

## 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)****(iv) Regular way purchase or sale of financial assets**

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

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

- (a) the recognition of an asset to be received and the liability to pay for it on the trade date; and
- (b) derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

**(v) Hedge accounting*****Fair value hedge***

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

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

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

## 2. Significant accounting policies (continued)

### (c) Financial instruments (continued)

#### (v) Hedge accounting (continued)

##### *Cash flow hedge*

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

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

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

#### (vi) Derecognition

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

## 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)****(vi) Derecognition (continued)**

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

**(d) Property, plant and equipment****(i) Recognition and measurement**

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

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs. Cost also may include transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

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

The cost of property, plant and equipment recognised as a result of a business combination is based on fair value at acquisition date. The fair value of property is the estimated amount for which a property could be exchanged between knowledgeable willing parties in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The fair value of other items of plant and equipment is based on the quoted market prices for similar items when available and replacement cost when appropriate.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

## 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)****(d) Property, plant and equipment (continued)****(i) Recognition and measurement (continued)**

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

**(ii) Subsequent costs**

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

**(iii) Depreciation**

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

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

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

Buildings and improvements	4 - 50 years
Farm buildings	10 - 50 years
Fishing boat and equipment	5 - 20 years
Furniture, fittings and equipment	4 - 12.5 years
Plant and machinery	4 - 15 years
Office improvements and renovation	5 - 10 years
Motor vehicles	5 - 10 years

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

## 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)****(e) Leased assets****(i) Finance lease**

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

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

Leasehold land which in substance is a finance lease is classified as property, plant and equipment.

**(ii) Operating lease**

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

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

In respect of a subsidiary in Indonesia, prepaid lease payments include land use rights which represent location permit, plantation license and cultivation rights title over the plantation land. The land use rights are amortised using straight-line method over the legal terms of the related land use rights.

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

## 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)****(f) Intangible assets****(i) Goodwill**

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

**(ii) Research and development**

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

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

The expenditure capitalised includes the cost of materials, direct labour and overheads costs that are directly attributable to preparing the asset for its intended use. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs. Other development expenditure is recognised in profit or loss as incurred.

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

**(iii) Other intangible assets**

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

**(iv) Subsequent expenditure**

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

## 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)****(f) Intangible assets (continued)****(v) Amortisation**

Amortisation is based on the cost of an asset less its residual value.

Goodwill and intangible assets with indefinite useful lives are not amortised but are tested for impairment annually and whenever there is an indication that they may be impaired.

Other intangible assets are amortised from the date they are available for use.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use.

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

Capitalised development costs	10 years
Patents and trademarks	15 years

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

**(g) Investment property****(i) Investment property carried at cost**

Investment properties are properties which are owned or held under a leasehold interest to earn rental income or for capital appreciation or for both. These include land held for a currently undetermined future use. Properties that are occupied by the companies in the Group are accounted for as owner-occupied rather than as investment properties.

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

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

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

## 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)****(g) Investment property (continued)****(ii) Reclassification to/from investment property**

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

**(iii) Determination of fair value disclosure**

The Directors estimate the fair values of the Group's investment properties without involvement of independent valuers.

The estimated fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of the estimation between knowledgeable willing parties in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

In the absence of current prices in an active market, the valuations are prepared by considering the aggregate of the estimated cash flows expected to be received from renting out the property. A yield that reflects the specific risks inherent in the net cash flows then is applied to the net annual cash flows to arrive at the property valuation.

**(h) Biological assets****(i) Plantation development expenditure**

New planting expenditure which include land clearing, planting, field upkeep and maintenance of oil palms plantings to maturity are capitalised as plantation development expenditure and it is not amortised. Oil palm plantings are considered mature 30 months after the date of planting. Expenditures incurred after maturing of crops are recognised in profit or loss. Estate overhead expenditure is apportioned to revenue and plantation development expenditure on the basis of the proportion of mature and immature areas.

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

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



## 2. Significant accounting policies (continued)

### (h) Biological assets (continued)

#### (ii) Livestock

##### *Layer farms*

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

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

##### *Breeder farms*

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

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

##### *Broiler farms*

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

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

## 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)****(i) Inventories**

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

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

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

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

**(j) Non-current asset held for sale or distribution to owners**

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

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

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

Intangible assets and property, plant and equipment once classified as held for sale or distribution are not amortised or depreciated. In addition, equity accounting of equity accounted investees ceases once classified as held for sale or distribution.

## 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)****(k) Cash and cash equivalents**

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

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

**(l) Impairment****(i) Financial assets**

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

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

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

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

## 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)****(l) Impairment (continued)****(i) Financial assets (continued)**

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

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

**(ii) Other assets**

The carrying amounts of other assets (except for inventories, deferred tax asset and non-current assets (or disposal groups) classified as held for sale) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each period at the same time.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units. Subject to an operating segment ceiling test, for the purpose of goodwill impairment testing, cash-generating units to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to group of cash-generating units that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

## 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)****(l) Impairment (continued)****(ii) Other assets (continued)**

An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit exceeds its estimated recoverable amount.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (group of cash-generating units) and then to reduce the carrying amounts of the other assets in the cash-generating unit (groups of cash-generating units) on a *pro rata* basis.

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

**(m) Equity instruments**

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

**(i) Issue expenses**

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

**(ii) Ordinary shares**

Ordinary shares are classified as equity.

**(iii) Repurchase, disposal and reissue of share capital (treasury shares)**

When share capital recognised as equity is repurchased, the amount of the consideration paid, including directly attributable costs, net of any tax effects, is recognised as a deduction from equity. Repurchased shares that are not subsequently cancelled are classified as treasury shares in the statement of changes in equity.

## 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)****(m) Equity instruments (continued)****(iii) Repurchase, disposal and reissue of share capital (treasury shares) (continued)**

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

When treasury shares are sold or reissued subsequently, the difference between the sales consideration net of directly attributable costs and the carrying amount of the treasury shares is recognised in equity, and the resulting surplus or deficit on the transaction is presented in share premium.

**(n) Employee benefits****(i) Short-term employee benefits**

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

A liability is recognised for the amount expected to be paid under short-term cash bonus if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

**(ii) State plans**

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

**(iii) Defined benefit plans**

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

The obligation for post-employment benefits recognised in the statement of financial position is calculated at present value of estimated future benefits that the employees have earned in return for their services in the current and prior years, deducted by any plan assets. The calculation is performed by an independent actuary using the Projected-Unit-Credit method.

## 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)****(n) Employee benefits (continued)****(iii) Defined benefit plans (continued)**

When the benefits of a plan change, the portion of the increased or decreased benefits relating to past services by employees is recognised in profit or loss on the straight-line method over the average remaining service period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognised immediately in profit or loss.

Actuarial gains or losses are recognised as income or expense when the net cumulative unrecognised actuarial gains or losses at the end of the previous reporting year exceeded 10% of the present value of the defined benefit obligation at that date. These gains or losses are recognised on the straight-line method over the average remaining working lives of the employees. Otherwise, the actuarial gains or losses are not recognised.

**(o) Provisions**

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

**(p) Revenue and other income****(i) Goods sold**

Revenue from the sale of goods in the course of ordinary activities is measured at fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Revenue is recognised when persuasive evidence exists, usually in the form of an executed sales agreement, that the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised.

## 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)****(p) Revenue and other income (continued)****(ii) Management fee and administrative charges**

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

**(iii) Rental income**

Rental income from investment property is recognised in the profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

**(iv) Government grants**

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

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

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

**(v) Dividend income**

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

**(vi) Interest income**

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

**(q) Borrowing costs**

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



## 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)****(q) Borrowing costs (continued)**

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

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

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

**(r) Income tax**

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

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

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

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the reporting date. Deferred tax assets and liabilities are not discounted.

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

## 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)****(r) Income tax (continued)**

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

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

**(s) Earnings per ordinary share**

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

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held.

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

**(t) Contingent liabilities**

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is not recognised in the statements of financial position and is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the Company considers these to be insurance arrangements, and accounts for them as such. In this respect, the Company treats the guarantee contract as a contingent liability until such time as it becomes probable that the Company will be required to make a payment under the guarantee.

## APPENDIX IV

## 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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## 3. Property, plant and equipment

Group	Freehold land RM'000	Long term Buildings and improvements RM'000		Farm buildings RM'000	Fishing boat and equipment RM'000		Furniture, fittings and equipment RM'000		Office improvements and renovation RM'000		Motor vehicles RM'000	Capital work-in-progress RM'000		Total RM'000
		land RM'000	RM'000		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000		RM'000	RM'000	
<i>Cost</i>														
At 1 April 2011	40,662	57,058	121,038	97,999	40,443	43,379	365,851	3,055	50,717	92,413	50,717	92,413	912,615	
Additions	24,380	2,775	6,877	12,905	385	5,403	46,642	291	9,500	149,875	9,500	149,875	259,033	
Disposals	-	-	(391)	-	(27)	(1,322)	(992)	(104)	(1,444)	(101)	(1,444)	(101)	(4,381)	
Written off	-	-	(77)	(59)	(84)	(272)	(2,458)	-	(202)	-	(202)	-	(3,152)	
Transfer in/(out)	85	-	22,687	30,789	-	5,521	16,519	-	369	(75,970)	-	-	-	
Transfer from prepaid lease payments	-	561	-	-	-	-	-	-	-	-	-	-	561	
Transfer to investment properties	-	(1,530)	-	-	-	-	-	-	-	-	-	-	(1,530)	
Effect of movements in exchange rates	(80)	-	(149)	(272)	-	(12)	(734)	(1)	(201)	(865)	(201)	(865)	(2,314)	
At 31 March/1 April 2012	65,047	58,864	149,985	141,362	40,717	52,697	424,828	3,241	58,739	165,352	58,739	165,352	1,160,832	
Additions	5,821	4,790	8,476	1,106	79	6,230	40,865	319	10,526	111,083	10,526	111,083	189,295	
Disposals	-	-	-	-	-	(1,596)	(1,163)	(2,391)	(2,820)	(26)	(2,820)	(26)	(7,996)	
Written off	-	-	(102)	-	-	(7)	(271)	-	(121)	-	(121)	-	(501)	
Transfer in/(out)	42	1,890	15,048	34,872	-	313	102,926	69	248	(155,408)	-	(155,408)	-	
Transfer to investment properties	(694)	(1,644)	(3,416)	-	-	-	-	-	-	(20,051)	-	(20,051)	(25,805)	
Transfer to asset held for sale	(6,637)	(229)	-	-	-	-	-	-	-	-	-	-	(6,866)	
Acquisition of subsidiaries	-	2,552	-	-	-	-	-	-	-	-	-	-	2,552	
Effect of movements in exchange rates	116	28	(293)	(598)	-	(12)	(1,518)	-	5	(2,300)	-	(2,300)	(4,572)	
At 31 March 2013	63,695	66,251	169,698	176,742	40,796	57,625	565,667	1,238	66,577	98,650	66,577	98,650	1,306,939	

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

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

Group	Long term Buildings		Farm		Fishing		Office		Capital		Total
	Freehold land RM'000	leasehold land improvements RM'000	buildings RM'000	and fittings RM'000	boat and equipment RM'000	improvements and renovation RM'000	improvements RM'000	and motor vehicles RM'000	work-in-progress RM'000	progress RM'000	
<i>Depreciation and impairment loss</i>											
At 1 April 2011											
Accumulated depreciation	4,781	17,932	31,641	16,825	7,153	125,359	2,018	25,940	-	-	231,649
Accumulated impairment loss	-	-	-	-	-	369	-	-	-	-	369
Depreciation for the year	4,781	17,932	31,641	16,825	7,153	125,728	2,018	25,940	-	-	232,018
Disposals	675	4,814	7,168	4,291	2,207	31,805	73	6,160	-	-	57,193
Written off	-	(288)	-	(1,043)	(5)	(562)	(86)	(1,000)	-	-	(2,984)
Transfer from prepaid lease payments	-	(26)	(57)	(191)	(84)	(1,808)	-	(128)	-	-	(2,294)
Transfer to investment properties	493	-	-	-	-	-	-	-	-	-	493
Effect of movements in exchange rates	(71)	-	-	-	-	-	-	-	-	-	(71)
	-	(25)	(66)	(15)	-	(614)	(4)	(59)	-	-	(783)
At 31 March/1 April 2012											
Accumulated depreciation	5,878	22,407	38,686	19,867	9,271	154,549	2,001	30,913	-	-	283,572
Depreciation for the year	668	5,184	8,886	4,878	2,221	37,875	115	6,833	-	-	66,660
Disposals	-	-	-	(659)	-	(679)	(1,615)	(2,180)	-	-	(5,133)
Written off	-	(43)	-	(3)	-	(183)	-	(24)	-	-	(253)
Acquisition of subsidiaries	52	-	-	-	-	-	-	-	-	-	52
Transfer to asset held for sale	(102)	-	-	-	-	-	-	-	-	-	(102)
Transfer to investment properties	(160)	(131)	-	-	-	-	-	-	-	-	(291)
Effect of movements in exchange rates	7	467	564	39	-	672	3	(20)	-	-	1,732
Effect of movements in exchange rates	7	467	564	39	-	672	3	(20)	-	-	1,732
At 31 March 2013											
Accumulated depreciation	6,343	27,884	48,136	24,122	11,492	192,234	504	35,522	-	-	346,237

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

Group	Freehold land RM'000	Long term leasehold land RM'000	Buildings and improvements RM'000	Farm buildings RM'000	Fishing boat and equipment RM'000	Furniture, fittings and equipment RM'000	Plant and machinery RM'000	Office		Capital work-in- progress RM'000	Total RM'000
								improvements and renovation RM'000	and vehicles RM'000		
<i>Carrying amounts</i>											
At 1 April 2011	40,662	52,277	103,106	66,358	33,290	26,554	240,123	1,037	24,777	92,413	680,597
At 31 March/1 April 2012	65,047	52,986	127,578	102,676	31,446	32,830	270,279	1,240	27,826	165,352	877,260
At 31 March 2013	63,695	59,908	141,814	128,606	29,304	33,503	373,433	734	31,055	98,650	960,702

## 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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**3. Property, plant and equipment (continued)**

Company	Furniture, fittings and equipment RM'000	Motor vehicles RM'000	Total RM'000
<b>Cost</b>			
At 1 April 2011	200	616	816
Additions	19	-	19
<hr/>			
At 31 March/1 April 2012	219	616	835
Additions	207	3	210
<hr/>			
At 31 March 2013	426	619	1,045
<hr/> <hr/>			
<b>Accumulated depreciation</b>			
At 1 April 2011	67	123	190
Depreciation for the year	37	91	128
<hr/>			
At 31 March/1 April 2012	104	214	318
Depreciation for the year	56	91	147
<hr/>			
At 31 March 2013	160	305	465
<hr/> <hr/>			
<b>Carrying amounts</b>			
At 1 April 2011	133	493	626
<hr/> <hr/>			
At 31 March/1 April 2012	115	402	517
<hr/> <hr/>			
At 31 March 2013	266	314	580
<hr/> <hr/>			

**3.1 Depreciation charge for the year is allocated as follows:**

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Income statement (Note 21)	64,156	54,313	147	128
Biological assets (Note 5)	2,211	2,662	-	-
Property, plant and equipment under construction	293	218	-	-
<hr/>				
	66,660	57,193	147	128
<hr/> <hr/>				

## 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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**3. Property, plant and equipment (continued)****3.2 Assets under finance lease**

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

	Group	
	2013 RM'000	2012 RM'000
Plant and machinery	-	4
Motor vehicles	611	157
	<u>611</u>	<u>161</u>
	<u><u>611</u></u>	<u><u>161</u></u>

**3.3 Capital work-in-progress**

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

**4. Intangible assets**

Group	Goodwill RM'000	Development costs RM'000	Patents and trademarks RM'000	Total RM'000
<i>Cost</i>				
At 1 April 2011	6,593	1,668	554	8,815
Additions	-	49	-	49
Written off	-	(581)	-	(581)
	<u>6,593</u>	<u>1,136</u>	<u>554</u>	<u>8,283</u>
At 31 March/1 April 2012	6,593	1,136	554	8,283
Effect of movements in exchange rates	(176)	-	-	(176)
	<u>6,417</u>	<u>1,136</u>	<u>554</u>	<u>8,107</u>
At 31 March 2013	<u><u>6,417</u></u>	<u><u>1,136</u></u>	<u><u>554</u></u>	<u><u>8,107</u></u>

## 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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**4. Intangible assets (continued)**

<b>Group</b>	<b>Goodwill RM'000</b>	<b>Development costs RM'000</b>	<b>Patents and trademarks RM'000</b>	<b>Total RM'000</b>
<i>Amortisation and impairment loss</i>				
At 1 April 2011				
- Accumulated amortisation	-	12	90	102
- Accumulated impairment loss	-	-	89	89
	-	12	179	191
Amortisation for the year	-	289	20	309
Impairment for the year	197	-	-	197
At 31 March/1 April 2012				
- Accumulated amortisation	-	301	110	411
- Accumulated impairment loss	197	-	89	286
	197	301	199	697
Amortisation for the year	-	152	29	181
At 31 March 2013				
- Accumulated amortisation	-	453	139	592
- Accumulated impairment loss	197	-	89	286
	197	453	228	878
<i>Carrying amounts</i>				
At 1 April 2011	6,593	1,656	375	8,624
At 31 March/1 April 2012	6,396	835	355	7,586
At 31 March 2013	6,220	683	326	7,229

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

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

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



## 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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**5. Biological assets**

	<b>Group</b>	
	<b>2013</b>	<b>2012</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Non-current</b>		
<i>At cost:</i>		
Plantation development expenditure	111,838	103,979
<b>Current</b>		
<i>At cost:</i>		
Livestock	74,168	61,365
	<u>186,006</u>	<u>165,344</u>
	=====	=====

Included in non-current biological assets is depreciation charge of RM2,211,000 (2012: RM2,662,000) (Note 3.1).

**6. Investment properties**

	<b>Group</b>
	<b>RM'000</b>
<i>Cost</i>	
At 1 April 2011	9,446
Additions	5
Transfer from property, plant and equipment	1,530
Transfer from prepaid lease payments	1,155
Disposal	(5,003)
	<u>7,133</u>
At 31 March/1 April 2012	7,133
Additions	1,568
Transfer from property, plant and equipment	25,805
Transfer to asset held for sale	(392)
Disposal	(1,165)
	<u>32,949</u>
	=====
At 31 March 2013	32,949

## 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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**6. Investment properties (continued)**

	<b>Group RM'000</b>
<i>Amortisation and impairment loss</i>	
At 1 April 2011	
- Accumulated amortisation	1,030
- Accumulated impairment loss	1,221
	2,251
Amortisation for the year	501
Transfer from property, plant and equipment	71
Transfer from prepaid lease payments	233
	-----
At 31 March/1 April 2012	
- Accumulated amortisation	1,835
- Accumulated impairment loss	1,221
	3,056
Amortisation for the year	547
Transfer from property, plant and equipment	291
Transfer to asset held for sale	(175)
Disposal	(236)
	-----
At 31 March 2013	
- Accumulated amortisation	2,262
- Accumulated impairment loss	1,221
	3,483
	=====
<i>Carrying amount</i>	
At 1 April 2011	7,195
	=====
At 31 March/1 April 2012	4,077
	=====
At 31 March 2013	29,466
	=====
<i>Fair value</i>	
At 1 April 2011	30,588
	=====
At 31 March/1 April 2012	20,792
	=====
At 31 March 2013	58,570
	=====

## 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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**7. Prepaid lease payments**

<b>Group</b>	<b>Short-term leasehold land* RM'000</b>
<i>Cost</i>	
At 1 April 2011	58,685
Additions	958
Acquisition of subsidiaries	1,169
Disposals	(2,305)
Transfer to property, plant and equipment	(561)
Transfer to investment properties	(1,155)
Effect of movements in exchange rates	(146)
	<hr/>
At 31 March/1 April 2012	56,645
Additions	2,660
Effect of movements in exchange rates	(31)
	<hr/>
At 31 March 2013	59,274
	<hr/> <hr/>
<i>Amortisation</i>	
At 1 April 2011	5,410
Amortisation for the year	1,098
Disposals	(852)
Transfer to property, plant and equipment	(493)
Transfer to investment property	(233)
Effect of movements in exchange rates	15
	<hr/>
At 31 March/1 April 2012	4,945
Amortisation for the year	999
Effect of movements in exchange rates	30
	<hr/>
At 31 March 2013	5,974
	<hr/> <hr/>
<i>Carrying amounts</i>	
At 1 April 2011	53,275
	<hr/> <hr/>
At 31 March/1 April 2012	51,700
	<hr/> <hr/>
At 31 March 2013	53,300
	<hr/> <hr/>

\* *Unexpired period less than 50 years.*

## 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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**7. Prepaid lease payments (continued)**

Included in prepaid lease payments is an amount of RM19,740,000 (equivalent to USD6,000,000) which represent the valuation of the land use rights in respect of a subsidiary in Indonesia, as agreed in master joint venture agreement dated 16 August 2006. The land use rights represent the location permit, plantation license and the cultivation right title over the plantation land of approximately 20,000 hectares.

The approval for the land utilisation rights measuring in area of 14,177 hectares was granted in 2010 for a period of 35 years, out of which title to 10,159 hectares was issued. The cultivation right title is extendable under Indonesian Land Ordinance. QL's Indonesian partners have taken active steps to obtain additional land for the remaining cultivation right. As at 31 March 2013, 1,300 hectares of additional land have been identified for the remaining cultivation right.

Under the Indonesian regulations, approximately 20% of the land use rights have to be set aside for Plasma Scheme. This Scheme is a programme where oil palm plantation owners/operators are required to participate in selected programmes to develop plantations to smallholders (herein referred to as plasma farmers)(see Note 12.2).

**8. Investment in subsidiaries**

	Company	
	2013 RM'000	2012 RM'000
Unquoted shares, at cost	418,517	273,933

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

**9. Investment in associates**

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
At cost:				
Unquoted shares	2,496	2,496	-	-
Quoted shares in Malaysia	58,383	54,205	23,432	23,432
Share of post-acquisition reserve	13,685	9,118	-	-
	<u>74,564</u>	<u>65,819</u>	<u>23,432</u>	<u>23,432</u>
Market value:				
Quoted shares in Malaysia	<u>111,192</u>	<u>95,282</u>	<u>13,659</u>	<u>21,379</u>

## 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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**9. Investment in associates (continued)****Summary of financial information on associates:**

<b>2013</b>	<b>Country of incorporation</b>	<b>Effective ownership interest  %</b>	<b>Revenue (100%) RM'000</b>	<b>Profit/ (Loss) (100%) RM'000</b>	<b>Total assets (100%) RM'000</b>	<b>Total liabilities (100%) RM'000</b>
Indahgrains Logistics Sdn. Bhd. *	Malaysia	29.87	5,601	2,546	10,594	(1,478)
Boilermech Holdings Berhad *	Malaysia	37.99	182,286	28,670	176,997	(98,285)
Lay Hong Berhad *	Malaysia	23.86	521,028	(17,786)	388,680	(254,195)
<b>2012</b>						
Indahgrains Logistics Sdn. Bhd. *	Malaysia	29.87	6,719	2,535	10,925	(1,620)
Boilermech Holdings Berhad *	Malaysia	36.03	146,974	15,339	134,786	(80,782)
Lay Hong Berhad *	Malaysia	24.17	492,096	14,844	360,594	(206,028)

\* Equity accounted based on management accounts.

**10. Other investments, including derivatives**

<b>Group</b>	<b>Total RM'000</b>	<b>Shares Unquoted RM'000</b>	<b>Derivatives RM'000</b>
<b>2013</b>			
<b>Current</b>			
Derivatives designated as hedging instruments	138	-	138
Representing items: At fair value	138	-	138

## 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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**10. Other investments, including derivatives (continued)**

<b>Group (continued)</b>	<b>Total</b>	<b>Shares</b>	<b>Derivatives</b>
<b>2012</b>	<b>RM'000</b>	<b>Unquoted</b>	<b>RM'000</b>
		<b>RM'000</b>	<b>RM'000</b>
<b>Non-current</b>			
Available-for-sale financial assets	40	40	-
<b>Current</b>			
Derivatives designated as hedging instruments	442	-	442
	<u>482</u>	<u>40</u>	<u>442</u>
	<u>=====</u>	<u>=====</u>	<u>=====</u>
Representing items:			
At cost/amortised cost	40	40	-
At fair value	442	-	442
	<u>482</u>	<u>40</u>	<u>442</u>
	<u>=====</u>	<u>=====</u>	<u>=====</u>
<b>Company</b>			<b>Total</b>
			<b>RM'000</b>
<b>2013</b>			
<b>Current</b>			
Derivatives designated as hedging instruments			19
			<u>=====</u>
Representing items:			
At fair value			19
			<u>=====</u>
<b>2012</b>			
<b>Current</b>			
Derivatives designated as hedging instruments			97
			<u>=====</u>
Representing items:			
At fair value			97
			<u>=====</u>

## 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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**11. Deferred tax assets/(liabilities)****Recognised deferred tax assets/(liabilities)**

Deferred tax assets and liabilities are attributable to the following:

Group	Assets		Liabilities		Net	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Property, plant and equipment	-	-	(58,156)	(51,611)	(58,156)	(51,611)
Biological assets	-	-	(2,001)	(2,063)	(2,001)	(2,063)
Provision	181	556	-	-	181	556
Revaluation	-	-	(933)	(1,097)	(933)	(1,097)
Tax loss carry-forwards	548	399	-	-	548	399
Unabsorbed capital allowance	1,014	365	-	-	1,014	365
Other temporary differences	111	28	(16)	(2)	95	26
<b>Tax assets/(liabilities)</b>	<b>1,854</b>	<b>1,348</b>	<b>(61,106)</b>	<b>(54,773)</b>	<b>(59,252)</b>	<b>(53,425)</b>
Set-off of tax	(1,315)	(755)	1,315	755	-	-
<b>Net tax assets/(liabilities)</b>	<b>539</b>	<b>593</b>	<b>(59,791)</b>	<b>(54,018)</b>	<b>(59,252)</b>	<b>(53,425)</b>

**Movement in temporary differences during the year**

Group	Recognised in profit or loss		Recognised in profit or loss		At 31.3.2013 RM'000
	At 1.4.2011 RM'000	(Note 24) RM'000	At 31.3.2012 RM'000	(Note 24) RM'000	
Property, plant and equipment	(41,799)	(9,812)	(51,611)	(6,545)	(58,156)
Biological assets	(1,999)	(64)	(2,063)	62	(2,001)
Provision	699	(143)	556	(375)	181
Revaluation	(1,261)	164	(1,097)	164	(933)
Tax loss carry-forwards	898	(499)	399	149	548
Unabsorbed capital allowance	1,430	(1,065)	365	649	1,014
Other temporary differences	7	19	26	69	95
	<b>(42,025)</b>	<b>(11,400)</b>	<b>(53,425)</b>	<b>(5,827)</b>	<b>(59,252)</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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**11. Deferred tax assets/(liabilities) (continued)****Unrecognised deferred tax**

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

	Group	
	2013 RM'000	2012 RM'000
Property, plant and equipment	17,631	23,043
Tax loss carry-forwards	(6,815)	(2,405)
	10,816	20,638
	10,816	20,638

Certain subsidiaries have tax incentives with tax exemption of 100% on its statutory income in accordance with Section 127 of the Income Tax Act 1967 for a period of 10 years commencing from the year the subsidiaries achieve statutory income. Deferred tax has not been recognised for temporary differences expected to be crystallised within the tax incentive period.

The tax loss carry-forwards do not expire under current tax legislation, except for RM2,303,000 (2012: Nil) which expires in 2016 under the tax legislation in Vietnam. Deferred tax assets have not been recognised in respect of the tax loss carry-forwards because it is not probable that future taxable profit will be available against which the Group entities can utilise the benefits there from.

**12. Trade and other receivables**

	Note	Group		Company	
		2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
<b>Non-current</b>					
Subsidiaries	12.1	-	-	118,102	26,407
Other receivables	12.2	2,817	1,355	-	-
		2,817	1,355	118,102	26,407
		2,817	1,355	118,102	26,407
<b>Current</b>					
<b>Trade</b>					
Trade receivables	12.3	236,025	181,112	-	-
Less: Allowance for impairment loss	12.4	(6,394)	(8,035)	-	-
		229,631	173,077	-	-
		229,631	173,077	-	-



## 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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**12. Trade and other receivables (continued)**

	Note	Group		Company	
		2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
<i>Non-trade</i>					
Subsidiaries	12.1	-	-	352,233	397,900
Associates	12.1	24	725	24	10
Other receivables	12.2	51,249	42,750	209	-
Less: Allowance for impairment loss	12.4	(1,236)	(1,552)	-	-
		50,013	41,198	209	-
		<u>279,668</u>	<u>215,000</u>	<u>352,466</u>	<u>397,910</u>
		<u>282,485</u>	<u>216,355</u>	<u>470,568</u>	<u>424,317</u>

**12.1 Amount due from subsidiaries and associates***Subsidiaries*

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

- i) RM158,645,000 (2012: RM41,774,000) which is subject to the Company's weighted cost of funds ("COF") plus 0.50% (2012: COF plus 0.50%) per annum with fixed terms of repayment over a period of 1 to 5 years (2012: 1 to 5 years);
- ii) RM308,552,000 (2012: RM382,298,000) which is subject to Company's COF plus 0.50% (2012: COF plus 0.50%) per annum and is repayable on demand;

*Associates*

The amounts due from associates are unsecured, interest free and repayable on demand.

## 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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**12. Trade and other receivables (continued)****12.2 Other receivables**

- i) Included in non-current other receivables of the Group are advances for plasma plantation projects in Indonesia amounting to RM2,817,000 (2012: RM1,355,000).

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

- ii) Included in current other receivables of the Group are advances made to suppliers of certain subsidiaries amounting to RM38,481,000 (2012: RM29,353,000) to secure the constant source of raw material supplies for the manufacturing activities. The amount is net of impairment for doubtful debts, unsecured, interest free and repayment is substantially made through the supply of raw materials.

**12.3 Trade receivables**

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

	<b>Group</b>	
	<b>2013</b>	<b>2012</b>
	<b>RM'000</b>	<b>RM'000</b>
A person connected with a Director of a subsidiary	234	189
Companies in which certain Directors of the Company have interests	9,455	876
	<u>9,689</u>	<u>1,065</u>
	<u><u>9,689</u></u>	<u><u>1,065</u></u>

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

**12.4 Allowance for impairment loss**

During the year, impairment loss on receivables written off against the receivable previously provided for by the Group amounted to RM2,004,000 (2012: RM381,000).

## 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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**13. Inventories**

	Group	
	2013	2012
	RM'000	RM'000
At cost:		
Raw materials	56,860	55,125
Manufactured and trading inventories	161,570	97,183
At net realisable value:		
Manufactured and trading inventories	933	899
	219,363	153,207
	219,363	153,207

**14. Prepayment and other assets**

		Group		Company	
	Note	2013	2012	2013	2012
		RM'000	RM'000	RM'000	RM'000
Deposits	14.1	30,219	12,504	186	194
Prepayment		7,376	4,844	119	114
		37,595	17,348	305	308
		37,595	17,348	305	308

**14.1 Deposits**

Included in deposits of the Group are:

- i) deposits paid for purchase of property, plant and equipment amounting to RM21,849,000 (2012: RM6,870,000); and
- ii) deposit paid for the purpose of entering into futures contracts and options amounting to RM92,000 (2012: RM857,000).

**15. Asset held for sale**

Assets classified as held for sale comprise the following:

	Group	
	2013	2012
	RM'000	RM'000
At net book value		
Freehold land	6,637	-
Long term leasehold land	344	-
Machinery and equipment	54	134
	7,035	134
	7,035	134

Assets are classified as held for sale when efforts to sell the assets have been commenced prior to the reporting date, and the sales are expected to be completed within the next twelve months.

## 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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**16. Cash and cash equivalents**

	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 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>

**17. Capital and reserves****17.1 Share capital**

	Group and Company			
	Amount 2013 RM'000	Number of shares 2013 '000	Amount 2012 RM'000	Number of shares 2012 '000
Authorised:				
Ordinary shares of RM0.25				
At 1 April 2011/31 March 2012/ 1 April 2012/31 March 2013	<u>500,000</u>	<u>2,000,000</u>	<u>500,000</u>	<u>2,000,000</u>
Issued and fully paid up:				
Ordinary shares of RM0.25				
At 1 April 2012/2011	208,000	832,002	208,000	832,000
Issued during the year				
- Exercise of warrants	5	18	-	2
At 31 March	<u>208,005</u>	<u>832,020</u>	<u>208,000</u>	<u>832,002</u>

**17.2 Translation reserve**

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

**17.3 Available-for-sale reserve**

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

## 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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## 17. Capital and reserves (continued)

### 17.4 Hedging reserve

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

### 17.5 Retained earnings

Pursuant to Section 50 of the Saving and Transitional Provisions under the Finance Act 2007, the Company has elected the irrevocable option to disregard the Section 108 balance and exercise an irrevocable option not to deduct tax under Section 40 of the said Act. As such, the Company may distribute single tier exempt dividend to its shareholders out of its entire retained earnings.

### 17.6 Warrants

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

The main features of the Warrants are as follows:

- a) each warrant will entitle its registered holder during the exercise period to subscribe for one (1) new ordinary share at the exercise price, which has been fixed at RM3.30 per share, subject to adjustment in accordance with the provisions of the Deed Poll.
- b) the Warrants may be exercised at any time on or after 16 February 2011 until the end of the tenure of the Warrants. The tenure of the Warrants is for a period of two (2) years. The Warrants not exercised during the exercise period shall thereafter lapse and cease to be valid.
- c) the new ordinary shares of RM0.25 each to be issued arising from the exercise of the Warrants shall, upon allotment and issue, rank pari passu in all respects with the existing ordinary shares of RM0.25 each of the Company, save and except that the new ordinary shares of RM0.25 each will not be entitled to any dividends, rights, allotments and/or other forms of distribution where the entitlement date precedes the relevant date of allotment and issuance of the new ordinary shares of RM0.25 each arising from the exercise of the Warrants.

There are 17,822 (2012: 1,798) warrants exercised during the financial year. The warrants have expired on 13 February 2013 and thus, any unsold/unexercised warrants have lapsed.

## 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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**18. Loans and borrowings**

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
<b>Non-current:</b>				
Term loans				
- Conventional - unsecured	282,203	149,529	251,427	116,676
- Islamic - unsecured	149,789	125,891	148,593	125,891
Islamic Commercial Papers - unsecured	18,914	28,918	18,914	28,918
Finance lease liabilities	168	37	-	-
	<u>451,074</u>	<u>304,375</u>	<u>418,934</u>	<u>271,485</u>
<b>Current:</b>				
Term loans				
- Conventional - unsecured	58,380	56,418	44,197	42,101
- Islamic - unsecured	31,982	20,250	30,396	20,250
Bank overdrafts - unsecured	11,738	13,861	-	-
Islamic Commercial Papers - unsecured	8,750	8,750	8,750	8,750
Bills payable				
- Conventional - unsecured	193,856	149,465	-	-
- Islamic - unsecured	37,794	26,767	-	-
Revolving credit - unsecured	34,040	16,571	33,040	16,571
Finance lease liabilities	139	61	-	-
	<u>376,679</u>	<u>292,143</u>	<u>116,383</u>	<u>87,672</u>
	<u>827,753</u>	<u>596,518</u>	<u>535,317</u>	<u>359,157</u>

**18.1 Interest rate****Group****Term loans**

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

- i) At an interest ranging from 3.21% to 5.86% (2012: 3.65% to 6.50%) per annum;
- ii) 3 months Kuala Lumpur Interbank Offered Rate ("KLIBOR") plus 0.48% - 1.35% (2012: 3 months KLIBOR plus 0.48% - 1.35%) per annum;
- iii) 1 month Cost of Fund ("COF") plus 1.20% (2012: 1 month COF plus 1.20%) per annum;
- iv) 3 months COF plus 1.50% (2012: 3 months COF plus 1.50%) per annum; and

## 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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**18. Loans and borrowings (continued)****18.1 Interest rate (continued)****Group (continued)*****Term loans (continued)***

- v) Kuala Lumpur Islamic Reference Rate ("KLIRR") plus 1.25% (2012: Nil) per annum.

The term loans for the Group are repayable in equal monthly instalments over periods ranging from 1 to 5 years (2012: 1 to 6 years).

***Bank overdrafts***

The bank overdrafts are subject to interest ranging from 0.50% to 1.75% above Base Lending Rate ("BLR") (2012: 0.50% to 1.50% above BLR) per annum.

***Bills payable***

The unsecured bills payable are subject to interest ranging from 0.25% to 1.50% above COF (2012: 0.25% to 1.50% above COF) per annum.

***Revolving credit***

The revolving credit is subject to interest of monthly COF plus 0.85% (2012: monthly COF plus 0.85%) per annum.

***Finance lease liabilities***

Finance lease liabilities are payable as follows:

	<b>Future minimum lease payments 2013 RM'000</b>	<b>Interest payments 2013 RM'000</b>	<b>Present value of minimum lease payments 2013 RM'000</b>	<b>Future minimum lease payments 2012 RM'000</b>	<b>Interest payments 2012 RM'000</b>	<b>Present value of minimum lease payments 2012 RM'000</b>
Less than one year	155	(16)	139	65	(4)	61
Between one and five years	179	(11)	168	38	(1)	37
	<b>334</b>	<b>(27)</b>	<b>307</b>	<b>103</b>	<b>(5)</b>	<b>98</b>

Finance lease liabilities bear interest rates at 3.20% to 4.25% (2012: 3.20% to 4.00%) per annum.

## 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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**18. Loans and borrowings (continued)****18.1 Interest rate (continued)****Group and Company*****Islamic Commercial Papers***

In prior year, the Company issued RM45 million 3.5 years Islamic Commercial Papers ("ICP") under the Sukuk Program ("Programme") at par with profit rates ranging from 4.33% to 4.57% per annum.

Salient features of the Programme are as follows:

- i) Total outstanding nominal value of the ICP at any point in time shall not exceed RM45 million.
- ii) The aggregate tenure of the Programme is up to 3.5 years from the date of the first issuance of the ICP under the Programme.
- iii) The ICP will be issued at a discount to the nominal value and repayable in 6 monthly installment over period of 3.5 years. There will not be profit payable on the ICP issued under the Programme in view that they are issued at a discount.

**Company*****Term loans***

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

- i) At an interest ranging of 3.21% to 4.50% (2012: 3.65% to 5.50%) per annum;
- ii) 3 months KLIBOR plus 0.48% to 1.35% (2012: 3 months KLIBOR plus 0.48% to 1.35%) per annum;
- iii) 1 month COF plus 1.20% (2012: 1 month COF plus 1.20%) per annum; and
- iv) KLIRR plus 1.25% (2012: Nil) per annum;

The term loans for the Company are repayable in equal monthly instalments over periods ranging from 1 to 5 years (2012: 1 to 5 years).

***Revolving credit***

The revolving credit is subject to interest of monthly COF plus 0.85% (2012: monthly COF plus 0.85%) per annum.



## 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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**18. Loans and borrowings (continued)****18.2 Security****Group*****Term loans******Unsecured***

The term loans are supported by way of:

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

***Bank overdrafts******Unsecured***

The bank overdrafts are supported by way of:

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

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

- i) dividend payment shall not exceed current year net profit after tax of the Company;
- ii) maximum gearing of 2.0 times of the Group at all times; and
- iii) minimum debt service cover ratio of 1.25 times of the Group.

***Bills payable******Unsecured***

Bills payable are supported by way of corporate guarantee by 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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**18. Loans and borrowings (continued)****18.2 Security (continued)***Revolving credit**Unsecured*

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

**Company***Term loans**Unsecured*

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

*Islamic Commercial Papers*

The ICP are supported by way of a negative pledge on all assets of the Company.

*Significant covenants for ICP granted to the Group and the Company:*

- i) total annual dividends payout by subsidiary companies to the Issuer shall not be less than 20% of net profit after tax;
- ii) maximum gearing of 1.5 times of the Group at all times;
- iii) minimum debt service cover ratio of 1.8 times of the Group; and
- iv) minimum finance service cover ratio of 3 times of the Group.

## 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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**19. Employee benefits**

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

	<b>Group</b>	
	<b>2013</b>	<b>2012</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>a. Expense recognised in profit or loss</b>		
Current service cost	416	342
Interest on obligation	12	26
	<u>428</u>	<u>368</u>
	=====	=====
<b>b. Present value of defined benefit obligations</b>		
Present value of defined benefit obligations	833	486
Unrealised actuarial loss	(64)	(118)
	<u>769</u>	<u>368</u>
	=====	=====
<b>c. Movement in present value of defined benefit obligations</b>		
Defined benefit obligations at 1 April	368	-
Current service cost and interest	428	368
Payment during the year	(27)	-
	<u>769</u>	<u>368</u>
	=====	=====

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

Calculation method	:	Projected Unit Credit
Normal pension age	:	55 years
Annual salary increment (estimated)	:	7% - 10% (2012: 7% - 10%)
Annual discount rate	:	6.5% (2012: 6.7% - 7%)
Mortality level	:	Indonesian Mortality Table ("TMI") 2
Disability level	:	10% from mortality level (2012: 10%)
Resignation level	:	5% constant until the age of 34 and linearly decreasing until the pension age.

The Group's management believes that the accrued employee benefit as of 31 March 2013 is sufficient to meet the requirements of the law in Indonesia.

## 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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**20. Trade and other payables, including derivatives**

	Note	Group		Company	
		2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
<b>Current</b>					
Subsidiaries	20.1	-	-	52,400	28,476
Trade payables	20.2	70,125	70,283	-	-
Other payables	20.3	60,623	46,250	9	191
Accrued expenses		17,649	14,095	362	309
Financial liabilities at fair value through profit or loss:					
- Held for trading, including derivatives	20.4	-	86	-	-
Derivatives designated as hedging instrument		4,139	6,065	3,794	5,679
		<u>152,536</u>	<u>136,779</u>	<u>56,565</u>	<u>34,655</u>

**20.1 Amounts due to subsidiaries**

The amounts due to subsidiaries are non-trade in nature, subject to an interest of Company's weighted cost of funds ("COF") plus 0.50% (2012: COF plus 0.50%) per annum, unsecured and repayable on demand. In prior year, included in amount due to subsidiaries was RM30,000 which was non-trade in nature, interest free and repayable on demand.

**20.2 Trade payables**

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

	Group	
	2013 RM'000	2012 RM'000
Companies in which certain Directors of subsidiaries have interest	671	1,704
	<u>671</u>	<u>1,704</u>

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

**20.3 Other payables**

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

	Group	
	2013 RM'000	2012 RM'000
Companies in which certain Directors have interests	27	2,454
Amount due to shareholders of subsidiaries	35,523	30,454
	<u>35,550</u>	<u>32,908</u>

## 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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**20. Trade and other payables, including derivatives (continued)****20.3 Other payables (continued)**

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

**20.4 Financial liabilities at fair value through profit or loss**

In prior year, included in derivatives held for trading are fair value forward exchange contracts and cross currency swaps.

**21. Results from operating activities**

	Group		Company	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
<b>Results from operating activities is arrived at after crediting:</b>				
Bad debts recovered	85	2,517	-	-
Dividends from subsidiaries				
- gross	-	-	1,960	6,893
- tax exempt	-	-	27,800	31,838
Dividends from liquid investments	188	428	20	37
Dividends from associates	-	-	594	594
Derivative gain	-	1,263	-	-
Gain on foreign exchange				
- realised	1,485	798	49	-
- unrealised	-	-	99	-
Gain on disposal of asset held for sale	58	-	-	-
Gain on disposal of quoted investment	-	54	-	-
Gain on disposal of prepaid lease payment	-	246	-	-
Gain on disposal of property, plant and equipment	658	288	-	-
Gain on disposal of investment properties	218	9,844	-	-
Gain on deemed disposal of investment	-	10,150	-	10,150
Rental of equipment	-	77	-	-
Rental of premises	1,000	663	-	-
Reversal of inventories written down	-	51	-	-
Reversal of impairment loss on receivables	1,573	4,549	-	-
Reversal of impairment loss of asset held sale	193	-	-	-
	=====	=====	=====	=====

## 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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**21. Results from operating activities (continued)**

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
<b>and after charging:</b>				
Auditors' remuneration				
- Audit fees				
KPMG Malaysia				
- current year	735	650	63	63
- prior years	85	95	-	13
Overseas affiliates of KPMG Malaysia				
- current	88	42	-	-
Other auditors	172	165	-	-
- Non-audit fees				
- KPMG Malaysia	117	117	117	117
- Other auditors	-	39	-	-
Allowance for slow moving inventories	16	-	-	-
Amortisation of investment properties	547	501	-	-
Amortisation of intangible assets	181	309	-	-
Amortisation of prepaid lease payments	999	1,098	-	-
Asset held for sale written off	32	-	-	-
Bad debts written off	127	461	-	-
Derivative loss	551	-	-	-
Depreciation of property, plant and equipment	64,156	54,313	147	128
Hire of plant and machinery	64	35	-	-
Loss on deemed disposal of investment in associate	-	517	-	-
Loss on foreign exchange				
- realised	-	-	-	665
- unrealised	246	830	-	397
Impairment loss on receivables	1,620	3,036	-	-
Impairment loss on intangible assets	-	197	-	-
Impairment losses on asset held for sale	-	102	-	-
Intangible assets written off	-	581	-	-
Personnel expenses (including key management personnel):				
- wages, salaries and others	101,861	89,703	6,420	5,719
- contribution to state plans	7,207	6,313	542	499
- expenses related to defined benefit plans	428	368	-	-
Property, plant and equipment written off	248	858	-	-
Rental of land and buildings and office premises	2,012	1,408	451	355
Rental of plant, machinery, equipment and motor vehicle	7	2	68	68

## 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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**22. Finance costs**

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Interest expense of financial liabilities that are not at fair value through profit or loss:				
- term loans and ICP	18,663	14,159	17,259	12,548
- bank overdrafts	928	659	-	-
- bills payable	7,474	6,793	-	-
- finance lease liabilities	15	53	-	-
- revolving credit	619	922	608	824
- subsidiaries	-	-	1,685	1,231
	<u>27,699</u>	<u>22,586</u>	<u>19,552</u>	<u>14,603</u>
Other finance costs	894	62	-	-
	<u>28,593</u>	<u>22,648</u>	<u>19,552</u>	<u>14,603</u>

**23. Finance income**

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Interest income of financial assets that are not at fair value through profit or loss:				
- Deposits placed with licensed banks	1,392	890	230	135
- Subsidiaries	-	-	19,426	17,220
- Others	539	798	517	-
	<u>1,931</u>	<u>1,688</u>	<u>20,173</u>	<u>17,355</u>

## 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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**24. Tax expense**

	Group		Company	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Tax expense on operations	35,157	33,113	1,811	2,167
Share of tax of equity accounted investees	2,085	2,809	-	-
<b>Total tax expense</b>	<b>37,242</b>	<b>35,922</b>	<b>1,811</b>	<b>2,167</b>
<b>Current tax expense</b>				
- current year	28,938	22,295	1,818	2,167
- under/(over) provision in prior years	392	(582)	(7)	-
	<b>29,330</b>	<b>21,713</b>	<b>1,811</b>	<b>2,167</b>
<b>Deferred tax expense</b>				
- origination and reversal of temporary differences	6,392	11,124	-	-
- (over)/under provision in prior years	(565)	276	-	-
	<b>5,827</b>	<b>11,400</b>	<b>-</b>	<b>-</b>
Share of tax of equity accounted investees	2,085	2,809	-	-
<b>Total tax expense</b>	<b>37,242</b>	<b>35,922</b>	<b>1,811</b>	<b>2,167</b>
<b>Reconciliation of tax expense</b>				
Profit for the year	137,552	139,169	24,415	43,629
Total income tax expense	37,242	35,922	1,811	2,167
<b>Profit excluding tax</b>	<b>174,794</b>	<b>175,091</b>	<b>26,226</b>	<b>45,796</b>
Income tax calculated using Malaysian tax rate of 25% (2012: 25%)	43,699	43,773	6,557	11,449
Effect of tax rates in foreign jurisdictions	213	(1,320)	-	-
Non-deductible expenses	9,150	5,857	2,211	1,215
Tax exempt income	(4,254)	(5,292)	(6,950)	(10,497)
Tax incentives	(13,785)	(8,105)	-	-
Effect of temporary differences not recognised	2,456	1,061	-	-
Crystallisation of deferred tax liabilities arising from revaluation reserve	(164)	(164)	-	-
Others	100	418	-	-
	<b>37,415</b>	<b>36,228</b>	<b>1,818</b>	<b>2,167</b>
Over provision in prior year	(173)	(306)	(7)	-
<b>Tax expense</b>	<b>37,242</b>	<b>35,922</b>	<b>1,811</b>	<b>2,167</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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**25. Earnings per ordinary share****Basic earnings per ordinary share**

The calculation of basic earnings per ordinary share is based on the profit attributable to the owners of the Company of RM131,706,000 (2012: RM131,407,000) and the weighted average number of ordinary shares in issue during the year.

	2013 '000	2012 '000
Issued ordinary shares at beginning of the year	832,002	832,000
Effect of warrant conversion	2	1
	<u>832,004</u>	<u>832,001</u>
	<b>sen</b>	<b>sen</b>
Basic earnings per ordinary share	<u>16</u>	<u>16</u>

**Diluted earnings per ordinary share**

The Group has no dilution in its earnings per ordinary share at 31 March 2013 as the warrants have expired on 13 February 2013 and thus, any unsold/unexercised warrants have lapsed.

In prior year, the Group has no dilution in its earnings per ordinary share as the average fair value of the ordinary shares for the year ended 31 March 2012 is lower than the exercise price of the Warrants. Therefore, no consideration for adjustment in the form of an increase in the number of shares has been used in calculating potential dilution of its earnings per ordinary share.

**26. Dividends**

Dividends recognised by the Company:

	Sen per share (net of tax)	Total amount RM'000	Date of payment
<b>2013</b>			
Final 2012	4.50	<u>37,440</u>	14 September 2012
<b>2012</b>			
Final 2011	4.25	<u>35,360</u>	23 September 2011

**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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## **26. Dividends (continued)**

At the forthcoming general meeting, a final single tier dividend of 4.50 sen per share amounting to approximately RM37,441,000 (based on the issued and paid up capital at the end of the reporting period) in respect of the year ended 31 March 2013 will be proposed for approval by the shareholders of the Company. The proposed final dividend is payable in respect of all ordinary shares in issue at the date of entitlement. The said dividend will be recognised in subsequent financial reports upon approval by the shareholders.

## **27. Operating segments**

The Group's resources allocation is assessed on a quarterly basis in accordance to the business performance and requirements of the respective business segments as reviewed and determined by the Group's Chief Operating Decision Maker ("CODM") whom is also the Managing Director of the Group. Hence, segment information is presented by business segment that the Group operates in. The format of the business segment is based on the Group's operation management and internal reporting structure.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. The Company's expenses are allocated to the respective business segments based on a pre-agreed percentage allocation, while the Company's assets and liabilities are absorbed into integrated livestock farming segment.

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

### ***Business segments***

The Group comprises the following main business segments:

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

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

### ***Geographical segments***

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

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

## 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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## 27. Operating segments (continued)

	Marine-products manufacturing		Palm oil activities		Integrated livestock farming		Consolidated	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
<i>Business segments</i>								
Revenue from external customers	546,415	473,672	299,991	354,792	1,299,901	1,118,208	2,146,307	1,946,672
Segment profit before taxation	85,772	65,572	15,175	14,657	71,762	92,053	172,709	172,282
<i>Included in the measurement of segment profit before taxation are:</i>								
Inter-segment revenue	94,076	71,664	2,873	3,314	9,678	13,277	106,627	88,255
Finance costs	(6,884)	(5,765)	(4,830)	(3,490)	(16,879)	(13,393)	(28,593)	(22,648)
Finance income	182	64	76	76	1,673	1,548	1,931	1,688
Depreciation and amortisation	(25,131)	(23,998)	(12,093)	(6,010)	(31,163)	(26,213)	(68,387)	(56,221)
Share of profit of associates, net of tax	-	-	10,580	5,505	(3,344)	2,922	7,236	8,427
<i>Not included in the measurement of segment profit before taxation but provided to Managing Director:</i>								
Income tax expense	(11,943)	(10,404)	(2,954)	(2,794)	(20,260)	(19,915)	(35,157)	(33,113)

## 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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## 27. Operating segments (continued)

	Marine-products manufacturing		Palm oil activities		Integrated livestock farming		Consolidated	
	2013	2012	2013	2012	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Segment assets	579,912	452,408	415,331	368,016	1,013,287	850,233	2,008,530	1,670,657
Segment liabilities	84,003	74,840	108,022	110,004	856,867	605,779	1,048,892	790,623

Included in the measurement of segment assets are:

Investment in associates  
 Additions to non-current assets other than financial instruments and deferred tax assets

	Malaysia		Singapore		Indonesia		Vietnam		Consolidated	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue from external customers	1,893,517	1,833,411	-	4,661	213,257	103,523	39,533	5,077	2,146,307	1,946,672

## Geographical segments

Non-current assets other than deferred tax asset	907,289	818,760	-	1,084	293,094	260,990	39,533	30,982	1,239,916	1,111,816
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## 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. Financial instruments****28.1 Categories of financial instruments**

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

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

	Carrying amount RM'000	L&R/ (FL) RM'000	FVTPL -HFT RM'000	AFS RM'000	Derivatives used for hedging RM'000
<b>2013</b>					
<b>Financial assets</b>					
<b>Group</b>					
Other investments, including derivatives	138	-	-	-	138
Trade and other receivables	282,485	282,485	-	-	-
Cash and cash equivalents	141,101	141,101	-	-	-
	<u>423,724</u>	<u>423,586</u>	<u>-</u>	<u>-</u>	<u>138</u>
<b>Company</b>					
Other investments, including derivatives	19	-	-	-	19
Trade and other receivables	470,568	470,568	-	-	-
Cash and cash equivalents	4,568	4,568	-	-	-
	<u>475,155</u>	<u>475,136</u>	<u>-</u>	<u>-</u>	<u>19</u>
<b>Financial liabilities</b>					
<b>Group</b>					
Loans and borrowings	(827,753)	(827,753)	-	-	-
Trade and other payables, including derivatives	(152,536)	(148,397)	-	-	(4,139)
	<u>(980,289)</u>	<u>(976,150)</u>	<u>-</u>	<u>-</u>	<u>(4,139)</u>
<b>Company</b>					
Loans and borrowings	(535,317)	(535,317)	-	-	-
Trade and other payables, including derivatives	(56,565)	(52,771)	-	-	(3,794)
	<u>(591,882)</u>	<u>(588,088)</u>	<u>-</u>	<u>-</u>	<u>(3,794)</u>

## 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. Financial instruments (continued)****28.1 Categories of financial instruments (continued)**

	Carrying amount RM'000	L&R/ (FL) RM'000	FVTPL -HFT RM'000	AFS RM'000	Derivatives used for hedging RM'000
<b>2012</b>					
<b>Financial assets</b>					
<b>Group</b>					
Other investments, including derivatives	482	-	-	40	442
Trade and other receivables	216,355	216,355	-	-	-
Cash and cash equivalents	101,503	101,503	-	-	-
	<u>318,340</u>	<u>317,858</u>	<u>-</u>	<u>40</u>	<u>442</u>
<b>Company</b>					
Other investments, including derivatives	97	-	-	-	97
Trade and other receivables	424,317	424,317	-	-	-
Cash and cash equivalents	9,658	9,658	-	-	-
	<u>434,072</u>	<u>433,975</u>	<u>-</u>	<u>-</u>	<u>97</u>
<b>Financial liabilities</b>					
<b>Group</b>					
Loans and borrowings	(596,518)	(596,518)	-	-	-
Trade and other payables, including derivatives	(136,779)	(130,628)	(86)	-	(6,065)
	<u>(733,297)</u>	<u>(727,146)</u>	<u>(86)</u>	<u>-</u>	<u>(6,065)</u>
<b>Company</b>					
Loans and borrowings	(359,157)	(359,157)	-	-	-
Trade and other payables, including derivatives	(34,655)	(28,976)	-	-	(5,679)
	<u>(393,812)</u>	<u>(388,133)</u>	<u>-</u>	<u>-</u>	<u>(5,679)</u>

## 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. Financial instruments (continued)****28.2 Net gains and losses arising from financial instruments**

	Group		Company	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Net gains/(losses) arising on:				
Fair value through profit or loss:				
- Held for trading	-	(197)	-	-
Derivatives designated as hedging instrument:				
- recognised in other comprehensive income/ (expenses)	579	(578)	422	(357)
- recognised in profit or loss	(551)	1,460	-	-
	28	882	422	(357)
Available-for-sale financial assets				
- gain arising during the year	-	3,128	-	3,128
Loans and receivables	3,053	6,282	20,341	17,355
Financial liabilities measured at amortised cost	(28,377)	(23,705)	(19,552)	(15,665)
	<u>(25,296)</u>	<u>(13,610)</u>	<u>1,211</u>	<u>4,461</u>

**28.3 Financial risk management**

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

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

- Credit risk
- Liquidity risk
- Market risk

## 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. Financial instruments (continued)****28.4 Credit risk****Receivables**

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

*Risk management objectives, policies and processes for managing the risk*

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

*Exposure to credit risk, credit quality and collateral*

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

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

*Impairment losses*

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

<b>Group</b>	<b>Gross</b>	<b>Individual</b>	<b>Net</b>
	<b>RM'000</b>	<b>impairment</b>	<b>RM'000</b>
<b>2013</b>			
Not past due	221,156	(1,237)	219,919
Past due 1-120 days	59,474	(160)	59,314
Past due more than 120 days	9,485	(6,233)	3,252
	<u>290,115</u>	<u>(7,630)</u>	<u>282,485</u>



## 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. Financial instruments (continued)****28.4 Credit risk (continued)****Receivables (continued)***Impairment losses (continued)*

<b>Group</b>	<b>Gross RM'000</b>	<b>Individual impairment RM'000</b>	<b>Net RM'000</b>
<b>2012</b>			
Not past due	159,120	(249)	158,871
Past due 1-120 days	57,731	(2,236)	55,495
Past due more than 120 days	9,091	(7,102)	1,989
	<u>225,942</u>	<u>(9,587)</u>	<u>216,355</u>

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

	<b>Group</b>	
	<b>2013 RM'000</b>	<b>2012 RM'000</b>
At 1 April 2012/2011	9,587	11,481
Impairment loss recognised	1,620	3,036
Impairment loss reversed	(1,573)	(4,549)
Impairment loss written off	(2,004)	(381)
At 31 March	<u>7,630</u>	<u>9,587</u>

**Financial guarantees***Risk management objectives, policies and processes for managing the risk*

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

## 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. Financial instruments (continued)****28.4 Credit risk (continued)****Financial guarantees (continued)***Exposure to credit risk, credit quality and collateral*

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

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

**Inter company balances***Risk management objectives, policies and processes for managing the risk*

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

*Exposure to credit risk, credit quality and collateral*

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

*Impairment losses*

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

**28.5 Liquidity risk**

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

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

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

## 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. Financial instruments (continued)****28.5 Liquidity risk (continued)***Maturity analysis*

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

<b>Group 2013</b>	<b>Carrying amount RM'000</b>	<b>Contractual interest rate %</b>	<b>Contractual cash flows RM'000</b>	<b>Under 1 year RM'000</b>	<b>1 - 2 years RM'000</b>	<b>2 - 5 years RM'000</b>	<b>&gt; 5 years RM'000</b>
<i>Non-derivative financial liabilities</i>							
Revolving credit	34,040	4.23 - 4.47	34,364	34,364	-	-	-
Bank overdrafts	11,738	7.10 - 8.35	11,750	11,750	-	-	-
Bills payable	231,650	1.60 - 4.98	231,650	231,650	-	-	-
Term loans	522,354	3.21 - 5.86	543,936	111,958	108,334	323,644	-
Islamic Commercial Papers	27,664	4.33 - 4.57	28,862	9,129	11,737	7,996	-
Finance lease liabilities	307	3.20 - 4.25	334	155	179	-	-
Trade and other payables, excluding derivatives	148,397	-	148,397	148,397	-	-	-
	<b>976,150</b>		<b>999,293</b>	<b>547,403</b>	<b>120,250</b>	<b>331,640</b>	<b>-</b>
<i>Derivative financial liabilities</i>							
Forward exchange contracts (gross settled):							
Outflow	302	-	70,368	70,368	-	-	-
Inflow	-	-	(70,066)	(70,066)	-	-	-
Commodity option	(76)	-	(76)	(76)	-	-	-
Cross currency swap	3,630	-	3,630	3,630	-	-	-
Interest rate swap	145	-	145	145	-	-	-
	<b>980,151</b>		<b>1,003,294</b>	<b>551,404</b>	<b>120,250</b>	<b>331,640</b>	<b>-</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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**28. Financial instruments (continued)****28.5 Liquidity risk (continued)***Maturity analysis (continued)*

Group 2012	Carrying amount RM'000	Contractual interest rate %	Contractual cash flows RM'000	Under 1 year RM'000	1 - 2 years RM'000	2 - 5 years RM'000	> 5 years RM'000
<i>Non-derivative financial liabilities</i>							
Revolving credit	16,571	4.21	16,571	16,571	-	-	-
Bank overdrafts	13,861	7.10 - 8.10	13,941	13,941	-	-	-
Bills payable	176,232	1.66 - 5.47	176,360	176,360	-	-	-
Term loans	352,088	3.65 - 6.50	366,635	78,004	109,430	177,679	1,522
Islamic Commercial Papers	37,668	4.33 - 4.57	40,802	11,638	13,639	15,525	-
Finance lease liabilities	98	3.30 - 7.18	103	65	38	-	-
Trade and other payables, excluding derivatives	130,628	-	130,628	130,628	-	-	-
	<u>727,146</u>		<u>745,040</u>	<u>427,207</u>	<u>123,107</u>	<u>193,204</u>	<u>1,522</u>
<i>Derivative financial liabilities</i>							
Forward exchange contracts (gross settled):							
Outflow	-	-	33,066	33,066	-	-	-
Inflow	(245)	-	(33,311)	(33,311)	-	-	-
Commodity options	372	-	372	372	-	-	-
Cross currency swap	5,391	-	5,391	5,391	-	-	-
Interest rate swap	191	-	191	191	-	-	-
	<u>732,855</u>		<u>750,749</u>	<u>432,916</u>	<u>123,107</u>	<u>193,204</u>	<u>1,522</u>

## 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. Financial instruments (continued)****28.5 Liquidity risk (continued)***Maturity analysis (continued)*

Company 2013	Carrying amount RM'000	Contractual interest rate %	Contractual cash flows RM'000	Under 1 year RM'000	1 - 2 years RM'000	2 - 5 years RM'000
<i>Non-derivative financial liabilities</i>						
Revolving credit	33,040	4.23	33,288	33,288	-	-
Term loans	474,613	3.48 - 4.50	494,475	77,553	94,370	322,552
Islamic Commercial Papers	27,664	4.33 - 4.57	28,862	9,129	11,737	7,996
Trade and other payables, excluding derivatives	52,771	4.83	55,134	55,134	-	-
	<u>588,088</u>		<u>611,759</u>	<u>175,104</u>	<u>106,107</u>	<u>330,548</u>
<i>Derivative financial liabilities</i>						
Cross currency swap	3,630	-	3,630	3,630	-	-
Interest rate swap	145	-	145	145	-	-
	<u>591,863</u>		<u>615,534</u>	<u>178,879</u>	<u>106,107</u>	<u>330,548</u>

## 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. Financial instruments (continued)****28.5 Liquidity risk (continued)***Maturity analysis (continued)*

Company 2012	Carrying amount RM'000	Contractual interest rate %	Contractual cash flows RM'000	Under 1 year RM'000	1 - 2 years RM'000	2 - 5 years RM'000
<i>Non-derivative financial liabilities</i>						
Revolving credit	16,571	4.21	16,571	16,571	-	-
Term loans	304,918	3.65 - 5.50	316,669	62,552	83,454	170,663
Islamic Commercial Papers	37,668	4.33 - 4.57	40,802	11,638	13,639	15,525
Trade and other payables, excluding derivatives	28,976	4.88	30,364	30,364	-	-
	<u>388,133</u>		<u>404,406</u>	<u>121,125</u>	<u>97,093</u>	<u>186,188</u>
<i>Derivative financial liabilities</i>						
Cross currency swap	5,391		5,391	5,391	-	-
Interest rate swap	191		191	191	-	-
	<u>393,715</u>		<u>409,988</u>	<u>126,707</u>	<u>97,093</u>	<u>186,188</u>

## 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. Financial instruments (continued)****28.6 Market risk**

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

**28.6.1 Currency risk**

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

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

*Risk management objectives, policies and processes for managing the risk*

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

*Exposure to foreign currency risk*

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

<b>Group</b>	<b>Denominated in USD</b>	
	<b>2013 RM'000</b>	<b>2012 RM'000</b>
Trade receivables	23,249	5,730
Unsecured bank loans	(15,203)	(21,573)
Trade payables	(3,624)	(648)
Forward exchange contracts	35,280	30,661
Cash and cash equivalents	3,651	665
<b>Net exposure</b>	<b>43,353</b>	<b>14,835</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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**28. Financial instruments (continued)****28.6 Market risk (continued)****28.6.1 Currency risk (continued)***Currency risk sensitivity analysis*

A 1.50% (2012: 1.50%) strengthening of RM against USD at the end of the reporting period would have increased (decreased) equity and post-tax profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remained constant and ignores any impact of forecasted sales and purchases.

Group	2013		2012	
	Equity RM'000	Profit or (loss) RM'000	Equity RM'000	Profit or (loss) RM'000
USD	(108)	(380)	(118)	(49)

A 1.50% (2012: 1.50%) weakening of RM against USD at the end of the reporting period would have had equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remained constant.

**28.6.2 Interest rate risk**

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

*Risk management objectives, policies and processes for managing the risk*

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



## 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. Financial instruments (continued)****28.6 Market risk (continued)****28.6.2 Interest rate risk (continued)***Exposure to interest rate risk*

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

	<b>Group</b>		<b>Company</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Fixed rate instruments</b>				
Financial assets	18,331	11,242	791	585
Financial liabilities	(369,678)	(104,593)	(133,336)	(94,361)
	<u>(351,347)</u>	<u>(93,351)</u>	<u>(132,545)</u>	<u>(93,776)</u>
	<u>=====</u>	<u>=====</u>	<u>=====</u>	<u>=====</u>
<b>Floating rate instruments</b>				
Financial assets	122,770	78,601	470,974	424,072
Financial liabilities	(458,075)	(491,925)	(454,381)	(293,272)
	<u>(335,305)</u>	<u>(413,324)</u>	<u>16,593</u>	<u>130,800</u>
	<u>=====</u>	<u>=====</u>	<u>=====</u>	<u>=====</u>

*Interest rate risk sensitivity analysis**(a) Fair value sensitivity analysis for fixed rate instruments*

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

## 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. Financial instruments (continued)****28.6 Market risk (continued)****28.6.2 Interest rate risk (continued)***(b) Cash flow sensitivity analysis for variable rate instruments*

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

	Profit or (loss)			
	50 bp increase 2013 RM'000	50 bp decrease 2013 RM'000	50 bp increase 2012 RM'000	50 bp decrease 2012 RM'000
<b>Group</b>				
Floating rate instruments	(1,257)	1,257	(1,512)	1,512
	=====	=====	=====	=====
<b>Company</b>				
Floating rate instruments	62	(62)	491	(491)
	=====	=====	=====	=====

**28.6.3 Other price risk**

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

*Risk management objectives, policies and processes for managing the risk*

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

*Equity price risk sensitivity analysis*

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

## 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. Financial instruments (continued)****28.7 Hedging activities****28.7.1 Cash flow hedge**

The Group has entered into forward exchange contract to hedge the cash flow risk in relation to the potential change in foreign exchange rates totalling RM70,066,000 (2012: RM24,741,000). The forward exchange contract has the same nominal value of RM70,066,000 (2012: RM24,741,000) and is to be settled in full upon maturity. The Group has also entered into cross currency swap, interest rate swap and commodity options to hedge against cash flow risk in relation to loans in foreign currency, changes in interest rates and commodity prices respectively.

The following table indicates the periods in which the cash flows associated with the forward exchange contract that are expected to occur and affect profit and loss:

<b>Group</b>	<b>Carrying amount RM'000</b>	<b>Expected cash flows RM'000</b>	<b>Under 1 year RM'000</b>
<b>2013</b>			
<b>Financial liabilities</b>			
Forward exchange contracts			
Outflow	302	70,368	70,368
Inflow	-	(70,066)	(70,066)
Cross currency swap	3,630	3,630	3,630
Interest rate swap	145	145	145
Commodity options	(76)	(76)	(76)
	=====	=====	=====
<b>2012</b>			
<b>Financial liabilities</b>			
Forward exchange contracts			
Outflow	-	33,066	33,066
Inflow	(245)	(33,311)	(33,311)
Cross currency swap	5,391	5,391	5,391
Interest rate swap	191	191	191
Commodity options	372	372	372
	=====	=====	=====
<b>Company</b>			
<b>2013</b>			
<b>Financial liabilities</b>			
Cross currency swap	3,630	3,630	3,630
Interest rate swap	145	145	145
	=====	=====	=====
<b>2012</b>			
<b>Financial liabilities</b>			
Cross currency swap	5,391	5,391	5,391
Interest rate swap	191	191	191
	=====	=====	=====

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. Financial instruments (continued)

### 28.7 Hedging activities (continued)

#### 28.7.1 Cash flow hedge (continued)

During the year, the Group and the Company had recognised net gain of RM579,000 (2012: net loss of RM578,000) and RM422,000 (2012: net loss of RM357,000) respectively in other comprehensive income/(expense).

Ineffectiveness loss amounting to RM187,000 (2012: ineffectiveness gain of RM175,000) was recognised by the Group in profit or loss in respect of the hedge. There was no ineffectiveness gain or loss being recognised by the Company.

### 28.8 Fair value of financial instruments

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

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

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

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

Group	2013		2012	
	Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000
<b>Financial assets</b>				
Commodity options				
- Put options	92	92	-	-
Interest rate swap	19	19	-	-
Forward exchange contracts	27	27	335	335
	=====	=====	=====	=====
<b>Financial liabilities</b>				
Unsecured fixed rate term loans	(103,681)	(103,311)	(104,495)	(100,691)
Finance lease liabilities	(307)	(317)	(98)	(98)
Commodity options				
- Put options	(16)	(16)	(372)	(372)
Forward exchange contracts	(329)	(329)	(90)	(90)
Cross currency swap	(3,630)	(3,630)	(5,391)	(5,391)
Interest rate swap	(164)	(164)	(191)	(191)
	=====	=====	=====	=====

## 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. Financial instruments (continued)****28.8 Fair value of financial instruments (continued)**

	2013		2012	
	Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000
<b>Company</b>				
<b>Financial assets</b>				
Interest rate swap	19	19	-	-
<b>Financial liabilities</b>				
Unsecured fixed rate term loan	(100,296)	(100,006)	(94,361)	(90,809)
Cross currency swap	(3,630)	(3,630)	(5,391)	(5,391)
Interest rate swap	(164)	(164)	(191)	(191)

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

*Derivatives*

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

*Non-derivative financial liabilities*

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

*Interest rates used to determine fair value*

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

	2013	2012
	%	%
Loans and borrowings	5.33	5.50
Finance lease liabilities	3.50	5.24

## 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. Financial instruments (continued)****28.8 Fair value of financial instruments (continued)****28.8.1 Fair value hierarchy**

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

<b>Group</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>2013</b>				
<b>Financial assets</b>				
Commodity options	-	92	-	92
Interest rate swap	-	-	19	19
Forward exchange contracts	-	27	-	27
	<u>-</u>	<u>119</u>	<u>19</u>	<u>138</u>
<b>Financial liabilities</b>				
Commodity options	-	(16)	-	(16)
Forward exchange contracts	-	(329)	-	(329)
Cross currency swap	-	-	(3,630)	(3,630)
Interest rate swap	-	-	(164)	(164)
	<u>-</u>	<u>(345)</u>	<u>(3,794)</u>	<u>(4,139)</u>
<b>2012</b>				
<b>Financial assets</b>				
Forward exchange contracts	-	335	-	335
<b>Financial liabilities</b>				
Commodity options	-	(372)	-	(372)
Forward exchange contracts	-	(90)	-	(90)
Cross currency swap	-	-	(5,391)	(5,391)
Interest rate swap	-	-	(191)	(191)
	<u>-</u>	<u>(462)</u>	<u>(5,582)</u>	<u>(6,044)</u>

## 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. Financial instruments (continued)****28.8 Fair value of financial instruments (continued)****28.8.1 Fair value hierarchy (continued)**

<b>Company</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>2013</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Financial assets</b>				
Interest rate swap	-	-	19	19
	=====	=====	=====	=====
<b>Financial liabilities</b>				
Cross currency swap	-	-	(3,630)	(3,630)
Interest rate swap	-	-	(164)	(164)
	-----	-----	-----	-----
	-	-	(3,794)	(3,794)
	=====	=====	=====	=====
<b>2012</b>				
<b>Financial liabilities</b>				
Cross currency swap	-	-	(5,391)	(5,391)
Interest rate swap	-	-	(191)	(191)
	-----	-----	-----	-----
	-	-	(5,582)	(5,582)
	=====	=====	=====	=====

The following table shows a reconciliation from the beginning balances to the ending balances for fair value measurements in Level 3 of the fair value hierarchy:

<b>Group/Company</b>	<b>2013</b>	<b>2012</b>
	<b>RM'000</b>	<b>RM'000</b>
Balance at 1 April 2012/2011	(5,582)	(7,534)
Total gains and losses recognised in profit or loss, net	1,385	2,309
Total gains and losses recognised in other comprehensive income, net	422	(357)
	-----	-----
Balance at 31 March	(3,775)	(5,582)
	=====	=====

The unrealised gains/(losses) have been recognised in other income/(expenses) 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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**29. Commitments**

	<b>Group</b>	
	<b>2013</b>	<b>2012</b>
	<b>RM'000</b>	<b>RM'000</b>
Capital commitments:		
<i>Property, plant and equipment</i>		
Authorised but not contracted for	73,632	200,353
Contracted but not provided for in the financial statements	91,021	65,860
<i>Investment properties</i>		
Authorised but not contracted for	10,294	-
Other commitments:		
Commodity future sales contract on crude palm oil	1,041	5,708
Investment in unquoted equity instrument	9,100	-
	<u>1,041</u>	<u>5,708</u>

**30. Capital management**

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

**31. Operating leases**

Non-cancellable operating leases are as follows:

	<b>Group</b>	
	<b>2013</b>	<b>2012</b>
	<b>RM'000</b>	<b>RM'000</b>
Less than one year	267	207
Between one and five years	663	459
More than five years	352	288
	<u>1,282</u>	<u>954</u>

The subsidiaries lease land, retail outlets and equipment under operating lease. For the land under operating leases, the lease typically run for a period ranging from 15 to 25 years, with an option to renew the lease after that date. None of the operating leases for land includes contingent rentals. For the retail outlets and equipment, the leases typically run for an initial period of three years with an option to renew the leases after the expiry date for another three years.



## 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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**32. Related parties***Identity of related parties*

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

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Company either directly or indirectly. The key management personnel include all the Directors of the Company, and certain members of senior management of the Company.

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

**Significant related party transactions**

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

	<b>Group</b>	
	<b>2013</b>	<b>2012</b>
	<b>RM'000</b>	<b>RM'000</b>
With companies in which Dr Ng Siew Thiam, Chia Song Kun, Chia Song Phuan, Chia Teow Guan, Cheah Yaw Song, Cheah Juw Teck, Chia Song Pou, Chia Seong Fatt, Chia Song Swa, Chia Song Kooi, Heng Hup Peng and Sim Chin Swee, Directors of certain subsidiaries have interests		
Success Portfolio Sdn. Bhd.:		
Sales	(4,888)	(6,271)
Fusipim Sdn. Bhd.:		
Sales	(1,052)	(1,574)
MB Agriculture (Sandakan) Sdn. Bhd.:		
Sales	(5,033)	(4,877)
Purchases	241	4,531
MB Agriculture (Sabah) Sdn. Bhd.:		
Sales	(14,344)	(13,170)
Arena Dijaya Sdn. Bhd.:		
Sales	(3,799)	(3,623)
Keang Huat Trading Sdn. Bhd.:		
Purchases	1,856	2,202
Perikanan Sri Tanjung Sdn. Bhd.:		
Purchases	1,111	1,088

## 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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**32. Related parties (continued)****Significant related party transactions (continued)**

	Group	
	2013 RM'000	2012 RM'000
With companies in which Dr Ng Siew Thiam, Chia Song Kun, Chia Song Phuan, Chia Teow Guan, Cheah Yaw Song, Cheah Juw Teck, Chia Song Pou, Chia Seong Fatt, Chia Song Swa, Chia Song Kooi, Heng Hup Peng and Sim Chin Swee, Directors of certain subsidiaries have interests (continued)		
Credential Development Sdn. Bhd.:		
Purchase of land	-	3,200
RubyTech Resources Sdn. Bhd.:		
Sale of land	-	(14,600)
Green Breeder Sdn. Bhd.:		
Sales	(9,730)	(6,650)
Timurikan Trengganu Marine Products Sdn. Bhd.:		
Sales	(688)	(688)
Purchases	816	1,280
C Care Enterprise Sdn. Bhd.:		
Sales	(1,138)	(634)
Sin Teow Fatt Trading Co.:		
Purchases	617	754
	=====	=====
With a person connected to Cheah Yaw Song and Cheah Juw Teck, Directors of certain subsidiaries have interests		
Cheah Joo Kiang:		
Sales	(2,583)	(2,345)
Associates		
Gross dividend received	(2,669)	(2,476)
Warehousing services	5,192	4,755
	=====	=====
	Company	
	2013 RM'000	2012 RM'000
Subsidiaries		
Administrative charges	(2,491)	(1,727)
Finance income	(19,426)	(17,220)
Finance costs	1,685	1,231
Management fee income	(3,949)	(3,015)
Net dividend received	(29,270)	(37,009)
Rental expenses	1,038	355
	=====	=====
Associate		
Gross dividend received	(594)	(594)
	=====	=====

## 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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**32. Related parties (continued)**

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

<b>Group</b>	<b>Gross balance outstanding at</b>	<b>Net balance outstanding at</b>
<b>2013</b>	<b>31 March</b>	<b>31 March</b>
	<b>RM'000</b>	<b>RM'000</b>
Included in:		
- Trade and other receivables		
Related parties	9,689	9,689
Associates	24	24
- Trade and other payables, including derivatives		
Related parties	(36,221)	(36,221)
	<u>=====</u>	<u>=====</u>
<b>2012</b>		
Included in:		
- Trade and other receivables		
Related parties	1,065	1,065
Associates	725	725
- Trade and other payables, including derivatives		
Related parties	(34,612)	(34,612)
	<u>=====</u>	<u>=====</u>
<b>Company</b>		
<b>2013</b>		
Included in:		
- Trade and other receivables		
Subsidiaries	470,335	470,335
Associate	24	24
- Trade and other payables, including derivatives		
Subsidiaries	(52,400)	(52,400)
	<u>=====</u>	<u>=====</u>
<b>2012</b>		
Included in:		
- Trade and other receivables		
Subsidiaries	424,307	424,307
Associate	10	10
- Trade and other payables, including derivatives		
Subsidiaries	(28,476)	(28,476)
	<u>=====</u>	<u>=====</u>

All the amounts outstanding are unsecured and expected to be settled with cash.

## 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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**32. Related parties (continued)**

The key management personnel compensation are as follows:

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Directors of the Company				
- Fees	945	888	528	517
- Remuneration	8,104	7,618	3,774	3,290
- Other short-term employee benefits (including estimated monetary value of benefits-in-kind)	125	112	73	66
	<u>9,174</u>	<u>8,618</u>	<u>4,375</u>	<u>3,873</u>
Directors of subsidiaries				
- Fees	326	333	12	12
- Remuneration	7,872	7,033	739	653
- Other short-term employee benefits (including estimated monetary value of benefits-in-kind)	67	62	-	-
	<u>8,265</u>	<u>7,428</u>	<u>751</u>	<u>665</u>
Other key management personnel				
- Remuneration	1,150	1,071	1,150	1,071
- Other short-term employee benefits (including estimated monetary value of benefits-in-kind)	8	8	8	8
	<u>1,158</u>	<u>1,079</u>	<u>1,158</u>	<u>1,079</u>
	<u><u>18,597</u></u>	<u><u>17,125</u></u>	<u><u>6,284</u></u>	<u><u>5,617</u></u>

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

## 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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**33. Subsidiaries**

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

Name of Company	Principal activities	Effective ownership interest (%)	
		2013	2012
QL Feedingstuffs Sdn. Bhd. and its subsidiaries	Investment holding, provision of management services, and distribution of animal feed, raw materials and food grain	100.00	100.00
QL Agrofood Sdn. Bhd. and its subsidiary	Investment holding, processing and sale of animal feed, trading of raw materials for animal feeds, lubricants and foodstuffs	100.00	100.00
Rikawawasan Sdn. Bhd.#	Deep sea fishing	-	100.00
QL Agroventures Sdn. Bhd.	Layer and broiler farming	100.00	100.00
QL Agrobio Sdn. Bhd.	Commercial production and supply of biologically digested feeding raw materials	51.00	51.00
QL KK Properties Sdn. Bhd. (f.k.a. QL Feedmills Sdn. Bhd.)	Property development activities	100.00	100.00
QL Poultry Farms Sdn. Bhd.	Layer farming	100.00	100.00
QL Realty Sdn. Bhd. and its subsidiaries	Investment holding	100.00	100.00
PT QL Trimitra**	Distribution of animal feed raw material, food grain and poultry breeding	80.00	80.00
PT QL Agrofood**	Layer farming	100.00	100.00
Pacific Vet Group (M) Sdn. Bhd. and its subsidiary	Investment holding	90.00	90.00
QL Pacific Vet Group Sdn. Bhd.	Trading of feed supplement, animal health food and agricultural products	90.00	90.00
Maxincome Resources Sdn. Bhd.	Dormant	100.00	100.00
Chingsan Development Sdn. Bhd.	Property holding	100.00	100.00
QL AgroResources Sdn. Bhd. and its subsidiaries	Investment holding, feed milling, selling and distribution of animal feeds, raw materials and other related products	85.00	80.00
QL Livestock Farming Sdn. Bhd.	Poultry farming, feed milling as well as selling and distribution of animal feed, poultry and related product.	85.00	80.00

## 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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**33. Subsidiaries (continued)**

Name of Company	Principal activities	Effective ownership interest (%)	
		2013	2012
Gelombang Elit (M) Sdn. Bhd.	Letting of investment property	85.00	80.00
QL Feed Sdn. Bhd.	Marketing and distribution of animal feed raw materials and food grain	100.00	100.00
QL Deep Sea Fishing Sdn. Bhd.	Deep sea fishing and sale of subsidised diesel to fishermen	100.00	100.00
QL Farms Sdn. Bhd. and its subsidiaries	Investment holding, layer and broiler farming, wholesale of frozen chicken parts, manufacturing and sales of organic fertilizer	100.00	100.00
Adequate Triumph Sdn. Bhd.	Letting of investment properties	100.00	100.00
QL Inter-Food Sdn. Bhd.	General trading business	100.00	100.00
QL Breeder Farm Sdn. Bhd.	Poultry breeding and farming	100.00	100.00
Merkaya Sdn. Bhd.	Dormant	100.00	-
QL Tawau Feedmill Sdn. Bhd.	Manufacture and sale of animal feed and providing chicken parts processing services	100.00	100.00
QL Ansan Poultry Farm Sdn. Bhd. and its subsidiaries	Investment holding and poultry farming	85.00	85.00
QL Rawang Poultry Farm Sdn. Bhd.	Property holding	85.00	85.00
Hybrid Figures Sdn. Bhd.	Dormant	85.00	85.00
QL Vietnam AgroResources Liability Limited Company***	Poultry farming	100.00	100.00
QL Oil Sdn. Bhd. and its subsidiaries	Investment holding	100.00	100.00
QL Plantation Sdn. Bhd. and its subsidiary	Investment holding, oil palm cultivation, processing and marketing of palm oil products	100.00	100.00
QL Tawau Biogas Sdn. Bhd.	Operating a biogas power plant	100.00	100.00
QL BioEnergy Sdn. Bhd.	Dormant	100.00	100.00
QL Mutiara (S) Pte. Ltd. * and its subsidiary	Investment holding	78.42	78.42
PT Pipit Mutiara Indah **	Oil palm plantation	74.50	74.50

## 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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**33. Subsidiaries (continued)**

Name of Company	Principal activities	Effective ownership interest (%)	
		2013	2012
QL Fishery Sdn. Bhd. and its subsidiaries	Investment holding	100.00	100.00
QL Marine Products Sdn. Bhd. and its subsidiary	Investment holding, manufacturing of surimi, surimi-based products and fishmeal as well as processing and sale of frozen seafood	100.00	100.00
Icon Blitz Sdn. Bhd.	Dormant	100.00	100.00
QL Foods Sdn. Bhd. and its subsidiaries	Investment holding, manufacturing of surimi and surimi-based products	100.00	100.00
QL Aquaculture Sdn. Bhd.	Dormant	100.00	100.00
QL Aquamarine Sdn. Bhd. (f.k.a. MSLP Jasa Sdn. Bhd.) #	Aqua-farming	100.00	-
QL Fishmeal Sdn. Bhd. and its subsidiaries	Investment holding, manufacturing and trading of fishmeal	100.00	100.00
PT QL Hasil Laut**	Manufacturing of surimi and fishmeal	99.97	99.97
QL Corporate Services Sdn. Bhd. (f.k.a. Ambang Spektrum Sdn. Bhd.)	Dormant	100.00	100.00
QL Endau Marine Products Sdn. Bhd. and its subsidiaries	Investment holding, manufacturing of surimi	70.59	70.59
QL Endau Deep Sea Fishing Sdn. Bhd.	Deep sea fishing	70.59	70.59
QL Endau Fishmeal Sdn. Bhd.	Manufacturing and trading of fishmeal	70.59	70.59
Pilihan Mahir Sdn. Bhd.	Fishery activities	70.59	70.59
QL TP Fertilizer Sdn. Bhd. (f.k.a. Inspirasi Sutera Sdn. Bhd.)	Dormant	70.59	-
Rikawawasan Sdn. Bhd. #	Deep sea fishing	70.59	-
QL Figo Foods Sdn. Bhd. (f.k.a. Figo Foods Sdn. Bhd.) and its subsidiary	Investment holding, manufacturing and sales of "halal" food products	100.00	100.00
QL Fujiya Pastry Sdn. Bhd.	Manufacturing and sale of "halal" food products	60.00	60.00
QL Fresh Choice Seafood Sdn. Bhd.	Coastal fish trawling and wholesale of marine products	100.00	100.00

## 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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**33. Subsidiaries (continued)**

Name of Company	Principal activities	Effective ownership interest (%)	
		2013	2012
QL Lian Hoe Sdn. Bhd. and its subsidiary	Investment holding, manufacturing and sale of surimi-based products	82.00	82.00
QL Lian Hoe (S) Pte. Ltd.*#	Manufacturing and processing of food products	-	82.00
QL Lian Hoe (S) Pte. Ltd.**	Manufacturing and processing of food products	100.00	-
QL Green Resources Sdn. Bhd. and its subsidiaries	Investment holding	100.00	100.00
QL Green Energy Sdn. Bhd. and its subsidiary	Investment holding	97.75	97.00
QL Tawau Palm Pellet Sdn. Bhd.	Operating a palm pellet plant	98.85	98.47
QL NatureCo Sdn. Bhd. and its subsidiaries	Investment holding	84.99	80.00
QL Palm Pellet Sdn. Bhd.	Development and marketing of "Palm Pelletising System" to produce pellet sized fuel cells called palm pellets	84.99	80.00
QL ESCO Sdn. Bhd. (f.k.a. QL ZeroPoint Green Energy Sdn. Bhd.) #	Dormant	-	80.00
QL ESCO Sdn. Bhd. (f.k.a. QL ZeroPoint Green Energy Sdn. Bhd.) #	Dormant	100.00	-
QL Carbon Sdn. Bhd.	Dormant	100.00	100.00
Leisure Pyramid Sdn. Bhd.	Manufacturing of wood pellet	66.67	100.00
QL IPC Sdn. Bhd.	Dormant	100.00	100.00

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

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

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

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

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



## 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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**33. Subsidiaries (continued)**

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

	Number of ordinary shares of RM1 each			
	At 1.4.2012	Bought	Sold	At 31.3.2013
Interest in non-wholly owned subsidiaries via				
QL Feedingstuffs Sdn. Bhd.				
Pacific Vet Group (M) Sdn. Bhd. and its subsidiary	2,736,000	-	-	2,736,000
QL Pacific Vet Group Sdn. Bhd.	2,000,000	-	-	2,000,000
QL AgroResources Sdn. Bhd. and its subsidiaries	8,480,000	530,000	-	9,010,000
QL Livestock Farming Sdn. Bhd.	20,000,000	-	-	20,000,000
Gelombang Elit (M) Sdn. Bhd.	352,600	-	-	352,600
QL Ansan Poultry Farm Sdn. Bhd. and its subsidiaries	17,000,000	-	-	17,000,000
QL Rawang Poultry Farm Sdn. Bhd.	4,400,000	-	-	4,400,000
Hybrid Figures Sdn. Bhd.	2	-	-	2
QL Agrobio Sdn. Bhd.	510,000	-	-	510,000
PT QL Trimitra ##	1,200,000	-	-	1,200,000
Interest in non-wholly owned subsidiaries via QL Oil Sdn. Bhd.				
QL Mutiara (S) Pte. Ltd. ## and its subsidiary	11,919,998	-	-	11,919,998
PT Pipit Mutiara Indah @	2,983,000	-	-	2,983,000
Interest in non-wholly owned subsidiaries via QL Fishery Sdn. Bhd.				
PT QL Hasil Laut ##	2,999,000	-	-	2,999,000
QL Endau Marine Products Sdn. Bhd. and its subsidiaries	3,361,980	-	-	3,361,980
QL Endau Deep Sea Fishing Sdn. Bhd.	43,800,000	-	-	43,800,000
QL Endau Fishmeal Sdn. Bhd.	20,100,000	-	-	20,100,000
Pilihan Mahir Sdn. Bhd.	10,000	-	-	10,000
QL TP Fertilizer Sdn. Bhd. (f.k.a. Inspirasi Sutera Sdn. Bhd.)	-	2	-	2
Rikawawasan Sdn. Bhd.	6,000,000	4,000,000	-	10,000,000
QL Fujiya Pastry Sdn. Bhd.	2,999,999	-	-	2,999,999
QL Lian Hoe Sdn. Bhd.	8,200,000	-	-	8,200,000

## 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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**33. Subsidiaries (continued)**

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

	Number of ordinary shares of RM1 each			
	At 1.4.2012	Bought	Sold	At 31.3.2013
Interest in non-wholly owned subsidiaries via QL Green Resources Sdn. Bhd				
QL NatureCo Sdn. Bhd. and its subsidiary	2,399,999	532,500	-	2,932,499
QL Palm Pellet Sdn. Bhd.	2,760,000	450,000	-	3,210,000
QL Green Energy Sdn. Bhd. and its subsidiary	500,000	-	-	500,000
QL Tawau Palm Pellet Sdn. Bhd.	2,000,000	-	-	2,000,000
Leisure Pyramid Sdn. Bhd.	2	799,998	-	800,000

## Ordinary shares of USD1.00 each

@ Ordinary shares of RP50,000 each

**34. Significant events during the year**

- 34.1 In March 2012, the Group, via its wholly-owned subsidiary, QL Fishmeal Sdn. Bhd. ("QLFM") had entered into an Agreement for Sale of Shares to acquire 817,000 ordinary shares of RM1.00 each, representing the entire total issued and paid-up capital of QL Aquamarine Sdn. Bhd. (f.k.a. MSLP Jasa Sdn. Bhd.) ("QLAM") for a total consideration of RM1,300,000. The acquisition was completed during the financial year.
- 34.2 In August 2012, the Group, via its wholly-owned subsidiary, QL Farms Sdn. Bhd. had acquired four (4) ordinary shares of RM1.00 each of Merkaya Sdn. Bhd. ("MK"), representing the entire issued and paid-up capital of MK for a consideration of RM1,012,499.
- 34.3 In October 2012, the Group, via its wholly-owned subsidiary, QL Endau Marine Products Sdn. Bhd. had acquired two (2) ordinary shares of RM1.00 each of Inspirasi Sutera Sdn. Bhd. ("IS"), representing the entire issued and paid-up capital of IS for a consideration of RM2.

## 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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**34. Significant events during the year (continued)**

- 34.4 In March 2013, the Group, via its wholly-owned subsidiary, QL Lian Hoe (S) Pte. Ltd. had acquired the entire issued and paid-up capital of Zhongsan True Taste Food Industrial Co. of USD1,200,000 for a total consideration of RMB18,800,000 (equivalent to RM9,400,000). The acquisition is completed subsequently to year end.
- 34.5 In March 2013, the Group, via its wholly-owned subsidiary, QL Figo Foods Sdn. Bhd. (f.k.a. Figo Foods Sdn. Bhd.) had entered into a Sale and Purchase Agreement with a related party, namely, RubyTech Resources Sdn. Bhd. to dispose a vacant industrial land held under Geran Mukim 1082, Lot 3410, Mukim Kajang, Tempat Sungai Keladi, District of Hulu Langat, Negeri Selangor for a total consideration of RM10,000,000. The disposal is yet to complete at the end of the reporting period.

**35. Subsequent events**

- 35.1 In May 2013, the Group, via its wholly-owned subsidiary, QL Feedingstuffs Sdn. Bhd. had acquired two (2) ordinary shares of RM1.00 each of Saga Inovatif Sdn. Bhd. ("SI"), representing the entire issued and paid-up capital of SI for a consideration of RM2.
- 35.2 In May 2013, the Group, via its wholly-owned subsidiary, QL Feedingstuffs Sdn. Bhd. had acquired one (1) ordinary shares of USD1.00 each of QL International Pte Ltd. ("QLI"), representing the entire issued and paid-up capital of QLI for a consideration of USD1.
- 35.3 In July 2013, the Group, via its wholly-owned subsidiary, QL Feedingstuffs Sdn. Bhd. and QL Realty Sdn. Bhd. received approval from the relevant authorities in Indonesia for the incorporation of a wholly-owned subsidiary known as PT QL Feed Indonesia ("PQFI"). The intended principal activities of PQFI are general trading of animal feed raw materials and related products.

## 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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**36. Acquisition of subsidiaries**

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

- 100% equity interest in QL Aquamarine Sdn. Bhd. (f.k.a. MSLP Jasa Sdn. Bhd.) for a cash consideration of RM1,300,000;
- 100% equity interest in Merkaya Sdn. Bhd. for a cash consideration of RM1,012,499; and
- 100% equity interest in Inspirasi Sutera Sdn. Bhd. for a cash consideration of RM2.

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

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

	<b>Recognised values on acquisition RM'000</b>
Property, plant and equipment	2,500
Other payables	(187)
	<hr/>
Fair value of net assets acquired/consideration paid, satisfied in cash	2,313
	<hr/> <hr/>

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

## 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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**37. Supplementary financial information on the breakdown of realised and unrealised profits or losses**

The breakdown of the retained earnings of the Group and of the Company as at 31 March, into realised and unrealised profits, pursuant to the Paragraphs 2.06 and 2.23 of Bursa Malaysia Main Market Listing Requirements, are as follows:

	Group		Company	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Total retained earnings of the Company and its subsidiaries:				
- realised	750,468	657,419	5,023	18,544
- unrealised	(60,322)	(60,700)	99	(397)
	<u>690,146</u>	<u>596,719</u>	<u>5,122</u>	<u>18,147</u>
Total share of retained earnings of associates				
- realised	7,236	9,118	-	-
	<u>697,382</u>	<u>605,837</u>	<u>5,122</u>	<u>18,147</u>
Less: Consolidation adjustments	(95,400)	(98,110)	-	-
Total retained earnings	<u><u>601,982</u></u>	<u><u>507,727</u></u>	<u><u>5,122</u></u>	<u><u>18,147</u></u>

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

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**

## **Statement by Directors pursuant to Section 169(15) of the Companies Act, 1965**

In the opinion of the Directors, the financial statements set out on pages 7 to 115 are drawn up in accordance with Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 March 2013 and of their financial performance and cash flows for the financial year then ended.

In the opinion of the Directors, the information set out in Note 37 in page 116 to the financial statements has been compiled in accordance with the Guidance on Special Matter No.1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants, and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

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



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



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

Shah Alam,

Date: 10 July 2013

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

## Statutory declaration pursuant to Section 169(16) of the Companies Act, 1965

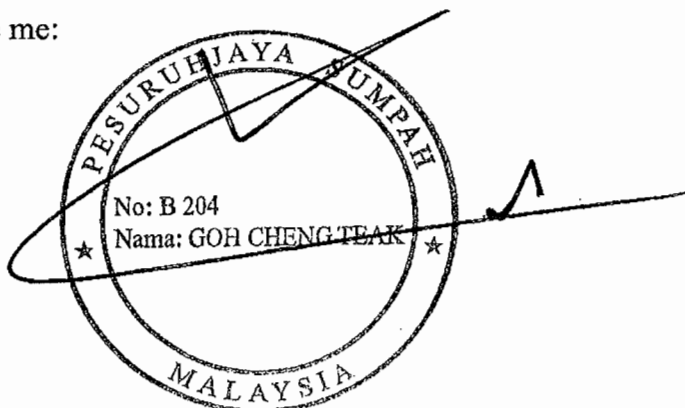
I, **Chia Mak Hooi**, the Director primarily responsible for the financial management of QL Resources Berhad, do solemnly and sincerely declare that the financial statements set out on pages 7 to 116 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the above named in Klang on 10 July 2013.



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

Before me:



No. 2, Mezzanine Floor,  
Leboh Gopeng, 41400 Klang,  
Selangor Darul Ehsan.

## 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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**KPMG (Firm No. AF 0758)**  
Chartered Accountants  
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Selangor Darul Ehsan, Malaysia

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## Independent auditors' report to the members of QL Resources Berhad

(Company No. 428915-X)  
(Incorporated in Malaysia)

### Report on the Financial Statements

We have audited the financial statements of QL Resources Berhad, which comprise the statements of financial position as at 31 March 2013 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 7 to 115.

#### *Directors' Responsibility for the Financial Statements*

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

#### *Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

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

KPMG, a partnership established under Malaysian law and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.



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

In our opinion, these financial statements give a true and fair view of the financial position of the Group and of the Company as of 31 March 2013 and of their financial performance and cash flows for the year then ended in accordance with Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

**Report on Other Legal and Regulatory Requirements**

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

- a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.
- b) We have considered the accounts and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 33 to the financial statements.
- c) We are satisfied that the accounts of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.
- d) The audit reports on the accounts of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

**Other Reporting Responsibilities**

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The information set out in Note 37 on page 116 to the financial statements has been compiled by the Company as required by the Bursa Malaysia Securities Berhad Listing Requirements and is not required by the Financial Reporting Standards. We have extended our audit procedures to report on the process of compilation of such information. In our opinion, the information has been properly compiled, in all material respects, in accordance with the Guidance of Special Matter No.1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants, and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

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



**Other Matters**

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

A handwritten signature in black ink, appearing to be 'KPMG' or similar, written over a horizontal line.

**KPMG**  
Firm Number: AF 0758  
Chartered Accountants

A handwritten signature in black ink, appearing to be 'Peter Ho Kok Wai', written over a horizontal line.

**Peter Ho Kok Wai**  
Approval Number: 1745/12/13(J)  
Chartered Accountant

Petaling Jaya, Selangor

Date: 10 July 2013

UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE SIX (6)- MONTH FPE 30 SEPTEMBER 2013 INCLUDING THE EXPLANATORY NOTES THEREON

QL RESOURCES BERHAD (428915-X)  
(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT FOR THE 2ND QUARTER ENDED 30.9.2013  
CONDENSED CONSOLIDATED INCOME STATEMENTS FOR THE PERIOD ENDED 30.9.2013 (UNAUDITED)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTERS	
	CURRENT YEAR 2ND QUARTER 1.7.2013 to 30.9.2013 RM'000	PRECEDING YEAR 2ND QUARTER 1.7.2012 to 30.9.2012 RM'000	CURRENT YEAR TO-DATE 1.4.2013 to 30.9.2013 RM'000	PRECEDING PERIOD 1.4.2012 to 30.9.2012 RM'000
	% increase against last period		% increase against last period	
Revenue	605,145	552,451	1,184,684	1,046,813
Operating Profit	79,302	68,843	144,806	127,996
Depreciation and amortisation	(21,666)	(14,352)	(37,694)	(29,748)
Interest income	615	466	1,137	806
Finance costs	(8,633)	(7,084)	(17,414)	(13,308)
Share of profit of associates (net)	3,473	331	5,981	4,074
Profit Before Taxation	53,091	48,204	96,816	89,820
Less: Tax expense	(9,782)	(9,166)	(17,745)	(17,699)
Profit for the period	43,309	39,038	79,071	72,121
Attributable to: Shareholders of the Company	42,257	36,866	77,207	68,290
Minority interests	1,052	2,172	1,864	3,831
Profit for the period	43,309	39,038	79,071	72,121
Number of shares in issue ('000)	832,020	832,000	832,020	832,000
Earnings per share: Basic earnings per ordinary shares (sen)	5.08	4.43	9.28	8.21
Diluted earnings per ordinary shares (sen)	NA	NA	NA	NA
	(Effective tax rate)		(Effective tax rate)	
	18.4%		18.3%	
	(% against PBT)		(% against PBT)	
	4.51%		1.93%	
	(% against PBT)		(% against PBT)	
	19.0%		19.7%	
	(Effective tax rate)		(Effective tax rate)	
	19.0%		19.7%	
	(% against PBT)		(% against PBT)	
	4.27%		4.27%	
	(% against PBT)		(% against PBT)	

The Condensed Consolidated Income Statements should be read in conjunction with the Annual Financial Statements for year ended 31 March 2013 and the accompanying explanatory notes attached to this interim financial statements.  
Note: NA denotes "Not Applicable"

## APPENDIX V

## UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE SIX (6)- MONTH FPE 30 SEPTEMBER 2013 INCLUDING THE EXPLANATORY NOTES THEREON (CONT'D)

QL RESOURCES BERHAD <sup>(428915-X)</sup>  
(Incorporated in Malaysia)

## INTERIM FINANCIAL REPORT FOR THE 2ND QUARTER ENDED 30.9.2013

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30.9.2013 (UNAUDITED)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTERS	
	CURRENT YEAR 2ND QUARTER 1.7.2013 to 30.9.2013 RM'000	PRECEDING YEAR 2ND QUARTER 1.7.2012 to 30.9.2012 RM'000	CURRENT YEAR TO-DATE 1.4.2013 to 30.9.2013 RM'000	PRECEDING PERIOD 1.4.2012 to 30.9.2012 RM'000
Profit for the period	43,309	39,038	79,071	72,121
Other comprehensive income/(loss), net of tax: Items that may be reclassified subsequently to profit or loss:				
Foreign currency translation differences for foreign operations	(44,561)	(15,512)	(43,392)	(13,544)
Cash Flow Hedge	2,837	(2,107)	1,744	1,281
<b>Total Comprehensive income</b>	<b>1,585</b>	<b>21,419</b>	<b>37,423</b>	<b>59,858</b>
Attributable to:				
Shareholders of the Company	533	19,222	35,559	56,027
Minority interests	1,052	2,197	1,864	3,831
<b>Total Comprehensive income</b>	<b>1,585</b>	<b>21,419</b>	<b>37,423</b>	<b>59,858</b>

The Condensed Consolidated Statement of Comprehensive Income Statements should be read in conjunction with the Annual Financial Statements for year ended 31 March 2013 and the accompanying explanatory notes attached to this interim financial statements.

Note: NA denotes "Not Applicable"

UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE SIX (6)-  
MONTH FPE 30 SEPTEMBER 2013 INCLUDING THE EXPLANATORY NOTES THEREON (CONT'D)

QL RESOURCES BERHAD (428915-X)  
(Incorporated in Malaysia)

QUARTERLY REPORT

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	At 30.9.2013 RM'000 Unaudited	At 31.3.2013 RM'000 Audited
<b>ASSETS</b>		
Property, plant and equipment	973,127	960,702
Intangible assets	6,968	7,229
Biological assets	103,665	111,838
Prepaid lease payments	54,907	53,300
Investment properties	29,672	29,466
Investment in Associates	81,530	74,564
Deferred tax asset	992	539
Other receivables	3,227	2,817
<b>Total non-current assets</b>	<b>1,254,088</b>	<b>1,240,455</b>
<b>Current Assets</b>		
Inventories	207,585	219,363
Biological assets	73,108	74,168
Trade receivables	219,315	229,631
Other receivables, assets and prepayment	110,758	94,805
Current tax assets	12,241	9,007
Cash and cash equivalents	120,256	141,101
	<b>743,263</b>	<b>768,075</b>
<b>Total Assets</b>	<b>1,997,351</b>	<b>2,008,530</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Share Capital	208,005	208,005
Share Premium	113,599	113,599
Reserves	567,295	569,177
<b>Equity attributable to shareholders of the Company</b>	<b>888,899</b>	<b>890,781</b>
Minority interests	66,293	68,857
<b>Total Equity</b>	<b>955,192</b>	<b>959,638</b>
<b>Non-current liabilities</b>		
Long term borrowings (LT Debts/Total Equity)	373,471	451,074
Deferred income	903	769
Deferred tax liabilities	62,653	59,791
	<b>437,027</b>	<b>511,634</b>
<b>Current Liabilities</b>		
Payables	148,163	152,536
Short term borrowings	445,165	376,679
Taxation	11,804	8,043
	<b>605,132</b>	<b>537,258</b>
<b>Total Liabilities</b>	<b>1,042,159</b>	<b>1,048,892</b>
<b>Total equity and liabilities</b>	<b>1,997,351</b>	<b>2,008,530</b>
Net Assets per share (RM) Based on number of shares:( '000)	<b>1.07</b> <b>832,020</b>	<b>1.07</b> <b>832,004</b>

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Statements for year ended 31 March 2013 and the accompanying explanatory notes attached to the interim financial statements.

**UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE SIX (6)- MONTH FPE 30 SEPTEMBER 2013 INCLUDING THE EXPLANATORY NOTES THEREON (CONT'D)**

**QL RESOURCES BERHAD** (428915-X)  
(Incorporated in Malaysia)

**INTERIM FINANCIAL REPORT FOR THE 2ND QUARTER ENDED 30.9.2013**

**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30TH SEPTEMBER 2013**

	Non-Distributable		Distributable				Attributable to shareholders of the Company	Non-controlling interests	Total Equity
	Share Capital	Share Premium	Treasury Shares	Hedging reserve	Exchange Translation Reserve	Retained Profit			
<b>6 months ended 30.9.13</b>	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
At 1.4.2013	208,005	113,599	-	(4)	(32,279)	601,460	890,781	959,638	
Total comprehensive income for the period				1,744	(43,392)	77,207	35,559	1,864	
Dividend paid						(37,441)	(37,441)	(8,630)	
Contribution from non-controlling interest								4,202	
<b>At 30.9.2013</b>	208,005	113,599	-	1,740	(75,671)	641,226	888,899	955,192	

**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30TH SEPTEMBER 2012**

	Non-Distributable		Distributable				Attributable to shareholders of the Company	Non-controlling interests	Total Equity
	Share Capital	Share Premium	Treasury Shares	Hedging reserve	Exchange Translation Reserve	Retained Profit			
<b>6 months ended 30.9.12</b>	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
At 1.4.2012	208,000	113,544	-	(574)	(17,101)	507,727	811,596	880,034	
Total comprehensive income for the period				1,281	(13,544)	68,290	56,027	3,831	
Dividend paid						(37,451)	(37,451)	(3,451)	
Contribution from non-controlling interest								-	
<b>At 30.9.2012</b>	208,000	113,544	-	707	(30,645)	538,566	830,172	898,990	

The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the Annual Financial Report for year ended 31 March 2013 and the accompanying explanatory notes attached to the interim financial statements.

**UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE SIX (6)-  
MONTH FPE 30 SEPTEMBER 2013 INCLUDING THE EXPLANATORY NOTES THEREON (CONT'D)**

**QL RESOURCES BERHAD** (428915-X)  
**(Incorporated in Malaysia)**

**INTERIM FINANCIAL REPORT FOR THE 2ND QUARTER ENDED 30.9.2013**

**CONDENSED CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD ENDED 30TH SEPTEMBER 2013**

	2nd quarter ended 30.9.2013 RM'000	2nd quarter ended 30.9.2012 RM'000
Profit before tax	96,816	89,820
Adjustments for:		
Depreciation & amortisation	37,694	29,748
(Increase)/Decrease in working capital	6,914	(138,228)
Income tax paid	(14,807)	(8,975)
Others	(5,980)	(3,414)
Net cash from operating activities	<u>120,637</u>	<u>(31,049)</u>
Purchase of fixed assets	(50,119)	(42,892)
Others	(2,798)	(1,201)
Net cash used in investing activities	<u>(52,917)</u>	<u>(44,093)</u>
Net borrowings	-	-
Dividend paid to Minority interest	(55,303)	114,964
Dividend paid to Shareholders	(8,630)	(3,455)
Others	(37,441)	(37,451)
Net cash from financing activities	<u>4,202</u>	<u>-</u>
Net increase in cash and cash equivalents	<u>(97,172)</u>	<u>74,058</u>
Net increase in cash and cash equivalents	(29,452)	(1,084)
Cash and cash equivalents at 1.4.2013	129,363	87,642
Cash and cash equivalents at 30.9.2013	<u><u>99,911</u></u>	<u><u>86,558</u></u>

The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Annual Financial Statements for year ended 31 March 2013 and the accompanying explanatory notes attached to this interim financial statements.

## UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE SIX (6)-MONTH FPE 30 SEPTEMBER 2013 INCLUDING THE EXPLANATORY NOTES THEREON (CONT'D)

QL RESOURCES BERHAD (428915-X)

(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT FOR THE 2ND QUARTER ENDED 30.9.2013

### NOTES TO THE INTERIM FINANCIAL REPORT

#### A1. Basis of preparation

The unaudited interim financial statements of the Group have been prepared in accordance with the requirements of FRS 134 - Interim Financial Reporting and Chapter 9, Part K of the Listing Requirements of Bursa Malaysia Securities Berhad.

The accounting policies and methods of computation used in the preparation of the interim financial statements are consistent with those used in the preparation of the financial statements for the financial year ended 31 March 2013 except for the adoption of the following FRS, Interpretations and Amendments which are effective for annual periods beginning on or after 1st 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

#### Malaysian Financial Reporting Standards (MFRS Framework)

On 19 November 2011, the Malaysian Accounting Standards Board ("MASB") issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards ("MFRS Framework"). The MFRS Framework is to be applied by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2014, with the exception of entities that are within the scope of MFRS 141 "Agriculture" and IC Interpretation 15 "Agreements for the Construction of Real Estate", including its parent, significant investor and venturer (herein called "Transitioning Entities").

Transitioning Entities will be allowed to defer adoption of the new MFRS Framework for an additional two year. Consequently, adoption of the MFRS Framework by Transitioning Entities will be mandatory for annual periods beginning on or after 1 January 2014.

Following the recent press release by MASB on 7 Aug 2013, Transitioning entities are allowed to defer the adoption of MFRS for an additional year, ie for annual period beginning on or after 1 January 2015.

The Group falls within the scope definition of Transitioning Entities and accordingly, will adopt the MFRS Framework for the financial year ending 31 March 2016. In presenting its first MFRS financial statements, the Group will be required to restate the comparative financial statements to amounts reflecting the application of MFRS Framework. Adjustments required on transition, if any, will be made retrospectively against opening retained earnings.

#### A2. Seasonal or cyclical factors

Certain segment of the Group's business are affected by cyclical factors.

The management considers that on a quarter to quarter basis, the demand and/or production of the Group's products for each of the three core activities varies and the variation in each quarters were as follows:

- (1) marine products manufacturing activities are affected by monsoon in the 4th quarter.
- (2) crude palm oil milling activities are seasonally affected by monsoon resulting in low crops in the 2nd and 4th quarters.
- (3) integrated livestock farming activities are not significantly affected in any of the quarters.

On an overall basis therefore, the group's performance varies seasonally and maybe affected by unusual and unforeseen events affecting each of the core activities

Based on past 5 years quarterly data, our average seasonal earnings index is as follows:

Q1	April to June	0.21
Q2	July to September	0.27
Q3	October to December	0.28
Q4	January to March	0.24
		1.00

#### A3. Unusual items

There are no unusual items that have material effect on the assets, liabilities, equity, net income or cash flow during the quarter under review.

#### A4. Nature and amount of changes in estimates

There were no material changes in estimates during the quarter under review.

#### A5. Debts and securities

There are no issuance, cancellation, repurchase, resale and repayment of debt and equity securities during the quarter under review.

#### A6. Dividend Paid

During the quarter under review, a final single tier dividend of 4.5 sen per ordinary share of RM0.25 each amounting to RM37.4 million was paid in respect of the year ended 31.3.2013.



**UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE SIX (6)-MONTH FPE 30 SEPTEMBER 2013 INCLUDING THE EXPLANATORY NOTES THEREON (CONT'D)**

**A7. Segmental Information**

Segment information in respect of the Group's business segments for the 2nd quarter ended 30.9.2013.

	RM'000	RM'000
	Sales	PBT
Marine products manufacturing	155,890	29,916
Palm Oil Activities	77,432	(413)
Integrated Livestock Farming	371,823	23,588
Total	<u>605,145</u>	<u>53,091</u>

**A8. Property, plant and equipment**

The valuations of land and building have been brought forward, without amendment from the previous annual report.

**A9. Material subsequent Event**

There were no material events subsequent to the end of current quarter that have not been reflected in the financial statements.

**A10. Changes in composition of the Group.**

There were no material changes in the composition of the Group in the current quarter.

**A11. Changes in Contingent Liabilities**

The Company provides unsecured financial guarantees to banks in respect of banking facilities granted to certain subsidiaries. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

There were no contingent liabilities at the end of the current financial period for the Group.

**A12 Disclosure of audit report qualification**

There was no qualification in the audit report of the preceding annual financial statements.

**UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE SIX (6)- MONTH FPE 30 SEPTEMBER 2013 INCLUDING THE EXPLANATORY NOTES THEREON (CONT'D)**

**QL RESOURCES BERHAD** (428915-X)  
(Incorporated in Malaysia)

**INTERIM FINANCIAL REPORT FOR THE 2ND QUARTER ENDED 30.9.2013**

ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA SECURITIES BERHAD'S LISTING REQUIREMENTS.

**B1 Review of performance for the current quarter and financial period to-date.**

	Current quarter 1.7.2013 to 30.9.2013	Last year corresponding quarter 1.7.2012 to 30.9.2012	% change	Cumulative quarters 1.4.2013 to 30.9.2013	% change	Cumulative corresponding quarters last year 1.4.2012 to 30.9.2012	% change
	Sales	Sales		Sales		Sales	
	RM'000	RM'000		RM'000		RM'000	
Marine product manufacturing (MPM)	155,890	136,690	14%	300,142		272,679	10%
Palm Oil Activities (POA)	77,432	70,021	11%	155,992		143,847	8%
Integrated Livestock Farming (ILF)	371,823	345,739	8%	728,550		630,286	16%
<b>Total</b>	<b>605,145</b>	<b>552,450</b>	<b>9.5%</b>	<b>1,184,684</b>		<b>1,046,812</b>	<b>13.2%</b>
	Profit before tax	Profit before tax		Profit before tax		Profit before tax	
	RM'000	RM'000		RM'000		RM'000	
	1.7.2013 to 30.9.2013	1.7.2012 to 30.9.2012		1.4.2013 to 30.9.2013		1.4.2012 to 30.9.2012	
Marine product manufacturing (MPM)	29,916	26,383	13%	55,158		43,492	27%
Palm Oil Activities (POA)	(413)	2,329	-118%	(1,068)		5,738	-119%
Integrated Livestock Farming (ILF)	23,588	19,492	21%	42,726		40,590	5%
<b>Total</b>	<b>53,091</b>	<b>48,204</b>	<b>10.1%</b>	<b>96,816</b>		<b>89,820</b>	<b>7.8%</b>

- a. MPM's current quarter sales increased 14% against corresponding quarter due to overall higher contribution from surimi-based products and fishmeal operations. MPM's current earnings increased 13% against corresponding quarter due to better margins from fishmeal operations. Cumulative sales increased 10% due to higher contribution from surimi-based products and fishmeal operations. Cumulative earnings increased 27% due to the same reasons.
- b. POA's current quarter sales increased 11% against corresponding quarter mainly due to higher crop size. (CPO price: RM2,270 current qtr vs RM2,809 corresponding qtr). POA's current quarter earnings decreased significantly due to lower CPO prices as well as losses from Indonesia's plantation operations. FFB processed and production from own estates in Indonesia is still low and has yet to reach breakeven point. POA's cumulative sales increased 8% mainly due to higher FFB processed. Cumulative earnings however decreased significantly due to lower CPO price and losses from Indonesia's plantation operations.
- c. ILF's current quarter sales increased 8% against corresponding quarter mainly due to higher raw material trade revenue and higher sales contribution from poultry farms operation. Current quarter earnings, however increased 21% against corresponding quarter due to improved margins from Peninsular Malaysia and Regional Poultry operations. Cumulative sales increased 16% due to higher volume and higher unit value of feed raw materials traded as well as higher egg prices. However cumulative earnings increased 5% mainly due to higher feed costs.

**UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE SIX (6)- MONTH FPE 30 SEPTEMBER 2013 INCLUDING THE EXPLANATORY NOTES THEREON (CONT'D)**

**B2 Review of current quarter performance with the preceding quarter.**

	Current quarter 1.7.2013 to 30.9.2013		Preceding quarter 1.4.2013 to 30.6.2013		% change	Current quarter 1.7.2013 to 30.9.2013		Preceding quarter 1.4.2013 to 30.6.2013		% change
	Sales		Sales			Profit before tax		Profit before tax		
Activities:										
Marine product manufacturing (MPM)	155,890		144,350		8%	29,916		25,242		19%
Palm Oil Activities (POA)	77,432		78,560		-1%	(413)		(655)		37%
Integrated Livestock Farming (ILF)	371,823		356,726		4%	23,588		19,138		23%
Total	605,145		579,636		4%	53,091		43,725		21%

- a. MPM's current quarter sales increased 8% against preceding quarter due to seasonal factor. Earnings increased 19% against preceding quarter due to the same reason as well as better fishmeal margin.
- b. POA's current quarter sales decreased marginally against preceding quarter as CPO price and FFB processed remained stable. Losses therefore reduced marginally due to the same reason.
- c. ILF's current quarter sales increased 4% against preceding quarter mainly due to higher unit value of raw materials traded. Earnings increased 23% against preceding quarter due to improved farming margin from Indonesian and Peninsular Malaysia Poultry operations.

**B3 Commentary on Prospects for the remaining quarters to 31.3.2014**

Our management expects the integrated livestock activities contribution to continue to improve against Q2. We also expect our fishery operations to be satisfactory. However, our POA division is only expected to improve marginally in Q3. Overall, the management are optimistic on second half year performance.

**B4 Profit Forecast**

No profit forecast was published during the period under review.

**B5 Tax expense**

Current income tax expense  
Deferred tax expense

The effective tax rate is lower than the statutory rate is mainly due to availability of tax incentives.

**B6 Unquoted investments and properties**

There were no material disposal of unquoted investments and/or properties during quarter under review.

**B7 Quoted Investments**

There were no sales or purchase of quoted investment for the quarter under review.

Cumulative period	
Today	30.9.2013
RM'000	
	14,419
	3,326
	17,745

## UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE SIX (6)- MONTH FPE 30 SEPTEMBER 2013 INCLUDING THE EXPLANATORY NOTES THEREON (CONT'D)

### B8 Corporate Proposals

There were no corporate proposals announced but not completed at the date of issue of this report except as follows:

- i) the proposed bonus issue of 249,605,886 new ordinary shares of RM0.25 each in QL on the basis of three (3) Bonus Shares for every ten (10) existing QL shares held on an entitlement date to be determined later and;
- ii) the proposed renounceable rights issue of 166,403,924 QL Shares on the basis of two (2) Rights Shares for every ten (10) existing QL Shares held on the Entitlement Date.

### B9 Group Borrowings

#### Short term:

	RM'000
<i>Bank overdraft-short term (unsecured)</i>	20,345
<i>HP Creditors-short term (unsecured)</i>	251
<i>Bankers' acceptance-short term (unsecured)</i>	
- Islamic	25,447
- Non-Islamic	243,781
<i>Term loans-short term (unsecured)</i>	
- Islamic	35,396
- Non-Islamic	38,008
<i>Revolving credit</i>	73,187
<i>Sukuk</i>	8,750
	<u>445,165</u>
<b>Long Term:</b>	508
<i>HP Creditors-long term (unsecured)</i>	
<i>Term loans-long term (unsecured)</i>	
- Islamic	119,525
- Non-Islamic	240,767
<i>Sukuk</i>	12,671
	<u>373,471</u>
<b>Total Borrowings</b>	<u>818,636</u>

## UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE SIX (6)- MONTH FPE 30 SEPTEMBER 2013 INCLUDING THE EXPLANATORY NOTES THEREON (CONT'D)

### B10 Financial instruments

The Group uses the following hierarchy in determining the fair value of all financial instruments carried at fair value:

**Level 1 : Quoted prices (unadjusted) in active markets for identical assets or liabilities.**

**Level 2: Inputs other than quoted prices included in Level 1 that are observable market data, either directly or indirectly.**

**Level 3: Inputs for the asset or liability that are not based on observable market data.**

As at 30.9.2013, the Group held the following financial assets or liabilities that are measured at fair value:

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
<b>Financial Assets:</b>				
Forward exchange contracts	-	955	-	955
Cross currency swap	-	-	6,746	6,746
<b>Financial Liabilities:</b>				
Forward exchange contracts	-	(675)	-	(675)
Interest rate swap	-	-	(88)	(88)

There are no changes to policies related to financial instruments since last financial year.

### B11 Changes in Material Litigation

There were no changes in material litigation at the date of this report.

### B12 Dividend

The directors do not recommend any dividend for the period under review.

### B13 Earnings Per Share

The calculations of basic earnings per share were as follows:

(a) Net profit attributable to ordinary shareholders(RM'000)		Cumulative ToDate 30.9.2013
Number of ordinary shares in issue ('000)- weighted average	832,000	77,207
(b) Basic Earnings per share (sen)	5.08	9.28
	42,257	
<b>Current quarter ended 30.9.2013</b>	<b>832,000</b>	<b>832,000</b>
	<b>5.08</b>	<b>9.28</b>

## UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE SIX (6)- MONTH FPE 30 SEPTEMBER 2013 INCLUDING THE EXPLANATORY NOTES THEREON (CONT'D)

**B14 Realised and Unrealised profits**

	RM'000
Total Retained profit of the Company & its subsidiaries	
Realised	638,398
Unrealised	61,661
	<u>700,059</u>
Total Retained profit of Associates	
Realised	21,492
	<u>721,551</u>
Consolidation Adjustments	
Total Group Retained profit as per consolidated accounts	<u>(80,325)</u>
	<u><u>641,226</u></u>

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DIRECTORS' REPORT



Date: **05 FEB 2014**

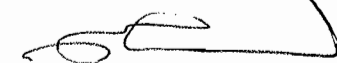
To: **The Shareholders of QL Resources Berhad ("QL" or the "Company")**

Dear Sir / Madam,

On behalf of the Board of Directors of QL ("Board"), I wish to report that after making due enquiries in relation to QL and its subsidiary companies ("Group") during the period between 31 March 2013, being the date on which the latest audited consolidated financial statements have been made up, and up to the date of this letter, being a date not earlier than fourteen (14) days before the issuance of this Abridged Prospectus, that:-

- (a) the business of our Group has, in the opinion of our Board, been satisfactorily maintained;
- (b) in the opinion of our Board, no circumstances have arisen since the last audited consolidated financial statements of our Group, which have adversely affected the trading or the value of the assets of our Group;
- (c) the current assets of our Group appear in the books at values, which are believed to be realisable in the ordinary course of business;
- (d) there have been no contingent liabilities which have arisen by reason of any guarantees or indemnities given by our Group;
- (e) there have been no default or any known event that could give rise to a default situation, in respect of payment of either interest and/or principal sums in relation to any borrowings in our Group since the last audited consolidated financial statements of QL; and
- (f) there have been no material changes in the published reserves or any unusual factors affecting the profits of our Group since the last audited consolidated financial statements of QL.

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



**CHIA SONG KUN**  
Group Managing Director

16A, Jalan Astaka U8/83, Bukit Jelutong,  
40150 Shah Alam, Selangor Darul Ehsan.  
Tel: 603 7801 2288 Fax: 603 7801 2228  
Website: [www.ql.com.my](http://www.ql.com.my)

**ADDITIONAL INFORMATION****1. SHARE CAPITAL**

- i. Save for the Bonus Shares and Rights Shares, no securities will be allotted or issued on the basis of this Abridged Prospectus later than twelve (12) months after the date of the issuance of this Abridged Prospectus.
- ii. As at the date of this Abridged Prospectus, there is no founder, management, deferred shares or preference shares in the share capital of our Company. There is only one (1) class of shares in our Company, namely the ordinary shares of RM0.25 each, all of which rank *pari passu* with one another.
- iii. All the Rights Shares will, upon allotment and issue, rank *pari passu* in all respects with the then existing Shares except that they shall not be entitled to any dividend, right, allotment and/or other distribution that may be declared, made or paid prior to the allotment and issue of the Rights Shares.
- iv. As at the date of this Abridged Prospectus, no person has been or is entitled to be given an option to subscribe for any securities, shares or debentures in our Company or our subsidiary companies.

**2. DIRECTORS' REMUNERATION**

The provisions in our Articles of Association in relation to the remuneration of our Directors are set out below:-

*Article 106: Remuneration of directors*

- a. *Fees payable to non-executive directors shall be by a fixed sum, and not by a commission on or a percentage of profits or turnover. Salaries payable to executive directors may not include a commission or a percentage of turnover;*
- b. *Fees payable to directors shall not be increased except pursuant to a resolution passed at a general meeting, where notice of the proposed increase has been given in the notice convening the meeting.*

**3. MATERIAL LITIGATION, CLAIMS OR ARBITRATION**

As at the LPD, the Group is not engaged in any material litigation, claims or arbitration, either as plaintiff or defendant, and the Board is not aware of any proceedings pending or threatened against the Group or of any facts likely to give rise to any proceedings which may materially and adversely affect the financial position or business operations of the Group.

**4. MATERIAL CONTRACTS**

As at the LPD, there are no material contracts (not being contracts entered into in the ordinary course of business) which have been entered into by our Group within the past two (2) years immediately preceding the date of this Abridged Prospectus.



**ADDITIONAL INFORMATION (CONT'D)****5. GENERAL**

- i. There is no existing or proposed service contract entered into by our Group with any Director or proposed Director, other than those which are expiring or determinable by the employing company without payment of compensation (other than statutory compensation) within one (1) year from the date of this Abridged Prospectus.
- ii. Save as disclosed in this Abridged Prospectus, after having made all reasonable enquiries and to the best knowledge of our Board, the financial conditions and operations of our Group are not affected by any of the following:-
  - a) known trends, demands, commitments, events or uncertainties that will or are likely to materially increase or decrease the liquidity of our Group;
  - b) material commitments for capital expenditure of our Group, the purpose of such commitments and the source of fundings;
  - c) unusual, infrequent events or transactions or significant economic changes which materially affected the amount of reported income from operations and the extent to which income was so affected;
  - d) known trends or uncertainties which have had, or will have, a material favourable or unfavourable impact on our Group's revenue or operating income; and
  - e) material information, including special trade factors or risks, which are unlikely to be known or anticipated by the general public and which could materially affect our profits.

**6. CONSENTS**

Our Principal Adviser, Company Secretary, Share Registrar, Principal Bankers, the Solicitors for the Rights Issue and Bloomberg LP have given and have not subsequently withdrawn their written consents to the inclusion in this Abridged Prospectus of their names and all references thereto in the form and context in which they appear in this Abridged Prospectus.

Our Auditors and Reporting Accountants have given and have not subsequently withdrawn their written consents to the inclusion in this Abridged Prospectus of their names, the letter on the proforma consolidated statements of financial position of our Group as at 31 March 2013, the audited consolidated financial statements of our Group for the FYE 31 March 2013, and all references thereto in the form and context in which they appear in this Abridged Prospectus.

**7. DOCUMENTS FOR INSPECTION**

Copies of the following documents are available for inspection at our Registered Office at No.16A, Jalan Astaka U8/83, Bukit Jelutong, 40150 Shah Alam, Selangor, during normal business hours from Monday (except public holidays) for a period of 12 months from the date of this Abridged Prospectus:-

- i. Our Memorandum and Articles of Association;
- ii. The Reporting Accountants' letter on the proforma consolidated statements of financial position of our Group as at 31 March 2013 together with the notes prepared by Messrs KPMG, as set out in Appendix III of this Abridged Prospectus;

**ADDITIONAL INFORMATION (CONT'D)**

- iii. Audited consolidated financial statements of QL Group for the past two (2) financial years up to the FYE 31 March 2013 and the latest unaudited consolidated financial statement of QL for the six (6)-month FPE 30 September 2013;
- iv. The Directors' Report, as set out in Appendix VI of this Abridged Prospectus;
- v. The letters of consent referred to in **Section 6** of this Appendix; and
- vi. The irrevocable undertaking letters from CBG and Farsathy referred to in **Section 5** of this Abridged Prospectus.

**8. RESPONSIBILITY STATEMENT**

This Abridged Prospectus together with the accompanying NPA and RSF have been seen and approved by our Board. They collectively and individually accept full responsibility for the accuracy of the information given herein 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 any statement herein false or misleading.

RHB Investment Bank, being our Principal Adviser for the 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 this Rights Issue.

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