set out below:-

	Minimum Subscription Level		Maximum Subscription Level	
	No. of Shares	RM	No. of Shares	RM
Issued and paid-up share capital as at LPD	832,019,620	208,004,905	832,019,620	208,004,905
Bonus Shares to be issued pursuant to the Bonus Issue	249,605,886	62,401,472	249,605,886	62,401,472
Rights Shares to be issued pursuant to the Rights Issue	1,081,625,506	270,406,377	1,081,625,506	270,406,377
<b>Enlarged issued and paid-up share capital</b>	<b>1,177,862,350</b>	<b>294,465,588</b>	<b>1,248,029,430</b>	<b>312,007,358</b>

## 9.2 NA and gearing

Based on the audited consolidated statements of financial position of QL Group as at 31 March 2013, the proforma effects of the Bonus Issue and Rights Issue on the NA per Share and gearing of QL Group are set out below:-

Minimum Subscription Level	Audited as at 31 March 2013 (RM'000)	Proforma I After Bonus Issue (RM'000)	Proforma II After Proforma I and the Rights Issue <sup>(4)</sup> (RM'000)
Share capital	208,005	270,406	294,465
Share premium	113,599	51,198	<sup>(3)</sup> 199,165
Reserves	569,177	569,177	569,177
<b>Shareholders' equity/ NA</b>	<b>890,781</b>	<b>890,781</b>	<b>1,062,807</b>
No. of QL Shares ('000)	832,020	1,081,626	1,177,862
<b>NA per QL Share (RM)</b>	<b>1.07</b>	<b>0.82</b>	<b>0.90</b>
Cash and cash equivalents (RM'000)	141,101	141,101	141,101
<b>Borrowings (RM'000)</b>	<b>827,753</b>	<b>827,753</b>	<sup>(5)</sup> 655,727
Net borrowings (RM'000) <sup>(1)</sup>	686,652	686,652	514,626
<b>Net gearing (times)<sup>(2)</sup></b>	<b>0.77</b>	<b>0.77</b>	<b>0.48</b>

**Notes:-**

- (1) Calculated based on borrowings net off cash and cash equivalents.
- (2) Calculated based on net borrowings divided by NA.
- (3) After deducting estimated expenses of RM1,200,000 incurred in relation to the Corporate Exercises.
- (4) Based on the issue price of RM1.80 per Rights Share.
- (5) Assuming the repayment of bank borrowings amounting to approximately RM172 million derived from the proceeds as disclosed in Section 6 of this Abridged Prospectus.

Maximum Subscription Level	Audited as at 31 March 2013 (RM'000)	Proforma I After Bonus Issue (RM'000)	Proforma II After Proforma I and the Rights Issue <sup>(4)</sup> (RM'000)
Share capital	208,005	270,406	312,007
Share premium	113,599	51,198	<sup>(3)</sup> 307,924
Reserves	569,177	569,177	569,177
<b>Shareholders' equity/ NA</b>	<b>890,781</b>	<b>890,781</b>	<b>1,189,108</b>
No. of QL Shares ('000)	832,020	1,081,626	1,248,030
<b>NA per QL Share (RM)</b>	<b>1.07</b>	<b>0.82</b>	<b>0.95</b>
Cash and cash equivalents (RM'000)	141,101	141,101	<sup>(5)</sup> 149,428
<b>Borrowings (RM'000)</b>	<b>827,753</b>	<b>827,753</b>	<sup>(6)</sup> 607,753
Net borrowings (RM'000) <sup>(1)</sup>	686,652	686,652	458,325
<b>Net gearing (times)<sup>(2)</sup></b>	<b>0.77</b>	<b>0.77</b>	<b>0.39</b>

**Notes:-**

- (1) Calculated based on borrowings net off cash and cash equivalents.
- (2) Calculated based on net borrowings divided by NA.
- (3) After deducting estimated expenses of RM1,200,000 incurred in relation to the Corporate Exercises.
- (4) Based on the issue price of RM1.80 per Rights Share.
- (5) Assuming RM70 million earmarked for capital expenditure has been fully utilised.
- (6) Assuming the repayment of bank borrowings amounting to approximately RM220 million derived from the proceeds as disclosed in Section 6 of this Abridged Prospectus.

### 9.3 Earnings and EPS

The Corporate Exercises are not expected to have any material effect on the earnings of the QL Group for the FYE 31 March 2014 save for the interest cost savings to be enjoyed by the QL Group upon the repayment of its bank borrowings as disclosed in **Section 6** of this Abridged Prospectus. However, barring unforeseen circumstances, the Rights Issue is expected to contribute positively to the future earnings of QL Group for the ensuing financial years when the benefits of the utilisation of proceeds are realised.

Notwithstanding the above, there may be a corresponding dilution in the Group's EPS as a result of the increase in the number of QL Shares arising from the Corporate Exercises. Nevertheless, the Board is of the view that the enlarged issued and paid-up share capital is reflective of the future earnings prospects of the Group.

### 9.4 Convertible securities

As at the LPD, QL does not have any existing convertible securities.

## 10. WORKING CAPITAL, BORROWINGS, CONTINGENT LIABILITIES AND MATERIAL COMMITMENTS

### 10.1 Working capital

Our Board is of the opinion that, after taking into consideration our cash flow generated from operations, current cash in hand and banking facilities available, and the proceeds of the Rights Issue, our Group will have sufficient working capital for the next 12 months from the date of this Abridged Prospectus.

### 10.2 Borrowings

As at the LPD, our Group has total outstanding borrowings of approximately RM885 million. All the borrowings are denominated in local currency, interest-bearing and comprise the following:-

	RM'000
<b>Short term borrowings:-</b>	
Secured	152
Unsecured	500,694
	500,846
<b>Long term borrowings:-</b>	
Secured	123
Unsecured	384,238
	384,361
<b>Total borrowings</b>	<b>885,207</b>

After having made all reasonable enquiries, there has been no outstanding default on payments of either interest and/ or principal sums in respect of any borrowings for the FYE 31 March 2013 and the subsequent financial period up to the LPD.

**10.3 Material commitments and contingent liabilities**

As at the LPD, save for the proposed capital expenditure as disclosed in Section 6 of the Abridged Prospectus, there are no material commitments and contingent liabilities incurred or known to be incurred by our Group which, upon becoming enforceable, may have a material impact on the financial results/ position of our Group.

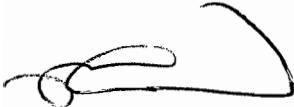
**11. TERMS AND CONDITIONS**

The issuance of the Rights Shares pursuant to the Rights Issue is governed by the terms and conditions set out in this Abridged Prospectus, and the accompanying NPA and RSF.

**12. FURTHER INFORMATION**

You are advised to refer to the attached appendices for further information.

Yours faithfully,  
For and on behalf of the Board of  
**QL RESOURCES BERHAD**



**CHIA SONG KUN**  
Group Managing Director

CERTIFIED TRUE EXTRACT OF THE RESOLUTIONS PERTAINING TO THE CORPORATE EXERCISES PASSED AT OUR EGM HELD ON 24 DECEMBER 2014



Extract of the Minutes of the Extraordinary General Meeting held at Saujana Ballroom, Saujana Resort, Jalan Lapangan Terbang SAAS, 40150 Shah Alam, Selangor Darul Ehsan passed on Friday, 24 January 2014

It was resolved:-

- 1) ORDINARY RESOLUTION 1  
- PROPOSED BONUS ISSUE OF 249,605,886 NEW ORDINARY SHARES OF RM0.25 EACH IN QL ("QL SHARE(S)" OR "SHARE(S)") ("BONUS SHARE(S)") ON THE BASIS OF THREE (3) BONUS SHARES FOR EVERY TEN (10) EXISTING QL SHARES HELD ON AN ENTITLEMENT DATE TO BE DETERMINED LATER ("PROPOSED BONUS ISSUE")

Mr Wong Pin Siong proposed and Mr Chia Boon Hock seconded the motion. It was resolved:-

"THAT, subject to the approvals of all relevant regulatory authorities, the Board of Directors of the Company ("Board") be and is hereby authorised to capitalise an amount of RM62,401,471.50 out of the reserves of the Company, and to apply the same for the purposes of issuing 249,605,886 Bonus Shares of RM0.25 each in the share capital of the Company credited as fully paid-up to be issued on the basis of three (3) Bonus Shares for every ten (10) existing QL Shares held by the entitled shareholders whose names appear in the Record of Depositors of the Company as at the close of business on an entitlement date to be determined and announced later ("Entitlement Date");

THAT such Bonus Shares shall, upon issue and allotment, rank *pari passu* in all respects with the then existing Shares in the Company, save and except that the Bonus Shares will not be entitled to any dividends, rights, allotments and/or other distributions, the entitlement date of which is prior to the date of allotment of the Bonus Shares;

THAT fractional entitlements, if any, will be disregarded and the aggregate of such fractions shall be dealt with in such manner as the Board shall in their discretion deem fit and expedient in the best interest of the Company;

AND THAT the Board be and is hereby authorised to give effect to the Proposed Bonus Issue with full powers to assent to any conditions, modifications, variations and/ or amendments in any manner as may be required by the relevant authorities and to deal with all matters relating thereto and to take all such steps and do all acts and things in any manner as they may deem necessary or expedient to implement, finalise and give full effect to the Proposed Bonus Issue."

The motion had been put to the Meeting for vote by show of hand and declared by the Chairman to be unanimously carried.

**CERTIFIED TRUE EXTRACT OF THE RESOLUTIONS PERTAINING TO THE CORPORATE EXERCISES PASSED AT OUR EGM HELD ON 24 DECEMBER 2014 (CONT'D)**

-2-

QL Resources Berhad

- Extract of the Minutes of the Extraordinary General Meeting held on 24 January 2014

2) ORDINARY RESOLUTION 2

- PROPOSED RENOUNCEABLE RIGHTS ISSUE OF 166,403,924 QL SHARES ("RIGHTS SHARE(S)") ON THE BASIS OF TWO (2) RIGHTS SHARES FOR EVERY TEN (10) EXISTING QL SHARES HELD ON THE ENTITLEMENT DATE ("PROPOSED RIGHTS ISSUE")

---

Mr Balan A/L Govindan Nair proposed and Mr Ang Chung Hwa seconded the motion. It was resolved:-

"THAT, subject to the passing of Ordinary Resolution 3, and the approvals of all relevant authorities or parties being obtained, where required, approval be and is hereby given to the Board to provisionally allot and issue by way of a renounceable rights issue of 166,403,924 Rights Shares at an issue price to be determined later and announced by the Board, but in any case, not lower than the par value of QL Shares on the basis of two (2) Rights Shares for every ten (10) existing QL Shares held to the entitled shareholders whose names appear in the Record of Depositors of the Company as at the close of business on Entitlement Date;

AND THAT, the Rights Shares will, upon allotment and issuance, rank *pari passu* in all respects with the existing QL Shares, save and except that the Rights Shares will not be entitled to any dividends, rights, allotments and/ or any other forms of distribution that may be declared, made or paid prior to the relevant date of allotment and issuance of the Rights Shares;

AND THAT, the Board be and is hereby authorised to sign and execute all documents, do all things and acts as may be required to give effect to the aforesaid Proposed Rights Issue with full power to assent to any conditions, variations, modifications and/ or amendments in any manner as may be required or permitted by any relevant authorities and to deal with all matters relating thereto and to take all such steps and do all such acts and things in any manner as they may deem necessary or expedient to implement, finalise and give full effect to the Proposed Rights Issue;

AND THAT, approval is hereby given for the Company to utilise the proceeds of the Proposed Rights Issue for the purposes set out in the Circular dated 9 January 2014, and the Directors be and are hereby authorised with full powers to vary the manner and/or purpose of utilisation of proceeds in such manner as the Directors of the Company in their discretion deem fit, necessary, expedient and/or in the best interest of the Company."

The motion had been put to the Meeting for vote by show of hand.

As the Proposed Rights Issue is subject to the passing of Ordinary Resolution 3, the meeting continued with Ordinary Resolution 3.

...3/-

**CERTIFIED TRUE EXTRACT OF THE RESOLUTIONS PERTAINING TO THE CORPORATE EXERCISES PASSED AT OUR EGM HELD ON 24 DECEMBER 2014 (CONT'D)**

-3-

QL Resources Berhad

- Extract of the Minutes of the Extraordinary General Meeting held on 24 January 2014

- 3) **ORDINARY RESOLUTION 3**  
- PROPOSED EXEMPTION UNDER PARAGRAPH 16.1 OF PRACTICE NOTE 9 OF THE MALAYSIAN CODE ON TAKE-OVERS AND MERGERS 2010 TO EXEMPT CBG HOLDINGS SDN BHD ("CBG") AND ITS PARTIES ACTING IN CONCERT WITH CBG ("PACS") FROM THE OBLIGATION OF EXTENDING A MANDATORY TAKE-OVER OFFER FOR THE REMAINING QL SHARES NOT ALREADY HELD BY THEM PURSUANT TO THE PROPOSED RIGHTS ISSUE ("PROPOSED EXEMPTION")
- 

The Secretary advised that interested directors, interested major shareholders or interested person connected to them must not vote on the Proposed Exemption. Pursuant to the Securities Commission's requirements, the voting on the Proposed Exemption would be by way of a poll.

The Chairman explained to the meeting that the Proposed Exemption is to exempt CBG Holdings Sdn Bhd ("CBG"), the Company's major shareholder and the parties acting in concert with CBG from the obligation of extending a Mandatory Take-Over Offer for the remaining QL Shares not held by them pursuant to the Proposed Rights Issue.

Mr Wong Pin Siong proposed and Encik Wan Rasdi Bin Wan Ahmad Isa Shukri seconded the motion. It was resolved:-

"THAT, subject to the passing of Ordinary Resolution 2, and the approvals of all relevant authorities or parties being obtained, where required, including but not limited to the compliance with such conditions as may be imposed by the Securities Commission Malaysia, CBG and PACs is hereby exempted under Paragraph 16.1 of Practice Note 9 of the Code from the obligation to undertake a mandatory take-over offer for all the remaining QL Shares not already owned by them pursuant to the Proposed Rights Issue;

AND THAT, the Board be and is hereby authorised to sign and execute all documents, do all things and acts as may be required to give effect to the aforesaid Proposed Exemption with full power to assent to any conditions, variations, modifications and/ or amendments in any manner as may be required or permitted by any relevant authorities and to deal with all matters relating thereto and to take all such steps and do all such acts and things in any manner as they may deem necessary or expedient to implement, finalise and give full effect to the Proposed Exemption."

The Secretary explained to the shareholders on the procedures of polling before the conduct of the polling started. Thereafter, the meeting adjourned for an hour from 11.30 a.m. where the appointed scrutineers, namely, Messrs. KPMG performed the counting and verification of the polling slips.

...4/-



**CERTIFIED TRUE EXTRACT OF THE RESOLUTIONS PERTAINING TO THE CORPORATE EXERCISES PASSED AT OUR EGM HELD ON 24 DECEMBER 2014 (CONT'D)**

-4-

QL Resources Berhad

- Extract of the Minutes of the Extraordinary General Meeting held on 24 January 2014

The Chairman announced the poll results as follows:-

	<u>No. of Shares</u>	<u>%</u>
<b>Vote for</b>	56,707,586	100
<b>Vote against</b>	-	-
<b>Abstained</b>	3,436,000	-

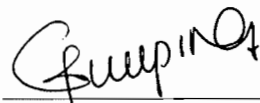
The Chairman declared the Ordinary Resolution 2 and Ordinary Resolution 3 as carried.

Dated : 24 January 2014

CERTIFIED TRUE COPY



CHIA SONG KUN  
Director



NG GEOK PING  
(MAICSA 7013090)  
Secretary

## INFORMATION ON OUR COMPANY

### 1. HISTORY AND PRINCIPAL ACTIVITIES

Our Company was incorporated in Malaysia on 25 April 1997 as a public limited company in Malaysia under the name of QL Resources Berhad. We were listed on 30 March 2000 on the Second Board of the Kuala Lumpur Stock Exchange (KLSE) and transferred to the Main Market of Bursa Securities (formerly known as Main Board of KLSE) on 22 January 2002.

Our Group has three principal activities; Integrated Livestock Farming which includes poultry farming and feed raw material distribution; Marine Products Manufacturing which includes deep sea fishing, surimi, surimi-based products and fishmeal production; and Palm Oil Activities which includes crude palm oil milling, plantations and biomass clean energy.

### 2. SHARE CAPITAL

As at the LPD, our authorised and issued and paid-up share capital are set out below:-

	No. of Shares	Par value (RM)	Total (RM)
Authorised	2,000,000,000	0.25	500,000,000
Issued and paid-up	832,019,620	0.25	208,004,905

The changes in our authorised share capital as well as issued and fully paid-up share capital for the past three (3) years prior to the LPD are as follows:

#### Authorised share capital

Date of creation	No. of QL Shares created	Cumulative no. of authorised shares	Par Value (RM)	Total created (RM)	Cumulative authorised share capital (RM)
b/f	-	400,000,000	0.50	-	200,000,000
14.01.2011	600,000,000	1,000,000,000	0.50	300,000,000	500,000,000
14.01.2011*	1,000,000,000	2,000,000,000	0.25	-	500,000,000

**Note:**

\* Share split involving the subdivision of every one (1) existing ordinary share of RM0.50 each held in QL into two (2) ordinary shares of RM0.25 each in QL.

#### Issued and fully paid-up share capital

Date of allotment	No. of QL Shares allotted	Par Value (RM)	Type of issue / Consideration	Cumulative issued and paid-up share capital (RM)
b/f	-	0.50	-	197,586,040.00
24.01.2011	20,827,920	0.50	Cash (Private placement)	208,000,000.00
11.02.2011	832,000,000	0.25	Share split*	208,000,000.00
01.06.2011	1,008	0.25	Cash (Exercise of Warrants)	208,000,252.00
08.06.2011	600	0.25	Cash (Exercise of Warrants)	208,000,402.00
19.08.2011	90	0.25	Cash (Exercise of Warrants)	208,000,424.50
13.02.2012	100	0.25	Cash (Exercise of Warrants)	208,000,449.50

## INFORMATION ON OUR COMPANY (CONT'D)

Date of allotment	No. of QL Shares allotted	Par Value (RM)	Type of issue / Consideration	Cumulative issued and paid-up share capital (RM)
10.09.2012	180	0.25	Cash (Exercise of Warrants)	208,000,494.50
21.09.2012	80	0.25	Cash (Exercise of Warrants)	208,000,514.50
07.11.2012	10	0.25	Cash (Exercise of Warrants)	208,000,517.00
19.11.2012	100	0.25	Cash (Exercise of Warrants)	208,000,542.00
31.01.2013	5,900	0.25	Cash (Exercise of Warrants)	208,002,017.00
08.02.2013	8,780	0.25	Cash (Exercise of Warrants)	208,004,212.00
19.02.2013	2,772	0.25	Cash (Exercise of Warrants)	208,004,905.00

**Note:**

\* *Share split involving the subdivision of every one (1) existing ordinary share of RM0.50 each held in QL into two (2) ordinary shares of RM0.25 each in QL held on 10 February 2011.*

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### INFORMATION ON OUR COMPANY (CONT'D)

#### 3. SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS

Based on the register of substantial shareholders of our Company, the shareholdings of our substantial shareholders as at the LPD and after the Bonus Issue and the Rights Issue are set out below:-

##### Minimum Subscription Level

Major shareholders	Shareholdings as at LPD				Proforma I After the Bonus Issue				Proforma II After Proforma I and the Rights Issue			
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
CBG	373,846,682	44.93	-	-	486,000,687	44.93	-	-	560,770,023	47.61	-	-
Farsathy	107,337,540	12.90	-	-	139,538,802	12.90	-	-	161,006,310	13.67	-	-
Chia Song Kun	450,000	0.05	383,677,998	46.11 <sup>(1)</sup>	585,000	0.05	498,781,397	46.11 <sup>(1)</sup>	585,000	0.05	573,550,734	48.69 <sup>(1)</sup>
Chia Seong Pow	1,880,000	0.23	111,132,740	13.36 <sup>(2)</sup>	2,444,000	0.23	144,472,562	13.36 <sup>(2)</sup>	2,444,000	0.21	165,940,070	14.09 <sup>(2)</sup>
Chia Song Kooi	580,000	0.07	377,753,882	45.40 <sup>(3)</sup>	754,000	0.07	491,080,047	45.40 <sup>(3)</sup>	754,000	0.06	565,849,383	48.04 <sup>(3)</sup>
Chia Seong Fatt	324,000	0.04	110,121,540	13.24 <sup>(4)</sup>	421,200	0.04	143,158,002	13.24 <sup>(4)</sup>	421,200	0.04	164,625,510	13.98 <sup>(4)</sup>
Chia Song Swa	378,000	0.05	376,486,682	45.25 <sup>(3)</sup>	491,400	0.05	489,432,687	45.25 <sup>(3)</sup>	491,400	0.04	564,202,023	47.90 <sup>(3)</sup>
Chia Mak Hooi	465,000	0.06	380,331,382	45.71 <sup>(5)</sup>	604,500	0.06	494,430,797	45.71 <sup>(5)</sup>	604,500	0.05	569,200,133	48.32 <sup>(5)</sup>

##### Notes:-

- (1) Deemed interest via his and his spouse's interest in CBG, Attractive Features Sdn Bhd, his and his spouse's indirect interest in Ruby as well as his spouse's, children's and their spouse's shares in QL.
- (2) Deemed interest via his and his spouse's beneficial shareholding in Farsathy, his and his spouse's indirect interest in Ruby, his spouse's and children's shares in QL.
- (3) Deemed interest via his interest in CBG and indirect interest in Ruby and his spouse's shares in QL.
- (4) Deemed interest via his and his spouse's beneficial shareholding in Farsathy, his and his spouse's indirect interest in Ruby and his children's shares in QL.
- (5) Deemed interest via his and his father's interest in CBG, his and his father's indirect interest in Ruby and his father's and his spouse's shares in QL.

## INFORMATION ON OUR COMPANY (CONT'D)

## Maximum Subscription Level

Major shareholders	Shareholdings as at LPD				Proforma I After the Bonus Issue				Proforma II After Proforma I and the Rights Issue			
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
CBG	373,846,682	44.93	-	-	486,000,687	44.93	-	-	560,770,023	44.93	-	-
Farsathy	107,337,540	12.90	-	-	139,538,802	12.90	-	-	161,006,310	12.90	-	-
Chia Song Kun	450,000	0.05	383,677,998	46.11 <sup>(1)</sup>	585,000	0.05	498,781,397	46.11 <sup>(1)</sup>	675,000	0.05	575,516,997	46.11 <sup>(1)</sup>
Chia Seong Pow	1,880,000	0.23	111,132,740	13.36 <sup>(2)</sup>	2,444,000	0.23	144,472,562	13.36 <sup>(2)</sup>	2,820,000	0.23	166,699,110	13.36 <sup>(2)</sup>
Chia Song Kooi	580,000	0.07	377,753,882	45.40 <sup>(3)</sup>	754,000	0.07	491,080,047	45.40 <sup>(3)</sup>	870,000	0.07	566,630,823	45.40 <sup>(3)</sup>
Chia Seong Fatt	324,000	0.04	110,121,540	13.24 <sup>(4)</sup>	421,200	0.04	143,158,002	13.24 <sup>(4)</sup>	486,000	0.04	165,182,310	13.24 <sup>(4)</sup>
Chia Song Swa	378,000	0.05	376,486,682	45.25 <sup>(3)</sup>	491,400	0.05	489,432,687	45.25 <sup>(3)</sup>	567,000	0.05	564,730,023	45.25 <sup>(3)</sup>
Chia Mak Hooi	465,000	0.06	380,331,382	45.71 <sup>(5)</sup>	604,500	0.06	494,430,797	45.71 <sup>(5)</sup>	697,500	0.06	570,497,073	45.71 <sup>(5)</sup>

## Notes:-

- (1) Deemed interest via his and his spouse's interest in CBG, Attractive Features Sdn Bhd, his and his spouse's indirect interest in Ruby as well as his spouse's, children's and their spouse's shares in QL.
- (2) Deemed interest via his and his spouse's beneficial shareholding in Farsathy, his and his spouse's indirect interest in Ruby, his spouse's and children's shares in QL.
- (3) Deemed interest via his interest in CBG and indirect interest in Ruby and his spouse's shares in QL.
- (4) Deemed interest via his and his spouse's beneficial shareholding in Farsathy, his and his spouse's indirect interest in Ruby and his children's shares in QL.
- (5) Deemed interest via his and his father's interest in CBG, his and his father's indirect interest in Ruby and his father's and his spouse's shares in QL.

## INFORMATION ON OUR COMPANY (CONT'D)

### 4. DIRECTORS

The particulars of our Directors as at the LPD are set out below:-

Name	Address	Age	Nationality	Occupation	Designation
YM Tengku Dato' Zainal Rashid Bin Tengku Mahmood	104, Jalan Burhanuddin Helmi 2, Taman Tun Dr Ismail 60000 Kuala Lumpur	74	Malaysian	Company Director	Chairman/ Independent Non- Executive Director
Chia Song Kun	17, Jalan Kelab Golf 13/3 Seksyen 13 40000 Shah Alam Selangor	64	Malaysian	Company Director	Group Managing Director
Chia Seong Pow	19, Jalan Kelab Golf 13/3 Seksyen 13 40000 Shah Alam Selangor	58	Malaysian	Company Director	Executive Director
Chia Seong Fatt	No. 303, Taman Lily Batu 4, Jalan Sin On 91000 Tawau Sabah	58	Malaysian	Company Director	Executive Director
Chia Song Kooi	2B, Lorong Raja Udang 9 Kingfisher Park PH 2 88400 Kota Kinabalu Sabah	53	Malaysian	Company Director	Executive Director
Chia Song Swa	No. 8, Jalan Setia Nusantara U13/19B Setia Eco Park Setia Alam Section U13 40170 Shah Alam Selangor	53	Malaysian	Company Director	Executive Director
Chia Mak Hooi	No. 29, Jalan Kubah U8/59 Bukit Jelutong 40150 Shah Alam Selangor	48	Malaysian	Company Director	Executive Director
Cheah Juw Teck	G-1, Jalan Tepi Sungai 36400 Hutan Melintang Perak	44	Malaysian	Company Director	Executive Director
Chieng Ing Huong, Eddy	G-17, Park Seven No. 5, Persiaran KLCC 50450 Kuala Lumpur	56	Malaysian	Company Director	Senior Independent Non- Executive Director
Tan Bun Poo, Robert	35, Persiaran Zaaba Taman Tun Dr. Ismail 60000 Kuala Lumpur	63	Malaysian	Company Director	Independent Non- Executive Director
Datuk Wira Jalilah Binti Baba	A8-B-01, Armanee Terrace Condominium, Jalan PJU 8/1 Damansara Perdana 47820 Petaling Jaya Selangor	60	Malaysian	Company Director	Independent Non- Executive Director

## APPENDIX II

## INFORMATION ON OUR COMPANY (CONT'D)

The shareholdings of our Directors as at the LPD and after the Rights Issue are set out below:-

*Minimum Subscription Level*

Directors	Shareholdings as at the LPD			Proforma I After the Bonus Issue			Proforma II After Proforma I and the Rights Issue					
	Direct		Indirect	Direct		Indirect	Direct		Indirect			
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%		
YM Tengku Dato' Zainal Rashid bin Tengku Mahmood	2,700,000	0.32	-	-	3,510,000	0.32	-	-	4,050,000	0.32	-	
Chia Song Kun	450,000	0.05	383,677,998	46.11 <sup>(1)</sup>	585,000	0.05	498,781,397	46.11 <sup>(1)</sup>	675,000	0.05	573,546,834	45.96 <sup>(1)</sup>
Chia Seong Pow	1,880,000	0.23	111,132,740	13.36 <sup>(2)</sup>	2,444,000	0.23	144,472,562	13.36 <sup>(2)</sup>	2,820,000	0.23	165,940,070	13.30 <sup>(2)</sup>
Chia Song Kooi	580,000	0.07	377,753,882	45.40 <sup>(3)</sup>	754,000	0.07	491,080,047	45.40 <sup>(3)</sup>	870,000	0.07	565,849,383	45.34 <sup>(3)</sup>
Chia Seong Fatt	324,000	0.04	110,121,540	13.24 <sup>(4)</sup>	421,200	0.04	143,158,002	13.24 <sup>(4)</sup>	486,000	0.04	164,625,510	13.19 <sup>(4)</sup>
Chia Song Swa	378,000	0.05	376,486,682	45.25 <sup>(3)</sup>	491,400	0.05	489,432,687	45.25 <sup>(3)</sup>	567,000	0.05	564,202,023	45.21 <sup>(3)</sup>
Chia Mak Hooi	465,000	0.06	380,331,382	45.71 <sup>(5)</sup>	604,500	0.06	494,430,797	45.71 <sup>(5)</sup>	697,500	0.06	569,200,133	45.61 <sup>(5)</sup>
Cheah Juw Teck	1,380,000	0.17	4,859,800	0.58 <sup>(6)</sup>	1,794,000	0.17	6,317,740	0.58 <sup>(6)</sup>	2,070,000	0.17	7,289,700	0.58 <sup>(6)</sup>
Chieng Ing Huong, Eddy	-	-	-	-	-	-	-	-	-	-	-	-
Tan Bun Poo, Robert	-	-	-	-	-	-	-	-	-	-	-	-
Datuk Wira Jaillah Binti Baba	-	-	-	-	-	-	-	-	-	-	-	-

**Notes:-**

- (1) Deemed interest via his and his spouse's interest in CBG, Attractive Features Sdn Bhd, his and his spouse's indirect interest in Ruby as well as his spouse's, children's and their spouse's shares in QL.
- (2) Deemed interest via his and his spouse's beneficial shareholding in Farsathy, his and his spouse's indirect interest in Ruby, his spouse's and children's shares in QL.
- (3) Deemed interest via his interest in CBG and indirect interest in Ruby and his spouse's shares in QL.
- (4) Deemed interest via his and his spouse's beneficial shareholding in Farsathy, his and his spouse's indirect interest in Ruby and his children's shares in QL.
- (5) Deemed interest via his and his father's interest in CBG, his and his father's indirect interest in Ruby and his father's and his spouse's shares in QL.
- (6) Deemed interest via his spouse's and his parent's shares in QL.

## APPENDIX II

## INFORMATION ON OUR COMPANY (CONT'D)

## Maximum Subscription Level

Directors	Shareholdings as at the LPD				Proforma I After the Bonus Issue				Proforma II After Proforma I and the Rights Issue			
	<-----Direct----->		<-----Indirect----->		<-----Direct----->		<-----Indirect----->		<-----Direct----->		<-----Indirect----->	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
YM Tengku Dato' Zainal Rashid bin Tengku Mahmood	2,700,000	0.32	-	-	3,510,000	0.32	-	-	4,050,000	0.32	-	-
Chia Song Kun	450,000	0.05	383,677,998	46.11 <sup>(1)</sup>	585,000	0.05	498,777,497	46.11 <sup>(1)</sup>	675,000	0.05	575,512,497	46.11 <sup>(1)</sup>
Chia Seong Pow	1,880,000	0.23	111,132,740	13.36 <sup>(2)</sup>	2,444,000	0.23	144,472,562	13.36 <sup>(2)</sup>	2,820,000	0.23	166,699,110	13.36 <sup>(2)</sup>
Chia Song Kooi	580,000	0.07	377,753,882	45.40 <sup>(3)</sup>	754,000	0.07	491,080,047	45.40 <sup>(3)</sup>	870,000	0.07	566,630,823	45.40 <sup>(3)</sup>
Chia Seong Fatt	324,000	0.04	110,121,540	13.24 <sup>(4)</sup>	421,200	0.04	143,158,002	13.24 <sup>(4)</sup>	486,000	0.04	165,182,310	13.24 <sup>(4)</sup>
Chia Song Swa	378,000	0.05	376,486,682	45.25 <sup>(3)</sup>	491,400	0.05	489,432,687	45.25 <sup>(3)</sup>	567,000	0.05	564,730,023	45.25 <sup>(3)</sup>
Chia Mak Hooi	465,000	0.06	380,331,382	45.71 <sup>(5)</sup>	604,500	0.06	494,430,797	45.71 <sup>(5)</sup>	697,500	0.06	570,497,073	45.71 <sup>(5)</sup>
Cheah Juw Teck	1,380,000	0.17	4,859,800	0.58 <sup>(6)</sup>	1,794,000	0.17	6,317,740	0.58 <sup>(6)</sup>	2,070,000	0.17	7,289,700	0.58 <sup>(6)</sup>
Chieng Ing Huong, Eddy	-	-	-	-	-	-	-	-	-	-	-	-
Tan Bun Poo, Robert	-	-	-	-	-	-	-	-	-	-	-	-
Datuk Wira Jalilah Binti Baba	-	-	-	-	-	-	-	-	-	-	-	-

## Notes:-

- (1) Deemed interest via his and his spouse's interest in CBG, Attractive Features Sdn Bhd, his and his spouse's indirect interest in Ruby as well as his spouse's, children's and their spouse's shares in QL.
- (2) Deemed interest via his and his spouse's beneficial shareholding in Farsathy, his and his spouse's indirect interest in Ruby, his spouse's and children's shares in QL.
- (3) Deemed interest via his interest in CBG and indirect interest in Ruby and his spouse's shares in QL.
- (4) Deemed interest via his and his spouse's beneficial shareholding in Farsathy, his and his spouse's indirect interest in Ruby and his children's shares in QL.
- (5) Deemed interest via his and his father's interest in CBG, his and his father's indirect interest in Ruby and his father's and his spouse's shares in QL.
- (6) Deemed interest via his spouse's and his parent's shares in QL.



## INFORMATION ON OUR COMPANY (CONT'D)

## 5. SUBSIDIARY AND ASSOCIATE COMPANIES

As at the LPD, our subsidiaries are set out below:-

Name of company	Date/ Place of Incorporation	Issued and paid-up share capital(RM unless otherwise stated)	Effective Equity Interest (%)	Principal Activities
QL Feedingstuffs Sdn Bhd	14.11.1985/ Malaysia	223,162,500	100.00	Investment holding, provision of management services, and distribution of animal feed, raw materials and food grain
QL Oil Sdn Bhd	05.01.1980/ Malaysia	158,266,500	100.00	Investment holding
QL Fishery Sdn Bhd	18.03.1993/ Malaysia	186,494,000	100.00	Investment holding
QL Green Resources Sdn Bhd	11.04.1981/ Malaysia	26,820,000	100.00	Investment holding
QL IPC Sdn Bhd	23.02.1979/ Malaysia	500,000	100.00	Dormant
QL Corporate Services Sdn Bhd (formerly known as Ambang Spektrum Sdn Bhd)	26.05.2010/ Malaysia	1,500,000	100.00	Provision of management services
<b><u>Subsidiary companies of QL Feedingstuffs Sdn Bhd</u></b>				
QL Agrofood Sdn Bhd	21.12.1990/ Malaysia	22,212,100	100.00	Investment holding, processing and sale of animal feeds, trading of raw materials for animal feeds, lubricants and foodstuffs
QL Agroventures Sdn Bhd	03.03.2006/ Malaysia	22,589,437	100.00	Layer and broiler farming
QL Agrobio Sdn Bhd	14.02.2005/ Malaysia	1,000,000	51.00	Commercial production and supply of biologically digested feeding raw materials
QL KK Properties Sdn Bhd	23.01.1995/ Malaysia	3,760,000	100.00	Investment holding
QL Poultry Farms Sdn Bhd	16.10.1982/ Malaysia	18,000,000	100.00	Layer farming
QL Realty Sdn Bhd	15.02.1995/ Malaysia	129,847,000	100.00	Investment holding

## INFORMATION ON OUR COMPANY (CONT'D)

Name of company	Date/ Place of Incorporation	Issued and paid-up share capital(RM unless otherwise stated)	Effective Equity Interest (%)	Principal Activities
Pacific Vet Group (M) Sdn Bhd	12.09.1997/ Malaysia	3,040,000	90.00	Investment holding
Maxincome Resources Sdn Bhd	11.04.1996/ Malaysia	3,000,000	100.00	Dormant
Chingsan Development Sdn Bhd	15.02.1996/ Malaysia	20,480,000	100.00	Property holding
QL AgroResources Sdn Bhd	22.11.1994/ Malaysia	10,600,000	85.00	Feed milling, selling and distribution of animal feeds, raw materials and other related products
QL Feed Sdn Bhd	16.05.2001/ Malaysia	26,000,000	100.00	Marketing and distribution of animal feed raw materials and food grain
QL Farms Sdn Bhd	11.01.1985/ Malaysia	18,600,000	100.00	Investment holding, layer and broiler farming, wholesale of frozen chicken parts, manufacturing and sales of organic fertilizer
QL Tawau Feedmill Sdn Bhd	12.08.1991/ Malaysia	4,270,000	100.00	Manufacture and sale of animal feed and providing chicken parts processing services
QL Ansan Poultry Farm Sdn Bhd	01.04.1982/ Malaysia	20,000,000	85.00	Investment holding and poultry farming
QL Vietnam AgroResources Liability Limited Company	07.05.2008/ Vietnam	USD 8,000,000	100.00	Poultry farming
QL International Pte Ltd	09.05.2013/ Labuan	USD 1	100.00	Marketing and trading of animal raw materials
PT QL Feed Indonesia	24.06.2013/ Indonesia	Nil	100.00	Intended for general trading of animal feed raw materials and related products
<b><u>Subsidiary companies of QL Realty Sdn Bhd</u></b>				
PT QL Trimitra	16.04.2010/ Indonesia	USD 1,500,000	80.00	Agriculture, chicken husbandry and processing
PT QL Agrofood	07.05.2010/ Indonesia	USD 4,500,000	100.00	Chicken breeding and poultry feed

## INFORMATION ON OUR COMPANY (CONT'D)

Name of company	Date/ Place of Incorporation	Issued and paid-up share capital(RM unless otherwise stated)	Effective Equity Interest (%)	Principal Activities
<b><u>Subsidiary company of Pacific Vet Group (M) Sdn Bhd</u></b>				
QL Pacific Vet Group Sdn Bhd	15.11.1999/ Malaysia	2,000,000	90.00	Trading of feed supplement, animal health food and agriculture products
<b><u>Subsidiary companies of QL AgroResources Sdn Bhd</u></b>				
QL Livestock Farming Sdn Bhd	19.03.1996/ Malaysia	20,000,000	85.00	Poultry farming, feed milling as well as selling and distribution of animal feeds, poultry and related products
Gelombang Elit (M) Sdn Bhd	05.08.1995/ Malaysia	352,600	85.00	Letting of investment property
QL TP Fertilizer Sdn Bhd (formerly known as <i>Inspirasi Sutura Sdn Bhd</i> )	01.11.2006/ Malaysia	500,000	43.35	Dormant
<b><u>Subsidiary companies of QL Farms Sdn Bhd</u></b>				
Adequate Triumph Sdn Bhd	19.04.1995/ Malaysia	5,600,000	100.00	Letting of investment properties
QL Inter-Food Sdn Bhd	02.01.1997/ Malaysia	2,400,000	100.00	General trading business
QL Breeder Farm Sdn Bhd	26.01.1985/ Malaysia	1,800,000	100.00	Poultry breeding and farming
Merkaya Sdn Bhd	27.06.1984/ Malaysia	4	100.00	Dormant
<b><u>Subsidiary companies of QL Ansan Poultry Farm Sdn Bhd</u></b>				
QL Rawang Poultry Farm Sdn Bhd	11.08.1982/ Malaysia	4,400,000	85.00	Property holding
Hybrid Figures Sdn Bhd	17.11.2009/ Malaysia	2	85.00	Dormant
<b><u>Subsidiary companies of QL Oil Sdn Bhd</u></b>				
QL Plantation Sdn Bhd	10.09.1979/ Malaysia	111,290,000	100.00	Investment holding, oil palm cultivation and the processing and marketing of oil palm products
QL BioEnergy Sdn Bhd	27.02.1979/ Malaysia	7,952,000	100.00	Dormant

## INFORMATION ON OUR COMPANY (CONT'D)

Name of company	Date/ Place of Incorporation	Issued and paid-up share capital(RM unless otherwise stated)	Effective Equity Interest (%)	Principal Activities
QL Mutiara (S) Pte Ltd	18.03.2006/ Singapore	SGD 2 USD 15,200,000	78.42	Investment holding
<b><u>Subsidiary company of QL Plantation Sdn Bhd</u></b>				
QL Tawau Biogas Sdn Bhd	08.03.2010/ Malaysia	2,000,000	100.00	Operating a biogas power plant
<b><u>Subsidiary company of QL Mutiara (S) Pte Ltd</u></b>				
PT Pipit Mutiara Indah	15.07.2004/ Indonesia	RP 157,000 million	74.50	Oil palm plantation
<b><u>Subsidiary companies of QL Fishery Sdn Bhd</u></b>				
QL Marine Products Sdn Bhd	05.03.1996/ Malaysia	47,650,960	100.00	Investment holding, manufacturing of surimi, surimi-based products and fishmeal as well as processing and sale of frozen seafood
QL Foods Sdn Bhd	25.08.1994/ Malaysia	67,800,000	100.00	Investment holding, manufacturing of surimi and surimi-based products
QL Fishmeal Sdn Bhd	29.05.1984/ Malaysia	32,781,000	100.00	Investment holding, manufacturing and trading of fishmeal
QL Endau Marine Products Sdn Bhd	23.11.1973/ Malaysia	9,525,600	70.59	Investment holding and manufacturing of surimi
QL Figo Foods Sdn Bhd (formerly known as Figo Foods Sdn Bhd)	04.06.1988/ Malaysia	6,100,000	100.00	Manufacturing and sale of 'halal' food products
QL Fresh Choice Seafood Sdn Bhd	16.02.1990/ Malaysia	2,462,000	100.00	Coastal fish trawling and wholesale of marine products
QL Lian Hoe Sdn Bhd	16.06.1993/ Malaysia	10,000,000	82.00	Manufacturing and sale of surimi-based products
QL Lian Hoe (S)Pte Ltd	26.05.2000/ Singapore	SGD 5,000,000	100.00	Manufacturing and processing of food products
<b><u>Subsidiary company of QL Marine Products Sdn Bhd</u></b>				
Icon Blitz Sdn Bhd	09.06.2011/ Malaysia	2	100.00	Dormant

## INFORMATION ON OUR COMPANY (CONT'D)

Name of company	Date/ Place of Incorporation	Issued and paid-up share capital(RM unless otherwise stated)	Effective Equity Interest (%)	Principal Activities
QL Deep Sea Fishing Sdn Bhd	11.04.2003/ Malaysia	14,120,000	100.00	Deep sea fishing and sale of subsidised diesel to fishermen
<b><u>Subsidiary companies of QL Foods Sdn Bhd</u></b>				
QL Aquaculture Sdn Bhd	24.09.2009/ Malaysia	2	100.00	Dormant
QL Aquamarine Sdn Bhd	28.12.1978/ Malaysia	13,384,600	100.00	Aqua-farming
<b><u>Subsidiary companies of QL Fishmeal Sdn Bhd</u></b>				
PT QL Hasil Laut	13.10.2008/ Indonesia	USD 3,000,000	99.97	Manufacturing of surimi and fishmeal
<b><u>Subsidiary companies of QL Endau Marine Products Sdn Bhd</u></b>				
QL Endau Deep Sea Fishing Sdn Bhd	19.04.2004/ Malaysia	43,800,000	70.59	Deep-sea fishing
QL Endau Fishmeal Sdn Bhd	14.02.1996/ Malaysia	20,100,000	70.59	Manufacturing and trading of fishmeal
Pilihan Mahir Sdn Bhd	21.02.2006/ Malaysia	10,000	70.59	Fishery activities
Rikawawasan Sdn Bhd	14.07.1997/ Malaysia	10,000,000	70.59	Deep sea fishing
<b><u>Subsidiary of QL Figo Foods Sdn Bhd (formerly known as Figo Foods Sdn Bhd)</u></b>				
QL Fujiya Pastry Sdn Bhd	21.11.2006/ Malaysia	5,000,000	60.00	Manufacturing and sale of 'halal' food products
<b><u>Subsidiary of QL Lian Hoe (S) Pte Ltd</u></b>				
Zhongshan True Taste Food Industrial Co Ltd	18.01.2000/ People's Republic of China	USD 1,200,000	100.00	Production of various kinds of quick-frozen minced fish fillets, quick-frozen cooked meat products, other flavoured foods, purchasing, processing and selling agricultural products, import and export of aquaculture products
<b><u>Subsidiaries of QL Green Resources Sdn Bhd</u></b>				
QL Green Energy Sdn Bhd	03.08.1999/ Malaysia	500,000	97.75	Investment holding

## INFORMATION ON OUR COMPANY (CONT'D)

Name of company	Date/ Place of Incorporation	Issued and paid-up share capital(RM unless otherwise stated)	Effective Equity Interest (%)	Principal Activities
QL NatureCo Sdn Bhd	29.07.2002/ Malaysia	3,450,000	84.99	Investment holding
QL ESCO Sdn Bhd	17.02.1995/ Malaysia	250,000	100.00	Trading of biomass and related handling system
QL Carbon Sdn Bhd	04.03.2010/ Malaysia	100,000	100.00	Dormant
Leisure Pyramid Sdn Bhd	08.12.2011/ Malaysia	1,200,000	66.67	Manufacturing of wood pellet
<b><u>Subsidiary of QL Green Energy Sdn Bhd</u></b>				
QL Tawau Palm Pellet Sdn Bhd	04.03.2010/ Malaysia	2,000,000	98.85	Operating a palm pellet plant
<b><u>Subsidiary of QL NatureCo Sdn Bhd</u></b>				
QL Palm Pellet Sdn Bhd	18.12.1995/ Malaysia	3,210,000	84.99	Development and marketing of "Palm Pelletising System" to produce pellet sized fuel cells called palm pellets

As at the LPD, the associate companies of QL are as follows:-

Name of company	Date/ Place of Incorporation	Issued and paid-up share capital(RM unless otherwise stated)	Effective Equity Interest (%)	Principal Activities
Indahgrain Logistics Sdn Bhd	12.06.1996/ Malaysia	6,000,000	29.87	Operating of warehouse and warehouse management
Boilermech Holdings Berhad	08.04.2010/ Malaysia	25,800,000	39.16	Investment holding
Lay Hong Berhad	27.09.1983/ Malaysia	49,780,000	23.86	Investment holding and integrated livestock farming

## INFORMATION ON OUR COMPANY (CONT'D)

## 6. PROFIT AND DIVIDEND RECORDS

The following table sets out a summary of our audited consolidated financial statements for the past three (3) financial years up to FYE 31 March 2013 and unaudited consolidated financial statements for the FPE 30 September 2013:-

	Audited			Unaudited
	1.4.2010 to 31.3.2011	1.4.2011 to 31.3.2012	1.4.2012 to 31.3.2013	1.4.2013 to 30.9.2013
	RM'000	RM'000	RM'000	RM'000
<b>Revenue</b>				
Sale of goods	1,776,751	1,946,672	2,146,307	1,184,684
Dividend income	330	-	-	-
	1,777,081	1,946,672	2,146,307	1,184,684
Cost of sale	(1,489,586)	(1,645,188)	(1,795,179)	(989,929)
<b>Gross profit</b>	<b>287,495</b>	<b>301,484</b>	<b>351,128</b>	194,755
Administration expenses	(83,939)	(105,874)	(117,318)	(40,708)
Distribution costs	(25,694)	(28,048)	(37,130)	(16,752)
Other expenses	(12,512)	(13,421)	(15,765)	(500)
Other income	9,256	30,674	11,220	7,011
<b>Results from operating activities</b>	<b>174,606</b>	<b>184,815</b>	<b>192,135</b>	<b>144,806</b>
Finance costs	(18,442)	(22,648)	(28,593)	(17,414)
Finance income	1,098	1,688	1,931	1,137
Share of profits of equity accounted investees, net of tax	3,546	8,427	7,236	5,981
<b>PBT</b>	<b>160,808</b>	<b>172,282</b>	<b>172,709</b>	<b>96,816</b>
Tax expense	(27,010)	(33,113)	(35,157)	(17,745)
<b>PAT</b>	<b>133,798</b>	<b>139,169</b>	<b>137,552</b>	<b>79,071</b>
<b>Other comprehensive income, net of tax</b>				
<b>Items that may be reclassified subsequently to profit or loss:</b>				
Foreign currency translation differences for foreign operations	(4,623)	(12,759)	(15,178)	(43,392)
Fair value of available-for-sale financial assets				
- Gain arising during the year	7,022	3,128	-	-
- Reclassification adjustments for gain included in profit or loss	-	(10,150)	-	-
	7,022	(7,022)	-	-
Cash flow hedge	-	(578)	579	1,744
<b>Total comprehensive (expenses)/income for the year</b>	<b>2,399</b>	<b>(20,359)</b>	<b>(14,599)</b>	1,744
<b>Total comprehensive income for the year</b>	<b>136,197</b>	<b>118,810</b>	<b>122,953</b>	<b>37,423</b>
<b>Profit attributable to:</b>				
Owners of the Company	124,552	131,407	131,706	77,207
Non-controlling interests	9,246	7,762	5,846	1,864
<b>PAT</b>	<b>133,798</b>	<b>139,169</b>	<b>137,552</b>	<b>79,071</b>
<b>Total comprehensive income attributable to:</b>				
Owners of the Company	126,951	111,052	117,098	35,559
Non-controlling interests	9,246	7,758	5,855	1,864
<b>Total comprehensive income for the year</b>	<b>136,197</b>	<b>118,810</b>	<b>122,953</b>	<b>37,423</b>

## INFORMATION ON OUR COMPANY (CONT'D)

	Audited			Unaudited
	1.4.2010 to 31.3.2011	1.4.2011 to 31.3.2012	1.4.2012 to 31.3.2013	1.4.2013 to 30.9.2013
	RM'000	RM'000	RM'000	RM'000
Earnings before interests, taxes, depreciation and amortisation	222,114	241,036	260,509	150,787
Weighted average number of Shares in issue ('000)	793,048	832,001	832,004	832,020
Gross profit margin (%)	16.18	15.49	16.36	16.44
PBT margin (%)	9.05	8.85	8.05	8.17
Net profit margin (%)	7.53	7.15	6.41	6.67
Basic and diluted EPS (sen) <sup>(1)</sup>	16	16	16	9

**Notes:-**

<sup>(1)</sup> Computed by dividing the PAT attributable to our shareholders by the weighted average number of Shares in issue

**Commentary on past performance:-****Unaudited six (6) months FPE 30 September 2013**

For the FPE 30 September 2013, our Group recorded a revenue of approximately RM1,185 million, representing an increase of 13.18% as compared to approximately RM1,047 million recorded for the preceding year corresponding period. All segments of which we operate contributed to the increase in revenue. The revenue contributed by marine product manufacturing ("MPM") segment increased 10% due to higher contribution from surimi-based products and fishmeal operations while the revenue contributed by the palm oil activities ("POA") segment increased 8% due to the increase in fresh fruit bunches processed. The revenue for integrated livestock farming ("ILF") increased 16% due to higher volume and higher unit value of feed raw materials traded coupled with higher egg prices.

Our Group posted a PBT of RM97 million in the FPE 30 September 2013, as compared to the PBT of RM90 million for the preceding year corresponding period. The PBT for the FPE 30 September 2013 increase by 7.79% when compared to the preceding year corresponding period. While the MPM and ILF segments contributed to the increase in PBT, our Group's PBT was impaired by the losses made in the POA segment. The losses in the POA segment were due to lower CPO prices as well as losses from the Indonesia's plantation operations.

**FYE 31 March 2013**

For the FYE 31 March 2013, our Group recorded higher revenue of approximately RM2,146 million, representing an increase of approximately 10.22% as compared to the revenue recorded in the previous financial year of approximately RM1,947 million. The increase in revenue was mainly attributed to the revenue generated from our Indonesian and Vietnamese's poultry operations which have doubled and contributed over RM250 million as compared to RM109 million in the previous financial year coupled with higher contribution from fishmeal and surimi-based products.

Despite the significant increase in revenue, our Group recorded a slightly higher PBT of approximately RM173 million as compared with the FYE 31 March 2012 of RM172 million. Our Group's ILF segment experienced a decrease in PBT due to lower farming margins arising from significant increase in global feed cost due to USA drought affecting the bottom line profit growth of our Group.



**INFORMATION ON OUR COMPANY (CONT'D)****FYE 31 March 2012**

For the FYE 31 March 2012, our Group recorded higher revenue of approximately RM1,947 million, representing an increase of approximately 9.57% as compared to the revenue recorded in the previous FYE 31 March 2011 of approximately RM1,777 million. All segments of which we operate contributed to the increase in revenue. Higher contribution from surimi-based operations in Malaysia as well as new contribution from Indonesia's surimi operation contributed to the increase in revenue in the MPM segment. Meanwhile, higher CPO prices coupled with higher farm products price and unit cost of feed raw materials contributed to the increase in the POA and ILF segments, respectively.

Consequently, our Group recorded higher PBT of approximately RM172 million in FYE 31 March 2012 as compared to RM161 million in the FYE 31 March 2011. The Group had ventured abroad by investing more than RM300 million into Indonesia and Vietnam. The slightly lower PBT margin is mainly attributed by the start-up losses in the regional expansion exercise.

**FYE 31 March 2011**

For the FYE 31 March 2011, our Group recorded higher revenue of approximately RM1,777 million, representing an increase of approximately 20.39% as compared to the revenue reported in the previous financial year of approximately RM1,476 million. The increase of revenue is primarily driven by better performance in our MPM division of 19% revenue growth as well as 25% revenue growth in our ILF segment which is mainly attributed by an upward trend of commodities prices and higher unit values of raw materials.

Consequently, our Group recorded higher PBT of approximately RM161 million in FYE 31 March 2011 as compared to RM136 million in the FYE 31 March 2010 which is in tandem with the increase in revenue.

**7. HISTORICAL SHARE PRICES**

The monthly highest and lowest transacted market prices of QL Shares as traded on Bursa Securities for the past 12 months from February 2013 to January 2014 are set out below:-

	High RM	Low RM
<b>2013</b>		
February	3.09	3.00
March	3.08	2.88
April	3.03	2.96
May	3.40	2.97
June	3.30	3.00
July	3.64	3.10
August	3.60	3.20
September	3.69	3.34
October	4.02	3.59
November	4.28	3.91
December	4.17	3.88
<b>2014</b>		
January	4.12	3.90

Last transacted market price on 2 October 2013  
(being the date prior to the announcement on the Corporate Exercises) 3.63

Last transacted market price on 11 February 2014  
(being the date prior to the ex-date for the Rights Issue and the latest practicable date prior to the issuance of this Abridged Prospectus) 4.05

(Source: Bloomberg)

**REPORTING ACCOUNTANTS' LETTER ON THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR GROUP AS AT 31 MARCH 2013 TOGETHER WITH THE NOTES THEREON**



**KPMG (Firm No. AF 0758)**  
Chartered Accountants  
Level 10, KPMG Tower  
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47800 Petaling Jaya  
Selangor Darul Ehsan, Malaysia

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The Board of Directors  
QL Resources Berhad  
16A, Jalan U8/83  
Bukit Jelutong  
40150 Shah Alam  
Selangor

29 January 2014

Dear Sirs

**QL Resources Berhad**  
**Report on the compilation of the pro forma consolidated statements of financial position as at 31 March 2013**

We have completed our assurance engagement to report on the compilation of the pro forma consolidated statements of financial position as at 31 March 2013 of QL Resources Berhad ("QLRB" or "the Company") and its subsidiaries (collectively defined as "QL Group") by the Board of Directors of the Company. The pro forma consolidated statements of financial position as at 31 March 2013, together with the accompanying notes, is set out in Appendix I, for which we have stamped for the purpose of identification. The applicable criteria on the basis of which the Board of Directors of the Company has compiled the pro forma consolidated statements of financial position are specified in the Securities Commission Malaysia's *Prospectus Guidelines* ("Guidelines") and described in Note 1 of Appendix I.

The pro forma consolidated statements of financial position has been compiled by the Board of Directors of the Company to illustrate the impact of the following corporate exercises on QL Group's financial position as at 31 March 2013, as if the event had taken place at 31 March 2013:-

- (i) the bonus issue of 249,605,886 new ordinary shares of RM0.25 each in QLRB ("QL Share(s)" or "Share(s)") ("Bonus Share(s)") on the basis of three (3) Bonus Shares for every ten (10) existing QL Shares held on 14 February 2014 ("the Entitlement Date") ("the Bonus Issue");
- (ii) the renounceable rights issue of 166,403,924 QL Shares ("Rights Share(s)") on the basis of two (2) Rights Shares for every ten (10) existing QL Shares held on the Entitlement Date ("the Rights Issue"); and
- (iii) the exemption under Paragraph 16.1 of Practice Note 9 of the Malaysian Code on Take-overs and Mergers 2010 to exempt CBG Holdings Sdn Bhd ("CBG") and its parties acting-in-concert with CBG from the obligation of extending a mandatory take-over offer for the remaining QL Shares not already held by them pursuant to the Rights Issue ("the Exemption").

(Collectively referred to as the "Corporate Exercises")

**REPORTING ACCOUNTANTS' LETTER ON THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR GROUP AS AT 31 MARCH 2013 TOGETHER WITH THE NOTES THEREON (CONT'D)**



*QL Resources Berhad*  
*Report on the compilation of the pro forma consolidated*  
*statements of financial position as at 31 March 2013*  
*29 January 2014*

As part of this process, information about the QL Group's financial position have been extracted by the Board of Directors of the Company from the financial statements of QL Group for the year ended 31 March 2013, on which an audit report has been published.

**Directors' responsibility for the pro forma consolidated statements of financial position**

The Board of Directors of the Company is responsible for compiling the pro forma consolidated statements of financial position on the basis described in Note 1 of Appendix I.

**Reporting Accountants' Responsibilities**

Our responsibility is to express an opinion as required by the Guidelines, about whether the pro forma consolidated statements of financial position has been compiled, in all material respects, by the Board of Directors of the Company on the basis described in Note 1 of Appendix I.

We conducted our engagement in accordance with International Standard on Assurance Engagement (ISAE) 3420, *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*, issued by the International Auditing and Assurance Standards Board and adopted by the Malaysian Institute of Accountants. This standard requires that we comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the Board of Directors of the Company has compiled, in all material respects, the pro forma consolidated statements of financial position on the basis described in Note 1 of Appendix I.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the pro forma consolidated statements of financial position, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the pro forma consolidated statements of financial position.

The purpose of the pro forma consolidated statements of financial position included in a prospectus is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity as if the event had occurred or transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event at 31 March 2013 would have been as presented.

A reasonable assurance engagement to report on whether the pro forma consolidated statements of financial position has been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Board of Directors of the Company in the compilation of the pro forma consolidated statements of financial position provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The pro forma consolidated statements of financial position reflects the proper application of those adjustments to the unadjusted financial information.

**REPORTING ACCOUNTANTS' LETTER ON THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR GROUP AS AT 31 MARCH 2013 TOGETHER WITH THE NOTES THEREON (CONT'D)**



*QL Resources Berhad*  
*Report on the compilation of the pro forma consolidated*  
*statements of financial position as at 31 March 2013*  
*29 January 2014*

The procedures selected depend on our judgement, having regard to our understanding of the nature of QL Group, the events or transactions in respect of which the pro forma consolidated statements of financial position have been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the pro forma consolidated statements of financial position.

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

*Opinion*

In our opinion,

- (a) the pro forma consolidated statements of financial position has been properly prepared in accordance with the basis stated in Note 1 of Appendix I using financial statements prepared in accordance with Financial Reporting Standards and in a manner consistent with both the format of the financial statements and the accounting policies of the Company; and
- (b) each material adjustment made to the information used in the preparation of the pro forma consolidated statements of financial position is appropriate for the purposes of preparing the pro forma consolidated statements of financial position.

**Other Matters**

This letter is prepared at your request for the purpose of the Corporate Exercises and should not be relied upon for any other purposes.

Yours faithfully

KPMG  
Firm No. AF 0758  
Chartered Accountants

Peter Ho Kok Wai  
Approval Number: 1745/12/15(J)  
Chartered Accountants

**REPORTING ACCOUNTANTS' LETTER ON THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR GROUP AS AT 31 MARCH 2013 TOGETHER WITH THE NOTES THEREON (CONT'D)**

**Appendix I**

**QL RESOURCES BERHAD ("QLRB" or the "Company")  
AND ITS SUBSIDIARIES ("QL GROUP")**

**PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
AS AT 31 MARCH 2013**

The pro forma consolidated statements of financial position of QLRB as at 31 March 2013 as set out below have been prepared solely for illustrative purposes only and to show the effects of the transactions referred to in the notes:

**Minimum Scenario**

	Note	Audited as at 31 March 2013 RM'000	Pro forma I After adjusting for the Bonus Issue RM'000	Pro forma II After Pro forma I and the Rights Issue RM'000
<b>Assets</b>				
Property, plant and equipment	3	960,702	960,702	960,702
Intangible assets		7,229	7,229	7,229
Biological assets		111,838	111,838	111,838
Investment properties		29,466	29,466	29,466
Prepaid lease payments		53,300	53,300	53,300
Investment in associates		74,564	74,564	74,564
Deferred tax assets		539	539	539
Trade and other receivables		2,817	2,817	2,817
<b>Total non-current assets</b>		<b>1,240,455</b>	<b>1,240,455</b>	<b>1,240,455</b>
Inventories		219,363	219,363	219,363
Biological assets		74,168	74,168	74,168
Other investment, including derivatives		138	138	138
Trade and other receivables		279,668	279,668	279,668
Prepayments and other assets		37,595	37,595	37,595
Current tax assets		9,007	9,007	9,007
Asset held for sale		7,035	7,035	7,035
Cash and cash equivalents	4	141,101	141,101	141,101
<b>Total current assets</b>		<b>768,075</b>	<b>768,075</b>	<b>768,075</b>
<b>Total assets</b>		<b>2,008,530</b>	<b>2,008,530</b>	<b>2,008,530</b>



REPORTING ACCOUNTANTS' LETTER ON THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR GROUP AS AT 31 MARCH 2013 TOGETHER WITH THE NOTES THEREON (CONT'D)

Appendix I

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
AS AT 31 MARCH 2013  
(Continued)

Minimum Scenario (continued)

	Note	Audited as at 31 March 2013 RM'000	Pro forma I After adjusting for the Bonus Issue RM'000	Pro forma II After Pro forma I and the Rights Issue RM'000
<b>Equity</b>				
Share capital	5	208,005	270,406	294,465
Share premium	6	113,599	51,198	199,165
Reserves		569,177	569,177	569,177
<b>Equity attributable to owners of the Company <sup>(a)</sup></b>		890,781	890,781	1,062,807
<b>Non-controlling interests</b>		68,857	68,857	68,857
<b>Total equity</b>		959,638	959,638	1,131,664
<b>Liabilities</b>				
Loans and borrowings		451,074	451,074	451,074
Employee benefits		769	769	769
Deferred tax liabilities		59,791	59,791	59,791
<b>Total non-current liabilities</b>		511,634	511,634	511,634
Trade and other payables, including derivatives		152,536	152,536	152,536
Loans and borrowings	7	376,679	376,679	204,653
Current tax liabilities		8,043	8,043	8,043
<b>Total current liabilities</b>		537,258	537,258	365,232
<b>Total liabilities</b>		1,048,892	1,048,892	876,866
<b>Total equity and liabilities</b>		2,008,530	2,008,530	2,008,530
<b>No. of QL Shares ('000)</b>		832,020	1,081,626	1,177,862
<b>Net Assets per QL Share (RM)</b>		1.07	0.82	0.90
<b>Net gearing (times) <sup>(b)</sup></b>		0.77	0.77	0.48

Note:-

- (a) Net Assets is defined as equity attributable to owners of the Company.  
(b) Net gearing is calculated on net borrowings (borrowings less cash) divided by net assets.  
(c) The Exemption does not have any impact on the financial position of QLRB as at 31 March 2013



REPORTING ACCOUNTANTS' LETTER ON THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR GROUP AS AT 31 MARCH 2013 TOGETHER WITH THE NOTES THEREON (CONT'D)

Appendix I

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
AS AT 31 MARCH 2013  
(Continued)

Maximum Scenario

	Note	Audited as at 31 March 2013 RM'000	Pro forma I After adjusting for the Bonus Issue RM'000	Pro forma II After Pro forma I and the Rights Issue RM'000
<b>Assets</b>				
Property, plant and equipment	3	960,702	960,702	1,030,702
Intangible assets		7,229	7,229	7,229
Biological assets		111,838	111,838	111,838
Investment properties		29,466	29,466	29,466
Prepaid lease payments		53,300	53,300	53,300
Investment in associates		74,564	74,564	74,564
Deferred tax assets		539	539	539
Trade and other receivables		2,817	2,817	2,817
<b>Total non-current assets</b>		<b>1,240,455</b>	<b>1,240,455</b>	<b>1,310,455</b>
Inventories		219,363	219,363	219,363
Biological assets		74,168	74,168	74,168
Other investment, including derivatives		138	138	138
Trade and other receivables		279,668	279,668	279,668
Prepayments and other assets		37,595	37,595	37,595
Current tax assets		9,007	9,007	9,007
Asset held for sale		7,035	7,035	7,035
Cash and cash equivalents	4	141,101	141,101	149,428
<b>Total current assets</b>		<b>768,075</b>	<b>768,075</b>	<b>776,402</b>
<b>Total assets</b>		<b>2,008,530</b>	<b>2,008,530</b>	<b>2,086,857</b>



REPORTING ACCOUNTANTS' LETTER ON THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR GROUP AS AT 31 MARCH 2013 TOGETHER WITH THE NOTES THEREON (CONT'D)

Appendix I

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
AS AT 31 MARCH 2013  
(Continued)

Maximum Scenario (continued)

	Note	Audited as at 31 March 2013 RM'000	Pro forma I After adjusting for the Bonus Issue RM'000	Pro forma II After Pro forma I and the Rights Issue RM'000
<b>Equity</b>				
Share capital	5	208,005	270,406	312,007
Share premium	6	113,599	51,198	307,924
Reserves		569,177	569,177	569,177
<b>Equity attributable to owners of the Company<sup>(a)</sup></b>		890,781	890,781	1,189,108
<b>Non-controlling interests</b>		68,857	68,857	68,857
<b>Total equity</b>		959,638	959,638	1,257,965
<b>Liabilities</b>				
Loans and borrowings		451,074	451,074	451,074
Employee benefits		769	769	769
Deferred tax liabilities		59,791	59,791	59,791
<b>Total non-current liabilities</b>		511,634	511,634	511,634
Trade and other payables, including derivatives		152,536	152,536	152,536
Loans and borrowings	7	376,679	376,679	156,679
Current tax liabilities		8,043	8,043	8,043
<b>Total current liabilities</b>		537,258	537,258	317,258
<b>Total liabilities</b>		1,048,892	1,048,892	828,892
<b>Total equity and liabilities</b>		2,008,530	2,008,530	2,086,857
No. of QL Shares ('000)		832,020	1,081,626	1,248,030
Net Assets per QL Share (RM)		1.07	0.82	0.95
Net gearing (times) <sup>(b)</sup>		0.77	0.77	0.39

Note:-

- (a) Net Assets is defined as equity attributable to owners of the Company.  
(b) Net gearing is calculated on net borrowings (borrowings less cash) divided by net assets.  
(c) The Exemption does not have any impact on the financial position of QLRB as at 31 March 2013





**REPORTING ACCOUNTANTS' LETTER ON THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR GROUP AS AT 31 MARCH 2013 TOGETHER WITH THE NOTES THEREON (CONT'D)**

**Appendix I**

**QL RESOURCES BERHAD (“QLRB” or the “Company”)  
AND ITS SUBSIDIARIES (“QL GROUP”)**

**PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
AS AT 31 MARCH 2013**

**1. Basis of preparation**

The pro forma consolidated statements of financial position of the QL Group as at 31 March 2013 are based on the audited financial statements of QL Group for the year ended 31 March 2013, which were prepared in accordance with Financial Reporting Standards, generally accepted accounting principles and the Companies Act, 1965 in Malaysia. The accounting policies, basis and assumptions used in the preparation of the pro forma consolidated statements of financial position are consistent with those adopted by QL Group in the preparation of their audited financial statements for the year ended 31 March 2013.

The pro forma consolidated statements of financial position do not include the effects of the adoption of Financial Reporting Standards issued by the Malaysian Accounting Standards Board which are effective for the annual period beginning on 1 April 2013.

The pro forma is presented based on the following assumptions:

- (i) Minimum Scenario - only CBG Holdings Sdn Bhd and Farsathy Holdings Sdn Bhd subscribe for their respective entitlement of the Rights Shares pursuant to the Rights Issue. The Rights Shares issue amounts to 96,236,844 Rights Shares.
- (ii) Maximum Scenario - all the shareholders subscribe for their respective entitlement pursuant to the Rights Issue. The Rights Shares issue amount to 166,403,924 Rights Shares.

**2. Pro forma consolidated statements of financial position as at 31 March 2013**

The pro forma consolidated statements of financial position are for illustrative purposes only and to incorporate the following transactions as though they were effected on 31 March 2013:

**Pro forma I – the Bonus Issue**

Pro forma I incorporates the adjustments for a bonus issue of 249,605,886 new ordinary shares of RM0.25 each in QLRB (“Bonus Shares”) on the basis of three (3) Bonus Shares for every ten (10) existing QLRB Shares held on 14 February 2014 (“the Entitlement Date”) (“the Bonus Issue”).

**Pro forma II – the Rights Issue**

Pro forma II incorporates Pro forma I and the effects of the renounceable rights issue of 166,403,924 of QLRB Shares (“Rights Shares”) on the basis of two (2) Rights Shares for every ten (10) existing QLRB Shares held on the Entitlement Date (“the Rights Issue”). The indicative issue price of the Rights Shares is RM1.80 each, which will be satisfied in cash.



**REPORTING ACCOUNTANTS' LETTER ON THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR GROUP AS AT 31 MARCH 2013 TOGETHER WITH THE NOTES THEREON (CONT'D)**

**Appendix I**

**PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
AS AT 31 MARCH 2013  
(Continued)**

**2. Pro forma consolidated statements of financial position as at 31 March 2013  
(continued)**

The total gross proceeds of RM173.23 million and RM299.53 million for minimum and maximum scenario respectively are assumed to be utilised as follows:

Minimum Scenario

- (a) RM172.03 million for the repayment of bank borrowings; and
- (b) RM1.20 million to defray the estimated expenses relating to the Corporate Exercises.

Maximum Scenario

- (a) RM220.00 million for the repayment of bank borrowings;
- (b) RM70.00 million for capital expenditure purposes;
- (c) RM8.33 million for working capital purposes; and
- (d) RM1.20 million to defray the estimated expenses relating to the Corporate Exercises.

The estimated expenses in relation to the Corporate Exercises will be debited to "Share Premium" account.

**3. Movement in property, plant and equipment**

	<b>Minimum Scenario RM'000</b>	<b>Maximum Scenario RM'000</b>
<b>Audited balance at 31 March 2013 and Pro forma I</b>	960,702	960,702
Effects of Pro forma II - Capital expenditure	-	70,000
<b>Pro forma II</b>	<u>960,702</u>	<u>1,030,702</u>



REPORTING ACCOUNTANTS' LETTER ON THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR GROUP AS AT 31 MARCH 2013 TOGETHER WITH THE NOTES THEREON (CONT'D)

Appendix I

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
AS AT 31 MARCH 2013  
(Continued)

4. Movement in cash and cash equivalents

	Minimum Scenario RM'000	Maximum Scenario RM'000
<b>Audited balance at 31 March 2013 and Pro forma I</b>	141,101	141,101
Effects of Pro forma II - Proceeds from issuance of new QLRB Shares via the Rights Issue	173,226	299,527
- Repayment of bank borrowings	(172,026)	(220,000)
- Capital expenditure	-	(70,000)
- Payment of expenses relating to the Corporate Exercises	(1,200)	(1,200)
	<u>141,101</u>	<u>149,428</u>
<b>Pro forma II</b>	<u>141,101</u>	<u>149,428</u>

5. Movement in share capital

	Minimum Scenario RM'000	Maximum Scenario RM'000
<b>Audited balance at 31 March 2013</b>	208,005	208,005
Effects of Pro forma I - Issuance of new QLRB Shares via the Bonus Issue	62,401	62,401
<b>Pro forma I</b>	<u>270,406</u>	<u>270,406</u>
Effects of Pro forma II - Issuance of new QLRB Shares via the Rights Issue	24,059	41,601
<b>Pro forma II</b>	<u>294,465</u>	<u>312,007</u>



REPORTING ACCOUNTANTS' LETTER ON THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR GROUP AS AT 31 MARCH 2013 TOGETHER WITH THE NOTES THEREON (CONT'D)

Appendix I

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
AS AT 31 MARCH 2013  
(Continued)

6. Movement in share premium

	Minimum Scenario RM'000	Maximum Scenario RM'000
Audited balance at 31 March 2013	113,599	113,599
Effects of Pro forma I - Issuance of new QLRB Shares via the Bonus Issue	(62,401)	(62,401)
<b>Pro forma I</b>	----- 51,198	----- 51,198
Effects of Pro forma II - Issuance of new QLRB Shares via the Rights Issue	149,167	257,926
- Corporate Exercises	(1,200)	(1,200)
<b>Pro forma II</b>	----- 199,165	----- 307,924

7. Movement in current loans and borrowings

	Minimum Scenario RM'000	Maximum Scenario RM'000
Audited balance at 31 March 2013 and Pro forma I	376,679	376,679
Effects of Pro forma II - Repayment of loans and borrowings	(172,026)	(220,000)
<b>Pro forma II</b>	----- 204,653	----- 156,679



AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 MARCH 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON

**QL Resources Berhad**  
(Company No. 428915-X)  
(Incorporated in Malaysia)  
**and its subsidiaries**

**Financial statements for the year  
ended 31 March 2013**

## AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 MARCH 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

1

**QL Resources Berhad**

(Company No. 428915-X)

(Incorporated in Malaysia)

**and its subsidiaries****Directors' report for the year ended 31 March 2013**

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 2013.

**Principal activities**

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

**Results**

	<b>Group RM'000</b>	<b>Company RM'000</b>
Profit for the year attributable to:		
Owners of the Company	131,706	24,415
Non-controlling interests	5,846	-
	<u>137,552</u>	<u>24,415</u>

**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 Company declared and paid a final single tier dividend of 4.50 sen per ordinary share totalling RM37,440,000 in respect of the financial year ended 31 March 2012 on 14 September 2012.

The Directors recommend a final single tier dividend of 4.50 sen per ordinary share in respect of the year ended 31 March 2013 subject to the approval of the shareholders at the forthcoming general meeting. Based on the issued and paid-up capital of the Company at the end of the reporting period, the final dividend would amount to approximately RM37,441,000.

## AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 MARCH 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

2

**Directors of the Company**

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

Tengku Dato' Zainal Rashid bin Tengku Mahmood  
 Chia Song Kun  
 Chia Seong Pow  
 Chia Seong Fatt  
 Chia Song Kooi  
 Chia Song Swa  
 Chia Mak Hooi  
 Cheah Juw Teck  
 Chieng Ing Huong  
 Tan Bun Poo  
 Datuk Wira Jalilah Binti Baba (Appointed on 01.04.2013)  
 Teh Kim Teh (Resigned on 31.03.2013)

**Directors' interests in shares**

The interests and deemed interests in the ordinary shares and warrants of the Company and of its related companies (other than wholly-owned subsidiaries) of those who were Directors at financial year end (including the interests of the spouses 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 of RM0.25 each			
	At 1.4.2012	Bought	Sold	At 31.3.2013
Shareholdings in the Company which Directors have direct interests				
Tengku Dato' Zainal Rashid bin Tengku Mahmood	2,700,000	-	-	2,700,000
Chia Song Kun	450,000	-	-	450,000
Chia Seong Pow	1,880,000	-	-	1,880,000
Chia Seong Fatt	324,000	-	-	324,000
Chia Song Kooi	580,000	-	-	580,000
Chia Song Swa	378,000	-	-	378,000
Chia Mak Hooi	465,000	-	-	465,000
Cheah Juw Teck	1,320,000	22,000	-	1,342,000
Shareholdings in the Company which Directors have indirect interests				
Chia Song Kun	383,344,998	333,000	-	383,677,998
Chia Seong Pow	110,932,740	200,000	-	111,132,740
Chia Seong Fatt	109,921,540	200,000	-	110,121,540
Chia Song Kooi	377,553,882	200,000	-	377,753,882
Chia Song Swa	376,286,682	200,000	-	376,486,682
Chia Mak Hooi	380,370,682	200,000	(239,300)	380,331,382
Cheah Juw Teck	4,939,800	-	(100,000)	4,839,800
Teh Kim Teh	185,000	-	-	185,000

## AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 MARCH 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

3

**Directors' interests in shares (continued)**

	Number of warrants*				At 31.3.2013
	At 1.4.2012	Granted	Exercised	Lapsed	
Warrant holdings in the Company which Directors have direct interests					
Tengku Dato' Zainal Rashid bin Tengku Mahmood	135,000	-	-	(135,000)	-
Chia Song Kun	22,500	-	-	(22,500)	-
Chia Seong Pow	36,000	-	-	(36,000)	-
Chia Seong Fatt	16,200	-	-	(16,200)	-
Chia Song Kooi	9,000	-	-	(9,000)	-
Chia Song Swa	18,900	-	-	(18,900)	-
Chia Mak Hooi	18,000	-	-	(18,000)	-
Cheah Juw Teck	66,000	-	-	(66,000)	-
Warrant holdings in the Company which Directors have indirect interests					
Chia Song Kun	19,010,905	-	-	(19,010,905)	-
Chia Seong Pow	5,494,137	-	-	(5,494,137)	-
Chia Seong Fatt	5,503,577	-	-	(5,503,577)	-
Chia Song Kooi	18,885,200	-	-	(18,885,200)	-
Chia Song Swa	18,821,840	-	-	(18,821,840)	-
Chia Mak Hooi	18,916,540	-	-	(18,916,540)	-
Cheah Juw Teck	96,400	-	-	(96,400)	-

\* *The warrants expired on 13 February 2013 and thus, any unsold/unexercised warrants have lapsed.*

By virtue of their interest in the shares of the Company, Chia Song Kun, Chia Seong Pow, Chia Seong Fatt, Chia Song Kooi, Chia Song Swa and Chia Mak Hooi are 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 their deemed shareholdings in non-wholly owned subsidiaries are shown in Note 33.1 to these financial statements.

The other Directors, Chieng Ing Huong and Tan Bun Poo, holding office at 31 March 2013 did not have any interest in the ordinary shares and warrants of the Company and of its related companies during the financial year.



**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 MARCH 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

4

**Directors' benefits**

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors as shown in the financial statements or the fixed salary of a full time employee of the Company 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 significant financial interests in companies which traded with certain companies in the Group in the ordinary course of business.

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 17,822 new ordinary shares of RM0.25 each for cash pursuant to conversion of warrants at an exercise price of RM3.30 per share.

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

There were no debentures issued during the financial year.

**Options granted over unissued shares**

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

**Share buy-back**

The shareholders of the Company, by an ordinary resolution passed in an extraordinary general meeting held on 24 August 2012, renewed the Company's plan to buy-back its own shares.

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

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 MARCH 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

5

**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.

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 2013 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.

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 MARCH 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

6

**Significant events during the year**

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

**Subsequent events**

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

**Auditors**

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

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



.....  
**Chia Song Kun**



.....  
**Chia Mak Hooi**

Shah Alam,

Date: 10 July 2013

## AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 MARCH 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

7

**QL Resources Berhad**

(Company No. 428915-X)

(Incorporated in Malaysia)

**and its subsidiaries****Statements of financial position as at 31 March 2013**

	Note	Group		Company	
		2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
<b>Assets</b>					
Property, plant and equipment	3	960,702	877,260	580	517
Intangible assets	4	7,229	7,586	-	-
Biological assets	5	111,838	103,979	-	-
Investment properties	6	29,466	4,077	-	-
Prepaid lease payments	7	53,300	51,700	-	-
Investment in subsidiaries	8	-	-	418,517	273,933
Investment in associates	9	74,564	65,819	23,432	23,432
Other investments, including derivatives	10	-	40	-	-
Deferred tax assets	11	539	593	-	-
Trade and other receivables	12	2,817	1,355	118,102	26,407
<b>Total non-current assets</b>		<b>1,240,455</b>	<b>1,112,409</b>	<b>560,631</b>	<b>324,289</b>
Inventories	13	219,363	153,207	-	-
Biological assets	5	74,168	61,365	-	-
Other investment, including derivatives	10	138	442	19	97
Trade and other receivables	12	279,668	215,000	352,466	397,910
Prepayments and other assets	14	37,595	17,348	305	308
Current tax assets		9,007	9,249	684	884
Asset held for sale	15	7,035	134	-	-
Cash and cash equivalents	16	141,101	101,503	4,568	9,658
<b>Total current assets</b>		<b>768,075</b>	<b>558,248</b>	<b>358,042</b>	<b>408,857</b>
<b>Total assets</b>		<b>2,008,530</b>	<b>1,670,657</b>	<b>918,673</b>	<b>733,146</b>

## AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 MARCH 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

8

**Statements of financial position as at 31 March 2013**

(continued)

	Note	Group		Company	
		2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
<b>Equity</b>					
Share capital		208,005	208,000	208,005	208,000
Share premium		113,599	113,544	113,599	113,544
Reserves		569,177	490,052	5,187	17,790
<b>Equity attributable to owners of the Company</b>		<b>890,781</b>	<b>811,596</b>	<b>326,791</b>	<b>339,334</b>
<b>Non-controlling interests</b>		<b>68,857</b>	<b>68,438</b>	-	-
<b>Total equity</b>	17	<b>959,638</b>	<b>880,034</b>	<b>326,791</b>	<b>339,334</b>
<b>Liabilities</b>					
Loans and borrowings	18	451,074	304,375	418,934	271,485
Employee benefits	19	769	368	-	-
Deferred tax liabilities	11	59,791	54,018	-	-
<b>Total non-current liabilities</b>		<b>511,634</b>	<b>358,761</b>	<b>418,934</b>	<b>271,485</b>
Trade and other payables, including derivatives	20	152,536	136,779	56,565	34,655
Loans and borrowings	18	376,679	292,143	116,383	87,672
Current tax liabilities		8,043	2,940	-	-
<b>Total current liabilities</b>		<b>537,258</b>	<b>431,862</b>	<b>172,948</b>	<b>122,327</b>
<b>Total liabilities</b>		<b>1,048,892</b>	<b>790,623</b>	<b>591,882</b>	<b>393,812</b>
<b>Total equity and liabilities</b>		<b>2,008,530</b>	<b>1,670,657</b>	<b>918,673</b>	<b>733,146</b>

The notes on pages 19 to 116 are an integral part of these financial statements.

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 MARCH 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

9

## QL Resources Berhad

(Company No. 428915-X)

(Incorporated in Malaysia)

### and its subsidiaries

## Statements of profit or loss and other comprehensive income for the year ended 31 March 2013

	Note	Group		Company	
		2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
<b>Revenue</b> - sale of goods		2,146,307	1,946,672	-	-
- dividend income		-	-	30,354	39,325
- management fee		-	-	3,949	3,015
- administrative charges		-	-	2,491	1,727
		<u>2,146,307</u>	<u>1,946,672</u>	<u>36,794</u>	<u>44,067</u>
Cost of sales		(1,795,179)	(1,645,188)	-	-
<b>Gross profit</b>		<u>351,128</u>	<u>301,484</u>	<u>36,794</u>	<u>44,067</u>
Administration expenses		(117,318)	(105,874)	(11,209)	(11,211)
Distribution costs		(37,130)	(28,048)	-	-
Other expenses		(15,765)	(13,421)	-	-
Other income		11,220	30,674	20	10,188
<b>Results from operating activities</b>	21	<u>192,135</u>	<u>184,815</u>	<u>25,605</u>	<u>43,044</u>
Finance costs	22	(28,593)	(22,648)	(19,552)	(14,603)
Finance income	23	1,931	1,688	20,173	17,355
Share of profits of equity accounted investees, net of tax		7,236	8,427	-	-
<b>Profit before tax</b>		<u>172,709</u>	<u>172,282</u>	<u>26,226</u>	<u>45,796</u>
Tax expense	24	(35,157)	(33,113)	(1,811)	(2,167)
<b>Profit for the year</b>		<u><u>137,552</u></u>	<u><u>139,169</u></u>	<u><u>24,415</u></u>	<u><u>43,629</u></u>

## AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 MARCH 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

10

**Statements of profit or loss and other comprehensive income for the year ended 31 March 2013**

(continued)

	Note	Group		Company	
		2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
<b>Other comprehensive (expenses)/ income, net of tax</b>					
<b>Items that may be reclassified subsequently to profit or loss</b>					
Foreign currency translation differences for foreign operations		(15,178)	(12,759)	-	-
Fair value of available-for-sale financial assets					
- Gain arising during the year		-	3,128	-	3,128
- Reclassification adjustments for gain included in profit or loss		-	(10,150)	-	(10,150)
Cash flow hedge		579	(578)	422	(357)
<b>Total other comprehensive (expenses)/ income for the year, net of tax</b>		(14,599)	(20,359)	422	(7,379)
<b>Total comprehensive income for the year</b>		122,953	118,810	24,837	36,250
<b>Profit attributable to:</b>					
Owners of the Company		131,706	131,407	24,415	43,629
Non-controlling interests		5,846	7,762	-	-
<b>Profit for the year</b>		137,552	139,169	24,415	43,629
<b>Total comprehensive income attributable to:</b>					
Owners of the Company		117,098	111,052	24,837	36,250
Non-controlling interests		5,855	7,758	-	-
<b>Total comprehensive income for the year</b>		122,953	118,810	24,837	36,250
<b>Basic/Diluted earnings per ordinary share (sen)</b>	25	16	16		

The notes on pages 19 to 116 are an integral part of these financial statements.

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 MARCH 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

**QL Resources Berhad**  
(Company No. 428915-X)  
(Incorporated in Malaysia)  
**and its subsidiaries**

11

**Consolidated statements of changes in equity for the year ended 31 March 2013**

Group	Share capital RM'000	Share premium RM'000	Attributable to owners of the Company			Total equity RM'000
			Translation reserve RM'000	Available-for-sale reserve RM'000	Retained earnings RM'000	
At 1 April 2011	208,000	113,561	(4,342)	7,022	411,680	735,921
Foreign currency translation differences for foreign operations	-	-	(12,759)	-	-	(12,759)
Fair value of available-for-sale financial assets	-	-	-	3,128	-	3,128
- Gain arising during the year	-	-	-	(10,150)	-	(10,150)
- Reclassification adjustments for gain included in profit or loss	-	-	-	-	(574)	(574)
Cash flow hedge	-	-	-	-	-	-
Total other comprehensive expenses for the year	-	-	(12,759)	(7,022)	(574)	(20,355)
Profit for the year	-	-	-	-	131,407	131,407
<b>Total comprehensive (expenses)/income for the year</b>	-	-	(12,759)	(7,022)	131,407	111,052
<i>Contributions by and distributions to owners of the Company</i>	-	-	(12,759)	(7,022)	(574)	7,758
- Issuance of shares	-	5	-	-	-	5
- conversion of warrants	-	(22)	-	-	-	(22)
- Share issue expenses	-	-	-	-	(35,360)	(35,360)
- Dividends to owners of the Company	-	-	-	-	-	-
- Dividends to non-controlling interests	-	-	-	-	(3,858)	(3,858)
- Contribution from non-controlling interests	-	-	-	-	1,107	1,107
<b>Total transactions with owners of the Company</b>	-	(17)	-	-	(35,360)	(38,128)
At 31 March 2012	208,000	113,544	(17,101)	-	507,727	811,596

Note 17.1

Note 17.2

Note 17.3

Note 17.4

68,438

880,034



## APPENDIX IV

## AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 MARCH 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

12

**Consolidated statements of changes in equity for the year ended 31 March 2013**  
(continued)

Group	Share capital RM'000	Share premium RM'000	Translation reserve RM'000	Attributable to owners of the Company			Retained earnings RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
				Available-for-sale reserve RM'000	Hedging reserve RM'000	Distributable				
<b>At 1 April 2012</b>	208,000	113,544	(17,101)	-	(574)	507,727	811,596	68,438	880,034	
Foreign currency translation differences for foreign operations	-	-	(15,178)	-	-	-	(15,178)	-	(15,178)	
Cash flow hedge	-	-	-	-	570	-	570	9	579	
Total other comprehensive (expenses)/income for the year	-	-	(15,178)	-	570	-	(14,608)	9	(14,599)	
Profit for the year	-	-	-	-	-	131,706	131,706	5,846	137,552	
<b>Total comprehensive (expenses)/income for the year</b>	-	-	(15,178)	-	570	131,706	117,098	5,855	122,953	
<i>Contributions by and distributions to owners of the Company</i>										
- Issuance of shares	5	55	-	-	-	-	60	-	60	
- conversion of warrants	-	-	-	-	-	(37,440)	(37,440)	-	(37,440)	
- Dividends to owners of the Company	-	-	-	-	-	-	-	(3,875)	(3,875)	
- Dividends to non-controlling interests	-	-	-	-	-	(533)	(533)	(1,561)	(2,094)	
- Acquisition from non-controlling interests	-	-	-	-	-	-	-	-	-	
<b>Total transactions with owners of the Company</b>	5	55	-	-	-	(37,973)	(37,913)	(5,436)	(43,349)	
<b>At 31 March 2013</b>	208,005	113,599	(32,279)	-	(4)	601,460	890,781	68,857	959,638	
	Note 17.1		Note 17.2		Note 17.3		Note 17.4			

## AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 MARCH 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

13

## Statements of changes in equity for the year ended 31 March 2013

Company	Share capital RM'000	Share premium RM'000	Available-		Hedging reserve RM'000	Retained earnings RM'000	Total equity RM'000
			Attributable to owners of the Company Non-distributable	Distributable			
<b>At 1 April 2011</b>	208,000	113,561	7,022	-	-	9,878	338,461
Fair value of available-for-sale financial assets	-	-	3,128	-	-	-	3,128
- Gain arising during the year	-	-	(10,150)	-	-	-	(10,150)
- Reclassification adjustments for gain	-	-	-	(357)	-	-	(357)
Cash flow hedge	-	-	-	(7,022)	(357)	-	(7,379)
Total other comprehensive expenses for the year	-	-	-	-	-	43,629	43,629
Profit for the year	-	-	(7,022)	(357)	(357)	43,629	43,629
<b>Total comprehensive (expenses)/income for the year</b>	-	-	(7,022)	(357)	(357)	43,629	36,250
<i>Contributions by and distributions to owners of the Company</i>							
- Issuance of shares	-	5	-	-	-	-	5
- conversion of warrants	-	(22)	-	-	-	-	(22)
- Share issue expenses	-	-	-	-	-	(35,360)	(35,360)
- Dividends to owners of the Company	-	-	-	-	-	(35,360)	(35,360)
<b>Total transactions with owners of the Company</b>	-	(17)	-	-	-	(35,360)	(35,377)
<b>At 31 March 2012</b>	208,000	113,544	-	(357)	(357)	18,147	339,334

Note 17.1

Note 17.3

Note 17.4

Note 17.5

## AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 MARCH 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

14

**Statements of changes in equity for the year ended 31 March 2013**  
(continued)

Company	← Attributable to owners of the Company →		← Distributable →		Total equity RM'000	
	Share capital RM'000	Share premium RM'000	Available- for-sale reserve RM'000	Hedging reserve RM'000		Retained earnings RM'000
<b>At 1 April 2012</b>	208,000	113,544	-	(357)	18,147	339,334
Cash flow hedge	-	-	-	422	-	422
Total other comprehensive income for the year	-	-	-	422	-	422
Profit for the year	-	-	-	-	24,415	24,415
<b>Total comprehensive income for the year</b>	-	-	-	422	24,415	24,837
<i>Contributions by and distributions to owners of the Company</i>						
- Issuance of shares	5	55	-	-	-	60
- conversion of warrants	-	-	-	-	(37,440)	(37,440)
- Dividends to owners of the Company	-	-	-	-	(37,440)	(37,440)
<b>Total transactions with owners of the Company</b>	5	55	-	-	(37,440)	(37,380)
<b>At 31 March 2013</b>	208,005	113,599	-	65	5,122	326,791

Note 17.1                      Note 17.3                      Note 17.4                      Note 17.5

The notes on pages 19 to 116 are an integral part of these financial statements.

## AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 MARCH 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

15

**QL Resources Berhad**

(Company No. 428915-X)

(Incorporated in Malaysia)

**and its subsidiaries****Statements of cash flows for the year ended  
31 March 2013**

	Note	Group		Company	
		2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
<b>Cash flows from operating activities</b>					
Profit before tax		172,709	172,282	26,226	45,796
<i>Adjustments for:</i>					
Amortisation of prepaid lease payments		999	1,098	-	-
Amortisation of intangible assets		181	309	-	-
Amortisation of investment properties		547	501	-	-
Asset held for sale written off		32	-	-	-
Depreciation of property, plant and equipment		64,156	54,313	147	128
Derivative loss/(gain)		551	(1,263)	-	-
Dividends from subsidiaries		-	-	(29,760)	(38,731)
Dividends from liquid investments		(188)	(428)	(20)	(37)
Dividends from associates		-	-	(594)	(594)
Finance costs		28,593	22,648	19,552	14,603
Finance income		(1,931)	(1,688)	(20,173)	(17,355)
Gain on disposal of asset held for sale		(58)	-	-	-
Gain on deemed disposal of investment		-	(10,150)	-	(10,150)
Gain on disposal of property, plant and equipment		(658)	(288)	-	-
Gain on disposal of prepaid lease payments		-	(246)	-	-
Gain on disposal of investment properties		(218)	(9,844)	-	-
Loss on deemed disposal of investment in associates		-	517	-	-
Loss/(Gain) on foreign exchange – unrealised		246	830	(99)	397
Impairment loss on intangible assets		-	197	-	-
Intangible assets written off		-	581	-	-
Impairment loss on asset held for sale		-	102	-	-
Property, plant and equipment written off		248	858	-	-
Share of profits of equity accounted investees, net of tax		(7,236)	(8,427)	-	-
<b>Operating profit/(loss) before changes in working capital</b>		<b>257,973</b>	<b>221,902</b>	<b>(4,721)</b>	<b>(5,943)</b>

## AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 MARCH 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

16

## Statements of cash flows for the year ended 31 March 2013

(continued)

	Note	Group		Company	
		2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Changes in working capital:					
Biological assets		(18,451)	(40,020)	-	-
Inventories		(66,156)	16,806	-	-
Trade and other receivables and other financial assets	(ii)	(95,055)	11,314	(144,705)	603
Employee benefits		401	368	-	-
Trade and other payables, including derivatives		15,622	(3,842)	(1,514)	(2,509)
Bills payable		55,000	(10,642)	-	-
<b>Cash generated from/(used in) operations</b>		<b>149,334</b>	<b>195,886</b>	<b>(150,940)</b>	<b>(7,849)</b>
Dividends from liquid investments		188	428	20	37
Income taxes (paid)/refunded		(23,985)	(22,756)	(1,611)	219
Interest paid		(8,402)	(7,443)	-	-
Interest received		1,931	1,688	20,173	17,355
<b>Net cash generated from/(used in) operating activities</b>		<b>119,066</b>	<b>167,803</b>	<b>(132,358)</b>	<b>9,762</b>
<b>Cash flows from investing activities</b>					
Acquisition of subsidiaries, net of cash acquired	36	(2,313)	(1,178)	-	(454)
Acquisition of investment properties		(1,568)	(5)	-	-
Acquisition of prepaid lease payments		(2,660)	(958)	-	-
Acquisition of property, plant and equipment	(iii)	(188,703)	(258,815)	(210)	(19)
Acquisition of intangible assets		-	(49)	-	-
Proceeds from disposal of asset held for sale		106	-	-	-
Proceeds from disposal of other investment, including derivatives		-	5	-	-
Proceeds from disposal of property, plant and equipment		3,521	1,685	-	-
Proceeds from disposal of prepaid lease payments		-	1,699	-	-
Proceeds from disposal of investment properties		1,147	14,847	-	-

## AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 MARCH 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

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## Statements of cash flows for the year ended 31 March 2013

(continued)

	Note	Group		Company	
		2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
<b>Cash flows from investing activities (continued)</b>					
Dividends received from subsidiaries		-	-	29,760	37,010
Dividends received from associates		2,669	2,476	594	443
Increase in other investment		-	(1,090)	-	(1,090)
Increase in investment in associate		(4,178)	(2,409)	-	(624)
<b>Net cash (used in)/generated from investing activities</b>		<b>(191,979)</b>	<b>(243,792)</b>	<b>30,144</b>	<b>35,266</b>
<b>Cash flows from financing activities</b>					
Advances to subsidiaries		-	-	(22,104)	(91,836)
(Acquisition)/Contribution from non-controlling interests		(1,561)	1,107	-	-
Dividends paid to non-controlling interests		(3,875)	(3,858)	-	-
Dividends paid to owners of the Company		(37,440)	(35,360)	(37,440)	(35,360)
Interest paid		(20,191)	(15,205)	(19,552)	(14,603)
Repayment of finance lease liabilities		(90)	(774)	-	-
Proceeds from loans and other borrowings		177,731	100,533	176,160	80,038
Share issue expenses		-	(22)	-	(22)
Proceeds from conversion of warrants		60	5	60	5
<b>Net cash generated from/(used in) financing activities</b>		<b>114,634</b>	<b>46,426</b>	<b>97,124</b>	<b>(61,778)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>41,721</b>	<b>(29,563)</b>	<b>(5,090)</b>	<b>(16,750)</b>
Cash and cash equivalents at beginning of the year		87,642	117,205	9,658	26,408
<b>Cash and cash equivalents at end of the year</b>	(i)	<b>129,363</b>	<b>87,642</b>	<b>4,568</b>	<b>9,658</b>

## AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 MARCH 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

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## Statements of cash flows for the year ended 31 March 2013

(continued)

### Note to the statements of cash flows

#### i) 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	
		2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Cash and bank balances		122,770	78,601	3,777	8,971
Deposits placed with licensed banks		18,331	11,242	791	585
Liquid investments		-	11,660	-	102
		<u>141,101</u>	<u>101,503</u>	<u>4,568</u>	<u>9,658</u>
Bank overdrafts	16 18	(11,738)	(13,861)	-	-
		<u>129,363</u>	<u>87,642</u>	<u>4,568</u>	<u>9,658</u>

#### ii) Non-cash transactions

The Company increased its investments in subsidiaries amounting to RM144,584,000 via capitalisation of debts.

#### iii) Acquisition of property, plant and equipment

During the financial year, the Group acquired property, plant and equipment with an aggregate cost of RM189,002,000 (2012: 258,815,000), of which RM299,000 (2012: Nil) were acquired by means of finance leases.

The notes on pages 19 to 116 are an integral part of these financial statements.

## AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 MARCH 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

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**QL Resources Berhad**

(Company No. 428915-X)

(Incorporated in Malaysia)

**and its subsidiaries****Notes to the financial statements**

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

**Registered office/Principal place of business**

No. 16A, Jalan Astaka U8/83

Bukit Jelutong

40150 Shah Alam

Selangor Darul Ehsan

The consolidated financial statements of the Company as at and for the financial year ended 31 March 2013 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 2013 do not include other entities.

The Company is principally engaged in investment holding and provision of management services, whilst the principal activities of the subsidiaries are as stated in Note 33 to the financial statements. 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 10 July 2013.

**1. Basis of preparation****(a) Statement of compliance**

The financial statements of the Group and the Company have been prepared in accordance with Financial Reporting Standards ("FRS") and the Companies Act, 1965 in Malaysia.

The Group and the Company have early adopted the amendments to FRS 101, *Presentation of Financial Statements* which are effective for annual periods beginning on or after 1 July 2012. The early adoption of the amendments to FRS 101 has no impact on the financial statements other than the presentation format of the statement of profit or loss and other comprehensive income.

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



## AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 MARCH 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

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**1. Basis of preparation (continued)****(a) Statement of compliance (continued)*****FRS, Interpretations and Amendments effective for annual periods beginning on or after 1 January 2013***

- FRS 10, *Consolidated Financial Statements*
- FRS 11, *Joint Arrangements*
- FRS 12, *Disclosure of Interests in Other Entities*
- FRS 13, *Fair Value Measurement*
- FRS 119, *Employee Benefits (2011)*
- FRS 127, *Separate Financial Statements (2011)*
- FRS 128, *Investments in Associates and Joint Ventures (2011)*
- IC Interpretation 20, *Stripping Costs in the Production Phase of a Surface Mine*
- Amendments to FRS 7, *Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities*
- Amendments to FRS 1, *First-time Adoption of Financial Reporting Standards – Government Loans*
- Amendments to FRS 1, *First-time Adoption of Financial Reporting Standards (Annual Improvements 2009-2011 Cycle)*
- Amendments to FRS 101, *Presentation of Financial Statements (Annual Improvements 2009-2011 Cycle)*
- Amendments to FRS 116, *Property, Plant and Equipment (Annual Improvements 2009-2011 Cycle)*
- Amendments to FRS 132, *Financial Instruments: Presentation (Annual Improvements 2009-2011 Cycle)*
- Amendments to FRS 134, *Interim Financial Reporting (Annual Improvements 2009-2011 Cycle)*
- Amendments to FRS 10, *Consolidated Financial Statements: Transition Guidance*
- Amendments to FRS 11, *Joint Arrangements: Transition Guidance*
- Amendments to FRS 12, *Disclosure of Interests in Other Entities: Transition Guidance*

***FRS, Interpretations and Amendments effective for annual periods beginning on or after 1 January 2014***

- Amendments to FRS 10, *Consolidated Financial Statements: Investment Entities*
- Amendments to FRS 12, *Disclosure of Interests in Other Entities: Investment Entities*
- Amendments to FRS 127, *Separate Financial Statements (2011): Investment Entities*
- Amendments to FRS 132, *Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities*

## AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 MARCH 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

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**1. Basis of preparation (continued)****(a) Statement of compliance (continued)**

*FRS, Interpretations and Amendments effective for annual periods beginning on or after 1 January 2015*

- FRS 9, *Financial Instruments* (2009)
- FRS 9, *Financial Instruments* (2010)
- Amendments to FRS 7, *Financial Instruments: Disclosures – Mandatory Effective Date of FRS 9 and Transition Disclosures*

The Group and the Company plan to apply those standards, interpretations or amendments that are effective for annual periods beginning on or after 1 January 2013, except for FRS 11, IC Interpretation 20, Amendments to FRS 1 and Amendments to FRS 11 which are not applicable to the Group and the Company from the annual period beginning on 1 April 2013.

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

**FRS 10, Consolidated Financial Statements**

FRS 10, *Consolidated Financial Statements* introduces a new single control model to determine which investees should be consolidated. FRS 10 supersedes FRS 127, *Consolidated and Separate Financial Statements* and IC Interpretation 112, *Consolidation – Special Purpose Entities*. There are three elements to the definition of control in FRS 10: (i) power by investor over an investee, (ii) exposure, or rights, to variable returns from investor's involvement with the investee, and (iii) investor's ability to affect those returns through its power over the investee.

The Group is currently examining the relevance and financial impact of adopting FRS 10.

**FRS 13, Fair Value Measurement**

FRS 13, *Fair Value Measurement* established the principles for fair value measurement and replaces the existing guidance in FRS.

The Group is currently examining the relevance and financial impact of adopting FRS 13.

## AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 MARCH 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

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**1. Basis of preparation (continued)****(a) Statement of compliance (continued)****FRS 119, *Employee Benefits* (2011)**

The amendments to FRS 119, *Employee Benefits*, change the accounting for defined benefit plans and termination benefits. The most significant change relates to the accounting for changes in defined benefit obligations and plan assets. The amendments require the recognition of changes in defined benefit obligations and in fair value of plan assets when they occur, and hence eliminate the 'corridor method' permitted under the previous version of FRS 119 and accelerate the recognition of past service costs. The amendments require all actuarial gains and losses to be recognised immediately through other comprehensive income in order for the net pension asset or liability recognised in the consolidated statement of financial position to reflect the full value of the plan deficit or surplus.

The Group is currently assessing the financial impact of adopting the amendments to FRS 119.

The Group's and the Company's financial statements for annual period beginning on 1 April 2014 will be prepared in accordance with the Malaysian Financial Reporting Standards ("MFRS") issued by MASB and International Financial Reporting Standards ("IFRS"). As a result, the Group and the Company will not be adopting FRS, Interpretations and amendments that are effective for annual periods beginning on or after 1 January 2014 and 1 January 2015.

**(b) Basis of measurement**

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

**(c) 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.

## AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 MARCH 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

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**1. Basis of preparation (continued)****(d) Use of estimates and judgements**

The preparation of financial statements in conformity with FRS 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 3 - measurement of the residual value and useful lives
- Note 4 - measurement of the recoverable amounts of cash-generating units
- Note 5 - valuation of biological assets
- Note 11 - recognition of unutilised tax losses and capital allowances
- Note 12 - valuation of receivables
- Note 13 - valuation of inventories
- Note 19 - employee benefits

**2. Significant accounting policies**

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

**(a) Basis of consolidation****(i) Subsidiaries**

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

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.

## AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 MARCH 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

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**2. Significant accounting policies (continued)****(a) Basis of consolidation (continued)****(i) Subsidiaries (continued)**

The accounting policies of subsidiaries are changed when necessary to align them with the policies adopted by the Group.

**(ii) Accounting for 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.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Costs related to the acquisition, 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.

Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

## AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 MARCH 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

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**2. Significant accounting policies (continued)****(a) Basis of consolidation (continued)****(ii) Accounting for business combinations (continued)*****Acquisitions on or after 1 April 2011 (continued)***

When share-based payment awards (replacement awards) are required to be exchanged for awards held by the acquiree's employees (acquiree's awards) and relate to past services, then all or a portion of the amount of the acquirer's replacement awards is included in measuring the consideration transferred in the business combination. This determination is based on the market-based value of the replacement awards compared with the market-based value of the acquiree's awards and the extent to which the replacement awards relate to past and/or future service.

***Acquisitions between 1 April 2006 and 1 April 2011***

For acquisitions between 1 April 2006 and 1 April 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.

***Acquisitions prior to 1 April 2006***

For acquisitions prior to 1 April 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) Accounting for acquisitions of non-controlling interests**

The Group treats 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.

## 2. Significant accounting policies (continued)

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

#### (iv) Loss of control

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous 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.

#### (v) 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 equity accounted investees, 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 investee.

When the Group ceases to have significant influence over an associate, it is accounted for as a disposal of the entire interest in that associate, with a resulting gain or loss being recognised in profit or loss. Any retained interest in the former associate at the date when significant influence is lost is re-measured at fair value and this amount is regarded as the initial carrying amount of a financial asset.

When the Group's interest in an associate decreases but does not result in a loss of significant influence, any retained interest is not re-measured. 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 profit or loss.

## AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 MARCH 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

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**2. Significant accounting policies (continued)****(a) Basis of consolidation (continued)****(v) Associates (continued)**

Investments in associates are stated 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.

**(vi) 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.

**(vii) Transactions eliminated on consolidation**

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

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



## AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 MARCH 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

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28**2. Significant accounting policies (continued)****(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 date, except for those that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of available-for-sale equity instruments or a financial instrument designated as a hedge of currency risk, which are recognised in other comprehensive income.

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

The assets and liabilities of operations 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 foreign currency translation reserve ("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.

## AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 MARCH 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

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**2. Significant accounting policies (continued)****(b) Foreign currency (continued)****(ii) Operations denominated in functional currencies other than Ringgit Malaysia ("RM") (continued)**

When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, 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 or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

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

**(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.

## 2. Significant accounting policies (continued)

### (c) Financial instruments (continued)

#### (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) 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.

##### (c) *Available-for-sale financial assets*

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

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

## AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 MARCH 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

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**2. Significant accounting policies (continued)****(c) Financial instruments (continued)****(ii) Financial instrument categories and subsequent measurement (continued)***Financial assets (continued)*

All financial assets, except for those measured at fair value through profit or loss, are subject to review for impairment (see Note 2(1)(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) or financial liabilities that are specifically designated into this category upon initial recognition.

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

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

**(iii) Financial guarantee contracts**

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

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