全利資源有限公司
QL Resources Berhad

BUILDING A SUSTAINABLE GROWTH

ANNUAL REPORT 2019

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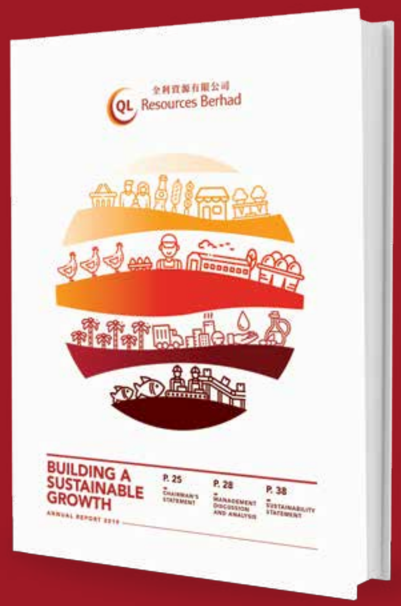
www.ql.com.my

BUILDING A SUSTAINABLE GROWTH



Cover Rationale

We seek to deliver a sustainable performance in our operations. As a multinational agro-food corporation, we believe in building a sustainable growth where we serve or in the way we approach our businesses by upholding our principles to be the preferred global agro-based enterprise.

Cross-Referencing

This icon indicates where more detail can be accessed elsewhere in this report.

This icon indicates where more detail can be accessed online.

22nd Annual General Meeting

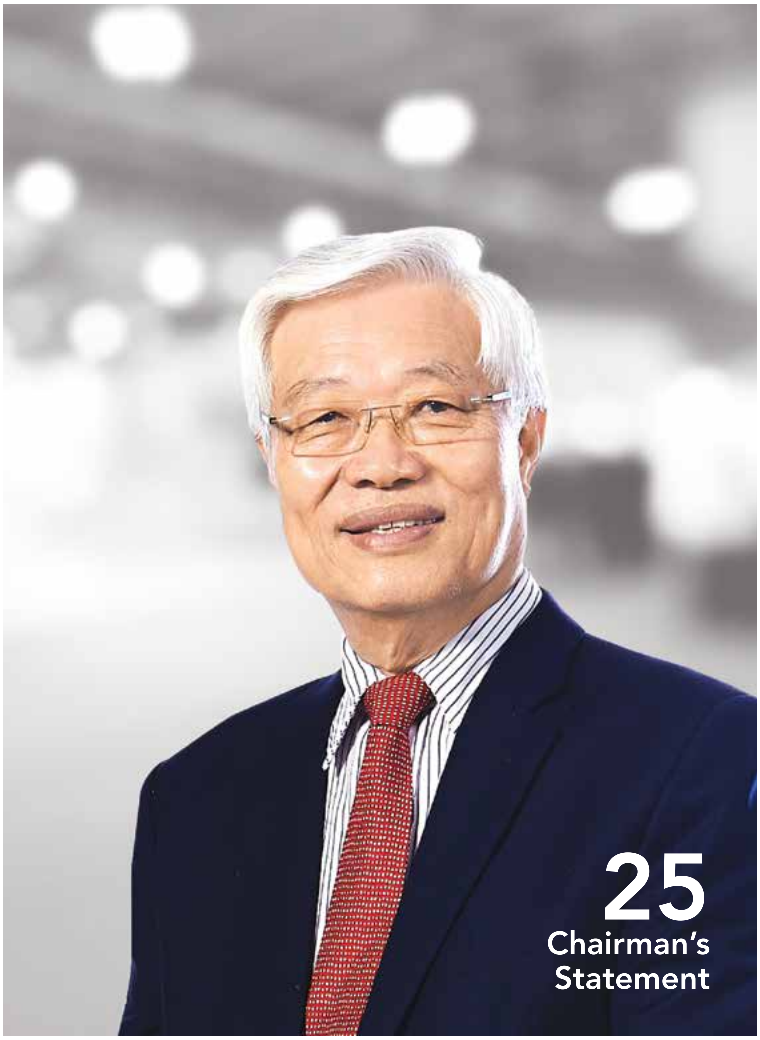
Venue

Saujana Ballroom, Saujana Resort,
Jalan Lapangan Terbang SAAS,
40150 Shah Alam, Selangor Darul Ehsan

Date

Thursday
29 August 2019
10.00 a.m.

Contents



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Chairman's Statement

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Management Discussion and Analysis

Principal Activities

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

Integrated Livestock Farming

Organic growth and a series of strategic acquisitions have driven QL's rise to become one of Malaysia's leading operators in animal feed raw materials and poultry farming. QL is among ASEAN's leading poultry egg producers with a group production rate of 5.7 million eggs per day. Approximately 50 million Day Old Chicks (DOC) and 22 million broilers are produced annually across poultry farms in Malaysia and Indonesia. In Malaysia, QL trades over 1,000,000 metric tonnes of animal feed raw materials annually.

Please refer to Management Discussion and Analysis on page 28

Marine Products Manufacturing

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

Please refer to Management Discussion and Analysis on page 28

Palm Oil Activities

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

Please refer to Management Discussion and Analysis on page 28

For more details about principal activities, refer to www.ql.com.my/our-businesses-overview.html

OUR VISION

TO BE THE PREFERRED GLOBAL AGRO-BASED ENTERPRISE

OUR MISSION

WE CREATE NOURISHING PRODUCTS FROM AGRO RESOURCES, LEADING TO BENEFIT FOR ALL PARTIES

OUR CORE VALUES

PERSONALITY

- PROGRESSIVE
- INITIATIVE
- TRUSTWORTHY
- HUMILITY

VALUES

- INTEGRITY
- TEAMWORK
- WIN-WIN
- INNOVATIVE

Group Corporate Structure

As at 30 June 2019

全利資源有限公司
QL Resources Berhad

INTEGRATED LIVESTOCK FARMING

100% QL Feedingstuffs Sdn. Bhd.

- 100% Chingsan Development Sdn. Bhd.
- 100% QL Feed Sdn. Bhd.
- 90% Pacific Vet Group (M) Sdn. Bhd.
  - 100% QL Pacific Vet Group Sdn. Bhd.
- 100% QL Agroventures Sdn. Bhd.
- 100% QL Agrofood Sdn. Bhd.
- 100% QL AgroResources Sdn. Bhd.
  - 100% QL Livestock Farming Sdn. Bhd.
  - 100% Gelombang Elit (M) Sdn. Bhd.
  - 51% QL TP Fertilizer Sdn. Bhd.
- 100% QL Tawau Feedmill Sdn. Bhd.
- 100% QL Farms Sdn. Bhd.
  - 100% Adequate Triumph Sdn. Bhd.
  - 100% QL Breeder Farm Sdn. Bhd.
  - 100% QL Inter-Food Sdn. Bhd.
  - 100% Merkaya Sdn. Bhd.
  - 100% QL Agrobio Sdn. Bhd.
- 90% QL Ansan Poultry Farm Sdn. Bhd.
  - 100% QL Rawang Poultry Farm Sdn. Bhd.
  - 100% QL Eco Farm Sdn. Bhd.
  - 100% QL Poultry Farms Sdn. Bhd.
    - 0.001% Haji Hussin Markom Sdn. Bhd.
  - 59.999% Haji Hussin Markom Sdn. Bhd.
- 100% QL Realty Sdn. Bhd.
  - 90% PT. QL Trimitra
  - 99% PT. QL Agrofood
  - 0.88% PT. QL Feed Indonesia
- 1% PT. QL Agrofood
- 100% QL Vietnam AgroResources Liability Limited Company
- 100% QL International Pte. Ltd.
- 87.12% PT. QL Feed Indonesia
- 90% QL Palm Pellet Sdn. Bhd.
- 100% QL Feedingstuffs Vietnam Limited Liability Company
- 100% QL Farms (Tay Ninh) Liability Limited Company
- 100% KS Galah Sdn. Bhd.
- 100% Icon Blitz Sdn. Bhd.

Group Corporate Structure

As at 30 June 2019

MARINE PRODUCTS MANUFACTURING

100% | QL Fishery Sdn. Bhd.

- 100% QL Figo Foods Sdn. Bhd.
- 100% QL Marine Products Sdn. Bhd.
  - 100% QL Deep Sea Fishing Sdn. Bhd.
- 100% KS Monodon Sdn. Bhd.
- 100% QL Fresh Choice Seafood Sdn. Bhd.
- 70.59% QL Endau Marine Products Sdn. Bhd.
  - 100% QL Endau Deep Sea Fishing Sdn. Bhd.
  - 100% QL Endau Fishmeal Sdn. Bhd.
  - 100% Rikawawasan Sdn. Bhd.
  - 100% Pilihan Mahir Sdn. Bhd.
- 100% QL Foods Sdn. Bhd.
  - 100% QL Aquaculture Sdn. Bhd.
  - 100% QL Aquamarine Sdn. Bhd.
- 100% QL Fishmeal Sdn. Bhd.
  - 0.03% / 99.97% PT. QL Hasil Laut
    - 1% / 99% PT. QLNutri Foods Indonesia
- 82% QL Lian Hoe Sdn. Bhd.
- 100% QL Lian Hoe (S) Pte. Ltd.
  - 100% Zhongshan True Taste Food Industrial Co. Ltd.
- 100% Kuala Kedah Fish Meal Sendirian Berhad
- 100% QL Figo (Johor) Sdn. Bhd.
- 83.33% Kembang Subur Sdn. Bhd.
  - 100% KS Pekan Hatchery Sdn. Bhd.
  - 100% Kembang Subur (Perak) Sdn. Bhd.

PALM OIL ACTIVITIES

100% | QL Oil Sdn. Bhd.

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

BIOMASS ENERGY BUSINESS

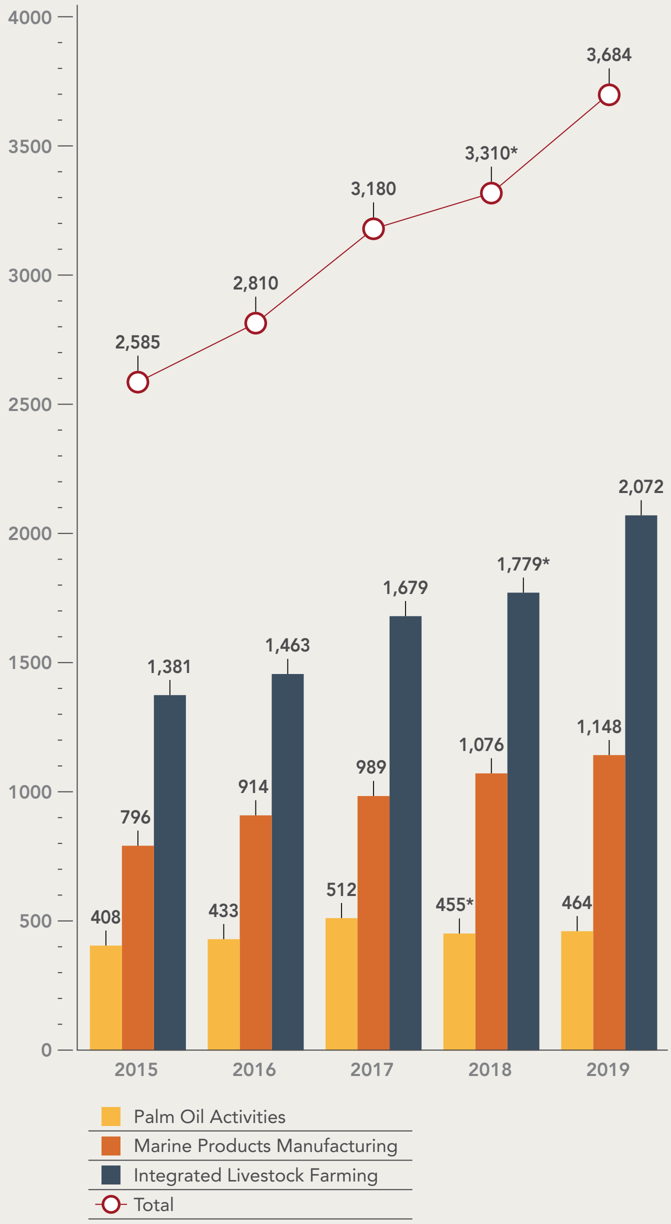
100% | QL Green Resources Sdn. Bhd.

- 100% QL Tawau Palm Pellet Sdn. Bhd.
- 100% QL NatureCo Sdn. Bhd.
- 76.47% Leisure Pyramid Sdn. Bhd.
- 100% QL ESCO Sdn. Bhd.

- 100% QL IPC Sdn. Bhd.
- 100% QL Corporate Services Sdn. Bhd.
- 100% QL Carbon Sdn. Bhd.
  - 100% QL Maxincome Sdn. Bhd. (fka: Maxincome Resources Sdn. Bhd.)
  - 100% QL Kitchen Sdn. Bhd.

5 Years Financial Summary

TOTAL ASSETS (RM million)



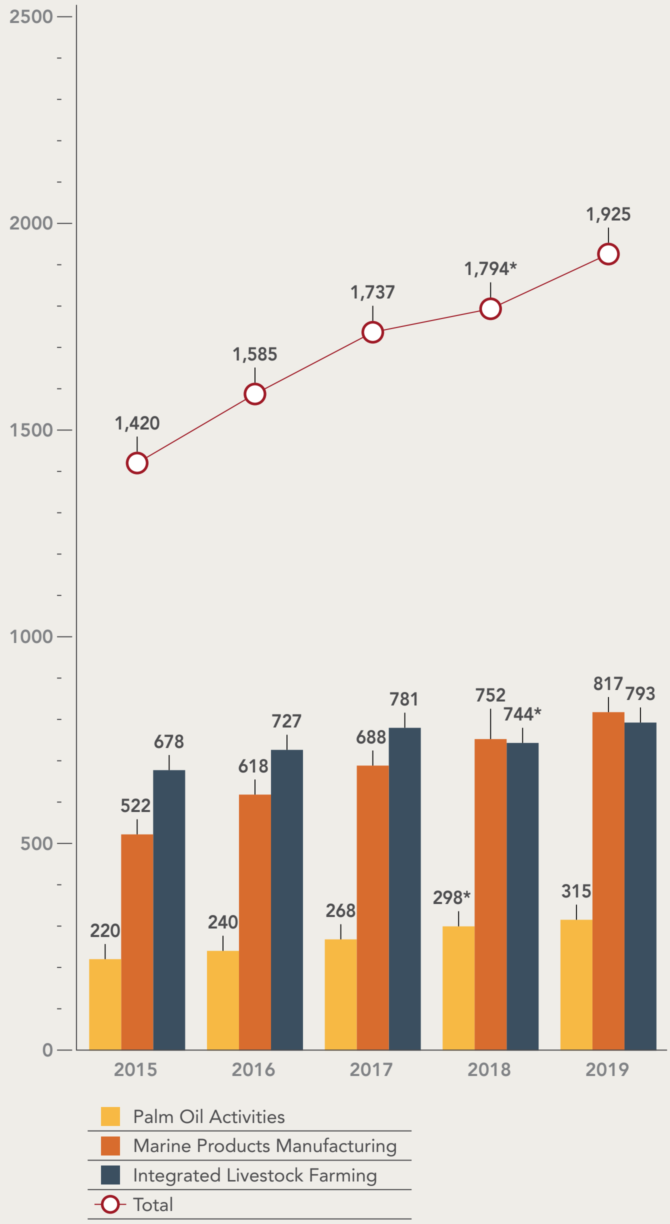
+11.30%

RM3,684 million

FY2018: RM3,310 million

* The total assets for FY2018 are restated from RM3,326m to RM3,310m due to adoption of new Malaysian Financial Reporting Standards (MFRS).

NET TANGIBLE ASSETS (RM million)



+7.30%

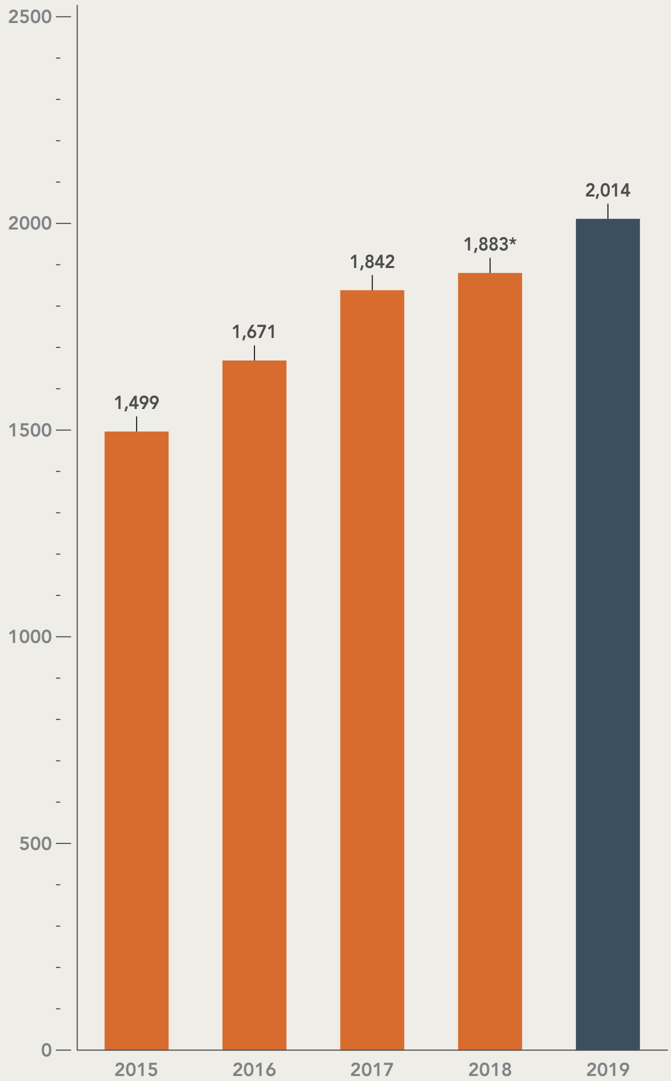
RM1,925 million

FY2018: RM1,794 million

* The net tangible assets for FY2018 are restated from RM1,782m to RM1,794m due to adoption of new Malaysian Financial Reporting Standards (MFRS).

5 Years Financial Summary

SHAREHOLDERS' EQUITY (RM million)



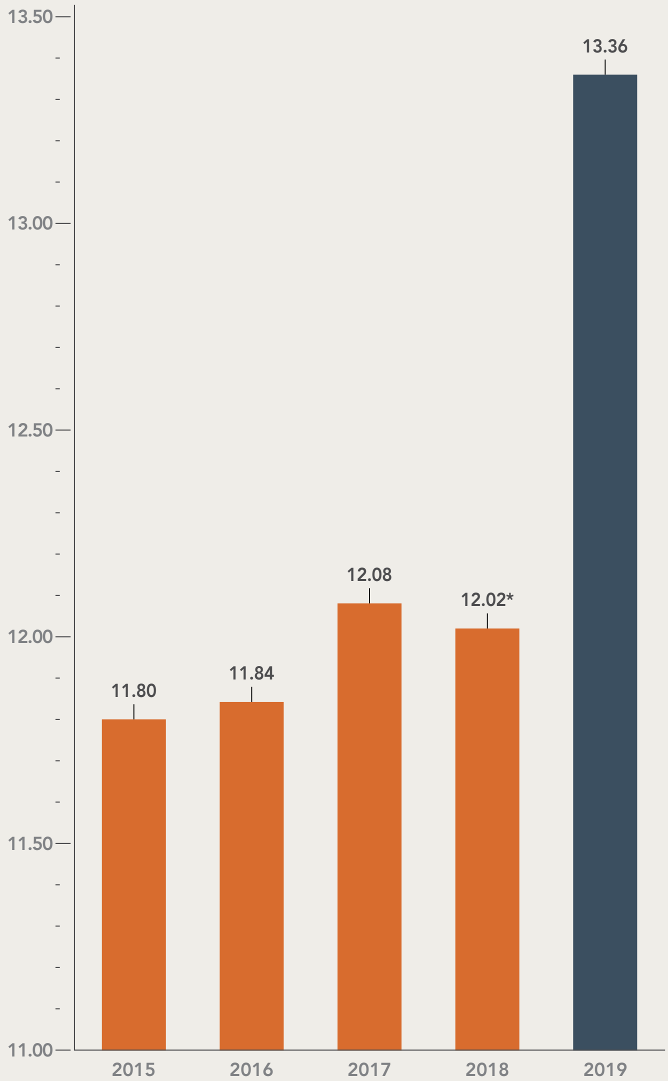
+6.96%

RM2,014 million

FY2018: RM1,883 million

* The shareholders' equity for FY2018 is restated from RM1,891m to RM1,883m due to adoption of new Malaysian Financial Reporting Standards (MFRS).

EARNINGS PER SHARE (sen)



+11.15%

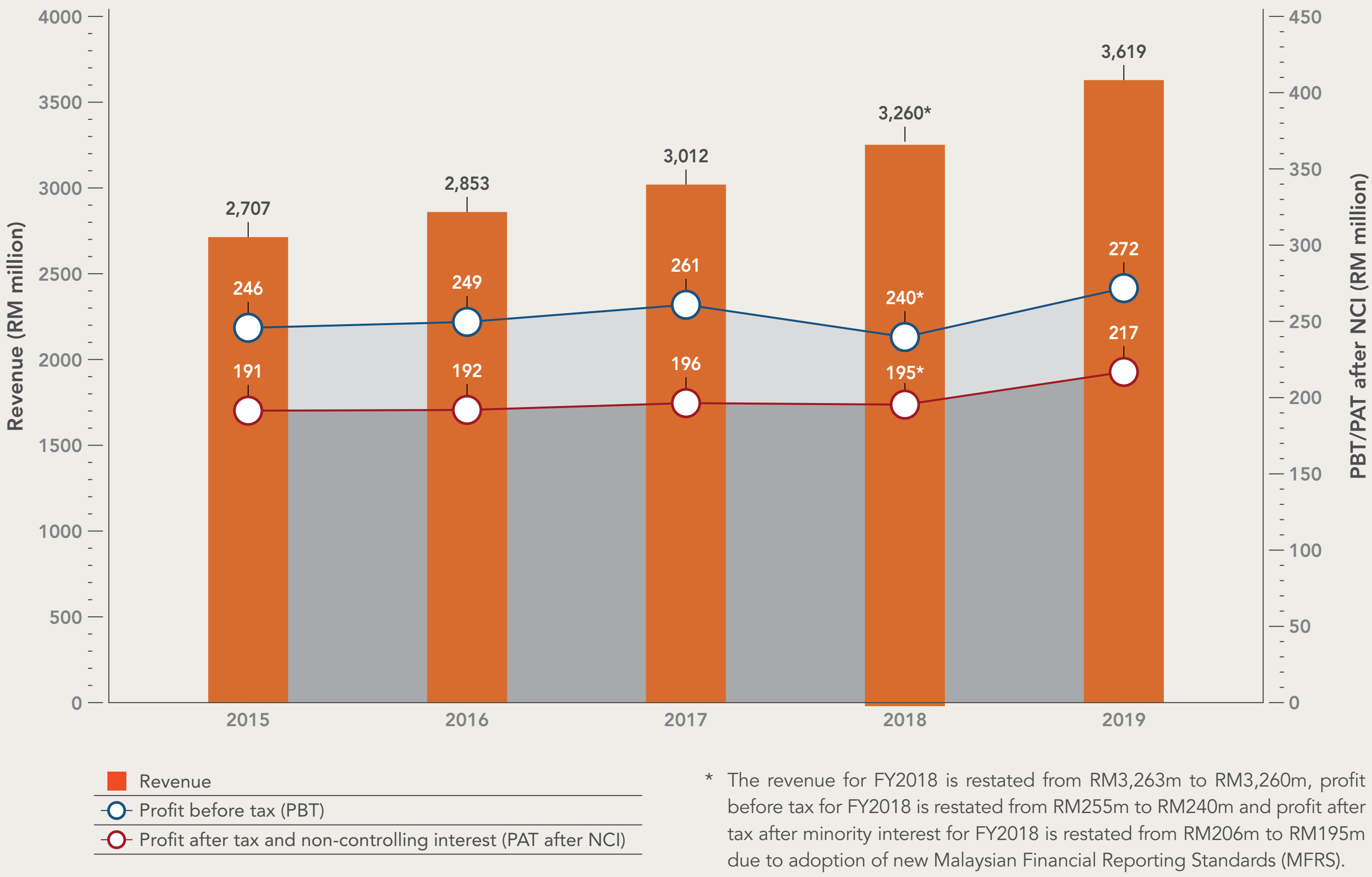
13.36 sen

FY2018: 12.02 sen

* The earnings per share for FY2018 is restated from 12.17 sen to 12.02 sen due to adoption of new Malaysian Financial Reporting Standards (MFRS).

5 Years Financial Summary

REVENUE/PROFIT (RM million)



* The revenue for FY2018 is restated from RM3,263m to RM3,260m, profit before tax for FY2018 is restated from RM255m to RM240m and profit after tax after minority interest for FY2018 is restated from RM206m to RM195m due to adoption of new Malaysian Financial Reporting Standards (MFRS).

	2019 RM MIL	2018 RM MIL	2017 RM MIL	2016 RM MIL	2015 RM MIL
Turnover	3,619.20	3,260.52*	3,012.00	2,853.23	2,706.91
Profit Before Tax	272.35	240.35*	260.51	249.48	245.98
Profit After Tax After Minority Interest	216.78	194.99*	195.92	192.08	191.40
Total Assets	3,683.66	3,310.31*	3,179.93	2,810.02	2,585.27
Net Tangible Assets	1,924.63	1,793.95*	1,737.24	1,584.51	1,420.32
Profit as % of Turnover					
Before Tax	7.53	7.37*	8.65	8.74	9.09
After Tax	5.99	5.98*	6.50	6.73	7.07
Earnings Per Share (sen) - Basic ^	13	12*	12	12	12
Net Tangible Assets Per Share (sen)	118.63	110.57*	139.20	126.96	113.80
Paid-up Share Capital	620.03	620.03#	620.03@	312.01	312.01
No. of Shares in Issue (million)	1,622.44	1,622.44	1,248.03	1,248.03	1,248.03

@ Included in the paid-up share capital is RM308.02 million which is transferred from share premium in accordance with Section 618(2) of the Companies Act 2016.
\# Included in the paid-up share capital is RM214.42 million which is transferred from share premium in accordance with Section 618(2) of the Companies Act 2016.
^ Adjusted for bonus issue in 2018.
* Restated due to adoption of new Malaysian Financial Reporting Standards (MFRS).

Corporate Information

BOARD OF DIRECTORS

Dr. Chia Song Kun
Executive Chairman

Mr. Chia Song Kooi
Group Managing Director

Mr. Chia Seong Pow
Executive Director
(Appointed on 1 April 2019)

Mr. Chia Song Swa
Executive Director
(Appointed on 1 April 2019)

Mr. Chia Lik Khai
Executive Director
(Appointed on 1 April 2019)

Mr. Chia Seong Fatt
Alternate Director to Chia Seong Pow
(Appointed on 1 April 2019)

Mr. Chia Mak Hooi
Alternate Director to Chia Song Swa
(Appointed on 1 April 2019)

Mr. Cheah Juw Teck
Alternate Director to Chia Lik Khai
(Appointed on 1 April 2019)

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

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

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

Ms. Kow Poh Gek
Independent Non-Executive Director

Ms. Chan Wai Yen, Millie
Independent Non-Executive Director

Ms. Cynthia Toh Mei Lee
Independent Non-Executive Director

COMPANY SECRETARY

Ms. Ng Geok Ping
MAICSA 7013090

AUDITORS

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

REGISTRARS

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

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

STOCK EXCHANGE LISTING

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

INVESTOR RELATION

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

REGISTERED OFFICE

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

PRINCIPAL BANKERS

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

Board of Directors' Profile

Dr. Chia Song Kun

Executive Chairman

Gender: Male

Age: 69 years old

Nationality: Malaysian

Dr. Chia Song Kun, aged 69, male, Malaysian, was appointed as the Group Managing Director of QL Resources Berhad on 3 January 2000 and re-designated as the Executive Chairman on 1 April 2018. He is also a member of the Risk Management Committee.

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

After his lecturing years, Dr. Chia, along with his brothers and his brothers-in-law, began trading in fish meal and feed meal raw material. The business they founded was subsequently incorporated as QL Resources Berhad. Today QL is a sustainable and scalable multinational agro-food corporation with interests in Integrated Livestock Farming, Marine Products Manufacturing and Palm Oil Activities. The Company has a market capitalisation of approximately 11 billion ringgit.

Dr. Chia is a founding member of INTI Universal Holdings Berhad, which operates one of the leading private university colleges in Malaysia. On 5 July 2008, he was conferred the honorary degree of Doctor of Laws (Hon LLD) by the Honorary Awards Board of the University of Hertfordshire in recognition of his outstanding contribution to the development of business and education in Malaysia. He is also the Chairman of Boilermech Holdings Berhad, a company listed on the ACE Market of Bursa Malaysia Securities Berhad on 5 May 2011, which then transferred to the Main Market on 4 December 2014.

Dr. Chia's leadership has been recognised by a number of noted organisations. In 2005, *The Edge* selected him as one of '20 CEOs We Admire'. In July 2011, Dr. Chia led the Group to new heights when QL Resources won the prestigious *The Edge* Billion Ringgit Club Company of the Year award. In 2012, Dr. Chia was awarded the Ernst & Young Entrepreneur of the Year Award 2012 for Malaysia. In October 2018, Dr. Chia was awarded the Sin Chew Business Lifetime Excellence Achievement Award 2018.

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

He attended all 7 Board of Directors' meetings held for the financial year.

He has no conflict of interest with the Company and he has no convictions for any offences within the past 5 years, other than traffic offences (if any).

Board of Directors' Profile

Mr. Chia Song Kooi
Group Managing Director

Gender: Male
Age: 59 years old
Nationality: Malaysian

Mr. Chia Song Kooi, aged 59, male, Malaysian, was appointed as an Executive Director of the Company on 3 January 2000. He was re-designated as the Deputy Managing Director of the Company on 21 November 2016 and then as the Group Managing Director on 1 April 2018. He is also a member of the Risk Management Committee.

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

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

Mr. Chia joined QL Feedingstuffs Sdn. Bhd. as an Executive Director on 21 September 1988. He has more than 20 years of experience in farm management and in trading of raw materials for farm use, as well as more than 10 years of experience in marine products processing. He was the Deputy Chairman of Sabah Livestock Poultry Association from 2012 to 2016. In view of the restructuring of the QL Group, he has resigned as a Director of QL Feedingstuffs Sdn. Bhd. and has been re-appointed in year 2017. Prior to being the Group Managing Director, he was overall in charge of the group's operations in Kota Kinabalu since 1990 to 2016.

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

He attended all 7 Board of Directors' meetings held for the financial year.

Mr. Chia Song Kooi has no conflict of interest with the Company and he has no convictions for any offences within the past 5 years, other than traffic offences (if any).

Board of Directors' Profile

Mr. Chia Seong Pow

Executive Director

Gender: Male

Age: 63 years old

Nationality: Malaysian

Mr. Chia Seong Pow, aged 63, male, Malaysian, was appointed as an Executive Director of the Company on 3 January 2000. Thereafter, as the Alternate Director to Chia Seong Fatt from 1 April 2018 to 1 April 2019 and was re-appointed as an Executive Director of the Company on 1 April 2019.

He graduated from Tunku Abdul Rahman College with a Diploma in Building Technology in 1982.

He is one of the founder members of QL Group. He joined CBG Holdings Sdn. Bhd. as Marketing Director in 1984. He has more than 25 years of experience in the livestock and food industry covering layer farming, manufacturing, trading and shipping.

Currently, Mr. Chia Seong Pow is mainly in charge of layer farming, regional merchanting trade in food grains as well as new business developments.

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

Mr. Chia Seong Pow was appointed as a Director of EITA Resources Berhad ("EITA") on 1 March 2017, a company listed on the Main Market of the Bursa Malaysia Securities Berhad on 9 April 2012. Thereafter, as an Alternate Director to Chia Mak Hooi on 1 November 2018. EITA is principally an investment holding company and provider of management services to its subsidiaries. EITA Group's business activities are in the marketing and distribution of E&E components and equipment, design and manufacture of Elevator and Busduct systems as well as maintenance of Elevator systems and provision of electrical and security system solutions as well as manufacture of E&E components and equipment namely Centralised Dimming Systems, Ballasts and connectors.

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

He attended all 7 Board of Directors' meetings held for the financial year.

Mr. Chia Seong Pow has no conflict of interest with the Company and he has no convictions for any offences within the past 5 years, other than traffic offences (if any).

Board of Directors' Profile

Mr. Chia Song Swa

Executive Director

Gender: Male

Age: 59 years old

Nationality: Malaysian

Mr. Chia Song Swa, aged 59, male, Malaysian, was appointed as an Executive Director of the Company on 3 January 2000. Thereafter, as the Alternate Director to Chia Mak Hooi from 1 April 2018 to 1 April 2019 and was re-appointed as an Executive Director of the Company on 1 April 2019.

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

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

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

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

He attended 6 out of 7 Board of Directors' meetings held for the financial year.

Mr. Chia Song Swa has no conflict of interest with the Company and he has no convictions for any offences within the past 5 years, other than traffic offences (if any).

Board of Directors' Profile

Mr. Chia Lik Khai

Executive Director

Gender: Male

Age: 40 years old

Nationality: Malaysian

Mr. Chia Lik Khai, aged 40, male, Malaysian, was appointed as an Executive Director of the Company on 21 November 2016. Thereafter, as the Alternate Director to Cheah Juw Teck from 1 April 2018 to 1 April 2019 and was re-appointed as an Executive Director of the Company on 1 April 2019.

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

Prior to joining QL Resources Berhad and Group, he was with McKinsey & Company in Shanghai, where he was an affiliate of Global Energy & Materials and High-Tech practice. During his tenure there, he focused on serving global clients in renewable energy, consumer products and high-tech sectors on strategy, mergers and acquisitions as well as sales and marketing. He also possesses extensive management experience in high-tech, telecommunications and internet commerce. He spent 8 years in the semiconductor industry with Agilent and Avago Technologies in Silicon Valley, where he assumed multiple roles as R&D staff, New Product Manager and Marketing Manager.

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

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

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

He attended all 7 Board of Directors' meetings held for the financial year.

Mr. Chia Lik Khai has no conflict of interest with the Company and he has no convictions for any offences within the past 5 years, other than traffic offences (if any).

Board of Directors' Profile

Mr. Chia Seong Fatt

Alternate Director to Chia Seong Pow

Gender: Male

Age: 63 years old

Nationality: Malaysian

Mr. Chia Seong Fatt, aged 63, male, Malaysian, was appointed as an Executive Director of the Company on 3 January 2000. He resigned as an Executive Director of the Company and was appointed as an Alternate Director to Chia Seong Pow on 1 April 2019.

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

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

He served for 7 years as Managing Director in Sri Tawau Farming Sdn. Bhd., a company involved in layer farming.

In 1991, he was appointed as Managing Director of QL Farms Sdn. Bhd., a subsidiary of QL overseeing its operations in Tawau. In January 1996, he was appointed as an Executive Director of QL Feedingstuffs Sdn. Bhd. in charge of layer farm and Crude Palm Oil ("CPO") milling operations. In view of the restructuring of the QL Group, he has resigned as a Director of QL Feedingstuffs Sdn. Bhd. However he is still in charge of layer, broiler farm and CPO milling operations in Tawau. From 2017 onwards, he is the Director overseeing all farming operations in Sabah.

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

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

He attended all 7 Board of Directors' meetings held for the financial year.

Mr. Chia Seong Fatt has no conflict of interest with the Company and he has no convictions for any offences within the past 5 years, other than traffic offences (if any).

Board of Directors' Profile

Mr. Chia Mak Hooi

Alternate Director to Chia Song Swa

Gender: Male

Age: 54 years old

Nationality: Malaysian

Mr. Chia Mak Hooi, aged 54, male, Malaysian, was appointed as an Executive Director of the Company on 3 January 2000. He resigned as an Executive Director of the Company and was appointed as an Alternate Director to Chia Song Swa on 1 April 2019.

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

He started his career in 1989 as an Assistant Accountant at Concept Enterprises Inc. In 1991, he joined QL Feedingstuffs Sdn. Bhd. as Finance Manager where he was mainly responsible for the accounts, tax and audit planning, and cash management and liaised with bankers for banking facilities. In 1996, he was appointed Finance Director of QL Feedingstuffs Sdn. Bhd., and was involved in the proposed listing of the Company on the Second Board of Bursa Malaysia Securities Berhad.

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

Mr. Chia Mak Hooi is the Director of EITA and Group, a company listed on the Main Market of the Bursa Malaysia Securities Berhad on 9 April 2012. EITA is principally an investment holding company and provider of management services to its subsidiaries. EITA Group's business activities are in the marketing and distribution of E&E components and equipment, design and manufacture of Elevator and Busduct systems as well as maintenance of Elevator systems and provision of electrical and security system solutions as well as manufacture of E&E components and equipment namely Centralised Dimming Systems, Ballasts and connectors.

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

He attended 6 out of 7 Board of Directors' meetings held for the financial year.

Mr. Chia Mak Hooi has no conflict of interest with the Company and he has no convictions for any offences within the past 5 years, other than traffic offences (if any).

Board of Directors' Profile

Mr. Cheah Juw Teck

Alternate Director to Chia Lik Khai

Gender: Male

Age: 50 years old

Nationality: Malaysian

Mr. Cheah Juw Teck, aged 50, male, Malaysian, was appointed as an Executive Director of the Company on 1 June 2011. He resigned as an Executive Director and was appointed as an Alternate Director to Chia Lik Khai on 1 April 2019.

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

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

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

He attended 6 out of 7 Board of Directors' meetings held for the financial year.

He has no conflict of interest with the Company and he has no convictions for any offences within the past 5 years, other than traffic offences (if any).

Board of Directors' Profile

Mr. Chieng Ing Huong, Eddy

Senior Independent Non-Executive Director

Gender: Male

Age: 61 years old

Nationality: Malaysian

Mr. Chieng Ing Huong, Eddy, aged 61, male, Malaysian, was appointed as a Senior Independent Non-Executive Director of the Company on 24 December 2001 and re-designated as the Chairman of the Audit, Nominating, Remuneration and Risk Management Committees on 1 April 2018.

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

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

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

He attended all 7 Board of Directors' meetings held for the financial year.

He does not have any family relationship with any Director and/or major shareholder of the Company. Mr. Eddy Chieng has no conflict of interest with the Company and he has no convictions for any offences within the past 5 years, other than traffic offences (if any).

Board of Directors' Profile

Mr. Tan Bun Poo, Robert

Independent Non-Executive Director

Gender: Male

Age: 69 years old

Nationality: Malaysian

Mr. Tan Bun Poo, Robert, aged 69, male, Malaysian, was appointed as an Independent Non-Executive Director of the Company on 1 June 2011. He is also a member of the Audit, Nominating, Remuneration and Risk Management Committees.

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

Mr. Tan Bun Poo, a practicing accountant, has more than 40 years of experience in the audits of various industries, including banking and financial services, manufacturing, hospitality and services. His other experiences include reporting accountants work relating to Initial Public Offerings and other corporate exercises, leading assignments in corporate acquisition and overseeing the provision of risk management and internal audit services. Mr. Tan is a retired senior partner with Deloitte Malaysia.

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

He attended all 7 Board of Directors' meetings held for the financial year.

Mr. Tan Bun Poo has no family relationship with any Director and/or major shareholder of the Company. He has no conflict of interest with the Company and he has no conviction for any offences within the past 5 years, other than traffic offences (if any).

Board of Directors' Profile

Prof. Datin Paduka Dato' Dr. Aini Binti Ideris

Independent Non-Executive Director

Gender: Female

Age: 66 years old

Nationality: Malaysian

Prof. Datin Paduka Dato' Dr. Aini Binti Ideris, aged 66, female, Malaysian, was appointed as an Independent Non-Executive Director of the Company on 1 January 2016. She is also a member of the Audit and Risk Management Committees.

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

Prof. Aini is actively involved as Council Member of Malaysian College of Veterinary Specialists (MCVS), Member of Board of Governance of International Medical University (IMU) and International Medical College (IMC), Member of Board of Directors of Yayasan Putra Business School, Council Member of Malaysian Cancer Research Institute (MCRI) and Executive Member of National Cancer Council (MAKNA). She is the Founding Chairman, Board of Directors of UPM Holdings Sdn. Bhd. and currently Board Member of UPM Holdings Sdn. Bhd. In December 2013, she was appointed as member of International Advisors of Women Issues, under the Minister at Prime Ministers Department.

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

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

She attended 6 out of 7 Board of Directors' meetings held for the financial year.

Prof. Aini has no family relationship with any Director and/or major shareholder of the Company. She is the Independent Non-Executive Director of Malayan Flour Mills Berhad. Besides this, she has no other conflict of interest with the Company. She has no conviction for any offences within the past 5 years, other than traffic offences (if any).

Board of Directors' Profile

Ms. Kow Poh Gek

Independent Non-Executive Director

Gender: Female

Age: 61 years old

Nationality: Malaysian

Ms. Kow Poh Gek, aged 61, female, Malaysian, was appointed as an Independent Non-Executive Director of the Company on 1 April 2018. She is also a member of the Audit, Risk Management, Nominating and Remuneration Committees.

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

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

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

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

She attended all 7 Board of Directors' meetings held for the financial year.

Ms. Kow Poh Gek has no family relationship with any Director and/or major shareholder of the Company. She has no conflict of interest with the Company and she has no conviction for any offences within the past 5 years, other than traffic offences (if any).

Board of Directors' Profile

Ms. Chan Wai Yen, Millie

Independent Non-Executive Director

Gender: Female

Age: 63 years old

Nationality: Malaysian

Ms. Chan Wai Yen, Millie, aged 63, female, Malaysian, was appointed as an Independent Non-Executive Director of the Company on 1 April 2018. She is also a member of the Audit Committee and Risk Management Committee.

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

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

Ms. Chan's practice focus in Malaysia during the first 7 years of practice was in civil and commercial litigation. In the following 2 decades, her practice concentrated on corporate securities and finance, and commercial matters.

In 2010, Ms. Chan was admitted to the Law Society of British Columbia, Canada. She practiced in the Vancouver office of Borden Ladner Gervais (BLG), a national law firm in Canada, and was a member of BLG Tax Group and the Corporate & Commercial Group. She was also BLG Senior Consultant for Asia Pacific Market. She advises high net worth families, particularly business families in Asia, in the area of holistic global estate planning, involving inter-generational wealth transfer, asset protection, and capital preservation. In addition, she assists families to establish strategies and processes to promote family governance, maintain family unity, and uphold family identity and integrity. She works with an extensive contact base of financial institutions and offshore service providers for trust, foundations, and corporations.

Ms. Chan applied to be a non-practicing lawyer in British Columbia in 2018 in order to concentrate on consulting with business families and individuals, particularly in Asia, in the area of holistic global estate planning under Legacy 127 Consulting Inc. She remains the Senior Consultant for BLG. In April 2019, Ms. Chan is appointed a Consultant of Shearn Delamore & Co, a legal firm in Malaysia.

She attended all 7 Board of Directors' meetings held for the financial year.

Ms. Chan Wai Yen has no family relationship with any Director and/or major shareholder of the Company. She has no conflict of interest with the Company and she has no conviction for any offences within the past 5 years, other than traffic offences (if any).

Board of Directors' Profile

Ms. Cynthia Toh Mei Lee

Independent Non-Executive Director

Gender: Female

Age: 45 years old

Nationality: Malaysian

Ms. Cynthia Toh Mei Lee, aged 45, female, Malaysian, was appointed as an Independent Non-Executive Director of the Company on 1 April 2018. She is also a member of the Audit and Risk Management Committees.

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

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

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

She practices in the areas of equity corporate finance, mergers and acquisitions as well as private company advisory work. She is also involved in various other corporate and commercial matters.

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

She attended all 7 Board of Directors' meetings held for the financial year.

Ms. Cynthia Toh has no family relationship with any Director and/or major shareholder of the Company. She has no conflict of interest with the Company and she has no conviction for any offences within the past 5 years, other than traffic offences (if any).

Key Senior Management

1. Dr. Chia Song Kun
Executive Chairman
Please refer to Directors' Profile on page 10

2. Mr. Chia Song Kooi
Group Managing Director
Please refer to Directors' Profile on page 11

3. Mr. Chia Seong Pow
Executive Director
Please refer to Directors' Profile on page 12

4. Mr. Chia Song Swa
Executive Director
Please refer to Directors' Profile on page 13

5. Mr. Chia Lik Khai
Executive Director
Please refer to Directors' Profile on page 14

6. Mr. Chia Seong Fatt
Alternate Director to Chia Seong Pow
Please refer to Directors' Profile on page 15

7. Mr. Chia Mak Hooi
Alternate Director to Chia Song Swa
Please refer to Directors' Profile on page 16

8. Mr. Cheah Juw Teck
Alternate Director to Chia Lik Khai
Please refer to Directors' Profile on page 17

9. Mr. Chia Song Kang
Executive Director

Mr. Chia Song Kang, aged 68, male, Malaysian, joined QL Group as a Director in January 1987. He was appointed as EXCO member of QL in December 2004. He is overall in charge of the operations in Endau, Johor.

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

He has no conviction for any offences within the past 5 years, other than traffic offences (if any).

Chairman's Statement

Dear Shareholders,

It is my privilege to be in a position to report not just another year of consecutive growth and profitability for QL Resources, but also one where we posted double digit growth in both the top and bottom line.

Dr. Chia Song Kun
Executive Chairman

The results rode in the back of a past financial year that was fraught with economic jitters on a global scale ensuing from the simmering trade tension between the United States and China, the US interest rate hike, and the European Union's decision to limit palm oil use and outright ban on the use of the biofuel.

The spillover of these major events trickled into affecting other economic spheres such as volatile commodity prices and the sliding value of the Ringgit. Weather-related situations, weak consumer sentiments and changing consumption behaviour, labour shortage, and rising operating costs compounded the challenges.

Nevertheless, QL was able to record a profit after tax and minority interest (PATMI) of RM217 million on the back of RM3.619 billion revenue in the financial year ended 31 March 2019, translating to a year-on-year growth of 11% for both PATMI and revenue. This was achieved by the upturn in our marine product manufacturing (MPM) unit. Recovery of fish catch, improved prawn aquaculture, completion of new facilities and production output ramping up to meet global demand have helped buff up our performance.

As a group which has built our reputation in the agro-based industry, QL is focused on maximising the potential and opportunities of a growing population. We have geared up our capabilities, explored new approaches and be agile in adapting best practices and advances to deliver sustainable growth.

The three-pronged strategy of regional replication, strengthening of value chain and downstream integration has provided fuel for growth. Keeping in step with evolving business environment, we reviewed our strategy against a backdrop of economic development, changing consumer demand and market potential. Our 3Cs of Conserve, Continue and Core Focus are being refocused and distilled as we deep dive into the parts within each value chain. This resulted in the crystallisation of areas of efficiency with healthy room for expansion that will power future growth.

PATMI

FY2019 RM217 million

FY2018 RM195 million

Increase 11%

Revenue

RM3.619 billion

Maximising the potential and opportunities of a growing population

We have geared up our capabilities, explored new approaches and be agile in adapting best practices and advances to deliver sustainable growth.

Chairman's Statement

Final Single Tier Dividend

4.50 sen per share

upon shareholder approval during the 22nd annual general meeting

Dividend payout

RM73 million

in cash payout or 32% of our profit for FY2019

QL is committed to our emphasis on operational values and sustainable growth as we seek to make a positive contribution to society via high quality and safe products. We believe in working together with all and threading the entire value of businesses that we are vested in to create value for all while taking into care, the environment and society.

This pursuit of a spirit of excellence was rewarded in November 2018, when QL was inducted into the MSCI Global Index during a semi-annual index review. The MSCI Global Index typically serves as bases in exchange traded funds when selecting which markets and stocks to invest in. On a similar note, we are grateful for the continued investor confidence that QL has enjoyed since our listing on Bursa Malaysia Securities Berhad 19 years ago, with our market capitalisation closing at RM11.16 billion for FY2019.

Living up to our aspiration to benefit all, we periodically reward loyal shareholders through dividends amounting up to approximately 30% of our profit, with the remainder channelled to fund growth as our business is capital intensive. Reinvesting profits allows us to expand the business while maintaining a comfortable gearing ratio.

In the financial period ended 31 March 2019, the Board has proposed a final single tier dividend of 4.50 sen per share. Upon shareholder approval during the 22nd annual general meeting, dividend payout will amount to RM73 million in cash payout or 32% of our profit for FY2019.

We anticipate building upon the groundwork of our continuous capex investment over the last few years to deliver on the promise of our component companies.

FINANCIAL YEAR 2020 PROSPECTS

Being the largest surimi producer and a leading egg producer in Southeast Asia, we keep an eye on global and domestic economic developments which have potential to impact consumer sentiments which in turn affect purchasing power.

On the international front, the World Bank revised its forecast for global economy growth to 2.6% from 2.9% projected earlier in January 2019 on the back of challenging global conditions. This slowdown reflects decelerating activity in advanced economies and in many large emerging markets. Global trade weakened further amid slowing global investment and manufacturing activity.

As the world looks forward to a resolution for the prolonged trade war between the United States and China, the immediate short term outlook is still expected to be negative.

Locally, Bank Negara Malaysia projects our growth momentum to be in the region of 4.3% and 4.8% in 2019, compared to the 4.7% last year. They cite the private sector anchoring growth, supported by stable income and employment, as well as sustained capacity expansion by businesses. Big ticket projects such as the East Coast Rail Link (ECRL) and Bandar Malaysia are being reinstated; their revival is anticipated to have a multiplier effect that will invigorate other ancillary developments.

Chairman's Statement

Consumers however have been less than optimistic. A survey by Malaysian Institute of Economic Research (MIER) showed Consumer Sentiments Index (CSI) at its lowest in over a year, well below the 100-point threshold at 85.6 points. This slump is mainly due to sentiments about job and income conditions, and inflationary expectations which have led to a deteriorated level of confidence of the country's economic performance.

Therefore, QL will prioritise acting on opportunities that present themselves while keeping threats in check to deliver value to shareholders. We anticipate building upon the groundwork of our continuous significant amount of capex investment over the past years to deliver on the promise of our component companies. The prudent planning and investment into the downstream expansion in MPM and convenience store is projected to yield better than expected results.

CORPORATE GOVERNANCE

QL stands to be an obelisk of transparency and operating in a responsible manner to all stakeholders. We balance business advancement and profitability with international best practices, steered by our unfaltering core values of integrity, entrepreneurial spirit, innovation, vision and gratitude.

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

QL is committed to fulfilling our commitment and responsibility to sustainability, both financial and non-financial.

Details of our Corporate Governance are outlined on pages 60 to 63

CLOSING REMARKS AND APPRECIATION

The Board of QL will continue our pursuit of par excellence. All contributing stakeholders, from employees to vendors and management team must be cohesive in rising to the challenge of an evolving business landscape. I believe the bond and team spirit nurtured over the decades past are instilled in our future leaders. QL has the resources and the right people to steer us onward into the future.

Our strategy and steadfastness to create value to benefit all is built on a foundation of sustainable growth. This has been possible with longstanding support from all shareholders and stakeholders. I wish to record my heartfelt appreciation to our loyal shareholders, customers and suppliers. The support and belief shown in us spurs us on to grow and do well, aided by the hard work of our employees and management.

As I look ahead, I am optimistic of another year of respectable growth barring unforeseen circumstances.

Dr. Chia Song Kun
Executive Chairman

Management Discussion and Analysis

Mr. Chia Song Kooi
Group Managing Director

Revenue

FY2019 RM3.619 billion

FY2018 RM3.260 billion

Profit before tax

RM272 million

Over the last 32 years, QL Resources Berhad has developed an integrated agro-based business via three primary business pillars: Integrated Livestock Farming (ILF), Marine Products Manufacturing (MPM), and Palm Oil Activities (POA). The Group received a boost to its stature in 2000 with its listing on Bursa Malaysia Securities Berhad.

Founded on the belief of benefitting all, QL holds firm to the mission of creating nourishing products from agro resources as we seek to create shared value for stakeholders. We are now the largest surimi producer and one of the largest egg producers in Southeast Asia, as well as the largest fishmeal manufacturer in Malaysia. In our portfolio are brands such as Mushroom, Figo, Ika's, Suria and OceanRia, and through the downstream expansion in 2016, we today operate and expand FamilyMart convenience stores in Malaysia.

As a sustainable and scalable regional agro-food group, we are guided by our fundamental values which act as a moral compass to form the platform for our financial strength, complemented by integrity, teamwork, innovation and a win-win approach. This approach resulted in QL delivering quality products and sustainable performance on a consistent basis to maintain our market leadership. The inclusion into the MSCI Global Index also helped elevate the attractiveness of QL as an investment while heightening the profile of our portfolio of brands.

Our solid foundation enabled us to circumnavigate challenges that surfaced in the financial period under review of 1 April 2018 to 31 March 2019 to deliver value over the short term and the long term. During this period, the management of QL were faced with numerous events driven by external factors, from changing weather patterns that affected both the fish cycle and oil palm fresh fruit formation, downward trending crude palm oil (CPO) prices, challenges of prices and diseases in the poultry industry, as well as uncertainty arising from the growing concerns due to the ongoing trade war between the United States (US) and China.

When the going gets tough, the tough gets going certainly rings true in QL. These challenges drive us to dig deeper in our resourcefulness and planning at every stage. We are indeed pleased with the results at the close of our 2019 financial period, where our financial performance indicators are all in the green. Adapting strategically and operationally, QL recorded a considerable RM359 million increase in revenue, translating to a double digit top line growth (11%) once again, to push revenue up to RM3.619 billion from the restated RM3.260 billion of the preceding year.

Correspondingly, profit before tax (PBT) expanded by 13% to RM272 million in the financial year FY2019 due in part to several factors affecting the three business pillars throughout the course of the year. In terms of profit after tax and minority interests (PATMI), the Group recorded RM217 million, which is 11% higher than the restated RM195 million achieved in FY2018.

Management Discussion and Analysis

Looking at our operations footprint regionally, our tenacity is returning rewards. The developments at our production facilities in Indonesia and Vietnam are progressing as planned, to record RM646 million in revenue, which is a slight decrease of 1% from the RM654 million posted in FY2018 due to lower crude palm oil price. However, we remain vigilant as we now gain better understanding of the regional challenges faced in these two neighbouring countries.

Segmentally, ILF has been the cornerstone for QL and its FY2019 performance reflected this trend, contributing about 64% of total group revenue. The RM2.310 billion revenue recorded by the segment marked 17% improvement (RM339 million) over restated FY2018's and can be attributed to convenience store business and regional poultry operations. ILF PBT remained flat at RM96 million in this FY, the same as the restated RM96 million of FY2018.

MPM performed admirably aided by weaker Ringgit and significant improvement to the fish catch cycle experienced last year. The strategic investment into downstream capacity and deeper market expansion provided wind in the sails to break the billion ringgit mark in revenue, cresting at RM1.006 billion. This performance translated to a year-on-year increase of 11.5%. In terms of PBT, it saw a significant increase to settle at RM156 million, up 25.8% from the RM124 million achieved in the previous financial year.

The third revenue pillar, POA, bore the brunt of the adverse operating conditions due to excessive rainfall in Indonesia and also shortage of labour in the Malaysian plantation. These factors coupled with much weaker CPO price of an average RM2,100 per metric tonne in the year under review saw turnover shrunk by RM84 million to the restated RM303 million, with PBT marginally higher at RM20.4 million from FY2018's restated RM20.1 million.

REVIEW OF OPERATIONS

Our regional business expansion in Indonesia and Vietnam is well underway, expedited by business model replication and applying know-how and lessons learned from our Malaysian operations. The two countries account for more than 55% of the population in Southeast Asia whilst the Southeast Asia region as a whole has 8.59% of the world population. Together with its median age of 28.8 years and changing market demand, this region represents a huge market right at our door steps and QL is confident of reaping increasing returns from our regional expansion, in particular MPM and ILF activities.

Similarly, our downstream integration is bearing fruit and our brand names are gaining recognition. Our convenience store business in FamilyMart is on track to meet our initial target set in 2016 of opening 300 stores in 5 years. As at time of writing, there are already 109 stores. The landmark FamilyMart 100th store in Malaysia opened in historic Melaka and its official opening coincided with the central kitchen operated under QL Kitchen Sdn. Bhd. receiving halal certification from Jabatan Kemajuan Islam Malaysia (JAKIM).

Our expansion strategies are backed by investment and the desire to do better for the benefit of all. As QL lays down the gauntlet on overall and segmental focus, RM307 million has been utilised in capital expenditure (capex) predominantly in ILF including convenience store business and MPM to increase production capacity, enlarging store footprint and further elevate efficiencies. The capex for the coming financial year is projected to be higher in line with our plan of investing into identified areas of efficiencies and growth.

QL understands the value automation brings in improving efficiencies and quality of our products even as our team of dedicated staff diligently monitor that compliance is met and QL consistently delivers high quality products that resonate with customers. Our production processes are being transformed to adopt modern technology including automation as we adhere to respective recognised standards.

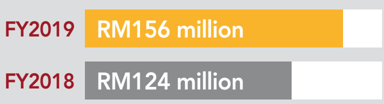
Revenue from ILF

RM2.310 billion

Revenue from MPM

RM1.006 billion

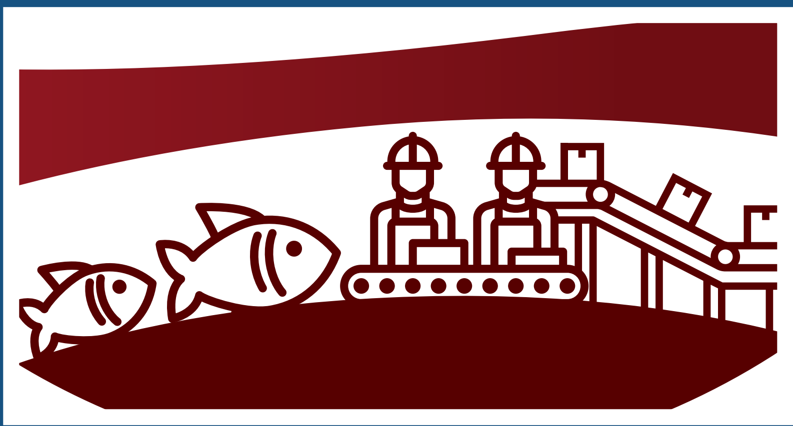
MPM's PBT



POA's PBT

Management Discussion and Analysis

Marine Products Manufacturing (MPM)



On the fishmeal front, QL is setting aside approximately RM7 million to explore, develop and install relevant technologies at our facilities to produce higher quality fishmeal that meets higher international standard for aquaculture feed.

Downstream production facilities are **HACCP certified**

Capex

RM5 million
Commencement of pilot frozen surimi-based products production line in Surabaya

Our business in MPM spans the entire value chain from source to customers. Starting from upstream and all the way down to prepared food items that fit right into today's busy lifestyles, this business pillar comprises five distinct sub-sectors. With deep sea fishing and aquaculture farming in the upstream section, we also value add the produce through processing of the raw material into surimi and fishmeal. Beyond this value-added manufacturing, QL also produces numerous ranges of seafood-based consumer foods such as an increasing variety of fishballs and packaged ready-to-eat snacks.

Driven by a dedication towards creating long term and sustainable value chain and growth, QL has consistently retained its largest surimi producer in Southeast Asia title. In addition, its wealth of experience, coupled with expertise and invaluable network of business partners and distribution have made QL the largest manufacturer of surimi-based products, halal fish-based products, and fishmeal in Malaysia. QL downstream production facilities are Hazard Analysis and Critical Control Point (HACCP) certified, and where applicable, comply with the US Department of Agriculture or EU regulations.

Key MPM Developments

Overall, our MPM activities progressed as anticipated during the period under review. QL's Hutan Melintang marine unit saw its new RM100-million investment chilled surimi-based products and frozen products factories which were completed in March 2018, operating for one full year. The chilled surimi plant doubled production capacity to 25,000 metric tonnes a year, while capacity for frozen products saw increase to 35,000 metric tonnes per annum from 20,000 metric tonnes. The new plants with more automation, will enable the Hutan

Management Discussion and Analysis

Melintang unit to remain a dominant force in the market with their increased productivity and quality. The expanded capacity provides room to cater to the increasing overseas and domestic demand.

The Figo operations which are fully migrated in FY2018 to the Kulai-based factory is now experiencing improved efficiency thanks to the consolidation of its activities onto one single site.

Meanwhile, we commenced a pilot frozen surimi-based products production line in Surabaya at a capex of RM5 million and it came online in the third quarter of FY2019. Our research and development team is in full swing fine-tuning the products to local palate. With an annual capacity of 3,000 metric tonnes, plans are in place to operate at larger capacity with full commercialisation depending on results of the pilot project.

Our fishery units in Kota Kinabalu have been on the recovery path following the low fish cycle of last financial year. Its counterpart in Endau also faced a challenge, in the form of delayed fish cycle brought about by weather effects.

Nevertheless, we continue to pursue our involvement in deep sea fishing. In line with fishing best practices, we have decided to rationalise coastal trawling operation in Sabah and to increase deep sea purse seine fishing operation in the Peninsular east coast. Eight coastal vessels will be disposed off in Sabah; two were already sold as end of FY2019. Simultaneously, the building of two deep sea fishing fleets at the Endau unit has been completed and another two are in the process on target for commissioning in the next financial year. The Endau unit will also receive a boost when the planned cold room at an investment of RM15 million becomes operational by end of FY2020.

Production Capacity

25,000
metric tonnes a year for chilled surimi plant

Production Capacity

35,000
metric tonnes per annum for frozen products

Our Kudat prawn aquaculture unit has turned the tide after the prawn disease outbreak which was reported in last year's annual report. As part of the medium term strategy to further increase aquaculture production capacity from present 1,500 metric tonnes per annum, we are planning for a prawn aquaculture project in Kota Belud. Currently, we are awaiting Environmental Impact Assessment report approval.

The fate of prawn aquaculture units in Badong and Pekan were similar to that of the Kudat unit, having been affected by EMS and EHP in FY2017 and FY2018. The measures taken to overcome these diseases have resulted in improvement in FY2019 and is expected to stabilise further in the coming year.

On the fishmeal front, QL is setting aside approximately RM7 million to explore, develop and install relevant technologies at our facilities to produce higher quality fishmeal that meets higher international standard for aquaculture feed.

Export sales of surimi-based products to North America remains strong. Our live frozen and cooked shrimps are widely accepted by overseas customers in particular in China and the price has been positive. Hence, we are looking towards increasing the supply capacity in Kota Belud. QL is also in the midst of exploring potential collaborations with several ranges of business partners to increase our product penetration and channels domestically and internationally.

MPM Outlook

As a player with vested interest in agro-based food that has a finger in the marine products processing pie from source to table, QL is blessed to be supplying a range of food types that are easily accepted globally. Nevertheless, the world will increasingly feel the impact of climate change on fisheries and therefore, its related downstream activities. QL is keeping abreast of the latest development, equipping with knowledge and being nimble to adapt and adopt mitigation practices as preventive measures.

We anticipate prices especially for fishmeal, surimi and surimi-based products to remain stable in FY2020 due to the favourable Ringgit and regulated fish catch in South America and North Pacific.

Market-wise, domestic and export demand from China and Japan are slowly ramping up, coinciding with QL's aquaculture season and thus enabling us to gain better momentum in our export sales efforts.

It appears that the season of poor catch is behind us and the fish cycle in the region is returning. In line with this, overall fish landing in South China sea is improving in tandem.

We are upbeat on the outlook of MPM for FY2020.

Management Discussion and Analysis

Integrated Livestock Farming (ILF)

Our footprint across

Malaysia

Indonesia

Vietnam

QL continues to be a leading egg producer in Malaysia

Laying
5.7 million
eggs per day

Hatched
50 million
Day Old Chicks

Outputted
22 million
broilers

Within this ILF pillar, we operate four distinct sub-sectors in three countries. The sub-sectors of animal feed and raw material trade, commercial feed milling, layer farming, and broiler integration are operated via our footprint across Malaysia, Indonesia and Vietnam.

Our established network, wide customer base, versatility and investment into capacity expansion and know-how training, as well as, best practices and high standards in farm management places QL at the forefront of the ILF industry.

In FY2019, QL continues to be a leading egg producer in Malaysia, laying a total of 5.7 million eggs per day across all ILF operations in Malaysia, Indonesia and Vietnam. During the same period, QL also hatched 50 million Day Old Chicks (DOC) and outputted 22 million broilers. Eggs, DOC and broiler production activities are undertaken at various farm sites in Malaysia, Indonesia and Vietnam.

Across board worldwide, eggs can be found in many households as an easy and versatile food, that is also a good and affordable source of quality protein. It is acknowledged to be a good source of nutrients such as iron, vitamin A, vitamin D, vitamin E, vitamin B12, folate and a range others including omega-3 fatty acids. Eggs are also ubiquitous in numerous food preparations and perhaps more so, in Asia. From breakfast to cakes, the egg is a much loved food and important ingredient. Grasping this understanding and insights, QL is ensuring as much weightage is given to build the 'QL Eggs' brand alongside its MPM product brands to aid its goal to be the eggs of choice among consumers.

Management Discussion and Analysis

Key ILF Developments

In terms of capacity increment, QL started an extension project in Raub in FY2018. This new integrated layer farm will reach its full capacity of 650,000 eggs per day by the end of FY2020.

The lower prices of eggs in Peninsular Malaysia continued into the second half of the financial year due to oversupply. This situation was rebalanced by the dip in egg production due to the unexpected poultry diseases such as Low Pathogenic Avian Influenza (LPAI) and Newcastle Disease that hit many farms in Peninsular Malaysia.

Regional-wise, the Indonesian operations have been healthy with production of 700,000 eggs per day arising from effective vaccination programmes. It is targeted that production will reach 800,000 eggs per day in FY2020 with improvements to farm productivity. Likewise, the Vietnamese unit has also seen gradual increment in production to 850,000 eggs per day. Work has commenced to build a new layer farm facility in a new location to double production capacity.

To further improve our overall farming productivity while managing cost, the QL Poultry Centre of Excellence (QLPCOE) is continuously seeking and exploring methods that will improve farm management. QL utilises a leading Farm Management Software (FMS) to analyse farm production and consumption data. FMS provides easily accessible overview of critical success factors like feed quality, environment and health status of the chickens to expedite sound decision making.

Indonesia

700,000
eggs per day

Vietnam

850,000
eggs per day

QL utilises a leading Farm Management Software (FMS) to analyse farm production and consumption data.

As with any businesses, competition is healthy and keeps us on our toes. The stiff competition in feed raw material due to the entrance of new players has lessened during the period under review, resulting in improved trading margins. In this sub-sector, our regional operations also experienced an increase in trade.

ILF Outlook

Competition in feed raw material is likely to continue at a manageable level. With the impact of the US-China trade war now becoming a materiality for numerous industries, the effect will be far reaching, impacting feed commodity prices. The volatility of commodity prices in particular for soybean meal and corn make it tough to anticipate movements and increases the challenges of this sector.

Despite a strong recovery of price in the second half of FY2019, the threat of eggs oversupply may persist as industry players bounce back from the poultry disease setback. The rebounded production will pressure egg prices again in Peninsular Malaysia. However, the ILF operations in East Malaysia and regional will be business as usual.

ILF has a fair outlook with moderate improvement as lower feed cost offsets pressure of other operating cost of labour and energy.

Management Discussion and Analysis

Palm Oil Activities (POA)

Land for palm oil

16,000 hectares

located in East Malaysia and Northern Kalimantan

44%

equity stake in one of the largest biomass boiler manufacturers in Southeast Asia

FFB production

increased by about 10% to

139,000 metric tonnes

Just as QL's MPM and ILF pillars span the value chain from upstream to downstream, so does our stake in palm oil activities where QL has plantation as well as milling activities.

QL is certified as a palm oil cultivator who employs environmentally sustainable methods under the Indonesian Sustainable Palm Oil (ISPO) system. QL's plantation in this business pillar totals over 16,000 hectares of land for palm oil, located in East Malaysia and Northern Kalimantan, of which about 10,000 hectares are planted.

Harvested fresh fruit bunch (FFB) requires immediate processing and QL owns and operates three mills for this purpose. Located in Sabah and Northern Kalimantan, these mills also serve other small and medium holders. A 44%-equity stake in one of the largest biomass boiler manufacturers in Southeast Asia, Boilermech complements the plantation and milling activities of QL's POA pillars.

Key POA Developments

The developments in this pillar in FY2019 were as anticipated in the previous annual report. The plantation in Indonesia is increasingly maturing and FFB production improved accordingly. FFB production in FY2019 increased by about 10% to 139,000 metric tonnes as compared to the 127,000 metric tonnes harvested in the previous FY. On the other hand, the Indonesian milling operations faced competition from new players, causing a reduction in FFB supply from surrounding plantation.

In Tawau, palm trees are generally of older age and excessive rainfall caused reduced harvest, lower oil extraction rate (OER) and poor CPO prices caused many players, both planters and millers, to fatigue.

Management Discussion and Analysis

The palm oil industry was severely challenged by CPO prices that dropped to RM2,100 per metric tonne in FY2019 from last year's average of RM2,600 per metric tonne.

A bright spark in this business pillar is Boilermech Holdings Berhad, which has acquired a water treatment company. This investee company has since contributed positively to POA bottomline.

POA Outlook

FFB production at the Indonesia plantation is expected to be higher due to the increasing maturity profile of the trees. However, the ruling from the European Union on palm oil and limiting use of the tropical palm oil in biofuels have negatively affected CPO price.

Despite the recent development of China indicating interest to purchase up to 50% more palm oil from Malaysia, at about 4.7 million tonnes, we anticipate the year average price for CPO to continue range bound at RM1,900 to RM2,200 per metric tonne. Overall the outlook of POA is bearish.

Convenience Store Chain (FamilyMart)

FamilyMart convenience store chain is part of QL's strategy to grow downstream via long-term scaleable businesses. Through the adoption of the konbini concept to provide convenience in particular with ready-to-eat food, there is great anticipation whenever a new FamilyMart store is sighted by the public.

To further provide added levels of confidence to Muslim customers to purchase ready-to-eat meals at their convenience, FamilyMart's central kitchen which is operated by QL Kitchen Sdn. Bhd., received the halal certification from Jabatan Kemajuan Islam Malaysia (JAKIM). QL Kitchen can now be found on the Halal Malaysia Official Portal at www.halal.gov.my together with a listing of the certified food items. The halal compliance at QL Kitchen is monitored by a permanent halal executive who is dedicated to and responsible for the Halal Assurance System within the premise.

Since its first announcement in April 2016 and three stores opening before the 2016 calendar year ended, FamilyMart has expanded beyond the Klang Valley in FY2019. In the southern state of Johor, there are now 5 FamilyMart stores as at end of March 2019. As at the end of March 2019, the store count stands at 90, surpassing our aim of 89 stores by the same date.

QL is relentless in our drive to identify new locations and widen the network to live up to the FamilyMart concept. We are on track towards fulfilling our promise of 300 stores in five years (FY2022). FamilyMart creates job opportunities for locals as it expands, with a staff strength of 1,582 as at end of FY2019; it is indeed not just providing a new form of convenience but also employment.

Beyond the number of stores and jobs created, the FamilyMart convenience store business is anticipated to be reported as a standalone pillar soon in accordance with the requirements of accounting standard.

Management Discussion and Analysis

Identified key personnel in QL are charged with monitoring indicators and developments including situations and circumstances regardless of origin.

We strive to ensure that the lawfulness and goodness of our food products are maintained at all times.

RISKS AND CHALLENGES

Building a successful business hinges on recognising how the company can be adversely impacted by risk factors and managing them to mitigate its occurrence. In this aspect, a savvy, hands-on Board and management have to make astute decisions and take calculated risks to maximise potential returns.

QL keeps an eye out on the winds of change in the industry in order to navigate them accordingly to bolster our position. We take an adamant stand on acting with integrity and conducting business in an ethical way.

Adoption of IT

QL has in place a Group-wide IT blueprint to pave the way forward in the adoption of technology to improve productivity towards operational excellence and business performance. The blueprint is in the process of being implemented in phases. The Management is wary of the cybersecurity risk and the framework has been prepared. The Group is in the process of implementing the cybersecurity framework.

Financial

Cross-border transactions expose QL to forex risks. We pay close attention to the market and hedge our exposure in order to maintain stability.

Biosecurity and Disease Control

Being an agro-based food company, QL is cognisant of the critical need to be vigilant. In addition to the QLPCOE, identified key personnel in QL are charged with monitoring indicators and developments including situations and circumstances regardless of origin. From weather patterns, biological diseases to consumer perception, we keep an ear to the ground to ensure that we are aware of any development as they arise.

Through proper management, all our facilities are cleaned, disinfected and equipped with the right disease-preventing and ventilation systems. Our livestock and fry are well taken care of with proper feed, nutrition, and clean water.

Years of being involved in farming have taught us to prioritise biosecurity. Our farms, both in ILF and MPM have their internal policies and procedures which are strictly adhered to as preventive measures. Proactive biosecurity steps are taken as a form of disease control. QL equips the team with the latest know-how and best practices in biosecurity across all our operations. Close monitoring of developments within our farms is also a key risk mitigation focus in this area.

Food Safety and Quality

Taking a non-negotiable approach, QL operates with best practices and processes at all our downstream food processing facilities. QL is well aware of the toll a small incident in food safety or non-compliance can have on our businesses.

Management Discussion and Analysis

QL emphasises food safety and quality. QL complies with food standards, both local and international. Regular internal reviews and external assurance are conducted. Our commitment to best practices is exemplified through certifications such as Makanan Selamat Tanggungjawab Industri (MeSTI), MyGAP, Good Manufacturing Practice (GMP), Hazard Analysis and Critical Control Points (HACCP), Food Safety System Certification 22000 (FSSC 22000), ISO 22000:2005, and FQC.

To improve on quality and customer satisfaction, we commission annual market study to understand consumer patterns and satisfaction.

Halal

With our products not just being marketed within Malaysia but also having a global presence, we are sensitive to religious needs and compliance in the food that we produce. We strive to ensure that the lawfulness and goodness of our food products are maintained at all times. To provide added assurance and as testimony of our commitment to the halal requirements, we apply for and hold valid halal certifications. Our processing or preparation facilities receive the halal certification from Jabatan Kemajuan Islam Malaysia (JAKIM) and are listed in the halal portal. Each facility also has a dedicated halal executive to monitor and supervise all the processes and procedures related to the production of halal products to ensure that they comply with the rules.

Climate Change

The nature of our business is susceptible to the vagaries of the weather. Changes such as excessive rainfall, prolonged drought and scorching temperatures affect the environment and our operations. QL vigilantly monitors global weather patterns and proactively adopt mitigative measures.

For further reading on risks and challenges that are fleshed out, please refer to our Sustainability Report.

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TRENDS AND OUTLOOK

The World Bank sees slowing global growth and has projected it to be at a meagre 2.6% this year, compared to the 3.1% in 2018 due to escalating trade tensions and international trade moderation as protectionist tariff and actions kick in. The International Monetary Fund (IMF) has called the deceleration a synchronised slowdown of global economy.

Prolonged posturing and tariff hikes between China and the United States, two economic superpowers, amidst trade dispute is creating waves of uncertainty in emerging Asian economies in particular. Growing fears amidst the developments between US and other nations have caused pundits to have no clear indicators, resulting in a mixed bag of guidance that begs further observation.

Bank Negara Malaysia has in its Outlook and Policy in 2019 report outlined that against the backdrop of a challenging global environment, the Malaysian economy is expected to sustain its growth momentum, expanding by 4.3%-4.8% in 2019. With the U.S. Federal Reserve appearing to keep the interest rate at its target benchmark of 2.25% to 2.5% despite pressures, the Ringgit appears to be holding at RM4.10 to RM4.20. This makes exports from Malaysia attractive, and helps balance out the dampened domestic market sentiments where both the Business Condition Index (BCI) and Consumer Sentiment Index have dipped below the 100-point level.

The moderated consumer confidence paradoxically juxtapose with consumer spending in Malaysia which is on an upward projection according to Trading Economic econometric models and analysts expectations. The good employment rate and labour force participation is putting money in the pockets of Malaysians.

Coupled with the ever increasing population, QL is optimistic of reaping returns from our investment strategy. Being in the agro-based industry, QL has perceptively invested into downstream extension and capacity building in identified parts of our business pillars. Our operations in MPM stand to benefit from the improving fish catch in South China sea and an exchange rate that stays weak, favouring exports. Despite dampened domestic consumption confidence, exports will be on an upswing.

Fluctuating cost of raw materials, biosecurity threats and eggs over-supply are the challenges in the ILF business. However, our multi-site, multi-sub sector ILF operations contribute to providing a balanced performance.

These favourable scenarios contrast with the fortunes of palm oil which is expected to face lower average CPO prices.

Overall, QL is optimistic of our performance for the coming financial year barring unforeseen circumstances.

Sustainability Statement

1. ABOUT THIS STATEMENT

As an agro-based group built on the value of benefit all, QL is consciously aware of our role, responsibility and duty to conduct business ethically, operate in a socially and environmentally responsible manner and adhere to sustainable practices. In our efforts to create shared value for all, we endeavour to ensure that our products and activities make a positive difference to the communities and ecosystem we operate in and to society at large while contributing to QL's growth and success.

This year, we continue to communicate the progress made on our sustainability efforts as we strive to enhance our approach to managing economic, environmental and social ("EES") impacts arising from our operations. This Statement focuses on the sustainability activities of QL Resources Berhad and subsidiary companies (collectively referred to as "QL"). QL believes sustainability is key to improving our footprint and accomplishing our Vision to be the preferred global agro-based enterprise.

1.1 Preparation of this Statement

Aligning with Bursa Malaysia Securities Berhad's goal to increase transparency in sustainability matters of companies listed on the bourse, we are guided by the Main Market Listing Requirements ("Listing Requirements") on Sustainability Reporting by Bursa Malaysia Securities Berhad for the preparation of this report.

The Statement is structured into four sections:

- The first section introduces the Statement;
- The second section puts forth the governance structure utilised in managing material sustainability matters;
- The third documents approaches that were taken to review, update and categorise the material matters; and
- The final section reports on the practices and performance related to management of material sustainability matters.

2. SUSTAINABILITY GOVERNANCE

Board of Directors

Executive Committee

Sustainability Project Team
Executive Chairman
Heads of Business Units and Business Functions

Sustainability Reporting Working Group

Diagram 1*: Sustainability Governance Structure at QL*

Sustainability is embedded into the business of QL, driven from the highest level of management. QL's Board of Directors takes an active role in setting the direction of sustainability, dovetailing the active role they play at each of the group's business pillars. The firm commitment of the Board is translated into the formation of a Sustainability Project Team (SPT) in 2016, chaired by the Executive Chairman and comprises heads of business units and business functions. In 2018, a Sustainability Reporting Working Group (SRW) was established to further strengthen the reporting process. The SRW reports directly to the SPT.

The following entails the core responsibilities of the SPT:

- Incorporate sustainability into QL's Risk Management and Corporate Strategies;
- Oversee the management of material sustainability matters as identified;
- Monitor QL's sustainability performance for reporting.

Sustainability Statement

SRW proactively undertakes the following core responsibilities:

- Perform materiality assessments (i.e. identification and assessment of sustainability matters relevant to QL's business);
- Reports to the SPT on sustainability matters;
- Develop sustainability disclosure for reporting and the preparation of sustainability report for SPT's approval

Agro-based business exacts an uncompromising stand on sustainable practices to remain relevant. For QL to resonate and be at the forefront of our industry and uphold sustainable practices, our governance processes are assessed regularly. Ways are sought to incorporate industry best practices, guidelines, standards and recommendations into our sustainability-related responsibilities without compromising efficiency and synergy. Results are tracked and measured, which thereafter form the basis of a governance structure which enables the articulation of responsibilities in QL's daily operations.

3. MATERIALITY ASSESSMENT

3.1 Materiality assessment process

To assist in the identification and prioritisation of sustainability matters that can affect QL's business and stakeholders, the SRW undertook a materiality assessment. The process began by reviewing and updating the material sustainability matters as discerned in the previous reporting year and based on the latest internal and external developments, including EES trends unique to the agro-food and plantation sector. We referred to Bursa Malaysia Securities Berhad's Sustainability Reporting Guide and Toolkits, Global Reporting Initiative Sustainability Reporting Standards ("GRI Standards"), and relevant industry-specific references and publications to update our material sustainability matters that are significant to QL's business operations and will influence stakeholders' decisions.

QL planned an engagement approach that would enable it to reach and receive input from more stakeholders; by involving one-on-one interviews and survey. This engagement helped to identify material issues that are perceived to be important by stakeholders to harmonise into the sustainability framework. This year, the engagement encompassed all our key stakeholders. The stakeholders engaged and the process are outlined in Section 3.4.

Concurrently, QL's management also undertook a review and assessment to ensure that existing material sustainability matters that are important to the group are updated in line with the changes in the business landscape, risk environment and policy. In this study, the management is guided by Bursa Malaysia Securities Berhad's Listing Requirements which defined these matters as:

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

The data gathered provides fresh perspectives and is analysed for the re-ranking and prioritisation of sustainability topics as shared in Section 3.5.

Our materiality process is illustrated as follows:

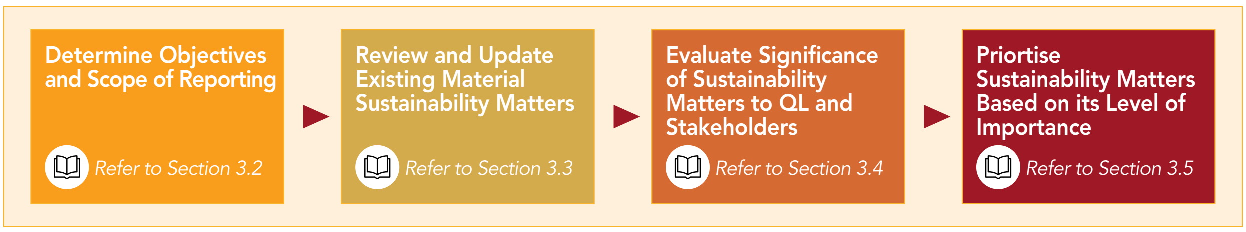

***Diagram 2**: Flowchart of materiality assessment process*

Sustainability Statement

3.2 Scope of Reporting

This Sustainability Report 2019 is QL's record of disclosures on our sustainability performance and commitments for the financial period of 1 April 2018 to 31 March 2019, and for subsidiaries of QL mentioned below, unless otherwise stated.

The reporting scope has been expanded across our three business pillars in accordance with our business developments. Subsidiaries included in the current year's reporting scope are shown below.

Business Pillars	QLRB Companies in FY2019's Reporting Scope	Location	Principal Activities
Integrated Livestock Farming (ILF)	• QL Poultry Farms Sdn. Bhd. • QL Breeder Farm Sdn. Bhd. • QL Feed Sdn. Bhd. • QL Ansan Poultry Farm Sdn. Bhd.	• Pajam • Tawau • Shah Alam • Rawang/Kulim	• Layer farming • Poultry breeding • Trading animal feeds • Poultry farming
Marine Products Manufacturing (MPM)	• QL Foods Sdn. Bhd. • QL Endau Marine Products Sdn. Bhd. • QL Endau Deep Sea Fishing Sdn. Bhd. • QL Figo Foods Sdn. Bhd. • QL Figo (Johor) Sdn. Bhd.	• Hutan Melintang • Endau • Endau • Kulai • Kulai	• Surimi-based products • Manufacturing surimi • Deep sea fishing • Manufacturing foods • Manufacturing foods
Palm Oil Activities (POA)	• QL Plantation Sdn. Bhd. • QL Tawau Biogas Sdn. Bhd.	• Tawau • Tawau	• Palm oil plantation • Biogas power plant

***Diagram 3**: Scope of reporting*

This report is prepared based on Bursa Malaysia Securities Berhad's Sustainability Reporting Guide and Toolkits/GRI framework. Basis of the reporting scope includes considerations of magnitude of revenue contribution and/or impact to QL. For this year, the indicators disclosed included those in FY2017 and FY2018 for baseline comparison of data.

3.3 Relevant Sustainability Matters

QL reviewed and updated 17 sustainability matters which are relevant to QL's business before engaging stakeholders or conducting assessments. Major considerations, among others, in updating the sustainability matters included the following:

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

Sustainability Statement

QL remains cognisant of the 17 United Nations Sustainable Development Goals ("UN SDGs") and targets of the Eleventh Malaysia Plan ("11MP"). We are acutely aware that our business and operations have significant impact and are interdependent on the security and livelihood of our people, business partners and communities. At the same time, we also take heed of the dynamics of the broader economy, environment and society. As a group with a value system built on the principle of just moral code, our strategies and approaches are established with the concerns of human rights, labour, environment, and anti-corruption in mind.

We are working towards integrating the UN SDGs that are aligned with our business into our operations as part of our sustainability strategy. The UN SDGs was developed as a blueprint to address global challenges facing nations today. This guide for global response comprises 17 goals and 169 targets which are interconnected to achieve the critical common outcome of sustainable and equitable global prosperity, an outcome that resonates with QL. As we plan for long-term success, we uphold our responsibilities to people and planet. Our objective is to ensure that in all that we do and every product that we produce, QL delivers benefits to shareholders, nourishment to consumers and enrichment to all in the value chain.

3.4 Stakeholder Engagement

The Group understands the importance of stakeholders' contribution to QL's sustainable growth and have developed the methodology and channels to proactively consult, interact and partner our key stakeholders for meaningful engagements. These channels enabled two-way communications and better understanding of expectations. The input and feedback were evaluated and included in our planning and implementation of sustainability framework. The following table outlines the priority stakeholders and key engagement efforts in FY2019.

***Table 1**: Stakeholder engagement modes, focus areas & responses*

Stakeholder Groups	Engagement Channels	Focus Areas	How do we respond?
Investors and shareholders	• Annual General Meeting • Analyst briefings • Investor presentations and meetings • Financial statements • Press releases	• Financial performance • Good corporate governance • Responsible and value creation in business management	• Refer to Management Discussion and Analysis ("MD&A") *page 28* • Refer to Sustainable Business Growth *page 45*
Management	• Regular meetings • Meetings with the Board	• Economic value creation • Fostering good relationships with stakeholders, including customers, suppliers and regulators • Good corporate governance • Safe and quality products for customers • Increasing operational efficiency, including investing in research and development • Regulatory compliance • Safe workplace and talent retention	• Refer to MD&A *page 28* • Refer to Sustainable Business Growth, *page 45* Environmental Responsibility, *page 50* and Workplace Management *page 54*

Sustainability Statement

Stakeholder Groups	Engagement Channels	Focus Areas	How do we respond?
Employees	• Workshop discussions • Induction training • Learning and development programme • Corporate volunteering programme • Employee performance appraisal	• Respect for human rights • Safe and healthy workplace • Supportive welfare • Responsible business management • Continuous business growth	• Refer to Sustainable Business Growth, *page 45* Environmental Responsibility, *page 50* and Workplace Management *page 54*
Customers	• Feedback survey • Face-to-face interactions	• Safe and quality products • Good governance practices • Regulatory compliance	• Refer to Sustainable Business Growth, *page 45* Environmental Responsibility, *page 50* and Workplace Management *page 54*
Vendors, suppliers, fisheries, and smallholders	• Interviews • Face-to-face interactions	• Business continuity • Regulatory compliance	• Refer to MD&A *page 28* • Refer to Sustainable Business Growth *page 45*
Regulators	• Ongoing meetings and interactions	• Regulatory compliance • Responsible business practices • Indirect economic contribution	• Refer to MD&A *page 28* • Refer to Sustainable Business Growth, *page 45* Environmental Responsibility, *page 50* and Workplace Management *page 54*
Community	• Online platforms • Corporate volunteering programme	• Indirect economic contribution • Responsible environmental management	• Refer to Sustainable Business Growth *page 45* and Environmental Responsibility *page 50*

Sustainability Statement

Stakeholder Groups	Engagement Channels	Focus Areas	How do we respond?
Media	• Press conferences and events • Media releases • Media interviews	• Business strategy and business growth • Food quality and safety • Indirect economic contribution • Regulatory compliance • Environmental management • Workplace management	• Refer to MD&A *page 28* • Refer to Sustainable Business Growth *page 45* and Environmental Responsibility *page 50*

In order to appreciate the dynamics between QL and our stakeholders and identify those that are key to QL, an exercise to identify and classify a wide range of stakeholder groups was conducted. The SPT mapped ILF, MPM, and POA stakeholders by highlighting stakeholders with the greatest levels of influence and dependence on the respective business units.

Key stakeholder groups engaged across ILF, MPM, and POA were: Customers, Shareholders, Management, Employees, Suppliers and Agro-producers. They were engaged over a period of five months and at various locations to obtain their viewpoints on sustainability. The direct engagement via survey forms allowed for the proper collation of sustainability matters that QL should prioritise.

ILF stakeholders were engaged at the operations of QL Poultry Farms Sdn. Bhd. and QL Breeder Farm Sdn. Bhd. in Pajam and Tawau. Stakeholders from MPM operations were engaged at Endau, Kulai and Hutan Melintang, the site of operations of QL Endau Marine Products Sdn. Bhd., QL Endau Deep Sea Fishing Sdn. Bhd., QL Figo (Johor) Sdn. Bhd., and QL Foods Sdn. Bhd. Stakeholders at POA operations were engaged at the location of QL Tawau Biogas in Tawau.

3.5 Materiality Matrix

Sustainability is a long-term process that requires commitment and continuous reviews and evaluations. To better understand the full range of risks and opportunities, as an organisation, we must align our risk management and materiality assessment processes. Only then we can identify new methods and approaches to protect and defend our business against emerging challenges.

Hence, identification of materiality is essential in any business. It is a strategic tool that helps businesses identify, refine and prioritise EES risks and opportunities as well as possible emerging risks that may affect QL's business and stakeholders.

Guided by Bursa Malaysia Securities Berhad's Sustainability Reporting Guide and Toolkits, QL maintained a structured materiality assessment approach. During the process to identify relevant sustainability matters, considerations were given to the operating environment and emerging risks associated with the agro-food and plantation sectors.

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

Sustainability Statement

These assessments resulted in 17 sustainability matters prioritised, with 10 identified as being most influential on stakeholders' decisions and to the impact of the business at ILF, MPM, and POA. The result of the materiality assessment, the Materiality Matrix is shown below.

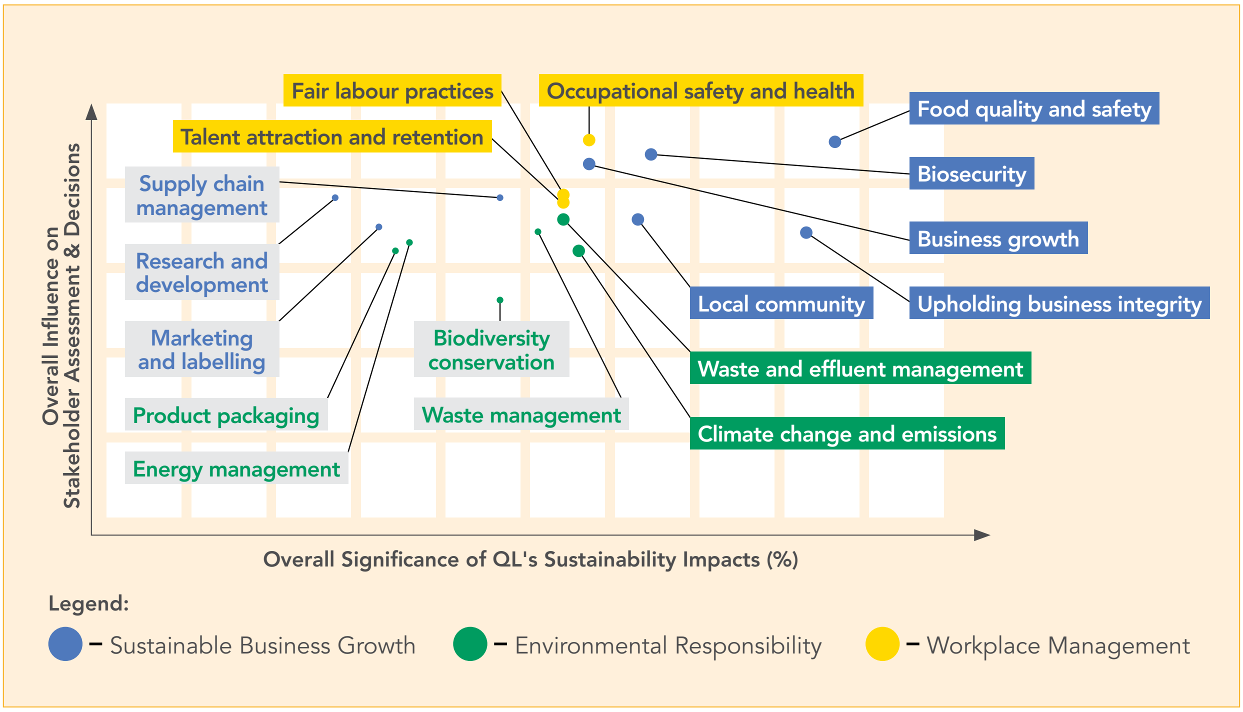

***Diagram 4**: Materiality Matrix*

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

Our Material Matters across the three Themes		Integrated Livestock Farming (ILF)	Marine Products Manufacturing (MPM)	Palm Oil Activities (POA)
Sustainable Business Growth	Business growth	✓	✓	✓
	Food quality and safety	✓	✓	
	Biosecurity	✓		
	Upholding business integrity	✓	✓	✓
	Local community	✓	✓	✓
Environmental Responsibility	Waste and effluent management	✓	✓	✓
	Climate change and emissions	✓	✓	✓
Workplace Management	Fair labour practices	✓	✓	✓
	Occupational safety and health	✓	✓	✓
	Talent attraction and retention	✓	✓	✓

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

4. MANAGING SUSTAINABILITY

As QL grows, we will continue to uphold integrity and embody the value of creating shared value for the benefit of all. To realise this, sustainability is at the very core of QL, interwoven into our daily operations. We are adamant that meaningful strategy to drive long-term corporate growth and profitability can only be achieved through the inclusion of economic, environmental and social concerns within the operating model.

4.1 Sustainable Business Growth

QL is a sustainable and scalable agro-food corporation. We are among the largest producers of eggs and surimi in Southeast Asia, and have activities in palm oil and biomass clean energy.

Driven by our Vision to be the preferred global agro-based enterprise, we strive to drive long-term corporate growth and profitability while considering EES impacts. We are committed to being the champions in our business pillars to contribute to the nation building of Malaysia.

4.1.1 Business Growth

QL subscribes to the philosophy of continued business growth. We regularly evaluate the key areas across our business pillars, looking at demand against a backdrop of market direction to identify segments which have greater room for growth, and segment which we are optimistic positively contribute to QL's business growth vision. These identified areas of growth will be fuelled with capital and manpower to capitalise on opportunities.

As with the past years, our future will be powered by consistent and prudent investment into identified areas of opportunities and efficiency improvement. The growth experienced to-date is due to the investment undertaken previously. We have identified Food downstream activities, Poultry integration and Marine integration to be focal points that can propel growth given the right support; we will continue to invest judiciously to drive business growth.

The table below outlines Capex in the last five years to ensure uninterrupted business growth.

Table 2: *Total amount of Capex*

Additions to non-current assets

2015	2016	2017	2018	2019
RM268 million	RM259 million	RM323 million	RM346 million	RM307 million

Whilst we are focused on driving growth, we are also prudent when undertaking and implementing expansion plans. Agro-food sector is a demanding business. It exacts capital, care and caution with its numerous challenges that range from business and climate change, consumer sentiments and perception, food quality and safety to availability of resources.

We detail the challenges faced by QL business units in the management discussion and analysis.

Further reading on this can be found on page 28 to 37

Sustainability Statement

4.1.2 Food Quality & Safety

Our responsibility as an agro-producer is to ensure that the quality of our products are safe for consumption before being delivered to consumers. At ILF and MPM, we practise stringent quality controls and promote food safety.

To ensure confidence in our practices amongst our customers and consumers, we have obtained food quality and safety certifications across various production lines. We select the finest raw materials for our food processing and place strict controls in all production processes to ensure that our products meet certification standards. Our processes are subject to regular internal reviews and external assurance. Below is the list of our current certifications.

***Table 3**: List of current certifications*

Name of certification	Nature of certification	Processes certified
Makanan Selamat Tanggungjawab Industri ("MeSTI") certification (*in English: Food Safety is the Responsibility of the Industry*)	A MeSTI certification indicates that QL meets the requirements of the Malaysian Food Safety Regulations 2009, including the establishment of internal processes and controls to ensure food hygiene. The certification is offered under the jurisdiction of the Ministry of Health Malaysia.	ILF and MPM production sites
Malaysian Good Agricultural Practices ("MyGAP") for poultry farming	MyGAP certification is granted under the jurisdiction of the Ministry of Agriculture and Agro-based Industry Malaysia. The practice comprises biosecurity sanitation, as well as waste and pollution management.	ILF
Good Manufacturing Practice ("GMP")	GMP requires sanitary considerations in food processing, as well as the application of standard food processing steps. This includes cleanliness of food premises, equipment and utensils, correct construction and layout of the food premises, as well as adequate maintenance of equipment and utensils. Certification in GMP is internationally recognised.	ILF
Hazard Analysis and Critical Control Points ("HACCP") certification	HACCP is an internationally-recognised management system that promotes the identification of potential biological, chemical and physical hazards in the food production process.	ILF for the production of washed and chilled shell eggs and MPM
ISO 22000:2005 certification	An ISO 22000:2005 certification demonstrates that QL has food safety management systems in place. ISO 22000:2005 is applied worldwide. As part of the management system, food safety issues are effectively communicated to suppliers, customers and other relevant parties.	ILF for the production of washed and chilled shell eggs
Food Safety System Certification 22000 ("FSSC 22000")	A FSSC 22000 certification is recognised by the Global Food Safety Initiative (GFSI). Its framework is based on ISO 22000.	MPM
Halal Certificate of Authentication	The certification indicates that the food we produce is compliant with Islamic Law and Malaysian Halal Standard, approved by the Halal Certification Panel of the State Religious Department.	ILF and MPM

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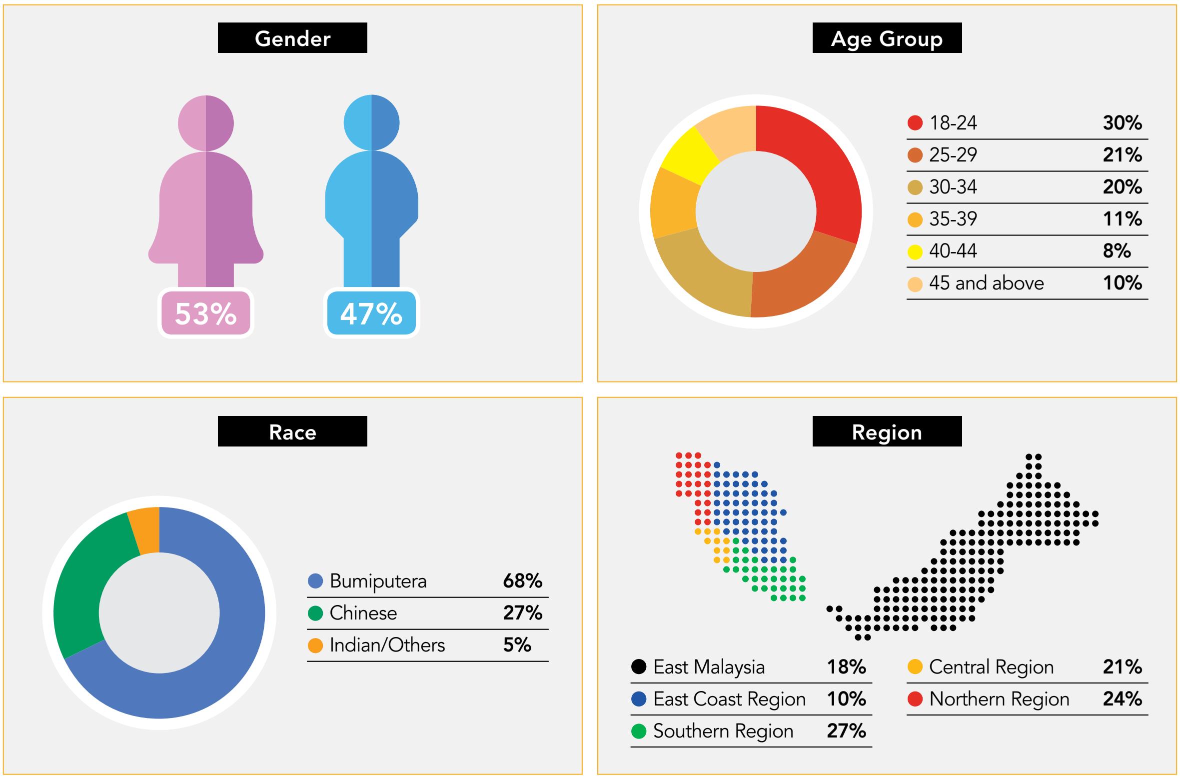
Managing food safety and quality is not an easy feat and requires rigorous internal controls and oversight in the food processing and packaging process, as well as regular training. Included in our food quality and safety processes are stringent screenings to identify any potential physical, chemical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

In FY2019, we conducted a study on Malaysian consumers perception through an online survey; the survey participants are consumers who have used MPM products in the past three months. The findings are shown below:

These are the consumer demographic segments of the study.



Base = 424 respondents who have used Figo or Mushroom brand frozen packaged food in the past 3 months

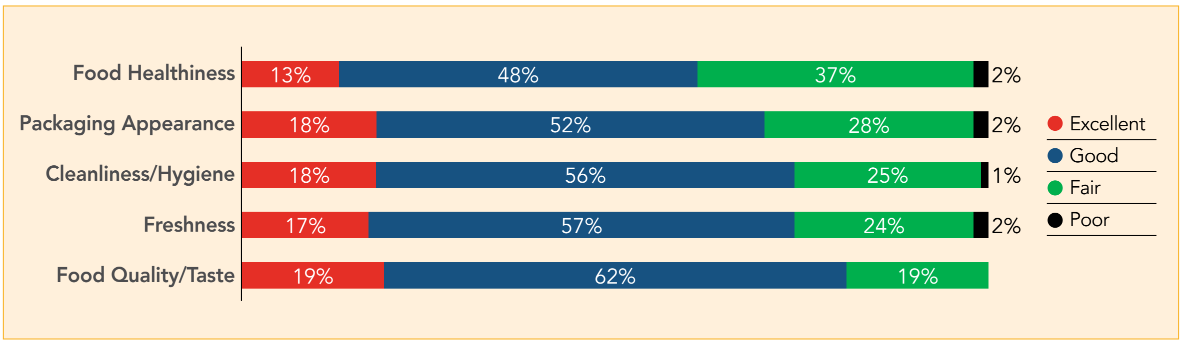


***Diagram 6**: Consumer Ratings*

In summary, almost 100% of consumers rate our products between Fair, Good to Excellent in areas of Food Quality and Taste, Freshness, Cleanliness/Hygiene, Packaging Appearance and Food Healthiness.

Sustainability Statement

4.1.3 Biosecurity

QL gives paramount importance to biosecurity in its effort to prevent and control diseases in the poultry farms. We acknowledge the risk of diseases spreading from one farm to another farm. Biosecurity measures will be stepped up whenever there is a disease outbreak in the region where our poultry farms are located.

Our biosecurity management programme is made up of a rating level based on the disease situation in a farm and its surrounding. There are four levels in the rating system.

At the lowest Level 1 where the farm and its surrounding of 10km radius do not have any major poultry disease outbreak, basic biosecurity programme will be undertaken. Vehicles and workers entering the farm as well production area will be disinfected. In addition, outside vehicles and visitors entering production area are prohibited. Visitors and workers who have visited other farms will be quarantined for a minimum three days. Farm premises will be disinfected weekly, while the empty house will be disinfected twice and lastly, there will be a rest period before the arrival of day-old chicks. Serology is monitored regularly and day-old chicks from disease-free farm are purchased. Carcasses are burned in incinerator or buried within dump pit. Manure is processed into fertiliser or biogas.

Level 2 biosecurity is deployed at disease-free farm situated in a disease zone within its 10km radius. On top of controlling parameters at Level 1, Level 2 consists of a 7-day quarantine on workers who have returned from a suspected diseased farm. Farm premises are disinfected twice weekly with two times of rest period before the arrival of day-old chicks. Harvesting and eggs movement are not allowed to go through the infected area and vehicles are disinfected before entering farm.

Level 3 is assigned to farm having major disease outbreak. It involves disinfecting two times longer at double the disinfectant concentration on vehicles. A minimum seven days of quarantine period for visitors and workers who have visited other farm will be required. Workers' movement to other farms within 10km radius is prohibited. Farm premises will be disinfected daily and empty house will be disinfected three times with double dose of disinfectant. Harvesting and eggs movement are not permitted within the 1km radius from major disease outbreak area and vehicles are disinfected before entering farm. Rapid tests for diseases will be conducted on every abnormal depletion as well as on day-old chicks intake. No day-old chicks are permitted within 1km radius of major disease outbreak area.

Level 4 is assigned to farm located within 1km radius from the avian influenza disease infected farm. On top of controlling parameters at Levels 1, 2 and 3, Level 4 disallows visitors to the farm and workers' movement to other farms. Empty house is disinfected four times with double dose of disinfectant, while there will be four times rest period before the arrival of day-old chicks. Harvesting, eggs movement and incoming day-old chicks are not permitted.

In order to designate the farm with the right biosecurity rating thus ensuring appropriate biosecurity measures are implemented, we gather information on poultry disease outbreak in the area where the farm is situated. We also conduct disease surveillance in our farms. Due to the Low Pathogenicity Avian Influenza (LPAI) 10km away from our farm, we have taken precautionary measures by assigning Biosecurity Level 4 for QL Poultry Farms Sdn. Bhd. for the period from September 2018 – December 2018 and the level has gradually reduced to level 3 as the area has been declared free of LPAI. However, we have assigned Biosecurity Level 1 to QL Breeder Farm Sdn. Bhd..

To ensure compliance with the biosecurity practices in the farm, our Headquarter unit called QL Poultry Centre of Excellence (QLPCOE) also conducted audit on biosecurity compliance in the farms. During this financial year, QL Poultry Farms Sdn. Bhd. received a score of 86% while QL Breeder Farm Sdn. Bhd. received a score of 78%. The QLPCOE audit report was tabled and discussed with the farm management.

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4.1.4 Upholding Business Integrity

Integrity is one of our four core values that form the foundation of our business activities; these four being integrity, win-win, teamwork and innovation. Upholding business integrity is the bedrock of our organisation. We do not accept a business if it means putting people at risk or engaging in unethical practices.

Adherence to QL's high standards of integrity is expected of every employee in every country where we do business. The expectations to remain dedicated to the values of transparency, integrity, impartiality and accountability in conducting the company's business and affairs are described in our Code of Conduct for our Directors, senior management and employees, and is available on QL website.

http://ql.com.my/corporate-governance.html

The code of conduct is communicated to all employees. All employees are given the appropriate induction training which covers the above. Employees are required to sign an undertaking to avoid and/or declare situation where there is conflict of interest.

QL also takes a very strong stand against bribery and corruption and has robust anti-corruption and anti-bribery policies and cultures integrated into our organisation. Reflecting our commitment to uphold integrity and prevent corruption in the conduct of our business, our major suppliers, contractors and other business associates are required to commit to adhere to our anti-corruption and anti-bribery policies and cultures by contractually agree to comply with these policies.

These policies include the prohibition of facilitation payments, zero-tolerance of any involvement in bribery or corruption, and robust policies on gifts, entertainment, and expenses and third-party representatives. This is supported by a whistleblowing policy. We encourage our stakeholders to lodge a report regarding any non-compliance activities without fear of retaliation. All complaints are investigated and such breaches can lead to disciplinary measures, including dismissal. In FY2019, there were no reported cases.

4.1.5 Commitment to Society/Community

As part of the nation and community, we realised that QL should also deliver positive impact on the well-being of the surrounding community in which we operate, and not be solely into profit making. We are committed in community involvement as a crucial step to being a good corporate citizen. Below are some key initiatives by QL which aim to contribute to socio-economy and the community:

Interest-Free Fishermen's Financial Assistance

This is a long-running community project by QL, which was developed to benefit the fishing communities mainly in Perak, Johor and Sabah. Source of capital is provided to fishermen to build, upgrade and modernise their fishing fleet. With such financial scheme provision, fishermen's fishing capabilities and livelihoods are seen to have improved radically. The scheme is also believed to have inadvertently created the respective regions' fishing economic activities that give rise to associated multiplier effects and socio-economic impact in rural fishing communities.

As of to-date, QL has provided interest free financial assistance to over 2,500 fishermen with a total of more than RM90 million disbursed since financial year 2017:

***Table 4**: Total amount of interest-free financial assistance*

	FY2017	FY2018	FY2019
No. of fishermen	828	798	911
Total amount of interest-free loan (RM)	32,375,903	29,658,835	28,048,893

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Encouraging local employment opportunity

Most of QL's manufacturing plants, poultry farms and deep-sea fishing sites are generally located away from the city or town, where there is no proper public infrastructure and facilities. These locales usually lack transportation services and stable-income job opportunities.

Having said so, the out-of-town locations have given us the chance to strengthen the local economy by creating more employment opportunities in the rural areas and the residents can have an improved livelihood.

See below for the number of employment opportunities made available and filled by local community:

***Table 5**: Number of Local Employment by Levels and % of Local Employment by Levels*

		% Local Employment by Levels				% Local Employment by Levels		
Location	FY2018 Local Employment	Senior to Middle Management	Executive	Non Executive	FY2019 Local Employment	Senior to Middle Management	Executive	Non Executive
Pajam, Seremban	152	3.29	7.24	89.47	153	3.92	5.88	90.2
Hutan Melintang, Perak	694	3.02	8.36	88.62	728	2.88	9.2	87.91
Endau, Johor	106	6.6	14.15	79.25	89	8.99	17.98	73.03
Kulai, Johor	127	7.88	23.62	68.5	147	6.8	25.17	68.03
Tawau, Sabah	217	4.61	6.91	88.48	173	6.94	8.09	84.97
Total	**1296**				**1290**			

Patriotism and care for the country

In May 2018, the Federal Government set up the "Tabung Harapan Malaysia" trust fund to accept monetary contributions from public who want to show their patriotism for the country by helping to alleviate the repayment of the country's debts.

QL Group contributed RM1 million to the trust fund as our token towards helping to restore the nation's economy. The contribution was motivated by QL's love and patriotism towards Malaysia and a desire to play a role for the betterment of the country.

4.2 Environmental Responsibility

Being a dominant player in the agriculture industry, QL Group is well aware of the importance of recognising its duties and responsibilities in managing waste and effluent. QL is conscious of the solid and liquid substances that are released into the environment from its operations in the form of waste, and taking steps to reduce these as far as possible, while also improving the quality of waste substances that are discharged and recycled in compliance with the required regulations.

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4.2.1 Waste and Effluent Management

i. Solid Waste

Hazardous and non-hazardous waste

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

Manure

In ILF, the main environmental issues are odour pollution and appropriate management and disposal of manure. Due to the significant footprint of our operations, waste management is a critical consideration for the long-term growth and sustainability.

In the effort to efficiently manage waste and with the aim of reusing our waste, QL invested in fermentation technology. The fermentation process converts the manure into organic fertiliser, to improve agricultural efficiency and mitigate environmental impacts. The fertiliser is either reused at our operations, or sold to neighbouring farms and plantations. The process is environmentally sound and generates income for the companies.

***Table 6**: Total amount of manure generated (tonnes) and % of manure converted into fertiliser at QL Poultry Farm Sdn. Bhd.*

QL Poultry Farm Sdn. Bhd.	FY2017	FY2018	FY2019
Total amount of manure generated (tonnes)	39,600	38,880	39,000
% of manure converted into fertiliser	56%	78%	90%

***Table 7**: Total amount of manure generated (tonnes) and % of manure converted into fertiliser at QL Breeder Farm Sdn. Bhd.*

QL Breeder Farm Sdn. Bhd.	FY2017	FY2018	FY2019
Total amount of manure generated (tonnes)	148	302	594
% of manure converted into fertiliser	60%	60%	85%

ii. Liquid Waste

Wastewater

Water treatment plants in MPM and POA ensured that all wastewater from our operations were treated before it is discharged in compliance to respective Department of Environment requirements including but not limited to Biochemical Oxygen Demand ("BOD"), Chemical Oxygen Demand ("COD"), Suspended Solids, Oil & Grease.

In MPM, high volumes of wastewater are generated from the food manufacturing processing, and in particular at QL Foods Sdn. Bhd. as it is the largest processor of surimi-based products in QL's MPM pillar.

In FY2019, QL Foods Sdn. Bhd. has increased their wastewater treatment capacity from 2200m^3/day to 3600m^3/day in line with the increase in production capacity.

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***Table 8**: Total amount of wastewater generated (m³) at QL Foods Sdn. Bhd.*

	FY2017	FY2018	FY2019
Total amount of wastewater generated (m^3)	255,956	264,836	309,688

The effluent from POA operations are discussed in the section shown below.

Palm Oil Mill Effluent ("POME")

Primary effluents from our palm oil mills are the palm oil mill effluent ("POME"). POME is wastewater discharged from processing Fresh Fruit Bunches ("FFB"). In its raw form, POME contains oil, plant debris and nutrients, giving it, amongst others, a high BOD. In FY2019, our operations generated 249,973 tonnes of POME.

***Table 9**: Total amount of POME generated (tonnes) at QL Plantation Sdn. Bhd.*

	FY2017	FY2018	FY2019
Total amount of POME generated (tonnes)	201,580	254,967	249,973

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

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

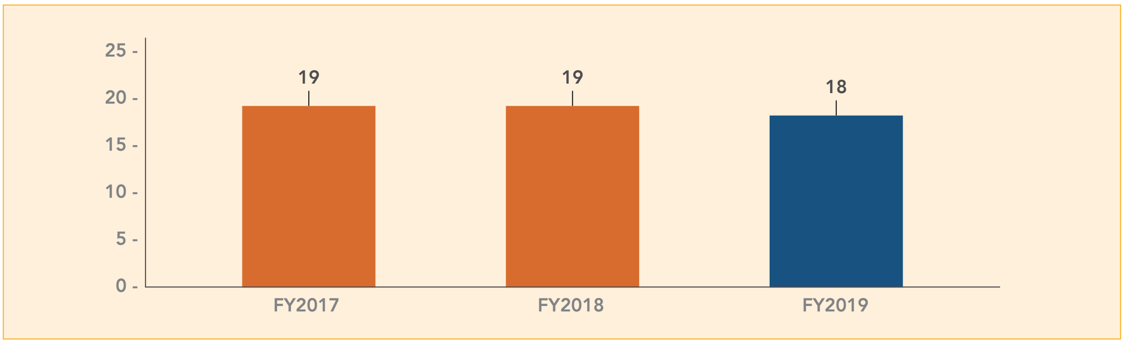

***Diagram 7**: Average reading of BOD in POME (mg/L) at QL Plantation Sdn. Bhd.*

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4.2.2 Climate change and Emissions

In the agro-food industry, QL group depends greatly on climate patterns and seeks to anticipate and effectively respond to its impact. Understanding the importance of balancing efforts in this area with its business activities, QL strives to manage our emissions into air, including odour from our farms.

Climate change

Climate change is exacerbating the challenges faced by the agriculture sector. ILF, MPM and POA acknowledge that global warming poses a risk to our operations. In recent years, we have experienced changes in weather patterns with periods of extreme heat and increased dryness, as well as unusually heavy rainfall. These affect each of our business pillars, causing changes in fish cycles, affecting the health of our poultry layers, and FFB production. We ensure our operations are well-equipped and informed to respond efficiently to extreme weather patterns, as well as reviewing our environmental impact.

Greenhouse gas (GHG) emissions have increased dramatically over the last century, leading to unprecedented atmospheric concentrations of carbon dioxide (CO_2), methane and nitrous oxide (N_2O).

GHG emissions are generated in the course of our operations at each stage at ILF, MPM and POA, including Scope 1 and Scope 2 emissions. Scope 1 emissions are generated primarily from fuel consumed by our machinery and vehicles, while Scope 2 emissions are generated mostly from electricity consumption. We see GHG emissions as a significant contributor to global climate change and are committed to reducing our Scope 1 and Scope 2 emissions.

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

http://ql.com.my/environment.html

Other efforts to reduce energy consumption from non-renewable sources include re-using biomass residue in various areas of operations such as re-use of fibres to fuel boilers at POA.

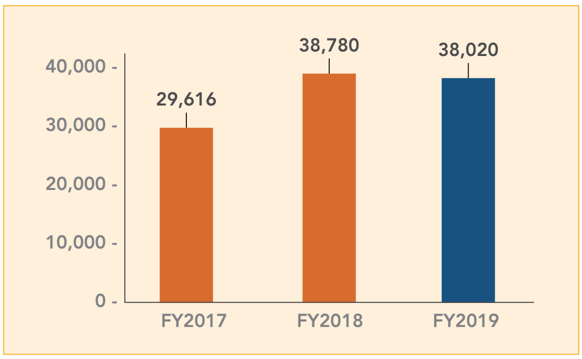

***Diagram 8**: Total GHG emissions reductions in tonnes of CO_2e as a result of utilisation of the biogas plant at QL Plantation Sdn. Bhd.*

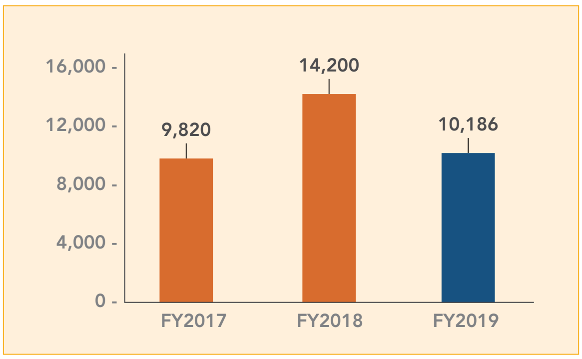

***Diagram 9**: Total renewable energy produced from biogas plant (MW) at QL Plantation Sdn. Bhd.*

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Odour management

Odour pollution from manure is a significant area of concern at ILF. To reduce odour emitted from our operations, Closed House System adopted by all our farms with ventilation system consists of fan system, air inlets, evaporative cooling system, temperature control and thermostats.

We utilise fermentation technology to convert the manure into organic fertiliser. A designated deodorising system is installed and utilises microbes to neutralise the odour of the emitted gas to a minimum.

In addition, ILF actively engages Air Quality and Odour Management consultants to frequently test air quality surrounding poultry sites. If any areas of concern are raised by consultants, we respond immediately. Our efforts in Odour Management are recognised and acknowledged by Ministry of Agriculture and Agro-based Industry Malaysia. Our poultry farm in Negeri Sembilan was awarded "Outstanding Environmentally Friendly Farm in the Malaysia Poultry Industry Awards 2018".

4.3 Workplace Management

QL fully recognises that our employees form an integral part of the Group's success. Continuously striving to embrace equal employment opportunities at the workplace, we seek to foster a positive and supportive work environment that focuses on engaging our employees in dialogue sessions on their needs, as well as enabling our people to improve and enhance their skill sets.

4.3.1 Fair Labour Practices

Believing that there is strength in diversity, we strive to ensure that our workforce comprising employees with diverse skill sets and experiences are treated with dignity and respect. We ensure that our employees are free from unlawful discrimination; irrespective of nationality, ethnicity, position, religion, age or gender.

Human right practices

Across our Group of businesses consisting of ILF, MPM and POA, we work towards observing and complying with the following human right practices:

- Forced or involuntary labour is prohibited. Employees are free to leave the employment upon having served the notice period as stated in the employment contract.
- Sexual harassment, verbal abuse and other forms of intimidation are strictly prohibited.
- Decent treatment of our foreign workforce by ensuring the well-being and welfare of our foreign workers are being taken care of. We ensure our compliance with the minimum wage act and provide free coverage in terms of accommodation, basic amenities, medical benefits, insurance and the bearing of levy fees.

Diverse workforce

ILF, MPM and POA continue to foster diversity in employment by cultivating an inclusive culture of valuing employees with differing talents and experiences. We continue to hire, support the developments and advancements of our people based on merits and without discrimination on the grounds of age, gender, national origin, ethnicity or any other forms.

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Our employee statistics across the three business pillars are illustrated as follows:

ILF

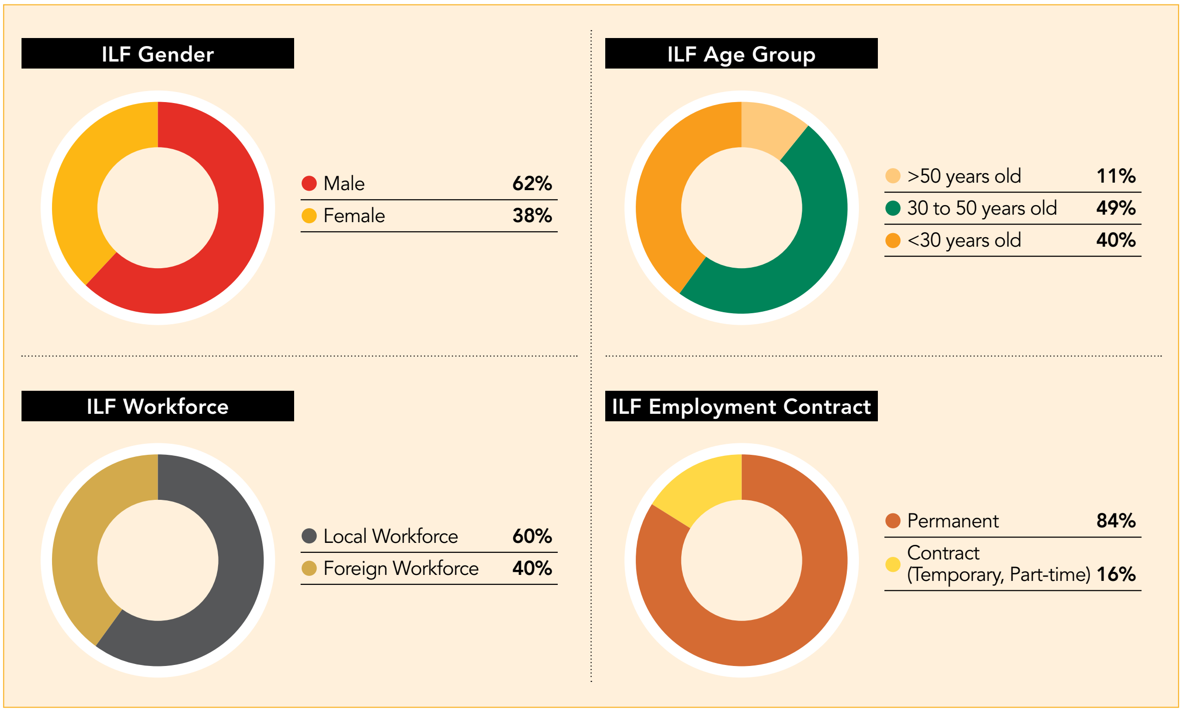

***Diagram 10**: Employee statistics at Integrated Livestock Farming (ILF)*

MPM

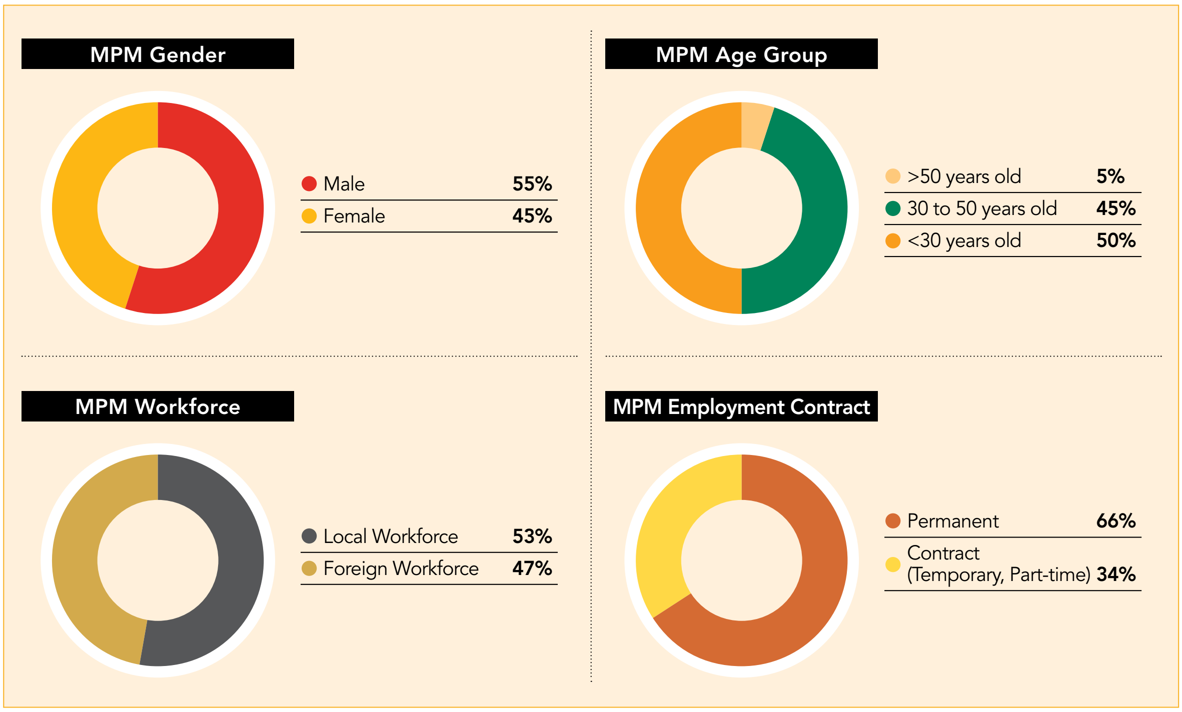

***Diagram 11**: Employee statistics at Marine Products Manufacturing (MPM)*

Sustainability Statement

POA

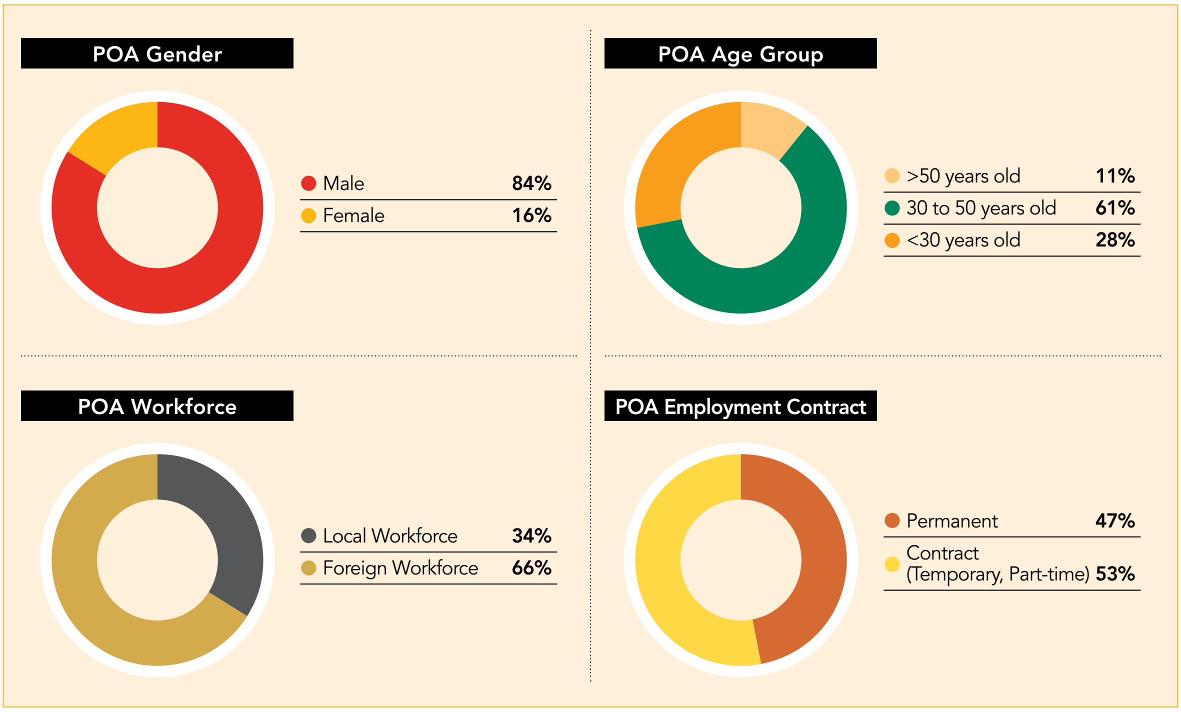

***Diagram 12**: Employee statistics at Palm Oil Activities (POA)*

Occupational safety and health

Across the Group, QL is fully committed to ensuring that the occupational safety and health of all our people at every business site is managed well. This commitment helps us to have a sustainable business with minimal disruption to daily operations and in turn enhance sustainable relationship with our people.

Safe and healthy environment is a key emphasis that is outlined in the QL Code of Conduct.

We are committed to providing a drug-free, safe and healthy work environment. Using or being under the influence of alcohol or illegal drugs whilst at work is strictly prohibited, and smoking is restricted to designated areas.

Our employees are being periodically reminded of their responsibility to comply with our health and safety regulations.

We continuously strive to build a safe and healthy workplace culture through internal controls and processes, safety measures and practices that are being promoted within the workplace. The safety committee in the respective subsidiary plays an active role in promoting safety practices and initiatives, monitoring and ensuring compliance with local regulations.

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QL strives to work towards continuously improving our safety performance reporting. This year, we have evolved our safety reporting across sites to report on incident rate as opposed to providing the number of recordable injuries. The change of reporting incident rate is to provide more detailed insights of our safety performance across all sites and across all three business pillars.

The table below summarised the three business pillars safety performance incident rate over the last three financial years based on reportable accidents to Department of Safety and Health (DOSH). The formula of incident rate computation is as per the Notification of Accident, Dangerous Occurrence, Occupational Poising and Occupational Disease Form (JKKP 8 (1)/(IV).

***Table 10**: Incident Rate by Business Pillars*

	Incident Rate		
Business Pillars	**FY2017**	**FY2018**	**FY2019**
MPM	5.26	6.90	7.16
ILF	5.43	5.21	2.75
POA	9.39	7.28	0.00

Overall the year-on-year average for the period of FY2017-FY2019, the average incident rate in the ILF and POA business pillars has registered reductions. However, for our MPM business pillar, there was a slight increase of incident rate for the period of FY2017-FY2019. Additionally, across the QL group of businesses, we continue to have zero fatality.

QL Group remains committed to ensuring that all QL sites are accident-free workplace. Among some of the actions taken by the various businesses to improve workplace safety and prevent incidences at the workplace are:

- The OSHA committee members are required to undergo training to better understand and be well equipped on the crucial roles and responsibilities that they play in ensuring all employees observe a high level of work safety standards.
- OSHA committee members are tasked to perform workplace hazard analysis to enhance safety standards and safe work practices.
- New and existing employees are required to undergo safety orientation and yearly safety refresher trainings. Critical task safety refresher trainings such as for chemical handling and safe forklift operating practices are also carried out on a yearly basis.

4.3.2 Occupational Safety and Health Training

In each of our business pillars, we focus on strengthening awareness, educating and encouraging our people to ingrain a Health, Safety and Environment (HSE) mind-set and habit. We embed the importance of this in our awareness briefings and training programmes for our employees.

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Below, we illustrate some of the FY2019 HSE (Health, Safety and Environment) awareness briefings and trainings undertaken across our three business pillars. The list below is not exhaustive.

***Table 11**: Occupational safety and health training at ILF, MPM and POA*

Name of Training	Purpose of Training
General Safety Awareness Training for all employees	
Safety Awareness Briefing	Provide toolbox safety briefings to reinforce practising safe working behaviours and in compliance with all safety measures and standards set by QL.
Safety Awareness Training	Cultivate safety culture and reinforce safety awareness to enable safe work habits and to comply with QL safety practices and SOPs, as well as legislative and regulatory requirements.
Ergonomics Training	Raise awareness of ergonomics hazard to reduce exposure to work hazards. Help employees to work right by minimising working in uncomfortable postures and using excessive force to complete a task.
Road Safety Training	Raise awareness of road safety hazards and prevention of road accidents.
Safety Training for employees representing committees (OSHA, ERT, First Aiders)	
Occupational Safety Health Administration (OSHA) Training	Equip committees to better understand and execute their roles and responsibilities to ensure high standards of work safety observed and practised at the workplace.
Emergency Response Team (ERT) Training	Prepare the committees to respond effectively to any emergency situation. Training exercise and drills are practised to help committees better understand and evaluate their abilities to carry out their assigned roles and responsibilities effectively.
First Aid Training	Enable appointed first aiders to understand their responsibilities as a first aiders and skilfully response to situations requiring first aid treatment. Where further medical treatment is required, helps to preserve life until the arrival of medical assistance.
Task Related Trainings specifically when performing and handling critical tasks	
Forklift Operator Training	Safe way in operating a forklift, understanding common forklift hazards, risk management on the operation of a forklift.
Radiation Protection Officer Training	Equip employees with knowledge on the license requirements, regulations and expectations related to Atomic Energy Licensing Act (Act 304). Ensure employees are well prepared on any radiological emergency and have the ability to respond effectively.
Wastewater Treatment Plant Training	Ensure employees understand the process and operations of wastewater treatment plant, as well as the roles of the treatment plant operator, basic treatment processes, characteristics of wastewater and the regulations.
X-ray & Metal Detector Machine	Provide guidance and briefing on the operations of the X-ray & Metal Detector Machine.

4.3.3 Talent Attraction and Retention

QL's human capital goal is to attract, build and retain an engaged, performing, capable and sustainable organisation talent, with pipeline to deliver on our business needs.

In line with our QL values, we place great emphasis on hiring, developing and retaining high-performing talents. We strongly encourage our talents to embrace and embody the QL culture and value of benefitting all in every decision and action.

Sustainability Statement

QL talent retention approach includes providing employees with a competitive remuneration package and offering a suite of benefits that are benchmarked against market practices.

Aside from retaining our employees, QL values long-serving employees who have tirelessly and positively contributed to the ongoing success of our business. Our employees who have attained the achievement milestones based on their service years of 5 years, 10 years, 15 years, 20 years, 25 years and currently up to 30 years are being recognised with the long service award.

Continuously, year after year, QL endeavours to improve and enhance our people practices, to achieve a long term and sustainable success for the entire QL group.

Training and development

QL's sustained business success relies on having capable and competent employees equipped with the relevant knowledge, skills and experiences.

Continuous focus and efforts in growing and enhancing our employees' knowledge, skills and competencies are an essential part of our human capital plans at each of our business units. Our training and development programmes focusing on both the soft and technical skills are identified and carried out by each business unit. Huge emphasis is also given to on-the-job training and coaching.

Across the group, the Leadership Development (LEAD) Programme and Accelerated Learning Process continues to form the cornerstone of our employees' soft skill and talent development. Our LEAD Programme has been designed around the concept of managing self, managing people and managing the business. Participation in specific LEAD courses is based on job level.

In FY2019, across the group, we focused on the development and progress of our talent who are in junior management. A total of 39 Assistant Managers and Senior Executives were identified to undergo an assessment where they completed an online assessment consisting of various case studies or scenarios as well as a personality assessment. The assessment enabled QL to develop existing talents towards the creation of a pool of talent for management roles in the future. Additionally, the assessment helped QL to identify employees' potential early in their career path. Participants of the assessment were also provided with feedback and personalised development actions to enable them to start building leadership capabilities. The participants' development is supported by the LEAD Programme.

Performance and career development review

The Management across the three business pillars provides timely on-the-job feedback to enable employees manage better as well as perform more efficiently and effectively. On top of that, it also allows the Management to evaluate the employees' work performance. In order to achieve this, the Management is often seen on the grounds to supervise and provide immediate feedback to the employees.

The structured appraisal process performed annually encourages a more formal two-way communication between Managers and Employees; to recognise employees' work performance, provide constructive feedback, identify and support required developmental needs. All full-time permanent local employees ranging from Non-Executive to Senior Management are required to undergo the structured appraisal process.

On an annual basis, QL continuously seeks to improve the performance appraisal systems by ensuring that the linkage between work performance and rewards is fairly adjusted, career development discussions and support required to perform the job better are also fairly reflected in each of our employees' performance evaluation. The rewards given to deserving and performing employees are merits-based, with inputs of the performance review.

Corporate Government Overview Statement

The Board of Directors of QL Resources Berhad is pleased to present this Corporate Governance ("CG") Overview Statement to provide shareholders and investors with an overview of the CG practices of the Company during the financial year ended 31 March 2019. This overview takes guidance from the three key principles as set out in the Malaysian Code on Corporate Governance 2017 ("MCCG").

To ensure the Company continues to adopt the best CG practices, the Board conducts annual reviews of its practices with reference to the MCCG. This review was conducted in February 2019 where the Board reviewed the Gap Analysis Report on the departures and plans to apply them.

As at 31 March 2019, the Company applied/adopted 32 out of the total of 36 recommended practices in the MCCG 2017. The explanations on departures are disclosed in the CG Report.

This statement is to be read together with the CG Report of the Company. The Company's detailed application of each practice is disclosed in the CG Report which is available on QL's website.

http://ql.com.my/corporate-governance.html

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

I. Board Responsibilities

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

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

Corporate Governance Overview Statement

The members of the Board and Board Committees have discharged their roles and responsibilities in financial year 2019, through their attendance at the meetings of the Company as set out in the table below:-

	Board of Directors	Audit Committee	Risk Management Committee	Nominating Committee	Remuneration Committee
Non-Independent Executive Directors					
Dr. Chia Song Kun (Executive Chairman)	7/7	-	5/5	-	-
Chia Song Kooi (Group Managing Director)	7/7	-	5/5	-	-
Chia Seong Fatt	7/7	-	-	-	-
Chia Mak Hooi	6/7^	-	5/5	-	-
Cheah Juw Teck	6/7^	-	-	-	-
Alternate Directors					
Chia Seong Pow	7/7	-	-	-	-
Chia Song Swa	6/7@	-	-	-	-
Chia Lik Khai	7/7	-	-	-	-
Independent Non-Executive Directors					
Chieng Ing Huong, Eddy	7/7	6/6	5/5	4/4	2/2
Tan Bun Poo, Robert	7/7	6/6	5/5	4/4	2/2
Prof. Datin Paduka Dato' Dr. Aini Binti Ideris	6/7*	5/6*	4/5*	-	-
Kow Poh Gek [1]	7/7	6/6	5/5	2/2	1/1
Chan Wai Yen, Millie [2]	7/7	3/3	2/2	-	-
Cynthia Toh Mei Lee [2]	7/7	3/3	2/2	-	-

Notes:
1 Appointed as Nominating and Remuneration Committee member on 27 August 2018.
2 Appointed as Audit and Risk Management Committee member on 27 August 2018.
^ They could not attend the ad hoc Board meeting due to other commitments.
@ He was on medical leave.
* She could not attend one of the meetings due to another official meeting overseas.

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

Further details pertaining to the Board Charter and Code of Conduct are set out in the CG Report.

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

Corporate Governance Overview Statement

II. Board Composition

The Board comprised of six Independent Non-Executive Directors, five Executive Directors and three Alternate Directors to Executive Directors. Of the six Independent Directors, four were women. With the current composition, the Board feels that its members have the necessary knowledge, experience, requisite range of skills and competence to enable them to discharge their duties and responsibilities effectively.

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

III. Remuneration

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

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

The Group remains committed in ensuring that we attract, retain and develop the best talents in the industry. The Talent Management and Learning Development process who we partnered with in 2016 continues until today.

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

I. Audit Committee

On 27 August 2018, Ms. Chan Wai Yen, Millie and Ms. Cynthia Toh Mei Lee were appointed as members of the Audit Committee ("AC"). The AC comprised six Independent Non-Executive Directors. The AC is chaired by an Independent Non-Executive Director.

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

II. Risk Management and Internal Control

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

Corporate Governance Overview Statement

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

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

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

I. Communication with Stakeholders

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

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

The Board aims to present a balanced and understandable assessment of the Company's and the Group's position and prospects in the various financial and non-financial information to shareholders, investors and regulatory authorities. As such, the Board will consider various approaches to develop a strategic corporate reporting standard.

II. Conduct of General Meeting

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

The voting at the 21st AGM was conducted through electronic voting system. The Company is exploring leveraging on technology to enhance the quality of engagement with its shareholders and facilitate further participation by shareholders at the AGMs of the Company.

The Board has deliberated, reviewed and approved the Corporate Governance Overview Statement on 5 July 2019.

Audit Committee Report

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

MEMBERSHIP

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

Chieng Ing Huong, Eddy	Chairman/Senior Independent Non-Executive Director
Tan Bun Poo, Robert	Member/Independent Non-Executive Director
Prof. Datin Paduka Dato' Dr. Aini Binti Ideris	Member/Independent Non-Executive Director
Kow Poh Gek	Member/Independent Non-Executive Director
Chan Wai Yen, Millie	Member/Independent Non-Executive Director
Cynthia Toh Mei Lee	Member/Independent Non-Executive Director

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

ATTENDANCE AT MEETINGS

During the financial year, the Committee held a total of six (6) meetings. Details of attendance of the Committee members are as follows:

Name of member	Number of meetings attended
Chieng Ing Huong, Eddy	6/6
Tan Bun Poo, Robert	6/6
Prof. Datin Paduka Dato' Dr. Aini Binti Ideris	5/6
Kow Poh Gek	6/6
Chan Wai Yen, Millie	3/3*
Cynthia Toh Mei Lee	3/3*

* Appointed on 27th August 2018.

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

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

Audit Committee Report

SUMMARY OF ACTIVITIES OF THE AC:

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

A) FINANCIAL STATEMENTS AND CORPORATE GOVERNANCE

1. Reviewed and recommended the Quarterly and Annual Financial Statements of the Company and Group (including announcements to Bursa Malaysia Securities Berhad) for Board's approval, focusing particularly on:

   - the appropriateness and relevance of accounting policies and practices adopted and their application;
   - any significant changes to the basis of preparation of the financial statements or new accounting standards adopted during the year which impacted the results or financial position of the Group;
   - the compliance with financial reporting standards and other regulatory or legal requirements;
   - any amendments to listing requirements and changes in the Companies Act;
   - disclosure of related party transactions; and
   - significant accounting matters involving management's judgments or estimates, unusual events or transactions during the year or subsequent to year-end.

2. Reviewed recurrent related party transactions of a revenue or trading nature which are necessary for the day-to-day operations in the ordinary course of business of the Company and its subsidiaries to ascertain that, these transactions were undertaken on normal commercial terms and within the mandate given by shareholders.

3. Reviewed the Circular to Shareholders in respect of the proposed shareholders' mandate for recurrent related party transactions and proposed new mandate for additional recurrent related party transactions of revenue or trading nature.

4. Reviewed non-current related party transactions to ascertain that it was undertaken at arms' length and was in the best interest of the Company.

5. Reviewed and recommended the Statement on Corporate Governance, AC Report and Statement on Risk Management and Internal Control, to the Board for its approval.

6. Reviewed the Terms of Reference of the AC.

B) INTERNAL AUDIT

1. Reviewed the Annual Internal Audit Plan which included the methodology, manpower requirement and proposed audit activities planned.

2. Reviewed the overall performance of the outsourced internal auditor to ensure their effectiveness in meeting audit objectives and professional standards.

3. Reviewed and deliberated the internal audit findings and observations arising from planned and ad-hoc audit and considered their recommendation to Management for improvement in internal control process.

4. Discussed with Internal Auditor pertaining to follow-up review and corresponding corrective actions taken by Management on audit issues to ensure that all the key risks and control lapses have been addressed.

Audit Committee Report

C) EXTERNAL AUDIT

1. Reviewed with the External Auditors:-

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

2. Assessed the objectivity, and independence of the External Auditors in carrying out their audit during the financial year and this included their appointment for non-audit services.

3. Evaluated the performance and competency of the External Auditors and recommended their re-appointment to the Board of Directors.

4. Met with the External Auditors on 24 May 2018 and 28 February 2019 without the presence of the Executive Directors and Management, to review on any concerns/issues affecting their audit, including the level of cooperation rendered by Management relating to their access to financial information and accounting records.

5. Reviewed and recommended the appointment of the Company's External Auditors for the provision of non-audit services, after assessing and considering the following:-

   - The nature of the non-audit services by the external auditors or its affiliates and fees paid for such services relative to the audit fee;
   - The scope of work as required are permitted under the Malaysian Institute of Accountants By-Laws; and
   - The services would not impair their independence or there were safeguards against threat to the objectivity and independence of the audit arising from the provision of non-audit services or tenure of the external auditors.

INTERNAL AUDIT FUNCTION

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

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

Audit Committee Report

Activities

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

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

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

- Revenue control management, involving the assessment of the adequacy of controls over sales management, price setting and credit control management.
- Cost control management, involving the assessment of the adequacy of controls over procurement, inventory management; and asset management.
- Operational and compliance control management involving the assessment of the adequacy of controls over information technology, halal compliance, and warehouse controls.

During the financial year, the total cost incurred for the internal audit function is RM179,000.

Statement on Risk Management and Internal Control

BOARD'S RESPONSIBILITIES

The Board of Directors ("The Board") acknowledges their responsibility for maintaining a sound system of internal control covering financial and operational controls, compliance and risk management to safeguard shareholders' investments and the Group's assets.

There is an on-going review process by the Board to ensure the adequacy and integrity of the risk management and internal control system in accordance with the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers. However, the Board recognises the review of the Group's system of risk management and internal controls is a concerted and continuous process, designed to manage rather than eliminate the risk of failure to achieve business objectives. As such, internal controls can only provide reasonable and not absolute assurance against material misstatement or loss.

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

RISK MANAGEMENT

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

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

The terms of reference of RMU among others, are to:-

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

And the RMC is responsible for:-

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

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

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

Statement on Risk Management and Internal Control

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

- Operational Risk

  The Group's policy is to assume operational risks that are manageable within its core business competencies. The operational risk management ranges from disease outbreak, power failure, food contamination, halal issues and environmental risks. The management of the Group's day-to-day operational risks are mainly decentralised at the respective business unit level and guided by Standard Operating Procedures.

- Financial Risk

  The Group is exposed to various financial risks relating to foreign currency exchanges and credit risks. These financial risks are mitigated through internal control processes and constant monitoring.

- Information Technology Risk

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

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

- Emerging and existing risks are identified by respective business units and are classified based on probability of occurrence and impact magnitude.

- Heads of business units undertake to update their risk profiles' worksheet on a quarterly basis.

- The risk profiles' worksheet, control procedures and status of action plans are reviewed for efficacy on a periodic basis by the Group Risk Management Manager together with the Heads of business units.

- On a quarterly basis, the RMU and RMC meet to review the risk profiles' worksheet and the progress of the action plans implemented. A risk management report summarising the high and significant risks and status of action plans are presented to the Audit Committee for review, deliberation and recommendation for endorsement by the Board of Directors.

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

- Key risks highlighted in the Risk Management Report will be used in developing internal audit plans.

- The Group Risk Management Manager will conduct an annual review of the ERM framework and its processes.

- The documented standard operating policies and procedures to ensure compliance with internal controls, laws and regulations, will be subjected to regular reviews and improvement.

Statement on Risk Management and Internal Control

INTERNAL CONTROL PROCESS

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

- The Board, Audit Committee, RMC and RMU meet on a quarterly basis to discuss strategic, operational, risk and control matters raised by the Management.
- The Board has delegated its responsibility to several committees and to the Management of the Company to implement and monitor designated tasks.
- The authority limits delineate authorisation limits for various level of management and matters reserved for collective decision by the Board to ensure proper identification of accountabilities and segregation of duties.
- Standard Operating Procedures are revised to meet the operational requirement, the business and statutory reporting needs when necessary.
- Performance reports are provided to the Executive Committee and the Board for review and deliberation.
- Heads of business units present their strategies, annual budgets and capital expenditure proposals to the Executive Committee and the Board for deliberation and approval.
- The review of strategy and annual budget is undertaken by Management on half yearly basis.

INTERNAL AUDIT

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

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

- Revenue control management, involving the assessment of the adequacy of controls over sales management, price setting and credit control management.
- Cost control management, involving the assessment of the adequacy of controls over procurement, inventory management and asset management.
- Operational and compliance control management involving the assessment of the adequacy of controls over information technology, halal compliance, and warehouse controls.

Statement on Risk Management and Internal Control

CONCLUSION

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

There have been no significant breakdowns or weaknesses in the system of internal control of the Group for the financial year under review. The Group continues to take the necessary measures to ensure that the system of internal control is in place and functioning effectively.

The Group's system of internal control applies to QL Resources Berhad and its subsidiaries. Associated companies have been excluded because the Group does not have full management and control over them. However, the Group's interest is served through representations on the boards of the respective Associated companies.

This Statement on Risk Management and Internal Control was approved by the Board on 5 July 2019.

Additional Compliance Information

OTHER INFORMATION

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

The shareholders of the Company approved the Proposed Renewal of Shareholders' Mandate for RRPT of a revenue or trading nature during its AGM held on 28 August 2018.

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

(b) Share Buy Back

The shareholders of the Company approved the Proposed Renewal of Share Buy Back Authority during its AGM held on 28 August 2018.

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

(c) Audit fees and Non-audit fees

The amount of audit fees and non-audit fees of the external auditors, for the financial year ended 31 March 2019 were as follows:-

	Audit fees		Non-audit fees	
	Group RM'000	Company RM'000	Group RM'000	Company RM'000
KPMG PLT Malaysia	1,513	130	111	111
Local affiliates of KPMG PLT Malaysia	-	-	88	-
Overseas affiliates of KPMG PLT Malaysia	241	-	68	-
Other auditors	348	-	-	-

ADDITIONAL COMPLIANCE INFORMATION

In compliance with Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the following additional information is provided:-

During the financial year under review, there were no:

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

Statement of Directors' Responsibility

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

In preparing those financial statements, the Directors have:

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

The Directors are responsible in ensuring proper accounting records are kept, which disclose with reasonable accuracy at any time the financial position of the Group and of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2016. The Directors are also responsible to take such steps to safeguard the assets of the Group and of the Company and hence, the prevention and detection of fraud and other irregularities.

FINANCIAL STATEMENTS

Directors' Report

For the Year Ended 31 March 2019

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 March 2019.

Principal activities

The Company is principally engaged in investment holding, whilst the principal activities of the subsidiaries are as stated in Note 35 to the financial statements. There has been no significant change in the nature of these activities during the financial year.

Subsidiaries

The details of the Company's subsidiaries are disclosed in Note 35 to the financial statements.

Results

	Group RM'000	Company RM'000
Profit for the year attributable to:		
Owners of the Company	216,779	101,178
Non-controlling interests	8,687	-
	225,466	101,178

Reserves and provisions

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

Dividends

Since the end of the previous financial year, the Company declared on 26 July 2018 and paid on 20 September 2018 a final single tier dividend of 4.50 sen per ordinary share totalling approximately RM73,010,000 in respect of the financial year ended 31 March 2018.

A final single tier dividend recommended by the Directors in respect of the financial year ended 31 March 2019 is 4.50 sen per ordinary share totalling approximately RM73,010,000 subject to the approval of the members at the forthcoming Annual General Meeting of the Company.

Directors' Report

For the Year Ended 31 March 2019

Directors of the Company

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

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

^ Resigned as alternate Director on 1 April 2019 and subsequently appointed as Director on 1 April 2019 respectively

Resigned as Director on 1 April 2019 and subsequently appointed as alternate Director on 1 April 2019 respectively

List of Directors of subsidiaries

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

Dr. Cecep Mohammad Wahyudin
Mr. Ahmad Azlam Bin Jikan
Mr. Ang Han Seng
Mr. Cheah Soon Hai
Mr. Cheah Yaw Song
Mr. Chia Che Keng
Mr. Chia Chw Pew
Ms. Chia Juak Sui
Mr. Chia Liek Kuen
Mr. Chia Song Phuan
Mr. Chia Song Pou
Mr. Chia Song Kang
Mr. Chia Soon Lai
Mr. Chia Tai Ling
Mr. Chia Teow Guan
Mr. Chua Chye Huat
Mr. Ding Lean Yew
Mr. Heng Hup Peng
Mrs. Juliet Kristianto Liu
Mr. Khoo Ng Hiong
Mr. Kristianto Kandi Saputro
Mr. Lee Kat Choy
Mr. Liew Meow Fook
Mr. Liu Sin
Mr. Mak Weng Kieng

Directors' Report
For the Year Ended 31 March 2019

List of Directors of subsidiaries (cont'd)

Mr. Noor Azman Bin Nordin
Mr. Saidi Widjaja
Mr. Sim Chin Swee
Mr. Tan Eng Hai
Mr. Tan Gek Len
Mr. Brahanuddin Bin Hussin (Appointed on 23 April 2019)
Dr. Ng Siew Thiam (Resigned on 9 July 2018)
Mr. Sim Ing Jye (Ceased on 14 September 2018)
Mr. Hussin Bin Markom (Deceased on 14 July 2018)

Directors' interests in shares

The interests and deemed interests in the ordinary shares of the Company and of its related companies (other than wholly-owned subsidiaries) of those who were Directors at financial year end (including the interests of the spouse and children of the Directors who themselves are not Directors of the Company) as recorded in the Register of Directors' Shareholdings are as follows:

	Number of ordinary shares			
	At 1.4.2018	**Bought**	**Sold**	**At 31.3.2019**
Shareholdings in the Company which Directors have direct interests:				
Chia Song Kun	877,500	-	-	**877,500**
Chia Song Kooi	1,131,000	-	-	**1,131,000**
Chia Seong Pow	2,860,000	-	(300,000)	**2,560,000**
Chia Song Swa	737,100	-	-	**737,100**
Chia Lik Khai	1,768,100	96,900	-	**1,865,000**
Chia Seong Fatt	631,800	-	-	**631,800**
Chia Mak Hooi	2,953,370	201,900	(200,000)	**2,955,270**
Cheah Juw Teck	2,602,515	103,200	(50,000)	**2,655,715**
Shareholdings in the Company which Directors have deemed interests:				
Chia Song Kun	695,727,248	2,343,600	(14,958,000)	**683,112,848**
Chia Song Kooi	3,173,040	-	-	**3,173,040**
Chia Seong Pow	199,962,631	2,318,300	(5,507,900)	**196,773,031**
Chia Song Swa	1,810,000	352,000	(52,000)	**2,110,000**
Chia Lik Khai	190,320	-	-	**190,320**
Chia Seong Fatt	197,775,653	2,307,000	(5,507,900)	**194,574,753**
Chia Mak Hooi	475,800	-	-	**475,800**
Cheah Juw Teck	1,100,000	-	-	**1,100,000**
Kow Poh Gek	9,230	-	-	**9,230**

Directors' Report
For the Year Ended 31 March 2019

Directors' interests in shares (cont'd)

By virtue of his interest in the shares of the Company, Chia Song Kun is also deemed interested in the shares of all subsidiaries disclosed in Note 35 to these financial statements to the extent that the Company has an interest. Details of his deemed shareholdings in non wholly-owned subsidiaries are shown in Note 35.1 to these financial statements.

The other Directors, Chieng Ing Huong, Tan Bun Poo, Professor Datin Paduka Dato' Dr. Aini Binti Ideris, Chan Wai Yen and Cynthia Toh Mei Lee holding office at 31 March 2019 did not have any interest in the ordinary shares of the Company and of its related companies during the financial year.

Directors' benefits

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than those fees and other benefits included in the aggregate amount of remuneration received or due and receivable by Directors as shown in the financial statements or the fixed salary of a full time employee of the Company or of related corporations) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest, other than certain Directors who have substantial financial interests in companies which traded with certain companies in the Group in the ordinary course of business as disclosed in Note 34 to the financial statements.

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

Issue of shares and debentures

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

There were no debentures issued during the financial year.

Options granted over unissued shares

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

Share buy-back

The shareholders of the Company, by an ordinary resolution passed in the Annual General Meeting held on 28 August 2018, renewed the Company's plan to buy-back its own shares.

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

Directors' Report

For the Year Ended 31 March 2019

Indemnity and insurance costs

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

	Amount paid RM	Sum insured RM
Directors and Officers Liability Insurance	25,000	20,000,000

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

Other statutory information

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

i) all known bad debts have been written off and adequate provision made for doubtful debts, and

ii) any current assets which were unlikely to be realised in the ordinary course of business have been written down to an amount which they might be expected so to realise.

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

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

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

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

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

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

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

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

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

In the opinion of the Directors, the financial performance of the Group and of the Company for the financial year ended 31 March 2019 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

Directors' Report

For the Year Ended 31 March 2019

Significant event

The significant event during the financial year is disclosed in Note 36 to the financial statements.

Subsequent event

The event subsequent to the end of the reporting period is disclosed in Note 38 of the financial statements.

Auditors

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

The auditors' remuneration is disclosed in Note 23 to the financial statements.

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

Chia Song Kun
Director

Chia Song Kooi
Director

Shah Alam

Date: 5 July 2019

Statements of Financial Position

As at 31 March 2019

		Group			Company		
	Note	31.3.2019 RM'000	31.3.2018 RM'000	1.4.2017 RM'000	31.3.2019 RM'000	31.3.2018 RM'000	1.4.2017 RM'000
Assets							
Property, plant and equipment	3	**1,961,370**	1,812,514	1,685,860	**58**	149	212
Investment properties	4	**21,980**	22,731	23,671	**-**	-	-
Prepaid lease payments	5	**54,122**	57,600	57,778	**-**	-	-
Intangible assets	6	**10,416**	10,617	11,068	**-**	-	-
Investment in subsidiaries	7	**-**	-	-	**1,211,786**	1,214,910	1,115,187
Investment in associates	8	**138,856**	131,257	116,156	**-**	-	-
Deferred tax assets	9	**12,802**	2,172	799	**-**	-	-
Other receivables	10	**11,851**	10,033	8,056	**302,900**	175,416	106,618
Total non-current assets		**2,211,397**	2,046,924	1,903,388	**1,514,744**	1,390,475	1,222,017
Biological assets	11	**184,451**	143,995	130,012	**-**	-	-
Inventories	12	**572,845**	376,289	405,728	**-**	-	-
Current tax assets		**29,336**	25,273	15,963	**948**	890	243
Trade and other receivables	10	**378,054**	383,986	378,597	**112,287**	127,724	158,347
Prepayments and other assets	13	**37,367**	22,530	27,648	**1,411**	1,637	626
Derivative financial assets	14	**298**	242	6,894	**-**	-	3,569
Cash and cash equivalents	15	**261,368**	304,028	306,907	**23,610**	10,096	10,013
		1,463,719	1,256,343	1,271,749	**138,256**	140,347	172,798
Assets classified as held for sale	16	**8,545**	7,042	110	**-**	-	-
Total current assets		**1,472,264**	1,263,385	1,271,859	**138,256**	140,347	172,798
Total assets		**3,683,661**	3,310,309	3,175,247	**1,653,000**	1,530,822	1,394,815
Equity							
Share capital		**620,025**	620,025	620,025	**620,025**	620,025	620,025
Reserves		**1,315,017**	1,184,544	1,145,862	**249,703**	223,764	224,172
Equity attributable to owners of the Company	17	**1,935,042**	1,804,569	1,765,887	**869,728**	843,789	844,197
Non-controlling interests		**79,304**	78,747	76,622	**-**	-	-
Total equity		**2,014,346**	1,883,316	1,842,509	**869,728**	843,789	844,197
Liabilities							
Loans and borrowings	18	**590,013**	548,204	344,076	**516,630**	514,599	300,720
Other payables	19	**498**	208	-	**-**	-	-
Employee benefits	20	**7,357**	6,282	4,483	**-**	-	-
Deferred tax liabilities	9	**105,633**	83,567	81,472	**-**	-	-
Total non-current liabilities		**703,501**	638,261	430,031	**516,630**	514,599	300,720
Loans and borrowings	18	**596,638**	465,920	579,711	**212,384**	134,389	207,725
Trade and other payables	19	**330,087**	272,052	311,752	**41,232**	4,272	42,173
Contract liabilities	21	**25,704**	10,988	1,642	**-**	-	-
Derivative financial liabilities	14	**13,030**	34,339	27	**13,026**	33,773	-
Current tax liabilities		**355**	5,433	9,575	**-**	-	-
Total current liabilities		**965,814**	788,732	902,707	**266,642**	172,434	249,898
Total liabilities		**1,669,315**	1,426,993	1,332,738	**783,272**	687,033	550,618
Total equity and liabilities		**3,683,661**	3,310,309	3,175,247	**1,653,000**	1,530,822	1,394,815

The notes on pages 89 to 192 are an integral part of these financial statements.

Statements of Profit or Loss and Other Comprehensive Income

For the Year Ended 31 March 2019

	Note	Group 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
Revenue					
- sale of goods	22	**3,619,053**	3,260,392	**-**	-
- dividend income		**151**	126	**94,248**	83,404
		3,619,204	3,260,518	**94,248**	83,404
Cost of sales		**(2,932,284)**	(2,664,737)	**-**	-
Gross profit		**686,920**	595,781	**94,248**	83,404
Administrative expenses		**(297,723)**	(241,050)	**(3,548)**	(2,903)
Distribution costs		**(73,705)**	(68,846)	**-**	-
Other expenses		**(48,922)**	(39,977)	**(2,772)**	(35,054)
Other income		**46,205**	24,980	**12,588**	1,930
Results from operating activities	23	**312,775**	270,888	**100,516**	47,377
Finance costs	24	**(60,699)**	(48,645)	**(36,224)**	(27,871)
Finance income	25	**7,480**	7,906	**36,973**	33,602
Share of profits of equity-accounted associates, net of tax		**12,798**	10,204	**-**	-
Profit before tax		**272,354**	240,353	**101,265**	53,108
Tax (expense)/credit	26	**(46,888)**	(37,812)	**(87)**	389
Profit for the year		**225,466**	202,541	**101,178**	53,497
Other comprehensive income/(expense), net of tax					
Items that are or may be reclassified subsequently to profit or loss					
Foreign currency translation differences for foreign operations		**6,718**	(101,584)	**-**	-
Share of (loss)/gain of equity-accounted associates		**(1,623)**	3,672	**-**	-
Cash flow hedge		**(2,341)**	(811)	**(2,229)**	(864)
Total other comprehensive income/(expense) for the year, net of tax		**2,754**	(98,723)	**(2,229)**	(864)
Total comprehensive income for the year		**228,220**	103,818	**98,949**	52,633
Profit attributable to:					
Owners of the Company		**216,779**	194,989	**101,178**	53,497
Non-controlling interests		**8,687**	7,552	**-**	-
Profit for the year		**225,466**	202,541	**101,178**	53,497
Total comprehensive income attributable to:					
Owners of the Company		**219,155**	98,279	**98,949**	52,633
Non-controlling interests		**9,065**	5,539	**-**	-
Total comprehensive income for the year		**228,220**	103,818	**98,949**	52,633
Basic/Diluted earnings per ordinary share (sen)	27	**13**	12		

The notes on pages 89 to 192 are an integral part of these financial statements.

Consolidated Statement of Changes in Equity

For the Year Ended 31 March 2019

		← Attributable to owners of the Company →						
		← Non-distributable →			Distributable			
	Note	Share capital RM'000	Translation reserves RM'000	Hedging reserves RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
Group								
At 1 April 2017, as previously reported		620,025	16,405	(2,303)	1,114,179	1,748,306	93,305	1,841,611
Adjustment on initial application of MFRS, net of tax	39	-	(16,405)	-	33,986	17,581	(16,683)	898
At 1 April 2017, as restated		620,025	-	(2,303)	1,148,165	1,765,887	76,622	1,842,509
Foreign currency translation differences for foreign operations		-	(99,571)	-	-	(99,571)	(2,013)	(101,584)
Share on gain of equity-accounted associates		-	-	3,672	-	3,672	-	3,672
Cash flow hedge		-	-	(811)	-	(811)	-	(811)
Total other comprehensive (expenses)/income for the year		-	(99,571)	2,861	-	(96,710)	(2,013)	(98,723)
Profit for the year		-	-	-	194,989	194,989	7,552	202,541
Total comprehensive (expenses)/income for the year		-	(99,571)	2,861	194,989	98,279	5,539	103,818
Contributions by and distributions to owners of the Company								
- Dividend to owners of the Company	28	-	-	-	(53,041)	(53,041)	-	(53,041)
- Dividends to non-controlling interests		-	-	-	-	-	(3,951)	(3,951)
- Acquisition of non-controlling interests	37	-	-	-	(6,556)	(6,556)	537	(6,019)
Total transactions with owners of the Company		-	-	-	(59,597)	(59,597)	(3,414)	(63,011)
At 31 March 2018, restated		620,025	(99,571)	558	1,283,557	1,804,569	78,747	1,883,316
		Note 17.1	Note 17.2	Note 17.3				

Consolidated Statement of Changes in Equity

For the Year Ended 31 March 2019

		Attributable to owners of the Company						
		Non-distributable			Distributable			
	Note	Share capital RM'000	Translation reserves RM'000	Hedging reserves RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
Group (cont'd)								
At 31 March/1 April 2018, *as previously reported*		620,025	(88,801)	558	1,260,818	1,792,600	98,331	1,890,931
Adjustment on initial application of MFRS, net of tax	39	-	(10,770)	-	22,739	11,969	(19,584)	(7,615)
Adoption of MFRS 9, net of tax	39	-	-	-	(1,806)	(1,806)	(57)	(1,863)
At 1 April 2018, *as restated*		620,025	(99,571)	558	1,281,751	1,802,763	78,690	1,881,453
Foreign currency translation differences for foreign operations		-	6,340	-	-	6,340	378	6,718
Share on loss of equity-accounted associates		-	-	(1,623)	-	(1,623)	-	(1,623)
Cash flow hedge		-	-	(2,341)	-	(2,341)	-	(2,341)
Total other comprehensive income/(expense) for the year		-	6,340	(3,964)	-	2,376	378	2,754
Profit for the year		-	-	-	216,779	216,779	8,687	225,466
Total comprehensive income/(expense) for the year		-	6,340	(3,964)	216,779	219,155	9,065	228,220
Contributions by and distributions to owners of the Company								
- Dividend to owners of the Company	28	-	-	-	(73,010)	(73,010)	-	(73,010)
- Dividends to non-controlling interests		-	-	-	-	-	(5,768)	(5,768)
- Acquisition of non-controlling interests	37.2	-	-	-	(13,866)	(13,866)	(2,683)	(16,549)
Total transactions with owners of the Company		-	-	-	(86,876)	(86,876)	(8,451)	(95,327)
At 31 March 2019		**620,025**	**(93,231)**	**(3,406)**	**1,411,654**	**1,935,042**	**79,304**	**2,014,346**
		Note 17.1	Note 17.2	Note 17.3				

Statement of Changes in Equity

For the Year Ended 31 March 2019

		Attributable to owners of the Company			
		Non-distributable		Distributable	
	Note	Share capital RM'000	Hedging reserves RM'000	Retained earnings RM'000	Total RM'000
Company					
At 1 April 2017		620,025	(622)	224,794	844,197
Cash flow hedge		-	(864)	-	(864)
Total other comprehensive income for the year		-	(864)	-	(864)
Profit for the year		-	-	53,497	53,497
Total comprehensive (expenses)/income for the year		-	(864)	53,497	52,633
Distributions to owners of the Company					
- Dividend to owners of the Company	28	-	-	(53,041)	(53,041)
Total transactions with owners of the Company		-	-	(53,041)	(53,041)
At 31 March/1 April 2018		620,025	(1,486)	225,250	843,789
Cash flow hedge		-	(2,229)	-	(2,229)
Total other comprehensive expense for the year		-	(2,229)	-	(2,229)
Profit for the year		-	-	101,178	101,178
Total comprehensive (expense)/income for the year		-	(2,229)	101,178	98,949
Distributions to owners of the Company					
- Dividend to owners of the Company	28	-	-	(73,010)	(73,010)
Total transactions with owners of the Company		-	-	(73,010)	(73,010)
At 31 March 2019		**620,025**	**(3,715)**	**253,418**	**869,728**
		Note 17.1	Note 17.3		

The notes on pages 89 to 192 are an integral part of these financial statements.

Statements of Cash Flows

For the Year Ended 31 March 2019

	Note	Group 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
Cash flows from operating activities					
Profit before tax		**272,354**	240,353	**101,265**	53,108
Adjustments for:					
Amortisation of intangible assets	6	**199**	228	**-**	-
Amortisation of investment properties	4	**967**	940	**-**	-
Amortisation of prepaid lease payments	5	**1,636**	1,621	**-**	-
Change in fair value of biological assets	11	**(20,024)**	7,593	**-**	-
Depreciation of property, plant and equipment	3	**156,875**	129,817	**37**	63
Derivative (gain)/loss		**(308)**	3,675	**-**	-
Dividends from liquid investments		**(151)**	(126)	**(102)**	(5)
Dividends from subsidiaries		**-**	-	**(94,146)**	(83,399)
Finance costs		**60,699**	48,645	**36,224**	27,871
Finance income		**(7,480)**	(7,906)	**(36,973)**	(33,602)
Gain on disposal of assets classified as held for sale		**-**	(2,890)	**-**	-
(Gain)/Loss on disposal of property, plant and equipment		**(1,496)**	(3,148)	**9**	-
Gain on disposal of subsidiaries	37.1	**(186)**	-	**-**	-
(Gain)/Loss on unrealised foreign exchange		**(7,144)**	193	**(12,548)**	35,054
Impairment loss of property, plant and equipment	3	**4,000**	-	**-**	-
Impairment loss of trade and other receivables		**5,776**	6,193	**-**	-
Impairment loss of assets held for sales	16	**563**	-	**-**	-
Property, plant and equipment written off	3	**1,086**	1,556	**-**	-
Reversal of impairment loss of advances to suppliers		**(86)**	(186)	**-**	-
Share of associates' profits		**(12,798)**	(10,204)	**-**	-
Operating profit/(loss) before changes in working capital		**454,482**	416,354	**(6,234)**	(910)
Changes in working capital:					
Biological assets		**(20,432)**	(21,576)	**-**	-
Inventories		**(196,556)**	29,439	**-**	-
Trade and other receivables and other financial assets		**(9,355)**	(8,448)	**226**	(33,133)
Employee benefits		**1,075**	1,799	**-**	-
Trade and other payables, including derivatives		**50,766**	(36,694)	**36,960**	(461)
Contract liabilities		**14,716**	9,346	**-**	-
Bills payable		**53,129**	(29,359)	**-**	-
Cash generated from/(used in) operations		**347,825**	360,861	**30,952**	(34,504)
Dividends from liquid investments		**151**	126	**102**	5
Income taxes paid		**(44,006)**	(50,542)	**(145)**	(258)
Interest paid		**(19,702)**	(14,672)	**(713)**	(251)
Interest received		**7,480**	7,906	**36,973**	33,602
Net cash generated from/(used in) operating activities		**291,748**	303,679	**67,169**	(1,406)

Statements of Cash Flows

For the Year Ended 31 March 2019

	Note	Group 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
Cash flows from investing activities					
Acquisition of a subsidiary	37	**-**	(480)	**-**	-
Acquisition of investment properties	4	**(216)**	-	**-**	-
Acquisition of prepaid lease payments	5	**(628)**	(1,508)	**-**	-
Acquisition of property, plant and equipment	*(i)*	**(305,653)**	(343,934)	**-**	-
Dividends received from associates	8	**5,233**	3,298	**-**	-
Dividends received from subsidiaries		**-**	-	**94,146**	115,430
Increase in investment in associates	8	**(1,657)**	(4,523)	**-**	-
Increase in investment in subsidiaries		**-**	-	**(73,300)**	(89,380)
Proceeds from disposal of assets classified as held for sale		**-**	3,000	**-**	-
Proceeds from disposal of property, plant and equipment		**5,938**	7,264	**45**	-
Proceeds from disposal of subsidiaries	37.1	**235**	-	**-**	-
Net cash (used in)/generated from investing activities		**(296,748)**	(336,883)	**20,891**	26,050
Cash flows from financing activities					
Acquisition of non-controlling interests		**(16,549)**	(6,019)	**-**	-
Advances to subsidiaries		**-**	-	**(23,075)**	(83,480)
Dividends paid to non-controlling interests		**(5,768)**	(3,951)	**-**	-
Dividends paid to owners of the Company	28	**(73,010)**	(90,482)	**(73,010)**	(90,482)
Interest paid		**(40,997)**	(33,973)	**(35,511)**	(27,620)
Proceeds from government grant	3	**2,532**	202	**-**	-
Proceeds from term loans and revolving credit		**405,835**	709,898	**277,816**	614,340
Repayment of term loans and revolving credit		**(307,098)**	(540,642)	**(220,766)**	(437,319)
Repayment of finance lease liabilities	18.2	**(132)**	(146)	**-**	-
Net cash (used in)/generated from financing activities		**(35,187)**	34,887	**(74,546)**	(24,561)
Net (decrease)/increase in cash and cash equivalents		**(40,187)**	1,683	**13,514**	83
Cash and cash equivalents at 1 April 2018/2017		**282,283**	280,600	**10,096**	10,013
Cash and cash equivalents at 31 March	*(iii)*	**242,096**	282,283	**23,610**	10,096

Statements of Cash Flows

For the Year Ended 31 March 2019

Notes to the statements of cash flows

i) *Acquisition of property, plant and equipment*

During the financial year, the Group acquired property, plant and equipment with an aggregate cost of RM305,862,000 (2018: RM343,992,000), of which RM209,000 (2018: RM58,000) were acquired by means of finance leases.

ii) *Non-cash transactions*

Investing activities

Company

During the financial year, the Company subscribed shares in subsidiaries amounting to RM87,320,000 (2018: RM91,880,000) of which RM14,020,000 (2018: RM2,500,000) was satisfied via capitalisation of debts and the remaining was satisfied via cash.

Financing activities

Company

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

iii) *Cash and cash equivalents*

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

		Group		Company	
	Note	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Cash and bank balances		**252,611**	250,772	**22,928**	9,557
Deposits placed with licensed banks		**7,163**	39,971	**278**	278
Liquid investments		**1,594**	13,285	**404**	261
	15	**261,368**	304,028	**23,610**	10,096
Bank overdrafts	18	**(19,272)**	(21,745)	**-**	-
		242,096	282,283	**23,610**	10,096

The notes on pages 89 to 192 are an integral part of these financial statements.

Notes to the Financial Statements

For the Year Ended 31 March 2019

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

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

The consolidated financial statements of the Company as at and for the financial year ended 31 March 2019 comprise the Company and its subsidiaries (together referred to as the "Group" and individually referred to as "Group entities") and the Group's interest in associates. The financial statements of the Company as at and for the financial year ended 31 March 2019 do not include other entities.

The Company is principally engaged in investment holding, whilst the principal activities of the subsidiaries are as stated in Note 35 to the financial statements. There has been no significant change in the nature of these activities during the financial year.

These financial statements were authorised for issue by the Board of Directors on 5 July 2019.

1. Basis of preparation

(a) Statement of compliance

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. These are the Group's and the Company's first financial statements prepared in accordance with MFRS and MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards* has been applied.

In the previous financial years, the financial statements of the Group and of the Company were prepared in accordance with Financial Reporting Standards ("FRS"). The financial impacts on transitions to MFRS are disclosed in Note 39.

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

MFRS, Interpretations and amendments effective for annual periods beginning on or after 1 January 2019
- MFRS 16, *Leases*
- IC Interpretation 23, *Uncertainty over Income Tax Treatments*
- Amendments to MFRS 3, *Business Combinations (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 9, *Financial Instruments – Prepayment Features with Negative Compensation*
- Amendments to MFRS 11, *Joint Arrangements (Annual Improvements to MFRS Standards 2015-2017 Cycle)* *
- Amendments to MFRS 112, *Income Taxes (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 119, *Employee Benefits – Plan Amendment, Curtailment or Settlement*
- Amendments to MFRS 123, *Borrowing Costs (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 128, *Investments in Associates and Joint Ventures – Long-term Interests in Associates and Joint Ventures*

MFRS, Interpretations and amendments effective for annual periods beginning on or after 1 January 2020
- Amendments to MFRS 3, *Business Combinations – Definition of a Business*
- Amendments to MFRS 101, *Presentation of Financial Statements and MFRS 108, Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Material*

MFRS, Interpretations and amendments effective for annual periods beginning on or after 1 January 2021
- MFRS 17, *Insurance Contracts*

Notes to the Financial Statements
For the Year Ended 31 March 2019

1. **Basis of preparation (cont'd)**

   (a) **Statement of compliance (cont'd)**

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

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

The Group and the Company plan to apply the abovementioned accounting standards, interpretations and amendments:

- from the annual period beginning on 1 April 2019 for those accounting standards, interpretations and amendments, that are effective for annual periods beginning on or after 1 January 2019, except for those marked as ("*") which are not applicable to the Group and the Company; and

- from the annual period beginning on 1 April 2020 for those accounting standards, interpretations and amendments, that are effective for annual periods beginning on or after 1 January 2020.

The Group and the Company do not plan to apply MFRS 17, *Insurance Contracts* that is effective for annual periods beginning on or after 1 January 2021 as it is not applicable to the Group and the Company.

The initial application of the accounting standards, interpretation or amendments are not expected to have any material financial impacts to the current period financial statements of the Group and the Company, except as mentioned below:

MFRS 16, *Leases*

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

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

(i) **Leases in which the Group and the Company is a lessee**

The Group and the Company will recognise new assets and liabilities for its operating leases. The nature of expenses related to those leases will change because the Group and the Company will recognise a depreciation charge for right-of-use assets and interest expense on lease liabilities.

Presently, the Group and the Company recognised operating lease expense on a straight-line basis over the term of the lease, and recognised assets and liabilities only to the extent that there was a timing difference between actual lease payments and the expense recognised.

The Group and the Company plan to apply MFRS 16 initially on 1 April 2019, using modified retrospective approach. The Group chooses to measure the right-of-use asset equals to the lease liability at 1 April 2019 with no restatement of comparative information.

(ii) **Leases in which the Group and the Company is a lessor**

No significant impact is expected for leases in which the Group and the Company is a lessor.

Notes to the Financial Statements

For the Year Ended 31 March 2019

1. Basis of preparation (cont'd)

(b) Basis of measurement

These financial statements have been prepared on the historical cost basis other than as disclosed in Note 2. As at 31 March 2019, the Company's current liabilities exceeded its current assets by RM128,386,000 (2018: RM32,087,000). The Directors are of the opinion that the Company will be able to generate sufficient cash flows via repayment of advances/dividends from subsidiaries to meet its liabilities as and when they fall due.

(c) Functional and presentation currency

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

(d) Use of estimates and judgements

The preparation of the financial statements in conformity with MFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements other than those disclosed in the following notes:

(i) Note 6 – impairment of intangible assets

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the entity to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the present value. Details of the impairment assessment are provided in Note 6.

(ii) Note 10 – allowances for doubtful debts

Allowance for doubtful debts is made by an allowance matrix to measure expected credit losses ("ECLs") of trade receivables. A considerable amount of judgement is required in assessing the loss rates, which are based on actual credit loss experience. The Group also considers differences between (a) economic conditions during the period over which the historic data has been collected, (b) current conditions and (c) the Group's view of economic conditions over the expected lives of the receivables. If the financial conditions of the customers with which the Group deals were to deteriorate, resulting in an impairment of their ability to make payments, additional allowance may be required. Details are disclosed in Note 30.4.

(iii) Note 11 – valuation of biological assets

The fair value of livestock biological assets is determined using a discounted cash flow model.

In measuring the fair value of livestock biological assets, management estimates and judgements are required which includes the following:

- expected number of agriculture produce
- expected selling price of agriculture produce
- expected salvage value of agriculture produce
- mortality rate of livestock
- feed consumption rate and feed costs
- other estimated costs to be incurred for the remaining life of the biological assets, and at the point of sales
- discount rates

Notes to the Financial Statements

For the Year Ended 31 March 2019

1. Basis of preparation (cont'd)

(d) Use of estimates and judgements (cont'd)

(iii) Note 11 – valuation of biological assets (cont'd)

Changes to any of the above assumptions would affect the fair value of the biological assets.

The key assumptions used in the discounted cash flow model and the sensitivity analysis are disclosed in Note 11 to the financial statements.

(iv) Note 12 – allowance for slow-moving inventories and write down of inventories to net realisable value

Reviews are made periodically by management on damaged, obsolete and slow-moving inventories. These reviews require judgement and estimates. Possible changes in these estimates could result in revisions to the valuation of inventories. Details are disclosed in Note 12.

(v) Note 20 – employee benefits

The defined benefit obligation is determined based on an actuarial valuation. The actuarial valuation involves making assumptions regarding the discount rate, future salary increases and attrition rates. Due to the long term nature of the defined benefit plan, such estimates are subject to significant uncertainty. Details of the assumptions used are disclosed in Note 20.

2. Significant accounting policies

The accounting policies set out below have been applied consistently to the periods presented in these financial statements and in preparing the opening MFRS statements of financial position of the Group and of the Company at 1 April 2017 (the transition date to MFRS framework), unless otherwise stated.

(a) Basis of consolidation

(i) Subsidiaries

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

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

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

(ii) Business combinations

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

2. **Significant accounting policies (cont'd)**

(a) **Basis of consolidation (cont'd)**

(ii) **Business combinations (cont'd)**

For new acquisitions, the Group measures the cost of goodwill at the acquisition date as:

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

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

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

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

(iii) **Acquisitions of non-controlling interests**

The Group accounts for all changes in its ownership interest in a subsidiary that do not result in a loss of control as equity transactions between the Group and its non-controlling interest holders. Any difference between the Group's share of net assets before and after the change, and any consideration received or paid, is adjusted to or against Group reserves.

(iv) **Acquisitions from entities under common controls**

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

(v) **Loss of control**

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

(vi) **Associates**

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

Notes to the Financial Statements

For the Year Ended 31 March 2019

2. Significant accounting policies (cont'd)

(a) Basis of consolidation (cont'd)

(vi) Associates (cont'd)

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

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

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

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

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

(vii) Non-controlling interests

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

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

(viii) Transactions eliminated on consolidation

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

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

2. Significant accounting policies (cont'd)

(b) Foreign currency

(i) Foreign currency transactions

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

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

Non-monetary assets and liabilities denominated in foreign currencies are not retranslated at the end of the reporting period, except for those that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of equity instruments where they are measured at fair value through other comprehensive income or a financial instrument designated as a cash flow hedge, which are recognised in other comprehensive income.

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

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

The assets and liabilities of operations denominated in functional currencies other than RM, including goodwill and fair value adjustments arising on acquisition, are translated to RM at exchange rates at the end of the reporting period, except for goodwill and fair value adjustments arising from business combinations before 1 April 2018 (the date when the Group first adopted MFRS) which are treated as assets and liabilities of the Company. The income and expenses of foreign operations, excluding foreign operations in hyperinflationary economies, are translated to RM at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income and accumulated in the FCTR in equity. However, if the operation is a non-wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the FCTR related to that foreign operation is reclassified to profit or loss as part of the profit or loss on disposal.

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

(c) Financial instruments

Unless specifically disclosed below, the Group and the Company generally applied the following accounting policies retrospectively. Nevertheless, as permitted by MFRS 1, *First Time Adoption of Malaysian Financial Reporting Standards*, the Group and the Company have elected not to restate the comparatives.

Notes to the Financial Statements
For the Year Ended 31 March 2019

2. Significant accounting policies (cont'd)

(c) Financial instruments (cont'd)

(i) Recognition and measurement

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

Current financial year

A financial asset (unless it is a trade receivable without significant financing component) is initially measured at fair value plus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issuance. A trade receivable without a financing component is initially measured at the transaction price.

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

Previous financial year

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

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

(ii) Financial instrument categories and subsequent measurement

The Group and the Company categorise financial instruments as follows:

Financial assets

Current financial year

Categories of financial assets are determined on initial recognition and are not reclassified subsequent to their initial recognition unless the Group and the Company change their business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change of business model.

Notes to the Financial Statements
For the Year Ended 31 March 2019

2. **Significant accounting policies (cont'd)**

(c) **Financial instruments (cont'd)**

(ii) **Financial instrument categories and subsequent measurement (cont'd)**

Financial assets (cont'd)

Current financial year (cont'd)

(a) Amortised cost

Amortised cost category comprises financial assets that are held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The financial assets are not designated as fair value through profit or loss. Subsequent to initial recognition, these financial assets are measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Interest income is recognised by applying effective interest rate to the gross carrying amount except for credit impaired financial assets (see Note 2(n)(i) where the effective interest rate is applied to the amortised cost).

(b) Fair value through profit or loss

All financial assets not measured at amortised cost or fair value through other comprehensive income are measured at fair value through profit or loss. This includes derivative financial assets (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument). On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at fair value through other comprehensive income as at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets categorised as fair value through profit or loss are subsequently measured at their fair value. Net gains or losses, including any interest or dividend income, are recognised in the profit or loss.

All financial assets, except for those measured at fair value through profit or loss and equity investments measured at fair value through comprehensive income, are subject to impairment (see Note 2(n)(i)).

Previous financial year

In the previous financial year, financial assets of the Group and the Company were classified and measured under FRS 139, *Financial Instruments: Recognition and Measurement* as follows:

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

Fair value through profit or loss category comprised financial assets that were held for trading, including derivatives (except for a derivative that was a financial guarantee contract or a designated and effective hedging instrument), contingent consideration in a business combination or financial assets that were specifically designated into this category upon initial recognition.

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

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

Notes to the Financial Statements

For the Year Ended 31 March 2019

2. Significant accounting policies (cont'd)

(c) Financial instruments (cont'd)

(ii) Financial instrument categories and subsequent measurement (cont'd)

Financial assets (cont'd)

Previous financial year (cont'd)

(b) Loans and receivables

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

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

All financial assets, except for those measured at fair value through profit or loss were subject to impairment (see Note 2(n)(i)).

Financial liabilities

Current financial year

The categories of financial liabilities of initial recognition are as follows:

(a) Fair value through profit or loss

Fair value through profit or loss category comprises financial liabilities that are derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument), contingent consideration in a business combination and financial liabilities that are specifically designated into this category upon initial recognition.

On initial recognition, the Group or the Company may irrevocably designate a financial liability that otherwise meets the requirements to be measured at amortised cost as at fair value through profit or loss:

(a) if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise;

(b) a group of financial liabilities or assets and financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the Group's key management personnel; or

(c) if a contract contains one or more embedded derivatives and the host is not a financial asset in the scope of MFRS 9, where the embedded derivative significantly modifies the cash flows and separation is not prohibited.

Financial liabilities categorised as fair value through profit or loss are subsequently measured at their fair value with gains or losses, including any interest expense are recognised in the profit or loss.

Notes to the Financial Statements
For the Year Ended 31 March 2019

2. **Significant accounting policies (cont'd)**

(c) **Financial instruments (cont'd)**

(ii) **Financial instrument categories and subsequent measurement (cont'd)**

Financial liabilities (cont'd)

Current financial year (cont'd)

(a) ***Fair value through profit or loss (cont'd)***

For financial liabilities where it is designated as fair value through profit or loss, the Group and the Company recognised the amount of change in fair value of the financial liability that is attributable to change in credit risk in the other comprehensive income and remaining amount of the change in fair value in the profit or loss, unless the treatment of the effects of changes in the liability's credit risk would create or enlarge an accounting mismatch.

(b) ***Amortised cost***

Subsequent to initial recognition, other financial liabilities not categorised as fair value through profit or loss are subsequently measured at amortised cost using the effective interest method.

Interest expense and foreign exchange gains and losses are recognised in the profit or loss when the liabilities are derecognised as well as through the amortisation process.

Previous financial year

In the previous financial year, financial liabilities of the Group and of the Company were subsequently measured at amortised cost other than those categorised as fair value through profit or loss.

Fair value through profit or loss category comprised financial liabilities that were derivatives or financial liabilities that were specifically designated into this category upon initial recognition.

Derivatives that were linked to and must be settled by delivery of unquoted equity instruments that did not have a quoted price in an active market for identical instruments whose fair values otherwise could not be reliably measured were measured at cost.

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

(iii) **Financial guarantee contracts**

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

Notes to the Financial Statements
For the Year Ended 31 March 2019

2. Significant accounting policies (cont'd)

(c) Financial instruments (cont'd)

(iii) Financial guarantee contracts (cont'd)

Current financial year

Financial guarantees issued are initially measured at fair value. Subsequently, they are measured at higher of:

- the amount of the loss allowance; and
- the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance to the principles of MFRS 15, *Revenue from Contracts with Customers*.

Liabilities arising from financial guarantees are presented together with other provisions.

Previous financial year

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

(iv) Regular way purchase or sale of financial assets

A regular way purchase or sale of financial assets is recognised and derecognised, as applicable, using trade date or settlement date accounting in the current year.

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.

Settlement date accounting refers to:

(a) the recognition of an asset on the day it is received by the Group or the Company, and

(b) derecognition of an asset and recognition of any gain or loss on disposal on the day that is delivered by the Group or the Company.

Any change in the fair value of the asset to be received during the period between the trade date and the settlement date is accounted in the same way as it accounts for the acquired asset.

Generally, the Group or the Company applies settlement date accounting unless otherwise stated for the specific class of asset.

2. **Significant accounting policies (cont'd)**

(c) **Financial instruments (cont'd)**

(v) **Hedge accounting**

Fair value hedge

Current financial year

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 on the hedging instrument shall be recognised in profit or loss (or other comprehensive income, if the hedging instrument hedges an equity instrument which the Group or the Company has elected to present the subsequent changes in the fair value of the investment in equity in other comprehensive income).

The hedging gain or loss on the hedged item shall adjust the carrying amount of the hedged item and be recognised in profit or loss. If the hedged item is a financial asset (or a component thereof) that is measured at fair value through other comprehensive income, the hedging gain or loss on the hedged item shall be recognised in profit or loss. However, if the hedged item is an equity instrument for which an entity has elected to present changes in fair value in other comprehensive income, those amounts shall remain in other comprehensive income. When a hedged item is an unrecognised firm commitment (or a component thereof), the cumulative change in the fair value of the hedged item subsequent to its designation is recognised as an asset or a liability with a corresponding gain or loss recognised in profit or loss.

Previous financial year

In the previous financial year, 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 was 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 was 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 was recognised in profit or loss. Fair value hedge accounting was discontinued prospectively when the hedging instrument expired or was sold, terminated or exercised, the hedge was no longer highly effective or the hedge designation was revoked.

Cash flow hedge

Current financial year

A cash flow hedge is a hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with all, or a component of, 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 accumulated in equity and the ineffective portion is recognised in profit or loss. The effective portion of changes in the fair value of the derivative that is recognised in other comprehensive income is limited to the cumulative change in fair value of the hedged item, determined on a present value basis, from inception of the hedge.

Notes to the Financial Statements

For the Year Ended 31 March 2019

2. Significant accounting policies (cont'd)

(c) Financial instruments (cont'd)

(v) Hedge accounting (cont'd)

Cash flow hedge (cont'd)

Current financial year (cont'd)

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

The Group designates only the change in fair value of the spot element of forward contracts as the hedging instrument in cash flow hedging relationships. The change in fair value of the forward element of forward exchange contracts ("forward points") and/or the foreign currency basis spread are separately accounted for as cost of hedging and recognised in a cost of hedging reserve within equity.

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 hedge accounting for cash flow hedges is discontinued, the amount that has been accumulated in the hedging reserve and the cost of hedging reserve remains in equity until, for a hedge of a transaction resulting in recognition of a non-financial item, it is included in the non-financial item's cost on its initial recognition or, for other cash flow hedges, it is reclassified to profit or loss in the same period or periods as the hedged expected future cash flows affect profit or loss.

If the hedged future cash flows are no longer expected to occur, then the amounts that have been accumulated in the hedging reserve and the cost of hedging reserve are immediately reclassified to profit or loss.

Previous financial year

In the previous financial year, cost of hedging was expensed to 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 control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount of the financial asset and the sum of consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged, cancelled or expired. A financial liability is also derecognised when its terms are modified and the cash flows of the modified liability are substantially different, in which case, a new financial liability based on modified terms is recognised at fair value. 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.

Notes to the Financial Statements

For the Year Ended 31 March 2019

2. Significant accounting policies (cont'd)

(c) Financial instruments (cont'd)

(vii) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group or the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and liability simultaneously.

(d) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less any accumulated depreciation and any accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs.

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

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

Bearer plants are living plants that supply agriculture produce for more than one period and have remote likelihood of being sold as agriculture produce, except for incidental scrap sales. The bearer plants are measured at cost less accumulated depreciation and accumulated impairment losses. The bearer plant's cost includes plantation expenditure, which represents the total cost incurred from land clearing to the point of harvesting. Bearer plants have an average life cycle of twenty-eight (28) years with the first three (3) years as immature bearer plants and the remaining years as mature bearer plants.

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.

Notes to the Financial Statements
For the Year Ended 31 March 2019

2. Significant accounting policies (cont'd)

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

(iii) Depreciation (cont'd)

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment from the date they are available for use. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group or the Company will obtain ownership by the end of the lease term. Freehold land is not depreciated. Property, plant and equipment under construction are not depreciated until the assets are ready for their intended use. The mature bearer plants are depreciated over its remaining useful lives of twenty-five (25) years on a straight-line basis. The immature bearer plants are not depreciated until such time when it became mature bearer plants.

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

Long term leasehold land	49 - 948 years
Buildings and improvements	4 - 50 years
Farm buildings	10 - 50 years
Fishing boat and equipment	5 - 20 years
Furniture, fittings and equipment	4 - 12.5 years
Plant and machinery	4 - 15 years
Motor vehicles	5 - 10 years
Bearer plants (mature)	25 years

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

(e) Government grants

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

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

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

(f) Leased assets

(i) Finance lease

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

Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Notes to the Financial Statements
For the Year Ended 31 March 2019

2. Significant accounting policies (cont'd)

(f) Leased assets (cont'd)

(i) Finance lease (cont'd)

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

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

(ii) Operating lease

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

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

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

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

(g) Intangible assets

(i) Goodwill

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

(ii) Franchise fees and other intangible assets

Franchise fees and 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.

(iii) 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.

Notes to the Financial Statements
For the Year Ended 31 March 2019

2. Significant accounting policies (cont'd)

(g) Intangible assets (cont'd)

(iv) Amortisation

Goodwill is not amortised but is tested for impairment annually and whenever there is an indication that it may be impaired.

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

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

Franchise fees	20 years
Other intangible assets	10-15 years

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

(h) Investment properties

(i) Investment properties carried at cost

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

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

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

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

(ii) Reclassification to/from investment properties

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

(i) Biological assets

(i) Livestock

Layer and breeder

Layers and breeders are measured at fair value less cost to sell. The fair value of layers and breeders is determined using discounted cash flow model based on expected cash inflow from agriculture produce, less expected cost incurs over the remaining life of the layers and breeders and contributory assets charges for the land and farm houses owned by the Group. Changes in fair value of the livestock are recognised in profit or loss.

Notes to the Financial Statements

For the Year Ended 31 March 2019

2. Significant accounting policies (cont'd)

(i) Biological assets (cont'd)

(i) Livestock (cont'd)

Broiler

Broilers are measured at fair value less cost to sell. The fair value of the broilers is estimated based on the selling price, less the estimated costs necessary to nature the broiler at the point of sale. Changes in fair value of the livestock are recognised in profit or loss.

Shrimp

Shrimp livestock are measured at cost less any accumulated depreciation and any accumulated impairment losses due to the short production cycle, market prices or fair value at present conditions of these biological assets are unavailable and the valuation based on discounted cash flow method is considered to be clearly unreliable given the uncertainty with respect to external factors.

Cost of shrimp livestock includes cost of larvae and nauplii plus all attributable cost in breeding the shrimp livestock to saleable condition. Cost of post larvae includes cost of nauplii plus all attribution costs in culturing the post larvae to nurturing stage for breeding to shrimp or saleable condition.

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

Fish

Fish livestock are measured at cost less any accumulated depreciation and any accumulated impairment losses due to the market prices or fair value at present condition of these biological assets are unavailable and the valuation based on discounted cash flow method is considered to be clearly unreliable given the uncertainty with respect to external factors.

Cost of fish livestock includes cost of immature fish and all attributable costs in breeding the immature fish to saleable condition.

(ii) Agriculture produce

Agriculture produce growing in bearer plants

Produce growing on bearer plants are measured at fair value less costs to sell. Any gains or losses arising from changes in the fair value less cost to sell of produce growing on bearer plants are recognised in profit or loss. Fair value is determined based on the present value of expected net cash flows from the produce growing on bearer plants. The expected net cash flows are estimated using expected output method and the selling price of the produce growing on bearer plants.

Hatching eggs

Hatching eggs are measured at fair value less cost to sell. The fair value of the hatching eggs is determined based on the discounted cash flow from selling of agriculture produce – day old chick, less estimated hatchery cost to be incurred for hatching the eggs into day old chick. Changes in fair value of the agriculture produce are recognised in profit or loss.

Notes to the Financial Statements
For the Year Ended 31 March 2019

2. Significant accounting policies (cont'd)

(j) Inventories

(i) Manufacturing and trading goods

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

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

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

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

(ii) Agriculture produce

Layer eggs

Layer eggs are measured at fair value less cost to sell. The fair values of the layer eggs are determined based on the observable market prices in active markets, less the necessary transport cost at the point of sale. Changes in fair value of the agriculture produce are recognised in profit or loss.

(k) Non-current assets held for sale

Non-current assets that are expected to be recovered primarily through sale rather than through continuing use, are classified as held for sale.

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

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

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

(l) Contract liability

A contract liability is stated at cost and represents the obligation of the Group to transfer goods or services to a customer for which consideration has been received (or the amount is due) from the customers.

(m) Cash and cash equivalents

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

Notes to the Financial Statements

For the Year Ended 31 March 2019

2. Significant accounting policies (cont'd)

(n) Impairment

(i) Financial assets

Unless specifically disclosed below, the Group and the Company generally applied the following accounting policies retrospectively. Nevertheless, as permitted by MFRS 1, *First Time Adoption of Malaysian Financial Reporting Standards*, the Group and the Company elected not to restate the comparatives.

Current financial year

The Group and the Company recognise loss allowances for expected credit losses on financial assets measured at amortised cost, debt investments measured at fair value through other comprehensive income and contract assets. Expected credit losses are a probability-weighted estimate of credit losses.

The Group and the Company measure loss allowances at an amount equal to lifetime expected credit loss, except for debt securities that are determined to have low credit risk at the reporting date, cash and bank balance and other debt securities for which credit risk has not increased significantly since initial recognition, which are measured at 12-month expected credit loss. Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime expected credit loss.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit loss, the Group and the Company consider reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information, where available.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of the asset, while 12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within the 12 months after the reporting date. The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group and the Company are exposed to credit risk.

The Group and the Company estimate the expected credit losses on trade receivables using a provision matrix with reference to historical credit loss experience.

An impairment loss in respect of financial assets measured at amortised cost is recognised in profit or loss and the carrying amount of the asset is reduced through the use of an allowance account.

At each reporting date, the Group and the Company assess whether financial assets carried at amortised cost are credit-impaired. A financial asset is credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

The gross carrying amount of a financial asset is written off (either partially or full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group or the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's or the Company's procedures for recovery of amounts due.

Notes to the Financial Statements

For the Year Ended 31 March 2019

2. Significant accounting policies (cont'd)

(n) Impairment (cont'd)

(i) Financial assets (cont'd)

Previous financial year

All financial assets (except for financial assets categorised as fair value through profit or loss, investments in subsidiaries and associates) were assessed at each reporting date whether there was 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, were not recognised. If any such objective evidence exists, then the impairment loss of the financial asset was estimated.

An impairment loss in respect of loans and receivables was recognised in profit or loss and was 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 was reduced through the use of an allowance account.

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

(ii) Other assets

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

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

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

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

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

Notes to the Financial Statements

For the Year Ended 31 March 2019

2. Significant accounting policies (cont'd)

(n) Impairment (cont'd)

(ii) Other assets (cont'd)

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.

(o) 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.

(p) 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 and the Company have a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(ii) State plans

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

(iii) Defined benefit plans

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

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

Notes to the Financial Statements

For the Year Ended 31 March 2019

2. Significant accounting policies (cont'd)

(p) Employee benefits (cont'd)

(iii) Defined benefit plans (cont'd)

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

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

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

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

(q) 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.

Provision for restoration costs

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

(r) Revenue and other income

(i) Goods sold

Revenue is measured based on the consideration specified in a contract with a customer in exchange for transferring goods or services to a customer, excluding amounts collected on behalf of third parties. The Group or the Company recognises revenue when (or as) it transfers control over a product or service to customer. An asset is transferred when (or as) the customer obtains control of asset.

Notes to the Financial Statements

For the Year Ended 31 March 2019

2. Significant accounting policies (cont'd)

(r) Revenue and other income (cont'd)

(i) Goods sold (cont'd)

The Group or the Company transfers control of a good or service at a point in time unless one of the following over time criteria is met:

(a) the customer simultaneously receives and consumes the benefits provided as the Group or the Company performs;

(b) the Group's or the Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or

(c) the Group's or the Company's performance does not create an asset with an alternative use and the Group or the Company has an enforceable right to payment for performance completed to date.

(ii) Management fee and administrative charges

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

(iii) Rental income

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

(iv) Dividend income

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

(v) Interest income

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

(s) Borrowing costs

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

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

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.

Notes to the Financial Statements

For the Year Ended 31 March 2019

2. Significant accounting policies (cont'd)

(t) Income tax

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

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

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

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

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

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

(u) 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.

(v) Operating segments

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

Notes to the Financial Statements

For the Year Ended 31 March 2019

2. Significant accounting policies (cont'd)

(w) Contingencies

(i) Contingent liabilities

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

(ii) Contingent assets

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

(x) Fair value measurements

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

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

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

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: unobservable inputs for the asset or liability.

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

Notes to the Financial Statements
For the Year Ended 31 March 2019

3. Property, plant and equipment

	Note	Freehold land RM'000	Long term leasehold land RM'000	Buildings and improvements RM'000	Farm buildings RM'000	Fishing boat and equipment RM'000	Furniture, fittings and equipment RM'000	Plant and machinery RM'000	Motor vehicles RM'000	Bearer plant RM'000	Capital work-in-progress RM'000	Total RM'000
Group												
Cost												
At 1 April 2017		154,426	93,877	313,506	395,989	70,364	110,843	887,260	105,444	151,989	112,538	2,396,236
Additions		456	1,921	34,989	15,290	201	30,946	103,673	13,115	5,047	138,354	343,992
Acquisition of a subsidiary	37.3	-	449	-	-	-	-	-	-	97	-	546
Disposals		(656)	-	(47)	-	(489)	(977)	(6,146)	(5,131)	-	(1,392)	(14,838)
Written off		-	-	-	-	-	(482)	(4,478)	(395)	(97)	(509)	(5,961)
Transfer in/(out)		166	-	39,694	35,689	5,951	3,870	35,351	26	-	(120,747)	-
Transfer to assets held for sale	16	(780)	-	(3,103)	-	-	(379)	(1,440)	-	-	(2,479)	(8,181)
Government grant		-	-	(202)	-	-	-	-	-	-	-	(202)
Effect of movements in exchange rates		(4,342)	-	(5,781)	(30,053)	-	(662)	(28,118)	(3,003)	(23,355)	(4,422)	(99,736)
At 31 March/1 April 2018		149,270	96,247	379,056	416,915	76,027	143,159	986,102	110,056	133,681	121,343	2,611,856
Additions		27,068	29,400	31,380	8,723	28	34,370	52,158	17,251	5,198	100,286	305,862
Disposals		-	-	-	(741)	(2,778)	(463)	(3,786)	(4,557)	-	-	(12,325)
Written off		(10)	-	(183)	(1)	-	(688)	(3,958)	(93)	-	-	(4,933)
Transfer in/(out)		2,573	-	12,236	28,813	7,886	13,087	50,661	1,416	-	(116,672)	-
Government grant		-	-	(2,449)	-	-	(83)	-	-	-	-	(2,532)
Effect of movements in exchange rates		609	-	659	5,445	-	1,530	3,132	439	2,702	666	15,182
At 31 March 2019		**179,510**	**125,647**	**420,699**	**459,154**	**81,163**	**190,912**	**1,084,309**	**124,512**	**141,581**	**105,623**	**2,913,110**

Notes to the Financial Statements
For the Year Ended 31 March 2019

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

	Note	Freehold land RM'000	Long term leasehold land RM'000	Buildings and improvements RM'000	Farm buildings RM'000	Fishing boat and equipment RM'000	Furniture, fittings and equipment RM'000	Plant and machinery RM'000	Motor vehicles RM'000	Bearer plant RM'000	Capital work-in-progress RM'000	Total RM'000
Group (cont'd)												
Depreciation and impairment loss												
At 1 April 2017												
- Accumulated depreciation		-	7,827	59,805	89,730	22,761	55,584	376,126	70,913	25,934	-	708,680
- Accumulated impairment loss		-	-	332	-	-	201	1,162	1	-	-	1,696
		-	7,827	60,137	89,730	22,761	55,785	377,288	70,914	25,934	-	710,376
Depreciation for the year		-	1,286	14,031	19,348	2,473	15,322	58,593	12,676	6,088	-	129,817
Disposals		-	-	(30)	-	(110)	(745)	(5,828)	(4,009)	-	-	(10,722)
Written off		-	-	-	-	-	(372)	(3,780)	(253)	-	-	(4,405)
Transfer to assets held for sale	16	-	-	(310)	-	-	(185)	(644)	-	-	-	(1,139)
Effect of movements in exchange rates		-	-	(1,516)	(5,119)	-	(353)	(10,267)	(1,699)	(5,631)	-	(24,585)
At 31 March/1 April 2018												
- Accumulated depreciation		-	9,113	71,980	103,959	25,124	69,251	414,200	77,628	26,391	-	797,646
- Accumulated impairment loss		-	-	332	-	-	201	1,162	1	-	-	1,696
		-	9,113	72,312	103,959	25,124	69,452	415,362	77,629	26,391	-	799,342
Depreciation for the year		-	2,212	16,902	23,689	5,214	20,973	67,873	14,110	5,902	-	156,875
Disposals		-	-	-	(352)	(1,903)	(324)	(1,238)	(4,066)	-	-	(7,883)
Written off		-	-	(169)	-	-	(418)	(3,168)	(92)	-	-	(3,847)
Impairment loss		-	-	-	-	-	-	4,000	-	-	-	4,000
Effect of movements in exchange rates		-	-	186	517	-	434	1,464	218	434	-	3,253
At 31 March 2019												
- Accumulated depreciation		-	11,325	88,899	127,813	28,435	89,916	479,131	87,798	32,727	-	946,044
- Accumulated impairment loss		-	-	332	-	-	201	5,162	1	-	-	5,696
		-	**11,325**	**89,231**	**127,813**	**28,435**	**90,117**	**484,293**	**87,799**	**32,727**	**-**	**951,740**
Carrying amounts												
At 1 April 2017		154,426	86,050	253,369	306,259	47,603	55,058	509,972	34,530	126,055	112,538	1,685,860
At 31 March/1 April 2018		149,270	87,134	306,744	312,956	50,903	73,707	570,740	32,427	107,290	121,343	1,812,514
At 31 March 2019		**179,510**	**114,322**	**331,468**	**331,341**	**52,728**	**100,795**	**600,016**	**36,713**	**108,854**	**105,623**	**1,961,370**

Notes to the Financial Statements
For the Year Ended 31 March 2019

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

	Motor vehicles RM'000
Company	
Cost	
At 1 April 2017/31 March 2018/1 April 2018	751
Disposal	(256)
At 31 March 2019	**495**
Accumulated depreciation	
At 1 April 2017	539
Depreciation for the year	63
At 31 March/1 April 2018	602
Depreciation for the year	37
Disposal	(202)
At 31 March 2019	**437**
Carrying amounts	
At 1 April 2017	212
At 31 March/1 April 2018	149
At 31 March 2019	**58**

3.1 Government grant

During the year, a subsidiary of the Company received a government grant in respect of the integrated shrimps farm amounting to RM2,532,000 (2018: RM202,000).

3.2 Assets under finance lease

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

	Group		
	31.3.2019 RM'000	31.3.2018 RM'000	1.4.2017 RM'000
Motor vehicles	**503**	1,033	1,196

3.3 Capital work-in-progress

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

Notes to the Financial Statements

For the Year Ended 31 March 2019

4. Investment properties

	Group RM'000
Cost	
At 1 April 2017/31 March 2018/1 April 2018	29,782
Additions	216
At 31 March 2019	**29,998**
Amortisation and impairment loss	
At 1 April 2017	
- Accumulated amortisation	4,890
- Accumulated impairment loss	1,221
	6,111
Amortisation for the year	940
At 31 March/1 April 2018	
- Accumulated amortisation	5,830
- Accumulated impairment loss	1,221
	7,051
Amortisation for the year	967
At 31 March 2019	
- Accumulated amortisation	6,797
- Accumulated impairment loss	1,221
	8,018
Carrying amounts	
At 1 April 2017	23,671
At 31 March/1 April 2018	22,731
At 31 March 2019	**21,980**
Fair value	
At 1 April 2017	57,477
At 31 March/1 April 2018	53,255
At 31 March 2019	**51,445**

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

	Group 2019 RM'000	Group 2018 RM'000
Rental income	**1,270**	1,314
Direct operating expenses:		
- income generating investment properties	**(790)**	(794)
- non-income generating investment properties	**(81)**	(72)

Notes to the Financial Statements

For the Year Ended 31 March 2019

4. Investment properties (cont'd)

Fair value information

Fair values of investment properties are categorised as follows:

	Group Level 3 31.3.2019 RM'000	31.3.2018 RM'000	1.4.2017 RM'000
Land	**35,035**	33,864	34,536
Building	**16,410**	19,391	22,941
	51,445	53,255	57,477

Level 3 fair value

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

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

5. Prepaid lease payments

	Short-term leasehold land* RM'000
Group	
Cost	
At 1 April 2017	69,356
Additions	1,508
Effect of movements in exchange rates	(71)
At 31 March/1 April 2018	70,793
Additions	628
Transfer to assets held for sale	(2,435)
Effect of movements in exchange rates	(429)
At 31 March 2019	**68,557**

* Unexpired period less than 50 years.

Notes to the Financial Statements
For the Year Ended 31 March 2019

5. Prepaid lease payments (cont'd)

	Short-term leasehold land* RM'000
Group (cont'd)	
Amortisation	
At 1 April 2017	11,578
Amortisation for the year	1,621
Effect of movements in exchange rates	(6)
At 31 March/1 April 2018	13,193
Amortisation for the year	1,636
Transfer to asset held for sale	(369)
Effect of movements in exchange rates	(25)
At 31 March 2019	**14,435**
Carrying amounts	
At 1 April 2017	57,778
At 31 March/1 April 2018	57,600
At 31 March 2019	**54,122**

* Unexpired period less than 50 years.

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

The approval for the land utilisation rights measuring 14,177 hectares was granted in 2010 for a period of 35 years and the title was fully issued. The cultivation right title is extendable under Indonesian Land Ordinance.

Under the Indonesian regulations, approximately 20% of the land use rights have to be set aside for Plasma Scheme. This Scheme is a programme where oil palm plantation owners/operators are required to participate in selected programmes to develop plantations to smallholders (herein referred to as plasma farmers)(see Note 10.2).

Notes to the Financial Statements

For the Year Ended 31 March 2019

6. Intangible assets

	Goodwill RM'000	Franchise fees RM'000	Other intangible assets RM'000	Total RM'000
Group				
Cost				
At 1 April 2017	7,362	3,960	608	11,930
Effect of movements in exchange rates	(223)	-	-	(223)
At 31 March/1 April 2018	7,139	3,960	608	11,707
Written off	-	-	(608)	(608)
Effect of movements in exchange rates	(2)	-	-	(2)
At 31 March 2019	**7,137**	**3,960**	**-**	**11,097**
Amortisation and impairment loss				
At 1 April 2017				
- Accumulated amortisation	-	86	490	576
- Accumulated impairment loss	197	-	89	286
	197	86	579	862
Amortisation for the year	-	199	29	228
At 31 March/1 April 2018				
- Accumulated amortisation	-	285	519	804
- Accumulated impairment loss	197	-	89	286
	197	285	608	1,090
Amortisation for the year	-	199	-	199
Written off	-	-	(608)	(608)
At 31 March 2019				
- Accumulated amortisation	-	484	-	484
- Accumulated impairment loss	197	-	-	197
	197	**484**	**-**	**681**
Carrying amounts				
At 1 April 2017	7,165	3,874	29	11,068
At 31 March/1 April 2018	6,942	3,675	-	10,617
At 31 March 2019	**6,940**	**3,476**	**-**	**10,416**

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

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

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

Notes to the Financial Statements

For the Year Ended 31 March 2019

7. Investment in subsidiaries

		Company		
	Note	31.3.2019 RM'000	31.3.2018 RM'000	1.4.2017 RM'000
Unquoted shares, at cost		**861,456**	774,136	682,256
Amounts due from subsidiaries	7.1	**350,330**	440,774	432,931
		1,211,786	1,214,910	1,115,187

During the financial year, the Company subscribed shares in subsidiaries amounting to RM87,320,000 (31.3.2018: RM91,880,000; 1.4.2017: RM15,000,000) of which RM14,020,000 (31.3.2018: RM2,500,000; 1.4.2017: Nil) was satisfied via capitalisation of debts and the remaining was satisfied via cash.

7.1 The amounts due from subsidiaries are advances of:

i) RM262,630,000 (31.3.2018: RM247,181,000; 1.4.2017: RM282,709,000) which are subject to fixed interest rate from 5.50% to 6.50% (31.3.2018: 3.70% to 6.50%; 1.4.2017: 3.70% to 6.50%) per annum and the repayment is neither planned nor likely to occur in the foreseeable future; and

ii) RM87,700,000 (31.3.2018: RM193,593,000; 1.4.2017: RM150,222,000) which are subject to the Company's weighted average cost of funds ("COF") (31.3.2018: COF; 1.4.2017: COF) per annum and the repayment is neither planned nor likely to occur in the foreseeable future.

Details of the Company's subsidiaries are shown in Note 35.

Non-controlling interests in subsidiaries

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

	31.3.2019					
	QL Endau Marine Products Sdn. Bhd. and its subsidiaries RM'000	QL Ansan Poultry Farm Sdn. Bhd. and its subsidiaries RM'000	PT Pipit Mutiara Indah RM'000	Kembang Subur Sdn. Bhd. and its subsidiaries RM'000	Other individually immaterial subsidiaries RM'000	Total RM'000
NCI percentage of ownership interest and voting interest	29.41%	10.00%	25.50%	16.67%		
Carrying amount of NCI	60,595	8,358	1,859	5,584	2,908	79,304
Total comprehensive income/(expense) allocated to NCI	9,404	167	(1,356)	628	222	9,065
Summarised financial information before intra-group elimination						
As at 31 March						
Non-current assets	139,962	280,407	192,228	47,141		
Current assets	99,464	131,234	56,071	8,861		
Non-current liabilities	(19,087)	(108,236)	(1,334)	(16,390)		
Current liabilities	(14,302)	(220,134)	(239,673)	(6,113)		
Net assets	206,037	83,271	7,292	33,499		

Notes to the Financial Statements

For the Year Ended 31 March 2019

7. Investment in subsidiaries (cont'd)

Non-controlling interests in subsidiaries (cont'd)

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

	31.3.2019			
	QL Endau Marine Products Sdn. Bhd. and its subsidiaries RM'000	QL Ansan Poultry Farm Sdn. Bhd. and its subsidiaries RM'000	PT Pipit Mutiara Indah RM'000	Kembang Subur Sdn. Bhd. and its subsidiaries RM'000
Year ended 31 March				
Revenue	**190,354**	**276,623**	**82,483**	**18,945**
Total comprehensive income/(expense)	**31,975**	**1,674**	**(5,319)**	**3,765**
Cash flows from operating activities	**34,513**	**71,013**	**17,511**	**2,215**
Cash flows used in investing activities	**(11,486)**	**(52,536)**	**(7,824)**	**(4,260)**
Cash flows (used in)/from financing activities	**(18,071)**	**(11,922)**	**-**	**1,980**
	4,956	**6,555**	**9,687**	**(65)**
Dividends paid to NCI	**(4,791)**	**(141)**	**-**	**-**

	31.3.2018					
	QL Endau Marine Products Sdn. Bhd. and its subsidiaries RM'000	QL Ansan Poultry Farm Sdn. Bhd. and its subsidiaries RM'000	PT Pipit Mutiara Indah RM'000	Kembang Subur Sdn. Bhd. and its subsidiaries RM'000	Other individually immaterial subsidiaries RM'000	Total RM'000
NCI percentage of ownership interest and voting interest	29.41%	10.00%	25.50%	16.67%		
Carrying amount of NCI	55,982	8,332	3,215	4,336	6,882	78,747
Total comprehensive income/ (expense) allocated to NCI	7,601	(833)	(802)	(1,455)	1,028	5,539
Summarised financial information before intra-group elimination						
As at 31 March						
Non-current assets	139,372	249,231	191,414	38,599		
Current assets	84,511	102,085	43,988	8,002		
Non-current liabilities	(21,568)	(44,818)	(1,225)	(13,794)		
Current liabilities	(11,963)	(223,202)	(221,566)	(7,352)		
Net assets	190,352	83,296	12,611	25,455		

Notes to the Financial Statements

For the Year Ended 31 March 2019

7. Investment in subsidiaries (cont'd)

Non-controlling interests in subsidiaries (cont'd)

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

	31.3.2018			
	QL Endau Marine Products Sdn. Bhd. and its subsidiaries RM'000	QL Ansan Poultry Farm Sdn. Bhd. and its subsidiaries RM'000	PT Pipit Mutiara Indah RM'000	Kembang Subur Sdn. Bhd. and its subsidiaries RM'000
Year ended 31 March				
Revenue	182,887	223,045	124,019	16,034
Total comprehensive income/(expense)	25,844	(8,326)	(3,146)	(4,125)
Cash flows from/(used in) operating activities	33,568	4,581	25,512	(1,299)
Cash flows used in investing activities	(15,675)	(68,956)	(9,701)	(5,824)
Cash flows (used in)/from financing activities	(19,795)	70,209	-	6,358
	(1,902)	5,834	15,811	(765)
Dividends paid to NCI	(3,530)	(98)	-	-

	1.4.2017					
	QL Endau Marine Products Sdn. Bhd. and its subsidiaries RM'000	QL Ansan Poultry Farm Sdn. Bhd. and its subsidiaries RM'000	PT Pipit Mutiara Indah RM'000	Kembang Subur Sdn. Bhd. and its subsidiaries RM'000	Other individually immaterial subsidiaries RM'000	Total RM'000
NCI percentage of ownership interest and voting interest	29.41%	10.00%	25.50%	36.67%		
Carrying amount of NCI	51,911	9,260	2,210	11,163	2,078	76,622
Total comprehensive income/(expense) allocated to NCI	8,802	(58)	8,426	(306)	(2,881)	13,983
Summarised financial information before intra-group elimination						
As at 1 April						
Non-current assets	132,467	190,368	220,396	34,546		
Current assets	82,563	85,244	38,834	9,955		
Non-current liabilities	(20,510)	(12,018)	(995)	(6,462)		
Current liabilities	(18,010)	(170,993)	(249,566)	(8,459)		
Net assets	176,510	92,601	8,669	29,580		

Notes to the Financial Statements

For the Year Ended 31 March 2019

7. Investment in subsidiaries (cont'd)

Non-controlling interests in subsidiaries (cont'd)

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

	1.4.2017			
	QL Endau Marine Products Sdn. Bhd. and its subsidiaries RM'000	QL Ansan Poultry Farm Sdn. Bhd. and its subsidiaries RM'000	PT Pipit Mutiara Indah RM'000	Kembang Subur Sdn. Bhd. and its subsidiaries RM'000
Year ended 31 March				
Revenue	181,070	197,813	105,730	18,895
Total comprehensive income/(expense)	29,928	(584)	33,043	(834)
Cash flows from operating activities	33,871	63,932	32,657	1,629
Cash flows used in investing activities	(16,326)	(64,655)	(13,824)	(3,709)
Cash flows (used in)/from financing activities	(17,509)	(2,895)	-	2,107
	36	(3,618)	18,833	27
Dividends paid to NCI	(4,180)	(275)	-	-

8. Investment in associates

		Group		
	Note	31.3.2019 RM'000	31.3.2018 RM'000	1.4.2017 RM'000
At cost:				
Unquoted shares		**2,594**	2,594	2,594
Quoted shares in Malaysia		**65,916**	64,259	59,736
Share of post-acquisition reserve	8.1	**70,346**	64,404	53,826
		138,856	131,257	116,156
Market value:				
Quoted shares in Malaysia		**126,444**	150,974	185,761

During the financial year, the Group increased its investment in Boilermech Holdings Berhad by RM1,657,000 (31.3.2018: RM4,523,000; 1.4.2017: RM3,824,000).

Details of the associates are as follows:

Name of Company	Country of incorporation	Principal activities	Effective ownership interest and voting interest 31.3.2019 %	31.3.2018 %	1.4.2017 %
Indahgrains Logistics Sdn. Bhd.*	Malaysia	Operating of warehouse and warehouse management	**29.87**	29.87	29.87
Boilermech Holdings Berhad#	Malaysia	Manufacturing, installing and repairing of bio-energy systems	**44.15**	43.67	42.60
AB Hatchery Sdn. Bhd.*	Malaysia	Hatchery and culturing of shrimps	**40.83**	40.83	31.03

* Equity-accounted based on management accounts.
# Audited by another firm of accountants.

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For the Year Ended 31 March 2019

8. Investment in associates (cont'd)

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

	31.3.2019		
	Boilermech Holdings Berhad RM'000	Other individually immaterial associates RM'000	Total RM'000
Group			
Summarised financial information			
As at 31 March			
Non-current assets	84,905		
Current assets	234,912		
Non-current liabilities	(6,229)		
Current liabilities	(99,280)		
Net assets	214,308		
Less: Non-controlling interest	(10,125)		
	204,183		
Year ended 31 March			
Total comprehensive income of the material associate	24,149		
Included in the total comprehensive income of the material associate are:			
Revenue of the material associate	234,810		
Reconciliation of net assets to carrying amount			
As at 31 March			
Group's share of net assets	90,147	2,793	92,940
Goodwill	45,868	48	45,916
Carrying amount in the statements of financial position	136,015	2,841	138,856
Group's share of results for year ended 31 March			
Group's share of profit or loss	12,269	529	12,798
Group's share of other comprehensive expense	(1,623)	-	(1,623)
Group's share of total comprehensive income	10,646	529	11,175
Other information			
Dividends received	3,979	1,254	5,233

Notes to the Financial Statements

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8. Investment in associates (cont'd)

	31.3.2018		
	Boilermech Holdings Berhad RM'000	Other individually immaterial associates RM'000	Total RM'000
Group (cont'd)			
Summarised financial information			
As at 31 March			
Non-current assets	88,027		
Current assets	220,410		
Non-current liabilities	(6,637)		
Current liabilities	(102,288)		
Net assets	199,512		
Less: Non-controlling interest	(9,197)		
	190,315		
Year ended 31 March			
Total comprehensive income of the material associate	30,344		
Included in the total comprehensive income of the material associate are:			
Revenue of the material associate	225,907		
Reconciliation of net assets to carrying amount			
As at 31 March			
Group's share of net assets	83,111	3,518	86,629
Goodwill	44,580	48	44,628
Carrying amount in the statements of financial position	127,691	3,566	131,257
Group's share of results for year ended 31 March			
Group's share of profit or loss	9,611	593	10,204
Group's share of other comprehensive income	3,672	-	3,672
Group's share of total comprehensive income	13,283	593	13,876
Other information			
Dividends received	3,298	-	3,298

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For the Year Ended 31 March 2019

8. Investment in associates (cont'd)

	1.4.2017		
	Boilermech Holdings Berhad RM'000	Other individually immaterial associates RM'000	Total RM'000
Group (cont'd)			
Summarised financial information			
As at 1 April			
Non-current assets	90,891		
Current assets	182,241		
Non-current liabilities	(8,184)		
Current liabilities	(88,010)		
Net assets	176,938		
Less: Non-controlling interest	(7,876)		
	169,062		
Year ended 31 March			
Total comprehensive income of the material associate	16,153		
Included in the total comprehensive income of the material associate are:			
Revenue of the material associate	237,190		
Reconciliation of net assets to carrying amount			
As at 1 April			
Group's share of net assets	72,020	2,925	74,945
Goodwill	41,163	48	41,211
Carrying amount in the statements of financial position	113,183	2,973	116,156
Group's share of results for year ended 31 March			
Group's share of profit or loss	10,211	1,405	11,616
Group's share of other comprehensive income	(3,330)	-	(3,330)
Group's share of total comprehensive income	6,881	1,405	8,286
Other information			
Dividends received	3,257	597	3,854

Notes to the Financial Statements
For the Year Ended 31 March 2019

9. Deferred tax assets/(liabilities)

Recognised deferred tax assets/(liabilities)

Deferred tax assets and liabilities are attributable to the following:

	Assets			Liabilities			Net		
	31.3.2019 RM'000	31.3.2018 RM'000	1.4.2017 RM'000	31.3.2019 RM'000	31.3.2018 RM'000	1.4.2017 RM'000	31.3.2019 RM'000	31.3.2018 RM'000	1.4.2017 RM'000
Group									
Property, plant and equipment	**-**	-	-	**(122,933)**	(89,987)	(81,207)	**(122,933)**	(89,987)	(81,207)
Biological assets	**-**	-	-	**(5,740)**	(4,224)	(6,594)	**(5,740)**	(4,224)	(6,594)
Tax losses carry-forwards	**10,070**	772	2,046	**-**	-	-	**10,070**	772	2,046
Unabsorbed capital allowances	**21,064**	10,083	4,287	**-**	-	-	**21,064**	10,083	4,287
Other temporary/taxable differences	**6,500**	3,473	1,686	**(1,792)**	(1,512)	(891)	**4,708**	1,961	795
Tax assets/(liabilities)	**37,634**	14,328	8,019	**(130,465)**	(95,723)	(88,692)	**(92,831)**	(81,395)	(80,673)
Set off of tax	**(24,832)**	(12,156)	(7,220)	**24,832**	12,156	7,220	**-**	-	-
Net tax assets/(liabilities)	**12,802**	2,172	799	**(105,633)**	(83,567)	(81,472)	**(92,831)**	(81,395)	(80,673)

Movement in temporary differences during the year

	At 1.4.2017 RM'000	Recognised in profit or loss (Note 26) RM'000	At 31.3.2018 RM'000	Adjustment on initial application of MFRS 9 RM'000	Recognised in profit or loss (Note 26) RM'000	At 31.3.2019 RM'000
Group						
Property, plant and equipment	(81,207)	(8,780)	(89,987)	-	(32,946)	**(122,933)**
Biological assets	(6,594)	2,370	(4,224)	-	(1,516)	**(5,740)**
Tax losses carry-forwards	2,046	(1,274)	772	-	9,298	**10,070**
Unabsorbed capital allowances	4,287	5,796	10,083	-	10,981	**21,064**
Other temporary differences	795	1,166	1,961	588	2,159	**4,708**
	(80,673)	(722)	(81,395)	588	(12,024)	**(92,831)**

Notes to the Financial Statements
For the Year Ended 31 March 2019

9. Deferred tax assets/(liabilities) (cont'd)

Unrecognised deferred tax

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

	Group 31.3.2019 RM'000	31.3.2018 RM'000	1.4.2017 RM'000
Property, plant and equipment	**69,291**	67,214	29,096
Tax losses and investment tax allowances carry-forwards	**(117,224)**	(133,524)	(103,907)
Unabsorbed capital allowances	**(76,414)**	(81,587)	(61,502)
Other deductible temporary differences	**(6,731)**	(6,522)	(4,778)
	(131,078)	(154,419)	(141,091)

The unutilised tax losses and investment tax allowances of subsidiaries in Malaysia of RM55,929,000 (31.3.2018: RM58,228,000; 1.4.2017: RM12,198,000) can carried forward up to 7 consecutive years of assessment under the tax legislation in Malaysia, whereas the unutilised tax losses of subsidiaries in Indonesia of RM61,295,000 (31.3.2018: RM75,296,000; 1.4.2017: RM91,709,000) will expire over a 5-year period. The unabsorbed capital allowances do not expire under current tax legislation in Malaysia and Indonesia.

Deferred tax assets have not been recognised in respect of the above items because it is not probable that future taxable profit will be available against which the Group entities can utilise the benefits therefrom.

10. Trade and other receivables

	Note	Group 31.3.2019 RM'000	Group 31.3.2018 RM'000	Group 1.4.2017 RM'000	Company 31.3.2019 RM'000	Company 31.3.2018 RM'000	Company 1.4.2017 RM'000
Non-current							
Subsidiaries	10.1	**-**	-	-	**302,900**	175,416	106,618
Other receivables	10.2	**11,851**	10,033	8,056	**-**	-	-
		11,851	10,033	8,056	**302,900**	175,416	106,618
Current							
Trade							
Trade receivables	10.3	**308,928**	313,836	307,280	**-**	-	-
Non-trade							
Subsidiaries	10.1	**-**	-	-	**112,287**	127,724	158,347
Other receivables	10.2	**69,126**	70,150	71,317	**-**	-	-
		69,126	70,150	71,317	**112,287**	127,724	158,347
		378,054	383,986	378,597	**112,287**	127,724	158,347
		389,905	394,019	386,653	**415,187**	303,140	264,965

Notes to the Financial Statements

For the Year Ended 31 March 2019

10. Trade and other receivables (cont'd)

10.1 Amounts due from subsidiaries

Subsidiaries

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

i) RM23,397,000 (31.3.2018: RM29,307,000; 1.4.2017: RM61,102,000) which is unsecured, subject to fixed interest rate from 3.70% to 5.50% (31.3.2018: 3.70% to 6.50%; 1.4.2017: 3.70% to 6.50%) per annum with fixed terms of repayment over a period of 1 to 10 years (31.3.2018: 1 to 5 years; 1.4.2017: 1 to 4 years);

ii) In the previous financial year, RM855,000 (1.4.2017: RM253,000) which is unsecured, subject to fixed interest rate 3.70% to 4.60%; (1.4.2017: 3.70% to 5.09%) per annum and is repayable on demand;

iii) RM368,110,000 (31.3.2018: RM242,448,000; 1.4.2017: RM141,574,000) which is subject to the Company's weighted average cost of funds ("COF") (31.3.2018: COF; 1.4.2017: COF) per annum with fixed terms of repayment over a period of 1 to 10 years (31.3.2018: 1 to 7 years; 1.4.2017: 1 to 6 years);

iv) RM1,200,000 (31.3.2018: RM1,409,000; 1.4.2017: RM929,000) which is subject to Company's COF (31.3.2018: COF; 1.4.2017: COF) per annum and is repayable on demand; and

v) RM32,031,000 at 1.4.2017, which were in respect of dividend receivables.

10.2 Other receivables

i) Included in non-current other receivables of the Group are advances for plasma plantation projects in Indonesia amounting to RM8,101,000 (31.3.2018: RM7,633,000; 1.4.2017: RM8,056,000).

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

ii) Included in non-current other receivables of the Group are refundable deposits paid for rental of convenience stores amounting to RM3,750,000 (31.3.2018: RM2,400,000; 1.4.2017: Nil).

iii) Included in current other receivables of the Group are advances made to suppliers of certain subsidiaries amounting to RM35,490,000 (31.3.2018: RM34,330,000; 1.4.2017: RM32,050,000) to secure the constant source of raw material supplies for the manufacturing activities. The amount is net of impairment loss on advances to suppliers, unsecured, interest free and repayment is substantially made through the supply of raw materials.

10.3 Trade receivables

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

	Group		
	31.3.2019 RM'000	**31.3.2018 RM'000**	**1.4.2017 RM'000**
A person connected with a Director of a subsidiary	**435**	282	441
Companies in which certain Directors of the subsidiaries have interests	**23,605**	19,614	15,764
	24,040	19,896	16,205

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

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11. Biological assets

	Group		
	31.3.2019 RM'000	**31.3.2018 RM'000**	**1.4.2017 RM'000**
At cost:			
- Livestock	**6,527**	4,230	4,427
At fair value less cost to sell:			
- Livestock	**172,109**	137,124	123,060
- Hatching eggs	**5,352**	1,721	1,765
- Fresh fruit bunches	**463**	920	760
	177,924	139,765	125,585
	184,451	143,995	130,012

Biological assets carried at fair value less cost to sell comprise of layers, breeders, broilers, hatching eggs and fresh fruit bunches. The movement of the biological assets measured at fair value less cost to sell can be analysed as follows:

	2019 RM'000	**2018 RM'000**
At 1 April 2018/2017	**139,765**	125,585
Additions	**298,471**	261,691
Depopulation/Livestock losses	**(280,732)**	(235,306)
Change in fair value recognised in profit or loss	**20,024**	(7,593)
Effect of movement in exchange rates	**396**	(4,612)
At 31 March	**177,924**	139,765

Valuation processes applied by the Group

Livestock measured at cost:

Shrimps and fishes

Shrimps and fishes livestock are measured at cost less any accumulated depreciation and any accumulated impairment losses due to the short production cycle, the market prices or fair value at present conditions of these biological assets are unavailable and the valuation based on discounted cash flow method is considered to be clearly unreliable given the uncertainty with respect to external factors.

Livestock measured at fair value less cost to sell:

Layers and breeders

Management estimates and judgements are required in measuring the fair value of the layers and breeders. In deriving the fair value of layers and breeders using discounted cash flow model, the management's estimation includes the expected number of eggs and day-old-chick produced, projected selling prices, discount rate, mortality rate, feed consumption rate, feed costs and other estimated costs over the remaining life of the layers and breeders.

Notes to the Financial Statements

For the Year Ended 31 March 2019

11. Biological assets (cont'd)

Valuation processes applied by the Group (cont'd)

Livestock measured at fair value less cost to sell: (cont'd)

Broilers
The fair value is estimated by the management by reference to selling prices, less the estimated necessary feed and farm overhead cost to nature the broilers to the point of sale.

Hatching eggs
The fair value is estimated by the management by reference to selling prices of day-old-chick, less the estimated necessary hatching overhead cost to hatch the day-old-chick.

Fresh fruit bunches ("FFB")
The fair value is estimated by the management based on the present value of expected net cash flows from the produce growing on bearer plants. The expected net cash flows are estimated using expected output method and the estimated selling price of the produce growing on bearer plants.

To arrive at the fair value, the management has considered the oil content of the unripe FFB and derived the assumption that the net cash flows to be generated from FFB prior to more than 15 days to harvest is negligible. Therefore, quantity of unripe FFB on bearer plants of up to 15 days prior to harvest was used for valuation purpose.

Fair value information

The Group has classified its livestock, hatching eggs and fresh fruit bunches measured at fair value within Level 3 of the fair value hierarchy. The following table shows the valuation techniques used in the determination of fair values within Level 3, as well as the significant unobservable inputs used in the valuation model.

Type	Description of valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurements
Layers and Breeders	Discounted cash flow Fair values of the layers and breeders are determined using discounted cash flow model. The expected net cash flows are discounted using risk-adjusted discount rate.	• Estimated selling price of the agriculture produce • Estimated feed cost	The estimated fair value would increase/(decrease) if: • The estimated selling price of the agriculture produce were higher/(lower) • The estimated feed cost were lower/(higher)
Broilers	Discounted cash flow Fair values of the broilers are determined based on the expected net cash flows from sale proceeds of the broilers less the estimated feed and farm overhead cost to nature the broiler to the point of sale.	• Estimated selling price of the broilers at the point of sale	The estimated fair value would increase/(decrease) if: • The estimated selling price of the broiler at the point of sale were higher/(lower)

Notes to the Financial Statements

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11. Biological assets (cont'd)

Fair value information (cont'd)

Type	Description of valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurements
Hatching eggs	Discounted cash flow Fair values of the hatching eggs are determined based on the expected net cash flows generated by the day-old-chicks produced and other estimated hatching overhead cost incurred to the point of sale.	• Estimated selling price of the day-old-chicks at the point of sale	The estimated fair value would increase/(decrease) if: • The estimated selling price of the day-old-chicks at the point of sale were higher/(lower)
FFB	Discounted cash flow Fair values of the fresh fruit bunches are determined based on the expected net cash flows generated by the produce growing on the bearer plants (i.e: FFB) and other estimated production cost incurred.	• Estimated selling price of the FFB	The estimated fair value would increase/(decrease) if: • The estimated selling price of the fresh fruit bunches were higher/(lower)

The key assumptions used for the fair value calculation at financial year across geographical locations are as follows:

	31.3.2019	31.3.2018	1.4.2017
Layers			
Estimated average eggs' selling price per piece (sen)	**29-36**	26-35	26-38
Estimated feed costs (RM per MT)	**1,085-1,479**	1,115-1,448	1,115-1,643
Breeders			
Estimated selling price of the day-old-chick (RM)	**1.54-1.90**	1.29-1.83	1.53-1.83
Estimated feed costs (RM per MT)	**1,382-1,652**	1,412-1,547	1,412-1,828
Broilers			
Estimated selling price of the broiler at the point of sale (RM per KG)	**5.06-5.40**	5.18-5.63	5.17-5.80
Hatching eggs			
Estimated selling price of the day-old-chick at point of sales (RM)	**1.40-1.69**	1.40-1.45	1.40-1.71
Fresh fruit bunches			
Estimated selling price of the fresh fruit bunches (RM per MT)	**330-354**	383-435	478-493

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11. Biological assets (cont'd)

Fair value information (cont'd)

Sensitivity analysis

Sensitivity analysis of the possible changes in key assumptions (assumes all other variables remained constant) on fair value of biological assets at year end are disclosed in the table below:

	Effect on fair value of respective biological assets		
	31.3.2019	**31.3.2018**	**1.4.2017**
Layers			
Estimated selling price of eggs			
- Increased by 5%	**+13.37%**	+15.90%	+15.78%
- Decreased by 5%	**-13.37%**	-15.90%	-15.78%
Estimated feed costs (per MT)			
- Increased by 5%	**+7.10%**	+9.34%	+9.17%
- Decreased by 5%	**-7.10%**	-9.34%	-9.17%
Breeders			
Estimated selling price of the day-old-chick			
- Increased by 5%	**+8.11%**	+4.76%	+8.42%
- Decreased by 5%	**-8.11%**	-4.76%	-8.42%
Estimated feed costs (per MT)			
- Increased by 5%	**+2.61%**	+1.62%	+2.99%
- Decreased by 5%	**-2.61%**	-1.62%	-2.99%
Broilers			
Estimated selling price of the broiler at the point of sale (per KG)			
- Increased by 5%	**+8.82%**	+8.76%	+8.70%
- Decreased by 5%	**-8.82%**	-8.76%	-8.70%
Hatching eggs			
Estimated selling price of the day-old-chick			
- Increased by 5%	**+4.82%**	+5.00%	+3.81%
- Decreased by 5%	**-4.82%**	-5.00%	-3.81%
Fresh fruit bunches			
Estimated selling price of the fresh fruit bunches (per MT)			
- Increased by 5%	**+19.87%**	+12.83%	+17.37%
- Decreased by 5%	**-19.87%**	-12.83%	-17.37%

In respect of other variables, a reasonable possible change in the assumptions used will not result in any material change to the fair value of the biological assets.

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For the Year Ended 31 March 2019

12. Inventories

	Group		
	31.3.2019 RM'000	31.3.2018 RM'000	1.4.2017 RM'000
At cost:			
Raw materials	**139,913**	92,753	99,780
Manufactured and trading inventories	**425,181**	277,587	302,237
	565,094	370,340	402,017
At net realisable value:			
Manufactured and trading inventories	**1,998**	633	1,448
	567,092	370,973	403,465
At fair value:			
Agricultural produce – layer eggs	**5,753**	5,316	2,263
	572,845	376,289	405,728

13. Prepayments and other assets

	Group			Company		
	31.3.2019 RM'000	31.3.2018 RM'000	1.4.2017 RM'000	31.3.2019 RM'000	31.3.2018 RM'000	1.4.2017 RM'000
Prepayments	**29,306**	16,476	20,171	**1,226**	1,452	441
Other assets	**8,061**	6,054	7,477	**185**	185	185
	37,367	22,530	27,648	**1,411**	1,637	626

14. Derivative financial assets/(liabilities)

	31.3.2019			31.3.2018			1.4.2017		
	Nominal value RM'000	Assets RM'000	Liabilities RM'000	Nominal value RM'000	Assets RM'000	Liabilities RM'000	Nominal value RM'000	Assets RM'000	Liabilities RM'000
Group									
Derivative used for hedging									
- Commodity future contracts	**4,008**	**125**	**-**	1,461	-	(172)	7,950	854	-
- Cross currency swap	**529,347**	**-**	**(12,327)**	490,570	-	(33,657)	106,435	3,383	-
- Forward exchange contracts	**104,139**	**173**	**(4)**	96,329	242	(394)	47,404	2,471	(27)
- Interest rate swap	**85,000**	**-**	**(699)**	69,500	-	(116)	88,500	186	-
	722,494	**298**	**(13,030)**	657,860	242	(34,339)	250,289	6,894	(27)
Company									
Derivative used for hedging									
- Cross currency swap	**529,347**	**-**	**(12,327)**	490,570	-	(33,657)	106,435	3,383	-
- Interest rate swap	**85,000**	**-**	**(699)**	69,500	-	(116)	88,500	186	-
	614,347	**-**	**(13,026)**	560,070	-	(33,773)	194,935	3,569	-

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

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

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15. Cash and cash equivalents

	Group			Company		
	31.3.2019 RM'000	31.3.2018 RM'000	1.4.2017 RM'000	31.3.2019 RM'000	31.3.2018 RM'000	1.4.2017 RM'000
Cash and bank balances	**252,611**	250,772	264,388	**22,928**	9,557	9,268
Deposits with licensed banks	**7,163**	39,971	26,372	**278**	278	580
Liquid investments	**1,594**	13,285	16,147	**404**	261	165
	261,368	304,028	306,907	**23,610**	10,096	10,013

16. Assets classified as held for sale

		Group		
	Note	31.3.2019 RM'000	31.3.2018 RM'000	1.4.2017 RM'000
Property, plant and equipment				
Cost	3	**8,181**	8,181	-
Accumulated depreciation	3	**(1,139)**	(1,139)	-
		7,042	7,042	-
Less: Impairment loss		**(563)**	-	-
Carrying amount		**6,479**	7,042	-
Prepaid lease payment				
Cost	5	**2,435**	-	150
Accumulated depreciation	5	**(369)**	-	(40)
Carrying amount		**2,066**	-	110
		8,545	7,042	110

Notes to the Financial Statements

For the Year Ended 31 March 2019

17. Capital and reserves

17.1 Share capital

Group and Company	Note	Amount 31.3.2019 RM'000	Number of shares 31.3.2019 '000	Amount 31.3.2018 RM'000	Number of shares 31.3.2018 '000	Amount 1.4.2017 RM'000	Number of shares 1.4.2017 '000
Ordinary shares, issued and fully paid							
At 1 April 2018/2017/2016		**405,609**	**1,622,438**	312,007	1,248,030	312,007	1,248,030
Issued during the year pursuant to bonus issue	17.1a	-	-	93,602	374,408	-	-
Reclassification	17.1b	**214,416**	-	-	-	-	-
At 31 March		**620,025**	**1,622,438**	405,609	1,622,438	312,007	1,248,030
Share premium							
At 1 April 2018/2017/2016		**214,416**	-	308,018	-	-	-
Transfer from share premium in accordance with Section 618(2) of the Companies Act 2016		-	-	-	-	308,018	-
Utilisation in accordance with Section 618(3) of the Companies Act 2016		-	-	(93,602)	-	-	-
Reclassification	17.1b	**(214,416)**	-	-	-	-	-
At 31 March		-	-	214,416	-	308,018	-
		620,025	**1,622,438**	620,025	1,622,438	620,025	1,248,030

17.1a Bonus issue

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

17.1b Share premium

In accordance with section 618 of Companies Act 2016, any amount standing to the credit of the share premium account has become part of the Company's share capital. The Company had twenty four (24) months upon the commencement of Companies Act 2016 on 31 January 2017 to utilise the credit in accordance with Section 618(3) of Companies Act 2016 on or before 30 January 2019 (24 months from commencement of Section 74 of Companies Act 2016). As at 31 January 2019, the unutilised share premium amounting to RM214,416,000 is presented as issued and fully paid ordinary shares of the Company.

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

Notes to the Financial Statements
For the Year Ended 31 March 2019

17. Capital and reserves (cont'd)

17.2 Translation reserve

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

17.3 Hedging reserve

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

18. Loans and borrowings

		Group			Company		
	Note	31.3.2019 RM'000	31.3.2018 RM'000	1.4.2017 RM'000	31.3.2019 RM'000	31.3.2018 RM'000	1.4.2017 RM'000
Non-current:							
Term loans							
- Conventional - unsecured		**437,049**	276,189	139,883	**368,339**	244,661	96,720
- Islamic - unsecured		**152,794**	271,898	204,000	**148,291**	269,938	204,000
Finance lease liabilities	18.1	**170**	117	193	**-**	-	-
		590,013	548,204	344,076	**516,630**	514,599	300,720
Current:							
Term loans							
- Conventional - unsecured		**54,319**	60,503	59,209	**25,444**	25,889	47,225
- Islamic - unsecured		**104,749**	71,037	69,500	**101,940**	69,500	69,500
Bank overdrafts							
- Unsecured		**19,272**	21,745	26,307	**-**	-	-
Bills payable							
- Conventional - unsecured		**244,266**	173,613	219,862	**-**	-	-
- Islamic - unsecured		**63,256**	80,780	63,890	**-**	-	-
Revolving credit							
- Unsecured		**110,656**	58,146	140,823	**85,000**	39,000	91,000
Finance lease liabilities	18.1	**120**	96	120	**-**	-	-
		596,638	465,920	579,711	**212,384**	134,389	207,725
		1,186,651	1,014,124	923,787	**729,014**	648,988	508,445

18. Loans and borrowings (cont'd)

18.1 Finance lease liabilities

Finance lease liabilities are payable as follows:

	31.3.2019			31.3.2018			1.4.2017		
	Future minimum lease payments RM'000	Interest RM'000	Present value of minimum lease payments RM'000	Future minimum lease payments RM'000	Interest RM'000	Present value of minimum lease payments RM'000	Future minimum lease payments RM'000	Interest RM'000	Present value of minimum lease payments RM'000
Group									
Less than one year	**131**	**(11)**	**120**	109	(13)	96	136	(16)	120
Between one and five years	**179**	**(9)**	**170**	123	(6)	117	202	(9)	193
	310	**(20)**	**290**	232	(19)	213	338	(25)	313

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

	At 1.4.2017 RM'000	Net changes from financing cash flows RM'000	Acquisition of new lease RM'000	Foreign exchange movement RM'000	At 31.3.2018 RM'000	Net changes from financing cash flows RM'000	Acquisition of new lease RM'000	Foreign exchange movement RM'000	At 31.3.2019 RM'000
Group									
Term loans	472,592	251,933	-	(44,898)	679,627	46,227	-	23,057	**748,911**
Finance lease liabilities	313	(146)	58	(12)	213	(132)	209	-	**290**
Revolving credit	140,823	(82,677)	-	-	58,146	52,510	-	-	**110,656**
Total liabilities from financing activities	613,728	169,110	58	(44,910)	737,986	98,605	209	23,057	**859,857**

Notes to the Financial Statements

For the Year Ended 31 March 2019

18. Loans and borrowings (cont'd)

18.2 Reconciliation of movement of liabilities to cash flows arising from financing activities (cont'd)

	At 1.4.2017 RM'000	Net changes from financing cash flows RM'000	Foreign exchange movement RM'000	At 31.3.2018 RM'000	Net changes from financing cash flows RM'000	Foreign exchange movement RM'000	At 31.3.2019 RM'000
Company							
Term loans	417,445	229,021	(36,478)	609,988	11,050	22,976	**644,014**
Revolving credit	91,000	(52,000)	-	39,000	46,000	-	**85,000**
Total liabilities from financing activities	508,445	177,021	(36,478)	648,988	57,050	22,976	**729,014**

19. Trade and other payables

		Group			Company		
	Note	31.3.2019 RM'000	31.3.2018 RM'000	1.4.2017 RM'000	31.3.2019 RM'000	31.3.2018 RM'000	1.4.2017 RM'000
Non-current							
Other payables	19.1	**498**	208	-	**-**	-	-
Current							
Trade							
Trade payables	19.2	**179,676**	136,800	137,045	**-**	-	-
Associate - trade	19.3	**3,299**	1,360	1,563	**-**	-	-
		182,975	138,160	138,608	**-**	-	-
Non-trade							
Other payables	19.1	**93,460**	93,126	132,600	**36**	38	37,488
Accrued expenses		**53,652**	40,766	40,544	**6,002**	4,234	4,685
Subsidiaries	19.4	**-**	-	-	**35,194**	-	-
		330,087	272,052	311,752	**41,232**	4,272	42,173
		330,585	272,260	311,752	**41,232**	4,272	42,173

19.1 Other payables

Non-current

Under the provision of lease agreements, the Group has an obligation to dismantle and remove structures on the site and restore those sites at the end of the lease term to an acceptable condition. The liabilities for restoration are recognised at present value of the compounded future expenditure estimated using current price and discounted using a discount rate of 4.91% (2018: 4.86%, 2017: Nil).

Notes to the Financial Statements
For the Year Ended 31 March 2019

19. Trade and other payables (cont'd)

19.1 Other payables (cont'd)

Current

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

	Group		
	31.3.2019 RM'000	**31.3.2018 RM'000**	**1.4.2017 RM'000**
Companies in which certain Directors have interests	**30**	82	28
Amount due to non-controlling interests and its related parties	**56,404**	52,103	52,103
	56,434	52,185	52,131

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

19.2 Trade payables

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

	Group		
	31.3.2019 RM'000	**31.3.2018 RM'000**	**1.4.2017 RM'000**
Companies in which certain Directors of subsidiaries have interests	**1,333**	944	992

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

19.3 Amount due to associate

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

19.4 Amount due to subsidiaries

The amount due to subsidiaries is non-trade in nature, unsecured, subject to fixed interest rate at 4.43% per annum and repayable on demand.

20. Employee benefits

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

Notes to the Financial Statements

For the Year Ended 31 March 2019

20. Employee benefits (cont'd)

	Group		
	31.3.2019 RM'000	31.3.2018 RM'000	1.4.2017 RM'000
• Expense recognised in profit or loss			
Current service cost	**1,256**	1,553	2,130
Interest on obligation	**366**	383	260
Net benefit expense	**1,622**	1,936	2,390
• Present value of defined benefit obligations			
Net benefit expense	**7,357**	6,282	4,483
Present value of defined benefit obligations			
Defined benefit obligations at 1 April 2018/2017/2016	**6,282**	4,483	2,304
Current service cost and interest	**1,622**	1,936	2,390
Payment during the year	**(547)**	(137)	(211)
Defined benefit obligations	**7,357**	6,282	4,483

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

Calculation method	:	Projected Unit Credit
Normal pension age	:	55 years
Annual salary increment (estimated)	:	7% - 10.2% (2018: 7% - 10.2%; 2017: 7% - 10.2%)
Annual discount rate	:	8.10% - 9.00% (2018: 7.37% - 8.34%; 2017: 8.00% - 8.50%)
Mortality level	:	Indonesian Mortality Table ("TMI") 3
Disability level	:	10% from mortality level (2018: 10%; 2017: 10%)
Resignation level	:	5% constant until the age of 34 and linearly decreasing until the pension age

The Group's management believes that the accrued employee benefit as of 31 March 2019 is sufficient to meet the requirements of the law in Indonesia.

21. Contract with customers

Contract liabilities

Group	31.3.2019 RM'000	31.3.2018 RM'000	1.4.2017 RM'000
Contract liabilities	**25,704**	10,988	1,642

The contract liabilities primarily relate to the advance consideration received from customers for their purchases.

22. Revenue

Group	Marine-products manufacturing		Palm oil and biomass energy activities		Integrated livestock farming		Total	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Primary geographical markets								
Malaysia	**600,259**	554,423	**218,644**	272,774	**1,497,871**	1,466,267	**2,316,774**	2,293,464
Indonesia	**34,231**	32,192	**84,519**	114,514	**543,699**	377,766	**662,449**	524,472
Vietnam	**40,781**	20,842	**-**	-	**173,467**	98,728	**214,248**	119,570
Other countries	**330,670**	294,758	**-**	-	**94,912**	28,128	**425,582**	322,886
	1,005,941	902,215	**303,163**	387,288	**2,309,949**	1,970,889	**3,619,053**	3,260,392

	Marine-products manufacturing		Palm oil and biomass energy activities		Integrated livestock farming		Total	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Timing and recognition								
At a point in time	**1,005,941**	902,215	**303,163**	387,288	**2,309,949**	1,970,889	**3,619,053**	3,260,392

Revenue from sales of goods is recognised upon goods are delivered and accepted by the customers at their premises or recognised upon the control of the goods have transferred to the customer. Generally, payment terms for revenue from customers range from 30 days to 90 days (2018: 30 days to 90 days) from invoice date. There were no warranties given to the customers, nor any variable element in the consideration.

Notes to the Financial Statements

For the Year Ended 31 March 2019

23. Results from operating activities

	Group 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
Results from operating activities is arrived at after charging:				
Auditors' remuneration:				
- Audit fees				
KPMG in Malaysia				
- current year	**1,513**	1,203	**130**	105
- prior years	**22**	52	**-**	-
Overseas affiliates of KPMG in Malaysia	**241**	197	**-**	-
Other auditors	**348**	336	**-**	-
- Non-audit fees				
KPMG in Malaysia	**111**	145	**111**	145
Local affiliates of KPMG in Malaysia	**88**	80	**-**	80
Overseas affiliates of KPMG in Malaysia	**68**	215	**-**	-
Material expenses:				
Amortisation of investment properties	**967**	940	**-**	-
Amortisation of intangible assets	**199**	228	**-**	-
Amortisation of prepaid lease payments	**1,636**	1,621	**-**	-
Bad debts written off	**91**	301	**-**	-
Depreciation of property, plant and equipment	**156,875**	129,817	**37**	63
Derivative loss	**-**	3,675	**-**	-
Hire of plant and machinery	**51**	47	**-**	-
Impairment loss:				
- assets classified as held for sale	**563**	-	**-**	-
- property, plant and equipment	**4,000**	-	**-**	-
- trade and other receivables	**5,776**	6,193	**-**	-
- advances to supplier	**63**	-	**-**	-
Loss on fair value of biological assets	**-**	7,593	**-**	-
Loss on foreign exchange:				
- realised	**-**	-	**2,763**	-
- unrealised	**-**	193	**-**	35,054
Loss on disposal of property, plant and equipment	**-**	-	**9**	-
Personnel expenses (including key management personnel):				
- contributions to state plans	**17,985**	14,811	**-**	-
- expenses related to defined benefit plans	**1,622**	1,936	**-**	-
- wages, salaries and others	**243,731**	201,069	**1,137**	1,018
Property, plant and equipment written off	**1,086**	1,556	**-**	-
Rental of land and buildings and office premises	**20,489**	12,695	**-**	-
Rental of plant, machinery, equipment and motor vehicles	**639**	1,718	**-**	-

Notes to the Financial Statements
For the Year Ended 31 March 2019

23. Results from operating activities (cont'd)

	Group 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
Material income:				
Dividend income from:				
- Subsidiaries (unquoted)	-	-	94,146	83,399
- Liquid investments	151	126	102	5
Derivative gain	308	-	-	-
Gain on foreign exchange:				
- realised	304	7,178	-	1,667
- unrealised	7,144	-	12,548	-
Gain on liquid investment:				
- realised	18	12	-	-
- unrealised	40	91	40	91
Gain on disposal of assets classified as held for sale	-	2,890	-	-
Gain on disposal of property, plant and equipment	1,496	3,148	-	-
Gain on disposal of subsidiaries	186	-	-	-
Gain on change in fair value of biological assets	20,024	-	-	-
Rental of equipment	14	146	-	-
Rental of premises	1,959	1,931	-	-
Reversal of impairment loss:				
- advances to suppliers	149	186	-	-

24. Finance costs

	Group 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
Interest expense of financial liabilities that are not at fair value through profit or loss:				
- term loans	36,406	29,591	31,960	24,317
- bank overdrafts	3,121	1,123	-	-
- bills payable	14,375	10,452	-	-
- finance lease liabilities	22	33	-	-
- revolving credit	4,569	4,349	3,551	3,303
- subsidiaries	-	-	713	-
	58,493	45,548	36,224	27,620
Other finance costs	2,206	3,097	-	251
	60,699	48,645	36,224	27,871

Notes to the Financial Statements
For the Year Ended 31 March 2019

25. Finance income

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Interest income of financial assets that are not at fair value through profit or loss:				
- deposits placed with licensed banks	**7,480**	7,906	**299**	484
- subsidiaries	**-**	-	**36,674**	33,118
	7,480	7,906	**36,973**	33,602

26. Tax expense/(credit)

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Tax expense/(credit) on continuing operations	**46,888**	37,812	**87**	(389)
Share of tax of equity-accounted associates	**4,073**	3,798	**-**	-
Total tax expense/(credit)	**50,961**	41,610	**87**	(389)
Current tax expense				
- current year	**36,136**	33,546	**20**	-
- (over)/under provision in prior years	**(1,272)**	3,544	**67**	(389)
	34,864	37,090	**87**	(389)
Deferred tax expense				
- origination of temporary differences	**6,311**	2,008	**-**	-
- under/(over) provision in prior years	**5,713**	(1,286)	**-**	-
	12,024	722	**-**	-
Share of tax of equity-accounted associates	**4,073**	3,798	**-**	-
Total tax expense/(credit)	**50,961**	41,610	**87**	(389)

Notes to the Financial Statements

For the Year Ended 31 March 2019

26. Tax expense/(credit) (cont'd)

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Reconciliation of tax expense				
Profit for the year	**225,466**	202,541	**101,178**	53,497
Total income tax expense/(credit)	**50,961**	41,610	**87**	(389)
Profit excluding tax	**276,427**	244,151	**101,265**	53,108
Income tax calculated using Malaysian tax rate of 24% (2018: 24%)	**66,342**	58,596	**24,304**	12,746
Effect of tax rates in foreign jurisdictions	**(2,515)**	(792)	**-**	-
Non-deductible expenses	**8,058**	8,726	**1,817**	1,791
Tax exempt income	**(8,327)**	(9,796)	**(26,034)**	(14,537)
Tax incentives	**(5,211)**	(19,546)	**-**	-
Effect of temporary differences (recognised)/ not recognised	**(11,936)**	2,359	**-**	-
Under/(Over) provided in prior years	**4,441**	2,258	**-**	(389)
Others	**109**	(195)	**-**	-
Tax expense/(credit)	**50,961**	41,610	**87**	(389)

27. 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 RM216,779,000 (2018: RM194,989,000) and the weighted average number of ordinary shares in issue during the year.

	2019 '000	2018 '000 Restated
Issued ordinary shares at beginning of the year	**1,622,438**	1,248,030
Effect of bonus issue	**-**	374,408
Weighted average number of ordinary shares at 31 March	**1,622,438**	1,622,438
Basic earnings per ordinary share (sen)	**13**	12

Diluted earnings per ordinary share

The Group has no dilution in its earnings per ordinary share at 31 March 2019 and 31 March 2018.

Notes to the Financial Statements

For the Year Ended 31 March 2019

28. Dividends

Dividends recognised by the Company:

	Sen per share	Total amount RM'000	Date of payment
2019			
Final 2018	**4.50**	**73,010**	**20 September 2018**
2018			
Final 2017	4.25	53,041	20 September 2017

A final single tier dividend recommended by the Directors in respect of the financial year ended 31 March 2019 is 4.50 sen per ordinary share totalling approximately RM73,010,000 subject to the approval of the members at the forthcoming Annual General Meeting of the Company.

29. Operating segments

The Group's resources allocation is assessed on a quarterly basis in accordance to the business performance and requirements of the respective business segments as reviewed and determined by the Group's Chief Operating Decision Makers ("CODM") whom are also the Executive Chairman and 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, assets and liabilities are absorbed into integrated livestock farming segment.

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

Business segments

The Group comprises the following main business segments:

Marine-products manufacturing	Deep-sea fishing, manufacture and sale of fishmeal, surimi, surimi-based products and aquaculture livestock related product.
Palm oil and biomass energy	Plantation, crude palm oil milling activities and downstream palm biomass technology.
Integrated livestock farming	Distribution of animal feed raw materials, food related products and livestock farming and operation of convenience stores.

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

Geographical segments

The Group's business operates in five geographical areas: Malaysia, Indonesia, Vietnam, China and Singapore.

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

Notes to the Financial Statements
For the Year Ended 31 March 2019

29. Operating segments (cont'd)

	Marine-products manufacturing		Palm oil and biomass energy activities		Integrated livestock farming		Consolidated	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Business segments								
Revenue from external customers	**1,005,941**	902,215	**303,163**	387,288	**2,309,949**	1,970,889	**3,619,053**	3,260,392
Segment profit before taxation	**156,238**	124,157	**20,372**	20,137	**95,744**	96,059	**272,354**	240,353
Included in the measurement of segment profit before taxation are:								
Inter-segment revenue	**137,361**	119,855	**1,417**	1,953	**3,498**	3,185	**142,276**	124,993
Finance costs	**(6,274)**	(6,146)	**(5,089)**	(5,756)	**(49,336)**	(36,743)	**(60,699)**	(48,645)
Finance income	**1,126**	3,270	**2,037**	1,424	**4,317**	3,212	**7,480**	7,906
Depreciation and amortisation	**(58,560)**	(50,078)	**(26,468)**	(26,529)	**(74,649)**	(55,999)	**(159,677)**	(132,606)
Share of (losses)/profits of associates, net of tax	**(201)**	(173)	**12,270**	9,585	**729**	792	**12,798**	10,204
Not included in the measurement of segment profit before taxation but provided to CODM:								
Tax expense	**(28,307)**	(18,991)	**(3,452)**	(349)	**(15,129)**	(18,472)	**(46,888)**	(37,812)

29. Operating segments (cont'd)

	Marine-products manufacturing		Palm oil and biomass energy activities		Integrated livestock farming		Consolidated	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Segment assets	**1,148,006**	1,076,552	**463,651**	454,942	**2,072,004**	1,778,815	**3,683,661**	3,310,309
Segment liabilities	**258,112**	258,264	**147,421**	148,782	**1,263,782**	1,019,947	**1,669,315**	1,426,993
Included in the measurement of segment assets are:								
Investment in associates	**70**	91	**136,015**	127,691	**2,771**	3,475	**138,856**	131,257
Additions to non-current assets other than financial instruments and deferred tax assets	**72,546**	145,336	**2,989**	23,674	**231,171**	177,036	**306,706**	346,046

	Malaysia		Indonesia		Vietnam		Other countries		Consolidated	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Geographical segments										
Revenue from external customers	**2,317,180**	2,281,532	**704,583**	597,380	**187,370**	107,352	**409,920**	274,128	**3,619,053**	3,260,392
Non-current assets other than deferred tax assets	**1,662,068**	1,496,563	**448,740**	463,250	**84,106**	81,144	**3,681**	3,795	**2,198,595**	2,044,752

Notes to the Financial Statements

For the Year Ended 31 March 2019

30. Financial instruments

30.1 Categories of financial instruments

The table below provides an analysis of financial instruments as at 31 March 2019 categorised as follows:

i) Amortised cost ("AC"); and
ii) Fair value through profit or loss ("FVTPL").

	Carrying amount RM'000	AC RM'000	FVTPL RM'000	Derivatives used for hedging RM'000
31.3.2019				
Financial assets				
Group				
Derivative financial assets	298	-	-	298
Trade and other receivables, excluding advances to suppliers	354,415	354,415	-	-
Cash and cash equivalents	261,368	259,774	1,594	-
	616,081	614,189	1,594	298
Company				
Trade and other receivables	461,254	461,254	-	-
Cash and cash equivalents	23,610	23,206	404	-
	484,864	484,460	404	-
Financial liabilities				
Group				
Loans and borrowings	(1,186,651)	(1,186,651)	-	-
Derivative financial liabilities	(13,030)	-	-	(13,030)
Trade and other payables	(330,585)	(330,585)	-	-
	(1,530,266)	(1,517,236)	-	(13,030)
Company				
Loans and borrowings	(729,014)	(729,014)	-	-
Derivatives financial liabilities	(13,026)	-	-	(13,026)
Trade and other payables	(41,232)	(41,232)	-	-
	(783,272)	(770,246)	-	(13,026)

Notes to the Financial Statements

For the Year Ended 31 March 2019

30. Financial instruments (cont'd)

30.1 Categories of financial instruments (cont'd)

The table below provides an analysis of financial instruments as at 31 March 2018 and 1 April 2017 categorised as follows:

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

	Carrying amount RM'000	L&R/ (FL) RM'000	Derivatives used for hedging RM'000
31.3.2018			
Financial assets			
Group			
Derivative financial assets	242	-	242
Trade and other receivables, excluding advances to suppliers	359,689	359,689	-
Cash and cash equivalents	304,028	304,028	-
	663,959	663,717	242
Company			
Trade and other receivables	303,140	303,140	-
Cash and cash equivalents	10,096	10,096	-
	313,236	313,236	-
Financial liabilities			
Group			
Loans and borrowings	(1,014,124)	(1,014,124)	-
Derivative financial liabilities	(34,339)	-	(34,339)
Trade and other payables	(272,260)	(272,260)	-
	(1,320,723)	(1,286,384)	(34,339)
Company			
Loans and borrowings	(648,988)	(648,988)	-
Derivative financial liabilities	(33,773)	-	(33,773)
Trade and other payables	(4,272)	(4,272)	-
	(687,033)	(653,260)	(33,773)

Notes to the Financial Statements

For the Year Ended 31 March 2019

30. Financial instruments (cont'd)

30.1 Categories of financial instruments (cont'd)

	Carrying amount RM'000	L&R/ (FL) RM'000	Derivatives used for hedging RM'000
1.4.2017			
Financial assets			
Group			
Derivative financial assets	6,894	-	6,894
Trade and other receivables, excluding advances to suppliers	354,603	354,603	-
Cash and cash equivalents	306,907	306,907	-
	668,404	661,510	6,894
Company			
Derivative financial assets	3,569	-	3,569
Trade and other receivables	264,965	264,965	-
Cash and cash equivalents	10,013	10,013	-
	278,547	274,978	3,569
Financial liabilities			
Group			
Loans and borrowings	(923,787)	(923,787)	-
Derivative financial liabilities	(27)	-	(27)
Trade and other payables	(311,752)	(311,752)	-
	(1,235,566)	(1,235,539)	(27)
Company			
Loans and borrowings	(508,445)	(508,445)	-
Trade and other payables	(42,173)	(42,173)	-
	(550,618)	(550,618)	-

30.2 Net losses and gains arising from financial instruments

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Net (losses)/gains arising on:				
Financial liabilities measured at amortised cost	**(60,699)**	(41,660)	**(36,224)**	(61,258)
Financial assets at amortised cost	**9,061**	-	**46,758**	-
Financial assets at FVTPL	**209**	-	**142**	-
Derivatives designated as hedging instrument:				
- recognised in profit or loss	**308**	(3,675)	**-**	-
Loans and receivables	**-**	1,641	**-**	33,698
	(51,121)	(43,694)	**10,676**	(27,560)

30. Financial instruments (cont'd)

30.3 Financial risk management

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

- Credit risk
- Liquidity risk
- Market risk

30.4 Credit risk

Credit risk is the risk of a financial loss 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 the individual characteristics of each customer. 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. There are no significant changes as compared to prior periods.

Trade receivables

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 does not have any significant exposure to any individual counterparty. The Group has credit policy in place to ensure that transactions are conducted with creditworthy counterparty.

At each reporting date, the Group assesses whether any of the trade receivables are credit impaired.

The gross carrying amounts of credit impaired receivables are written off (either partially or full) when there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. Nevertheless, trade receivables that are written off could still be subject to enforcement activities.

There are no significant changes as compared to previous year.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk arising from trade receivables is represented by the carrying amounts in the statements of financial position. A significant portion of these receivables are regular customers that have been transacting with the Group. The Group uses aging analysis to monitor the credit quality of the receivables.

Notes to the Financial Statements
For the Year Ended 31 March 2019

30. Financial instruments (cont'd)

30.4 Credit risk (cont'd)

Trade receivables (cont'd)

Concentration of credit risk

The exposure of credit risk for trade receivables as at the end of the reporting period by geographic region was:

	Group		
	31.3.2019 RM'000	31.3.2018 RM'000	1.4.2017 RM'000
Malaysia	229,329	243,653	228,934
Indonesia	50,724	43,938	51,674
Vietnam	2,183	2,577	2,074
Others	26,692	23,668	24,598
	308,928	313,836	307,280

Recognition and measurement of impairment loss

In managing credit risk of receivables, the Group manages its debtors and takes appropriate actions (including but not limited to legal actions) to recover long overdue balances. Generally, trade receivables will pay within 60 to 150 days.

The Group uses an allowance matrix to measure expected credit losses ("ECL") of trade receivables. Loss rates are calculated using a 'roll rate' method based on the probability of a receivable progressing through successive stages of delinquency.

Loss rates are based on actual credit loss experience over the past three years. The Group also considers differences between (a) economic conditions during the period over which the historic data has been collected, (b) current conditions and (c) the Group's view of economic conditions over the expected lives of the receivables. Nevertheless, the Group believes that these factors are immaterial for the purpose of impairment calculation for the year.

The following table provides information about the exposure to credit risk and ECLs for trade receivables as at 31 March 2019 which are grouped together as they are expected to have similar risk nature.

	31.3.2019		
Group	Gross carrying amount RM'000	Loss allowance RM'000	Net balance RM'000
Current (not past due)	198,760	(724)	198,036
1-30 days past due	71,173	(429)	70,744
31-60 days past due	15,691	(388)	15,303
61-90 days past due	3,128	(93)	3,035
91-120 days past due	9,267	(239)	9,028
More than 120 days past due	10,572	(3,837)	6,735
	308,591	(5,710)	302,881
Credit impaired			
Individually impaired	22,750	(16,703)	6,047
	331,341	(22,413)	308,928

Notes to the Financial Statements

For the Year Ended 31 March 2019

30. Financial instruments (cont'd)

30.4 Credit risk (cont'd)

Trade receivables (cont'd)

Recognition and measurement of impairment loss (cont'd)

There are trade receivables where the Group has not recognised any loss allowance as the trade receivables are supported by collateral such as assets held as securities and other credit enhancement in managing exposure to credit risk.

The movements in the allowance for impairment in respect of receivables net of advances to suppliers during the year are shown below.

Group	31.3.2019 Lifetime ECL RM'000	Credit impaired RM'000	Total RM'000
Balance at 1 April 2018 as per FRS 139			17,885
Adjustment on initial application of MFRS 9			2,451
Balance at 1 April 2018 as per MFRS 9	5,865	14,471	20,336
Amounts written off	(19)	(3,680)	(3,699)
Net remeasurement of loss allowance	(136)	5,912	5,776
Balance at 31 March 2019	**5,710**	**16,703**	**22,413**

Comparative information under FRS 139, Financial Instruments: Recognition and Measurement

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

	Gross RM'000	Impairment RM'000	Net RM'000
Group			
31.3.2018			
Not past due	177,472	-	177,472
Past due 1-120 days	118,706	(75)	118,631
Past due more than 120 days	35,543	(17,810)	17,733
	331,721	(17,885)	313,836
1.4.2017			
Not past due	163,929	-	163,929
Past due 1-120 days	129,536	(45)	129,491
Past due more than 120 days	26,746	(12,886)	13,860
	320,211	(12,931)	307,280

Notes to the Financial Statements

For the Year Ended 31 March 2019

30. Financial instruments (cont'd)

30.4 Credit risk (cont'd)

Trade receivables (cont'd)

Comparative information under FRS 139, Financial Instruments: Recognition and Measurement (cont'd)

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

	Group	
	31.3.2018 RM'000	**1.4.2017 RM'000**
At 1 April 2017/2016	12,931	8,842
Impairment loss recognised	6,898	5,510
Impairment loss reversed	(705)	(896)
Impairment loss written off	(1,239)	(525)
At 31 March	17,885	12,931

Cash and cash equivalents

The cash and cash equivalents are held with banks and financial institutions. As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

These banks and financial institutions have low credit risks. In addition, some of the bank balances are insured by government agencies. Consequently, the Group and the Company are of the view that the loss allowance is not material and hence, it is not provided for.

Other receivables

Credit risks on other receivables are mainly arising from deposits paid for office buildings and convenience stores. These deposits will be received at the end of each lease terms. The Group manages the credit risk together with the leasing arrangement.

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

As at the end of the reporting period, the Group did not recognise any allowance for impairment losses.

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 the ability of the subsidiaries to service their loans on an individual basis.

Exposure to credit risk, credit quality and collateral

The maximum exposure to credit risk amounts to RM429,749,000 (31.3.2018: RM443,937,000; 1.4.2017: RM525,830,000) representing the outstanding banking facilities of the subsidiaries as at the end of the reporting period.

The financial guarantees are provided as credit enhancements to the subsidiaries' secured loans.

Notes to the Financial Statements

For the Year Ended 31 March 2019

30. Financial instruments (cont'd)

30.4 Credit risk (cont'd)

Financial guarantees (cont'd)

Recognition and measurement of impairment loss

The Company assumes that there is a significant increase in credit risk when a subsidiary's financial position deteriorates significantly. The Company considers a financial guarantee to be credit impaired when:

- The subsidiary is unlikely to repay its credit obligation to the financial institution in full; or
- The subsidiary is continuously loss making and is having a deficit shareholders' fund.

The Company determines the probability of default of the guaranteed loans individually using internal information available.

As at the end of the reporting period, there was no indication that any subsidiary would default on repayment and hence no allowance for impairment losses was recognised by the Company.

Intercompany loans and advances

Risk management objectives, policies and processes for managing the risk

The Company provides unsecured loans and advances to subsidiaries. The Company monitors the ability of the subsidiaries to repay the loans and advances on an individual basis.

Exposure to credit risk, credit quality and collateral

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

Loans and advances provided are not secured by any collateral or supported by any other credit enhancements.

Recognition and measurement of impairment loss

Generally, the Company considers loans and advances to subsidiaries have low credit risk. The Company assumes that there is a significant increase in credit risk when a subsidiary's financial position deteriorates significantly. As the Company is able to determine the timing of payments of the subsidiaries' loans and advances when they are payable, the Company considers the loans and advances to be in default when the subsidiaries are not able to pay when demanded. The Company considers a subsidiary's loan or advance to be credit impaired when:

- The subsidiary is unlikely to repay its loan or advance to the Company in full; or
- The subsidiary is continuously loss making and is having a deficit shareholders' fund.

The Company determines the probability of default for these loans and advances individually using internal information available.

At the end of the reporting period, there was no indication that the financial positions of the subsidiaries had deteriorated significantly. There was no subsidiary which is unlikely to repay its loan or advances to the Company in full and in deficit shareholders' fund.

Comparative information under FRS 139, Financial Instruments: Recognition and Measurement

In the previous financial year, there was no indication that the loans and advances to the subsidiaries are not recoverable and hence no impairment loss was recognised.

Notes to the Financial Statements
For the Year Ended 31 March 2019

30. Financial instruments (cont'd)

30.5 Liquidity risk

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

The Group and the Company maintain a level of cash and cash equivalents and bank facilities deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due. The company can also demand repayment of advances/dividend from subsidiary to meet its liability as and 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.

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:

	Carrying amount RM'000	Contractual interest/ profit rate %	Contractual cash flows RM'000	Under 1 year RM'000	1-2 years RM'000	2-5 years RM'000	More than 5 years RM'000
Group							
31.3.2019							
Non-derivative financial liabilities							
Revolving credit	110,656	4.18-5.56	116,045	116,045	-	-	-
Bank overdrafts	19,272	7.35-9.85	20,929	20,929	-	-	-
Bills payable	307,522	2.98-4.97	319,747	319,747	-	-	-
Term loans	748,911	1.29-8.00	825,711	220,741	218,182	373,492	13,296
Finance lease liabilities	290	2.00-3.95	310	131	130	49	-
Trade and other payables	330,087	-	330,087	330,087	-	-	-
	1,516,738		1,612,829	1,007,680	218,312	373,541	13,296
Derivative financial liabilities							
Forward exchange contracts (gross settled):							
Outflow	-	-	104,122	104,122	-	-	-
Inflow	(169)	-	(104,291)	(104,291)	-	-	-
Commodity future contracts	(125)	-	(125)	(125)	-	-	-
Cross currency swap	12,327	-	12,327	12,327	-	-	-
Interest rate swap	699	-	837	767	68	2	-
	1,529,470		1,625,699	1,020,480	218,380	373,543	13,296

30. Financial instruments (cont'd)

30.5 Liquidity risk (cont'd)

Maturity analysis (cont'd)

	Carrying amount RM'000	Contractual interest/ profit rate %	Contractual cash flows RM'000	Under 1 year RM'000	1-2 years RM'000	2-5 years RM'000	More than 5 years RM'000
Group (cont'd)							
31.3.2018							
Non-derivative financial liabilities							
Revolving credit	58,146	4.18 - 5.38	60,925	60,925	-	-	-
Bank overdrafts	21,745	7.35 - 8.35	23,452	23,452	-	-	-
Bills payable	254,393	1.85 - 4.86	262,928	262,928	-	-	-
Term loans	679,627	1.84 - 9.85	755,383	189,412	180,457	362,054	23,460
Finance lease liabilities	213	3.49 - 3.90	232	109	48	75	-
Trade and other payables	272,052	-	272,052	272,052	-	-	-
	1,286,176		1,374,972	808,878	180,505	362,129	23,460
Derivative financial liabilities							
Forward exchange contracts (gross settled):							
Outflow	152	-	92,992	92,992	-	-	-
Inflow	-	-	(92,840)	(92,840)	-	-	-
Commodity future contracts	172	-	172	172	-	-	-
Cross currency swap	33,657	-	33,657	33,657	-	-	-
Interest rate swap	116	-	144	107	32	5	-
	1,320,273		1,409,097	842,966	180,537	362,134	23,460

Notes to the Financial Statements

For the Year Ended 31 March 2019

30. Financial instruments (cont'd)

30.5 Liquidity risk (cont'd)

Maturity analysis (cont'd)

	Carrying amount RM'000	Contractual interest/ profit rate %	Contractual cash flows RM'000	Under 1 year RM'000	1-2 years RM'000	2-5 years RM'000	More than 5 years RM'000
Group (cont'd)							
1.4.2017							
Non-derivative financial liabilities							
Revolving credit	140,823	1.45 - 5.38	145,632	145,632	-	-	-
Bank overdrafts	26,307	7.35 - 8.35	28,372	28,372	-	-	-
Bills payable	283,752	3.29 - 4.51	294,819	294,819	-	-	-
Term loans	472,592	2.37 - 7.67	532,900	173,067	94,494	178,980	86,359
Finance lease liabilities	313	3.20 - 3.95	338	136	86	116	-
Trade and other payables	311,752	-	311,752	311,752	-	-	-
	1,235,539		1,313,813	953,778	94,580	179,096	86,359
Derivative financial liabilities							
Forward exchange contracts (gross settled):							
Outflow	-	-	64,064	64,064	-	-	-
Inflow	(2,444)	-	(66,508)	(66,508)	-	-	-
Commodity future contracts	(854)	-	(854)	(854)	-	-	-
Cross currency swap	(3,383)	-	(3,383)	(3,383)	-	-	-
Interest rate swap	(186)	-	(442)	(200)	(145)	(97)	-
	1,228,672		1,306,690	946,897	94,435	178,999	86,359

30. Financial instruments (cont'd)

30.5 Liquidity risk (cont'd)

Maturity analysis (cont'd)

	Carrying amount RM'000	Contractual interest/ profit rate %	Contractual cash flows RM'000	Under 1 year RM'000	1-2 years RM'000	2-5 years RM'000	More than 5 years RM'000
Company							
31.3.2019							
Non-derivative financial liabilities							
Revolving credit	**85,000**	**4.18 – 4.43**	**88,659**	**88,659**	**-**	**-**	**-**
Term loans	**644,014**	**4.59 – 5.05**	**702,286**	**180,398**	**196,931**	**324,957**	**-**
Trade and other payables	**6,038**	**-**	**6,038**	**6,038**	**-**	**-**	**-**
Amount due to subsidiaries	**35,194**	**4.43**	**37,309**	**37,309**	**-**	**-**	**-**
Financial guarantees	**-**	**-**	**429,749**	**429,749**	**-**	**-**	**-**
	770,246		**1,264,041**	**742,153**	**196,931**	**324,957**	**-**
Derivative financial liabilities							
Cross currency swap	**12,327**	**-**	**12,327**	**12,327**	**-**	**-**	**-**
Interest rate swap	**699**	**-**	**837**	**767**	**68**	**2**	**-**
	783,272		**1,277,205**	**755,247**	**196,999**	**324,959**	**-**
31.3.2018							
Non-derivative financial liabilities							
Revolving credit	39,000	4.18 - 4.92	40,775	40,775	-	-	-
Term loans	609,988	4.28 - 5.05	673,433	145,734	167,586	339,533	20,580
Trade and other payables	4,272	-	4,272	4,272	-	-	-
Financial guarantees	-	-	443,937	443,937	-	-	-
	653,260		1,162,417	634,718	167,586	339,533	20,580
Derivative financial liabilities							
Cross currency swap	33,657	-	33,657	33,657	-	-	-
Interest rate swap	116	-	144	107	32	5	-
	687,033		1,196,218	668,482	167,618	339,538	20,580

Notes to the Financial Statements

For the Year Ended 31 March 2019

30. **Financial instruments (cont'd)**

30.5 Liquidity risk (cont'd)

Maturity analysis (cont'd)

	Carrying amount RM'000	Contractual interest/ profit rate %	Contractual cash flows RM'000	Under 1 year RM'000	1-2 years RM'000	2-5 years RM'000	More than 5 years RM'000
Company (cont'd)							
1.4.2017							
Non-derivative financial liabilities							
Revolving credit	91,000	4.13 - 4.62	94,981	94,981	-	-	-
Term loans	417,445	2.80 - 4.50	472,863	120,985	89,645	175,874	86,359
Trade and other payables	42,173	-	42,173	42,173	-	-	-
Financial guarantees	-	-	525,830	525,830	-	-	-
	550,618		1,135,847	783,969	89,645	175,874	86,359
Derivative financial liabilities							
Cross currency swap	(3,383)	-	(3,383)	(3,383)	-	-	-
Interest rate swap	(186)	-	(442)	(200)	(145)	(97)	-
	547,049		1,132,022	780,386	89,500	175,777	86,359

Notes to the Financial Statements
For the Year Ended 31 March 2019

30. Financial instruments (cont'd)

30.6 Market risk

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

30.6.1 Currency risk

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

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

Risk management objectives, policies and processes for managing the risk

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

Exposure to foreign currency risk

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

	Denominated in USD		
	31.3.2019 RM'000	**31.3.2018 RM'000**	**1.4.2017 RM'000**
Group			
Trade receivables	**29,387**	18,599	21,098
Unsecured bank loans	**(580,497)**	(486,344)	(170,429)
Trade payables	**(59,616)**	(40,198)	(45,336)
Forward exchange contracts	**104,139**	96,329	47,404
Cross currency swap	**529,347**	490,570	106,435
Cash and cash equivalents	**14,724**	15,358	12,260
Net exposure	**37,484**	94,314	(28,568)
Company			
Unsecured bank loans	**(529,014)**	(415,488)	(109,424)
Cross currency swap	**529,347**	490,570	106,435
Cash and cash equivalents	**3,054**	687	46
Net exposure	**3,387**	75,769	(2,943)

Notes to the Financial Statements

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30. Financial instruments (cont'd)

30.6 Market risk (cont'd)

30.6.1 Currency risk (cont'd)

Currency risk sensitivity analysis

A 1.50% (2018: 1.50%) strengthening of RM against USD at the end of the reporting period would have increased equity and post-tax profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remained constant and ignores any impact of forecasted sales and purchases.

	Profit or (loss)	
	2019 RM'000	2018 RM'000
Group		
USD	**427**	1,075
Company		
USD	**(39)**	(864)

A 1.50% (2018: 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.

30.6.2 Interest rate risk

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

Risk management objectives, policies and processes for managing the risk

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

Exposure to interest rate risk

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

	Group			Company		
	31.3.2019 RM'000	31.3.2018 RM'000	1.4.2017 RM'000	31.3.2019 RM'000	31.3.2018 RM'000	1.4.2017 RM'000
Fixed rate instruments						
Financial assets	7,163	39,971	26,372	23,675	30,440	62,100
Financial liabilities	(501,681)	(312,752)	(454,720)	(120,194)	(39,000)	(124,350)
	(494,518)	(272,781)	(428,348)	(96,519)	(8,560)	(62,250)
Floating rate instruments						
Financial assets	254,205	264,057	264,388	392,642	253,675	151,936
Financial liabilities	(684,970)	(701,372)	(469,067)	(644,014)	(609,988)	(384,095)
	(430,765)	(437,315)	(204,679)	(251,372)	(356,313)	(232,159)

30. Financial instruments (cont'd)

30.6 Market risk (cont'd)

30.6.2 Interest rate risk (cont'd)

Interest rate risk sensitivity analysis

(a) Fair value sensitivity analysis for fixed rate instruments

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

(b) Cash flow sensitivity analysis for variable rate instruments

A change of 50 basis points ("bp") in interest rates at the end of the reporting period would have increased/(decreased) equity and 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 2019 RM'000	50 bp decrease 2019 RM'000	50 bp increase 2018 RM'000	50 bp decrease 2018 RM'000
Group				
Floating rate instruments	**(1,637)**	**1,637**	(1,662)	1,662
Company				
Floating rate instruments	**(955)**	**955**	(1,354)	1,354

30.7 Hedging activities

30.7.1 Cash flow hedge

The Group entered into forward exchange contracts as hedges for purchases denominated in foreign currencies. The Group and the Company also entered into cross currency swap and interest rate swap to hedge against its exposures of borrowings in foreign currency and movements in interest rates. The commodities futures were entered into with the objective of managing and hedging the Group's exposure to adverse commodity price movements.

During the year, the Group and the Company had recognised net loss of RM2,341,000 and RM2,229,000 (2018: net loss of RM811,000 and RM864,000) respectively in other comprehensive income.

30.8 Fair value information

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

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

30. Financial instruments (cont'd)

30.8 Fair value information (cont'd)

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

	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value	Carrying amount
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	RM'000	RM'000
Group										
31.3.2019										
Financial assets										
Commodity future contracts	-	125	-	125	-	-	-	-	125	125
Forward exchange contracts	-	169	-	169	-	-	-	-	169	169
	-	294	-	294	-	-	-	-	294	294
Financial liabilities										
Term loans	-	-	-	-	-	-	(103,684)	(103,684)	(103,684)	(100,865)
Cross currency swap	-	-	(12,327)	(12,327)	-	-	-	-	(12,327)	(12,327)
Interest rate swap	-	-	(699)	(699)	-	-	-	-	(699)	(699)
Finance lease liabilities	-	-	-	-	-	-	(281)	(281)	(281)	(290)
	-	-	(13,026)	(13,026)	-	-	(103,965)	(103,965)	(116,991)	(114,181)

30. Financial instruments (cont'd)

30.8 Fair value information (cont'd)

	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value	Carrying amount
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	RM'000	RM'000
Group										
31.3.2018										
Financial liabilities										
Term loan	-	-	-	-	-	-	(56,349)	(56,349)	(56,349)	(53,689)
Commodity future contracts	-	(172)	-	(172)	-	-	-	-	(172)	(172)
Cross currency swap	-	-	(33,657)	(33,657)	-	-	-	-	(33,657)	(33,657)
Interest rate swap	-	-	(116)	(116)	-	-	-	-	(116)	(116)
Forward exchange contracts	-	(152)	-	(152)	-	-	-	-	(152)	(152)
Finance lease liabilities	-	-	-	-	-	-	(204)	(204)	(204)	(213)
	-	(324)	(33,773)	(34,097)	-	-	(56,553)	(56,553)	(90,650)	(87,999)
1.4.2017										
Financial assets										
Commodity future contracts	-	854	-	854	-	-	-	-	854	854
Cross currency swap	-	-	3,383	3,383	-	-	-	-	3,383	3,383
Interest rate swap	-	-	186	186	-	-	-	-	186	186
Forward exchange contracts	-	2,444	-	2,444	-	-	-	-	2,444	2,444
	-	3,298	3,569	6,867	-	-	-	-	6,867	6,867
Financial liabilities										
Term loan	-	-	-	-	-	-	(33,254)	(33,254)	(33,254)	(33,350)
Finance lease liabilities	-	-	-	-	-	-	(300)	(300)	(300)	(313)

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30. Financial instruments (cont'd)

30.8 Fair value information (cont'd)

	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value	Carrying amount
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	RM'000	RM'000
Company										
31.3.2019										
Financial assets										
Amounts due from subsidiaries	-	-	-	-	-	-	**23,152**	**23,152**	**23,152**	**23,397**
Financial liabilities										
Cross currency swap	-	-	**(12,327)**	**(12,327)**	-	-	-	-	**(12,327)**	**(12,327)**
Interest rate swap	-	-	**(699)**	**(699)**	-	-	-	-	**(699)**	**(699)**
	-	-	**(13,026)**	**(13,026)**	-	-	-	-	**(13,026)**	**(13,026)**
31.3.2018										
Financial assets										
Amounts due from subsidiaries	-	-	-	-	-	-	29,472	29,472	29,472	29,307
Financial liabilities										
Cross currency swap	-	-	(33,657)	(33,657)	-	-	-	-	(33,657)	(33,657)
Interest rate swap	-	-	(116)	(116)	-	-	-	-	(116)	(116)
	-	-	(33,773)	(33,773)	-	-	-	-	(33,773)	(33,773)
1.4.2017										
Financial assets										
Amounts due from subsidiaries	-	-	-	-	-	-	61,323	61,323	61,323	61,102
Cross currency swap	-	-	3,383	3,383	-	-	-	-	3,383	3,383
Interest rate swap	-	-	186	186	-	-	-	-	186	186
	-	-	3,569	3,569	-	-	61,323	61,323	64,892	64,671

Notes to the Financial Statements
For the Year Ended 31 March 2019

30. Financial instruments (cont'd)

30.8 Fair value information (cont'd)

Transfers between Level 1 and Level 2 fair values

There has been no transfer between Level 1 and 2 fair values during the financial year (2018: no transfer in either directions).

Level 2 fair value

Derivatives

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

Level 3 fair value

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

	2019 RM'000	2018 RM'000
Group/Company		
Balance at 1 April	**(33,773)**	3,569
Gain/(Loss) recognised in other comprehensive income		
Cash flow hedge	**20,747**	(37,342)
Balance at 31 March	**(13,026)**	(33,773)

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

(a) Financial instruments carried at fair value

Type	Valuation Technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Derivative used for hedging	The fair value of cross currency swap and interest rate swap are based on broker quotes. Those quotes are tested for reasonableness by discounting estimated future cash flows based on the terms and maturity of each contract and using spot rate and market interest rates respectively for a similar instrument at the measurement date.	Exchange rate at maturity	The estimated fair value would increase/(decrease) if the foreign currency rate were strengthen/(weaken).
		Interest rate (2019: 3-5%; 2018: 3-5%; 2017: 3-5%)	The estimated fair value would increase/(decrease) if the interest rate were higher/(lower).

Notes to the Financial Statements

For the Year Ended 31 March 2019

30. Financial instruments (cont'd)

30.8 Fair value information (cont'd)

(b) Financial instruments not carried at fair value

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

31. Capital and other commitments

	Group		
	31.3.2019 RM'000	31.3.2018 RM'000	1.4.2017 RM'000
Capital commitments:			
Property, plant and equipment			
Contracted but not provided for	**19,905**	36,406	25,105

32. Capital management

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

33. Operating leases

Non-cancellable operating leases are as follows:

	Group	
	2019 RM'000	2018 RM'000
Less than one year	**13,576**	7,684
Between one and five years	**18,416**	9,525
More than five years	**265**	314
	32,257	17,523

The subsidiaries lease land, hostel and shoplots under operating lease. For the land under operating leases, the lease typically runs for a period ranging from 1 to 25 years, with an option to renew the lease after that date. None of the operating leases for land includes contingent rentals. For the hostel and shoplots, the leases typically run for an initial period of two to three years with an option to renew the leases after the expiry date.

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For the Year Ended 31 March 2019

34. Related parties

Identity of related parties

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

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

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

Significant related party transactions

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

	Group	
	2019 RM'000	**2018 RM'000**
With companies in which certain Directors of the Company, Chia Song Kun, Chia Song Kooi, Chia Seong Fatt, Chia Seong Pow, Chia Mak Hooi, Chia Lik Khai, and/or Directors of certain subsidiaries, Chia Song Phuan, Cheah Yaw Song, Chia Chw Pew, Liu Sin, Heng Hup Peng, Sim Chin Swee and Ng Siew Thiam have interests and/or also Directors:		
Success Portfolio Sdn. Bhd.:		
Sales	**(903)**	(3,068)
M.B. Agriculture (Sandakan) Sdn. Bhd.:		
Sales	**(7,616)**	(7,721)
Purchases	**550**	1,369
M.B. Agriculture (Sabah) Sdn. Bhd.:		
Sales	**(10,602)**	(11,688)
Acquisition of property, plant and equipment	**2,106**	-
Arena Dijaya Sdn. Bhd.:		
Sales	**(2,451)**	(2,598)
Keang Huat Trading Sdn. Bhd.:		
Purchases	**4,954**	4,773
Perikanan Sri Tanjung Sdn. Bhd.:		
Purchases	**1,168**	1,060
Green Breeder Sdn. Bhd.:		
Sales	**-**	(30,965)

Notes to the Financial Statements

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34. Related parties (cont'd)

Significant related party transactions (cont'd)

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

	Group	
	2019 RM'000	2018 RM'000
With companies in which certain Directors of the Company, Chia Song Kun, Chia Song Kooi, Chia Seong Fatt, Chia Seong Pow, Chia Mak Hooi, Chia Lik Khai, and/or Directors of certain subsidiaries, Chia Song Phuan, Cheah Yaw Song, Chia Chw Pew, Liu Sin, Heng Hup Peng, Sim Chin Swee and Ng Siew Thiam have interests and/or also Directors: (cont'd)		
Sin Teow Fatt Trading Co.:		
Purchases	**881**	561
Timurikan Terengganu Sdn. Bhd.:		
Purchases	**1,139**	-
Inspirasi Delima Sdn. Bhd.:		
Acquisition of property, plant and equipment	**23,000**	-
Sizeable Properties Sdn. Bhd.:		
Acquisition of property, plant and equipment	**19,000**	-
Credential Development Sdn. Bhd.:		
Acquisition of property, plant and equipment	**4,600**	-
With a person connected to Cheah Yaw Song and Cheah Juw Teck, Directors of certain subsidiaries have interests:		
Cheah Joo Kiang Enterprise:		
Sales	**(4,260)**	(4,067)
E Koon Plastic Trading:		
Purchases	**2,074**	1,805
With a person connected to Chia Song Kun, Chia Song Phuan, Chia Teow Guan, Chia Song Pou, Cheah Yaw Song, Chia Song Kooi, Chia Song Kang, Chia Mak Hooi and Chia Song Swa, Directors of the Company and/or of certain subsidiaries have interests:		
Fusipim Sdn. Bhd.:		
Sales	**(1,787)**	(1,985)
C-Care Enterprise Sdn. Bhd.:		
Sales	**(1,764)**	(1,259)
Associates		
Gross dividends received	**(4,732)**	(3,298)
Warehousing services	**9,614**	10,886

Notes to the Financial Statements

For the Year Ended 31 March 2019

34. Related parties (cont'd)

Significant related party transactions (cont'd)

	Company	
	2019 RM'000	2018 RM'000
Subsidiaries		
Finance income	**(36,674)**	(33,118)
Dividend received	**(94,146)**	(83,399)
Finance costs	**713**	-

The key management personnel compensation are as follows:

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Directors of the Company				
- Fees	**1,608**	1,519	**1,108**	1,008
- Remuneration	**12,535**	12,880	**29**	10
- Other short-term employee benefits (including estimated monetary value of benefits-in-kind)	**215**	171	**-**	-
	14,358	14,570	**1,137**	1,018
Directors of subsidiaries				
- Fees	**487**	472	**36**	12
- Remuneration	**8,539**	8,840	**-**	-
- Other short-term employee benefits (including estimated monetary value of benefits-in-kind)	**248**	216	**-**	-
	9,274	9,528	**36**	12
	23,632	24,098	**1,173**	1,030

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35. 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 31.3.2019 %	31.3.2018 %	1.4.2017 %
QL Feedingstuffs Sdn. Bhd. and its subsidiaries	Investment holding, provision of management services	**100**	100	100
QL Agrofood Sdn. Bhd.	Processing and sale of animal feeds, trading of raw materials for animal feeds, lubricants and foodstuffs	**100**	100	100
QL Agroventures Sdn. Bhd.	Layer and broiler farming	**100**	100	100
Chingsan Development Sdn. Bhd.	Property holding	**100**	100	100
QL Tawau Feedmill Sdn. Bhd.	Manufacture and sale of animal feeds and providing chicken parts processing service	**100**	100	100
QL Feed Sdn. Bhd.	Marketing and distribution of animal feed raw material and food grain	**100**	100	100
QL Realty Sdn. Bhd. and its subsidiaries	Investment holding	**100**	100	100
PT. QL Trimitra[(a)]	Integrated broiler farming and its related activities	**90**	90	80
PT. QL Agrofood[(a)]	Layer farming and poultry feed manufacturing	**100**	100	100
Pacific Vet Group (M) Sdn. Bhd. and its subsidiary	Investment holding	**90**	90	90
QL Pacific Vet Group Sdn. Bhd.	Trading of feed supplement, animal health food and agricultural products	**90**	90	90
QL AgroResources Sdn. Bhd. and its subsidiaries	Investment holding, feed milling, selling and distribution of animal feeds, raw materials and other related products	**100**	95	95
QL Livestock Farming Sdn. Bhd.	Poultry farming, feed milling as well as selling and distribution of animal feeds, poultry and related products	**100**	95	95
Gelombang Elit (M) Sdn. Bhd.	Property holding	**100**	95	95
QL TP Fertilizer Sdn. Bhd.	Producing and selling organic fertiliser	**51**	48.45	48.45

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35. Subsidiaries (cont'd)

Name of company	Principal activities	Effective ownership interest 31.3.2019 %	31.3.2018 %	1.4.2017 %
QL Farms Sdn. Bhd. and its subsidiaries	Investment holding, layer and broiler farming, wholesale of frozen chicken parts, trading of goods, oil palm cultivation, manufacturing and sales of organic fertiliser, and property holding	**100**	100	100
Adequate Triumph Sdn. Bhd.	Property holding	**100**	100	100
QL Inter-Food Sdn. Bhd.	Trading of goods	**100**	100	100
QL Breeder Farm Sdn. Bhd.	Poultry breeding and farming	**100**	100	100
Merkaya Sdn. Bhd.	Dormant	**100**	100	100
QL Agrobio Sdn. Bhd.	Commercial production and supply of biologically digested feeding raw materials	**100**	100	100
QL Ansan Poultry Farm Sdn. Bhd. and its subsidiaries	Investment holding, poultry farming and provision of ancillary transportation services	**90**	90	90
QL Rawang Poultry Farm Sdn. Bhd.	Property holding	**90**	90	90
QL Poultry Farms Sdn. Bhd.	Layer farming	**90**	90	90
QL Eco Farm Sdn. Bhd. (formerly known as Hybrid Figures Sdn. Bhd.)	Layer farming and provision of ancillary transportation services	**90**	90	90
Haji Hussin Markom Sdn. Bhd.	Dormant	**54**	54	-
QL Vietnam AgroResources Liability Limited Company[(b)]	Poultry farming	**100**	100	100
QL International Pte. Ltd.	Marketing and trading of animal feed raw materials	**100**	100	100
PT. QL Feed Indonesia[(a)]	Trading of animal feed raw materials and related products	**88**	88	100
QL Palm Pellet Sdn. Bhd.	Dormant	**90**	90	90
QL Feedingstuffs Vietnam Liability Limited Company[(b)]	Trading of poultry products	**100**	100	100
QL Farms (Tay Ninh) Liability Limited Company[(b)]	Poultry farming	**100**	-	-
KS Galah Sdn. Bhd.[#]	Dormant	**100**	-	-
Icon Blitz Sdn. Bhd.[#]	Dormant	**100**	-	-

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35. Subsidiaries (cont'd)

Name of company	Principal activities	Effective ownership interest 31.3.2019 %	31.3.2018 %	1.4.2017 %
QL Oil Sdn. Bhd. and its subsidiaries	Investment holding	**100**	100	100
QL Plantation Sdn. Bhd. and its subsidiary	Investment holding, oil palm cultivation, processing and marketing of oil palm products	**100**	100	100
QL Tawau Biogas Sdn. Bhd.	Operating a biogas power plant	**100**	100	100
QL BioEnergy Sdn. Bhd.	Dormant	**100**	100	100
QL Mutiara (S) Pte. Ltd.[(c)] and its subsidiary	Investment holding	**78.42**	78.42	78.42
PT. Pipit Mutiara Indah[(a)]	Oil palm plantation and crude palm oil milling	**74.50**	74.50	74.50
QL Fishery Sdn. Bhd. and its subsidiaries	Investment holding	**100**	100	100
QL Marine Products Sdn. Bhd. and its subsidiaries	Investment holding, manufacturing of surimi, surimi-based products and fishmeal as well as processing and sale of frozen seafood	**100**	100	100
Icon Blitz Sdn. Bhd.[#]	Dormant	**-**	100	100
QL Deep Sea Fishing Sdn. Bhd.	Deep sea fishing and sale of subsidised diesel to fishermen	**100**	100	100
QL Foods Sdn. Bhd. and its subsidiaries	Investment holding, manufacturing of surimi and surimi-based products	**100**	100	100
QL Aquaculture Sdn. Bhd.	Dormant	**100**	100	100
QL Aquamarine Sdn. Bhd.	Shrimp farming	**100**	100	100
QL Fishmeal Sdn. Bhd. and its subsidiary	Investment holding, manufacturing and trading of fishmeal	**100**	100	100
PT. QL Hasil Laut[(a)] and its subsidiary	Manufacturing of surimi and fishmeal	**100**	100	100
PT. QLNutri Foods Indonesia[(d)]	Dormant	**100**	100	-
QL Endau Marine Products Sdn. Bhd. and its subsidiaries	Investment holding, manufacturing of surimi and provision of ancillary transportation services	**70.59**	70.59	70.59
QL Endau Deep Sea Fishing Sdn. Bhd.	Deep sea fishing	**70.59**	70.59	70.59
QL Endau Fishmeal Sdn. Bhd.	Manufacturing and trading of fishmeal	**70.59**	70.59	70.59

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35. Subsidiaries (cont'd)

Name of company	Principal activities	Effective ownership interest 31.3.2019 %	31.3.2018 %	1.4.2017 %
Pilihan Mahir Sdn. Bhd.	Letting of property	**70.59**	70.59	70.59
Rikawawasan Sdn. Bhd.	Deep sea fishing	**70.59**	70.59	70.59
QL Figo Foods Sdn. Bhd.	Sale of "halal" food products	**100**	100	100
QL Figo (Johor) Sdn. Bhd.	Manufacturing and sale of "halal" food products	**100**	100	100
QL Fresh Choice Seafood Sdn. Bhd.	Coastal fish trawling and wholesale of marine products	**100**	100	100
QL Lian Hoe Sdn. Bhd.	Manufacturing and sale of surimi-based products	**82**	82	82
QL Lian Hoe (S) Pte. Ltd. (c) and its subsidiary	Investment holding	**100**	100	100
Zhongshan True Taste Food Industrial Co. Ltd.(e)	Manufacturing and sale of food products	**100**	100	100
Kuala Kedah Fish Meal Sendirian Berhad	Property investment	**100**	100	100
KS Galah Sdn. Bhd.#	Dormant	**-**	100	-
KS Monodon Sdn. Bhd.	Dormant	**100**	100	-
Kembang Subur Sdn. Bhd. and its subsidiaries	Hatchering and culturing of shrimps and fishes	**83.33**	83.33	63.33
KS Galah Sdn. Bhd.	Dormant	**-**	-	63.33
KS Monodon Sdn. Bhd.	Dormant	**-**	-	63.33
Kembang Subur (Perak) Sdn. Bhd.	Breeding, genetic selection and hatchery operation for the production of shrimps	**83.33**	45.83	34.83
KS Pekan Hatchery Sdn. Bhd.	Breeding, genetic selection and hatchery operation for the production of shrimps	**83.33**	83.33	63.33
Kembang Subur International Ltd.(f)* and its subsidiary	Investment holding	**-**	42.50	32.30
Nam Duong Vietnam Aquatic Hatchery Company Limited (g)*	Production and sales of shrimps	**-**	42.50	32.30

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35. Subsidiaries (cont'd)

Name of company	Principal activities	Effective ownership interest 31.3.2019 %	31.3.2018 %	1.4.2017 %
QL Green Resources Sdn. Bhd. and its subsidiaries	Investment holding	**100**	100	100
QL Tawau Palm Pellet Sdn. Bhd.	Dormant	**100**	100	100
QL NatureCo Sdn. Bhd.	Dormant	**100**	100	100
QL ESCO Sdn. Bhd.	Supply of biomass	**100**	100	100
Leisure Pyramid Sdn. Bhd.	Manufacturing of wood pellet	**76.47**	73.33	73.33
QL IPC Sdn. Bhd.	Dormant	**100**	100	100
QL Carbon Sdn. Bhd. and its subsidiaries	Investment holding	**100**	100	100
Maxincome Resources Sdn. Bhd.	Operating and franchising of convenience stores	**100**	100	100
QL Kitchen Sdn. Bhd.	Operation of centralised kitchen	**100**	100	100
QL Corporate Services Sdn. Bhd.	Provision of management services	**100**	100	100

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

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

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

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

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

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

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

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

* During the year, these subsidiaries were disposed of.

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

Notes to the Financial Statements

For the Year Ended 31 March 2019

35. Subsidiaries (cont'd)

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

	Number of ordinary shares			
	At 1.4.2018	Bought	Sold	At 31.3.2019
Interest in non wholly-owned subsidiaries via QL Feedingstuffs Sdn. Bhd.				
Pacific Vet Group (M) Sdn. Bhd. and its subsidiary	2,736,000	-	-	**2,736,000**
QL Pacific Vet Group Sdn. Bhd.	2,000,000	-	-	**2,000,000**
QL AgroResources Sdn. Bhd. and its subsidiaries	14,820,000	10,780,000	-	**25,600,000**
QL Livestock Farming Sdn. Bhd.	20,000,000	-	-	**20,000,000**
Gelombang Elit (M) Sdn. Bhd.	352,600	-	-	**352,600**
QL TP Fertilizer Sdn. Bhd.	255,000	-	-	**255,000**
QL Ansan Poultry Farm Sdn. Bhd. and its subsidiaries	34,200,000	-	-	**34,200,000**
QL Rawang Poultry Farm Sdn. Bhd.	4,400,000	-	-	**4,400,000**
QL Eco Farm Sdn. Bhd. (formerly known as Hybrid Figures Sdn. Bhd.)	2,500,000	40,000,000	-	**42,500,000**
QL Poultry Farms Sdn. Bhd.	18,000,000	-	-	**18,000,000**
Haji Hussin Markom Sdn. Bhd.	60,000	-	-	**60,000**
PT. QL Feed Indonesia	500,000	-	-	**500,000**
PT. QL Trimitra	11,700,000	-	-	**11,700,000**
QL Palm Pellet Sdn. Bhd.	3,870,000	-	-	**3,870,000**
Interest in non wholly-owned subsidiaries via QL Oil Sdn. Bhd.				
QL Mutiara (S) Pte. Ltd. and its subsidiary	11,919,998	-	-	**11,919,998**
PT. Pipit Mutiara Indah	2,983,000	-	-	**2,983,000**

Notes to the Financial Statements

For the Year Ended 31 March 2019

35. Subsidiaries (cont'd)

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

	Number of ordinary shares			
	At 1.4.2018	Bought	Sold	At 31.3.2019
Interest in non wholly-owned subsidiaries via QL Fishery Sdn. Bhd.				
QL Endau Marine Products Sdn. Bhd. and its subsidiaries	6,723,960	-	-	**6,723,960**
QL Endau Deep Sea Fishing Sdn. Bhd.	43,800,000	-	-	**43,800,000**
QL Endau Fishmeal Sdn. Bhd.	20,100,000	-	-	**20,100,000**
Pilihan Mahir Sdn. Bhd.	10,000	-	-	**10,000**
Rikawawasan Sdn. Bhd.	10,000,000	-	-	**10,000,000**
QL Lian Hoe Sdn. Bhd.	8,200,000	-	-	**8,200,000**
Kembang Subur Sdn. Bhd. and its subsidiaries	7,500,000	-	-	**7,500,000**
Kembang Subur International Ltd.	51	-	(51)	**-**
Kembang Subur (Perak) Sdn. Bhd.	275,000	225,000	-	**500,000**
KS Pekan Hatchery Sdn. Bhd.	4,000,000	-	-	**4,000,000**
Interest in non wholly-owned subsidiaries via QL Green Resources Sdn. Bhd.				
Leisure Pyramid Sdn. Bhd.	1,100,000	200,000	-	**1,300,000**

36. Significant event

In April 2018, the Group, via its wholly-owned subsidiary, QL Feedingstuffs Sdn. Bhd. ("QLF") had received the Enterprise Registration Certificate issued by the Department of Planning and Investment of Tay Ninh Province, Socialist Republic of Vietnam for the incorporation of a new wholly-owned subsidiary known as QL Farms (Tay Ninh) Liability Limited Company ("QLFTN"), in Vietnam. Its principal activity is to build up and operate a farm for chicken eggs, chicken meat and fertilisers from chicken manure.

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

37.1 Disposal of subsidiaries in 2019

In October 2018, the Group, via its subsidiary, Kembang Subur Sdn. Bhd. ("KSSB") entered into a Sale and Purchase Agreement with Hisenor International Limited ("Hisenor") to dispose its 51 ordinary shares of USD1.00 each, representing 51% of the total issued and paid up shares in Kembang Subur International Ltd. ("KSI") for a total consideration of RM236,500 (equivalent to USD63,750) only.

Notes to the Financial Statements
For the Year Ended 31 March 2019

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

37.1 Disposal of subsidiaries in 2019 (cont'd)

Upon completion of the disposal, KSI and its wholly-owned subsidiary, Nam Duong Vietnam Aquatic Hatchery Co., Ltd. ceased to be subsidiaries of the Group. The net cash inflows arising from the disposal is RM234,600 with gain of disposal of RM186,000.

37.2 Acquisition of non-controlling interest in 2019

37.2.1 In June 2018, the Group, via its wholly-owned subsidiary, QL Green Resources Sdn. Bhd. ("QLGR") subscribed additional 200,000 ordinary shares in Leisure Pyramid Sdn. Bhd. ("LP") for RM200,000 by capitalising of debts. Following the subscription, shareholding of QLGR in LP increased from 73.33% to 76.47%.

37.2.2 In July 2018, the Group, via its subsidiary, Kembang Subur Sdn. Bhd. ("KSSB") acquired 225,000 ordinary shares in Kembang Subur (Perak) Sdn. Bhd. ("KSP") for a total consideration of RM3 only. Following the acquisition, shareholding of KSSB in KSP increased from 55% to 100%.

37.2.3 In July 2018, the Group, via its wholly-owned subsidiary, QL Feedingstuffs Sdn. Bhd. ("QLF") entered into a Sale and Purchase Agreement with Ng Siew Thiam and Chew Ching Kwang to acquire 780,000 ordinary shares, representing 5% of the issued and paid up capital in QL AgroResources Sdn. Bhd. ("QLAR") for a total net cash consideration of RM16,549,000. Upon completion of the acquisition, shareholding of QLF in QLAR increased from 95% to 100%.

37.3 Acquisition of a subsidiary in 2018

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

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

37.4 Acquisition of non-controlling interests in 2018

37.4.1 In November 2017, the Group, via its wholly-owned subsidiary, QL Fishery Sdn. Bhd. ("QLFI") entered into the Share Purchase Agreement with Rising Growth Sdn. Bhd. to acquire 20% equity interest in Kembang Subur Sdn. Bhd. ("KSSB") for RM6,019,000 in cash, increasing its ownership from 63.33% to 83.33%. The net asset at the acquisition date is RM25,744,000.

37.4.2 In January 2018, the Group, via its wholly-owned subsidiary, QL Realty Sdn. Bhd. increased its ownership from 80% to 90% by capitalising the amount owing from PT. QL Trimitra ("PTQLT") amounting to RM26,559,000. The increase in the additional shareholdings resulted in a decrease in non-controlling interest by RM5,686,000.

38. Subsequent event

In July 2019, the Group, via its wholly-owned subsidiary, QL Foods Sdn. Bhd. incorporated two new wholly-owned subsidiaries known as Citra Jernih Sdn. Bhd. and Mesra Prima Sdn. Bhd.. The intended principal activities of these companies are oil palm plantation and general trading. These two entities are currently dormant.

Notes to the Financial Statements

For the Year Ended 31 March 2019

39. Explanation of transition to MFRS

As stated in Note 1(a), these are the first financial statements of the Group and of the Company prepared in accordance with MFRS.

The accounting policies set out in Note 2 have been applied in preparing the financial statements of the Group and of the Company for the financial year ended 31 March 2019, the corresponding comparative information for the financial year ended 31 March 2018 and in the preparation of the opening MFRS statement of financial position at 1 April 2017 (the Group's date of transition to MFRS).

The transition to MFRS does not have any significant financial impact to the separate financial statements of the Company.

In preparing the opening consolidated statement of financial position at 1 April 2017, the Group has adjusted amounts reported previously in financial statements prepared in accordance with previous FRS. Explanation of how the transition from previous FRS to MFRS has affected the Group's financial position, financial performance and cash flow is set out as follow:

39.1 Reconciliation of statements of financial position

		1.4.2017			31.3.2018		
Group	**Note**	**FRS RM'000**	**Effect of transition to MFRS RM'000**	**MFRS RM'000**	**FRS RM'000**	**Effect of transition to MFRS RM'000**	**MFRS RM'000**
Assets							
Property, plant and equipment	39.5	1,559,805	126,055	1,685,860	1,705,224	107,290	1,812,514
Biological assets	39.5	151,989	(151,989)	-	133,681	(133,681)	-
Others		217,528	-	217,528	234,410	-	234,410
Total non-current assets		1,929,322	(25,934)	1,903,388	2,073,315	(26,391)	2,046,924
Biological assets	39.5	108,758	21,254	130,012	133,213	10,782	143,995
Inventories		405,728	-	405,728	376,289	-	376,289
Others		736,119	-	736,119	743,101	-	743,101
Total current assets		1,250,605	21,254	1,271,859	1,252,603	10,782	1,263,385
Total assets		3,179,927	(4,680)	3,175,247	3,325,918	(15,609)	3,310,309
Equity							
Translation reserve	39.4(c)	16,405	(16,405)	-	(88,801)	(10,770)	(99,571)
Retained earnings	39.4(c),39.5	1,114,179	33,986	1,148,165	1,260,818	22,739	1,283,557
Non-controlling interests	39.5	93,305	(16,683)	76,622	98,331	(19,584)	78,747
Others		617,722	-	617,722	620,583	-	620,583
Total equity		1,841,611	898	1,842,509	1,890,931	(7,615)	1,883,316
Liabilities							
Deferred tax liabilities	39.5	87,050	(5,578)	81,472	91,561	(7,994)	83,567
Trade and other payables	39.7	313,394	(1,642)	311,752	283,040	(10,988)	272,052
Contract liabilities	39.7	-	1,642	1,642	-	10,988	10,988
Others		937,872	-	937,872	1,060,386	-	1,060,386
Total liabilities		1,338,316	(5,578)	1,332,738	1,434,987	(7,994)	1,426,993
Total equity and liabilities		3,179,927	(4,680)	3,175,247	3,325,918	(15,609)	3,310,309

Notes to the Financial Statements
For the Year Ended 31 March 2019

39. Explanation of transition to MFRS (cont'd)

39.2 Reconciliation of statement of profit or loss and other comprehensive income for the year ended 31 March 2018

Group 31 March 2018	Note	FRS RM'000	Effect of transition to MFRS RM'000	MFRS RM'000
Revenue	39.7	3,263,270	(2,752)	3,260,518
Cost of sales	39.5, 39.7	(2,657,658)	(7,079)	(2,664,737)
Gross profit		605,612	(9,831)	595,781
Administrative expenses	39.5,39.7	(252,498)	11,448	(241,050)
Distribution costs	39.7	(61,689)	(7,157)	(68,846)
Other expenses	39.5	(29,865)	(10,112)	(39,977)
Other income	39.5,39.7	24,296	684	24,980
Results from operating activities		285,856	(14,968)	270,888
Others		(30,535)	-	(30,535)
Profit before tax		255,321	(14,968)	240,353
Tax expense	39.5	(39,639)	1,827	(37,812)
Profit for the year		215,682	(13,141)	202,541
Other comprehensive (expense)/income, net of tax				
Items that are or may be reclassified subsequently to profit or loss				
Foreign currency translation differences for foreign operations	39.5	(106,212)	4,628	(101,584)
Others		2,861	-	2,861
Total other comprehensive expense for the year, net of tax		(103,351)	4,628	(98,723)
Total comprehensive income for the year		112,331	(8,513)	103,818
Profit attributable to:				
Owners of the Company		206,236	(11,247)	194,989
Non-controlling interests		9,446	(1,894)	7,552
Profit for the year		215,682	(13,141)	202,541
Total comprehensive income attributable to:				
Owners of the Company		103,891	(5,612)	98,279
Non-controlling interests		8,440	(2,901)	5,539
Total comprehensive income for the year		112,331	(8,513)	103,818
Basic/Diluted earnings per ordinary share (sen)		13		12

Notes to the Financial Statements

For the Year Ended 31 March 2019

39. Explanation of transition to MFRS (cont'd)

39.3 Reconciliation of staatement of cash flows for the year ended 31 March 2018

Group 31 March 2018	Note	FRS RM'000	Effect of transition to MFRS RM'000	MFRS RM'000
Cash flows from operating activities				
Profit before tax		255,321	(14,968)	240,353
Adjustments for:				
Changes in fair value of biological assets	39.5	-	7,593	7,593
Depreciation of property, plant and equipment	39.5	123,729	6,088	129,817
Changes in working capital:				
Biological assets		(6,147)	(15,429)	(21,576)
Trade and other payables, including derivatives		(49,700)	12,417	(37,283)
Contract liabilities		-	9,346	9,346
Others		32,022	-	32,022
Cash generated from operations		355,225	5,047	360,272
Cash flows from investing activities				
Acquisition of property, plant and equipment		(338,887)	(5,047)	(343,934)
Others		7,051	-	7,051
Net cash used in investing activities		(331,836)	(5,047)	(336,883)

39.4 MFRS 1 exemption options

As provided in MFRS 1, first-time adopters of MFRS can elect optional exemptions from full retrospective application of MFRS. The optional exemptions elected by the Group that have an impact on the reported financial position prepared in accordance with FRS have been applied in the opening MFRS statement of financial position as at 1 April 2017 and throughout all periods presented in financial statements. The Group has elected following exemptions:

(a) Exception for business combination

The Group has elected to apply MFRS 3, *Business Combination* prospectively for business combination that occurred from the transition date or from a designated date prior to the transition date. This provides relief from full retrospective application that would require restatement of all business combination prior to the transition date or a designated date prior to the transition date. In addition, the Group has also applied MFRS 10, *Consolidated Financial Statements* on from the same date. This election does not have any impact to the Group.

(b) Assets and liabilities of subsidiaries and associates

The assets and liabilities of subsidiaries and associates which have adopted the MFRS Framework or International Financial Reporting Standards ("IFRS") earlier than the Group shall remain at the same carrying amounts as in the financial statements of these subsidiaries and associates, after adjusting for consolidation adjustment.

Notes to the Financial Statements
For the Year Ended 31 March 2019

39. Explanation of transition to MFRS (cont'd)

39.4 MFRS 1 exemption options (cont'd)

(c) Exemption for cumulative foreign currency translation differences

The Group has elected to apply optional exemption for cumulative foreign currency translation differences and deemed the cumulative transition differences arising on the translation of a foreign operation recognised as a separate component of equity to be zero at the date of transition, and reclassify any amounts recognised in accordance with FRS at that date to retained earnings. The effects of the adjustments are as below:

	Group 1.4.2017 RM'000
Consolidated statement of financial position	
Retained earnings	(16,405)
Foreign currency translation reserve	16,405
	-

39.5 Effect of adoption of MFRS 141, *Agriculture*, Amendments to MFRS 116 and MFRS 141, *Agriculture – Bearer Plants*

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

Prior to the adoption of MFRS 141, produce growing – fresh fruit bunches on bearer plants were not recognised, and livestock and agriculture produce – layer eggs and hatching eggs were measured at lower of cost and net realisable value. Following the adoption of MFRS 141, produce growing, agriculture produce, and livestock (except for shrimp) are measured at fair value less cost to sell with fair value changes recognised in profit or loss. Shrimp livestock are measured at cost less accumulated impairment losses due to the market prices or fair values at present conditions of these biological assets are unavailable and the valuation based on discounted cash flow method is considered unreliable given the uncertainty with respect to external factors.

The Amendments to MFRS 116 and MFRS 141, *Agriculture: Bearer Plants* change the accounting requirements for biological assets that meet the definition of bearer plants. Under the amendments, biological assets that meet the definition of bearer plants will be within the scope of MFRS 116, *Property, Plant and Equipment*. After initial recognition, bearer plants will be measured under MFRS 116 at accumulated cost (before maturity) and using either the cost model or revaluation model (after maturity).

Notes to the Financial Statements

For the Year Ended 31 March 2019

39. Explanation of transition to MFRS (cont'd)

39.5 Effect of adoption of MFRS 141, *Agriculture*, Amendments to MFRS 116 and MFRS 141, *Agriculture – Bearer Plants* (cont'd)

Prior to the adoption of Amendments to MFRS 116 and MFRS 141, the Group capitalised all the new planting expenditure incurred from land clearing to the point of harvesting under plantation development expenditure and was not amortised and the replanting expenditure, which represents cost incurred in replanting old planted areas, was charged to profit or loss. Hence, the effect of adoption of Amendments to MFRS 116 and MFRS 141 would result in reclassification of bearer plants from biological assets – plantation development expenditure to property, plant and equipment and additional depreciation on property, plant and equipment. The effects of adoption of MFRS 141, Amendments to MFRS 116 and MFRS 141 are as below:

	Group	
	1.4.2017 RM'000	31.3.2018 RM'000
Consolidated statement of financial position		
Property, plant and equipment	126,055	107,290
Biological assets	(130,735)	(122,899)
Related deferred tax effect	5,578	7,994
Related foreign currency translation effect	-	(5,635)
Non-controlling interests	16,683	19,584
Adjustment to retained earnings	17,581	6,334

	Group 2018 RM'000
Consolidated statement of profit or loss and other comprehensive income	
Cost of sales	6,088
Administrative expenses	1,287
Other expenses	10,112
Other income	(2,519)
Tax expense	(1,827)
Adjustment to profit for the year	13,141
Foreign currency translation differences for foreign operations	(4,628)
Adjustment to total comprehensive income	8,513

Notes to the Financial Statements

For the Year Ended 31 March 2019

39. Explanation of transition to MFRS (cont'd)

39.6 Effect of MFRS 9, *Financial Instruments*

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

Under MFRS 9, there are three primary measurement categories for financial assets: amortised cost, fair value through profit or loss and fair value through other comprehensive income ("OCI"). The basis of classification depends on the entity's business model and cash flow characteristics of the financial assets. Investment in equity instruments is always measured at fair value through profit or loss with an irrecoverable option at inception to present changes in fair value in OCI. A debt instrument is measured at amortised cost only if the entity is holding it to collect contractual cash flow and the cash flow represent principle and interest. There is no impact to the Group on the classification and measurement of these financial instruments.

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

The Group has elected to apply optional exemption in MFRS 1 which allow the Group not to restate comparative information in the year of initial application. The Group continues to apply FRS 139 *Financial Instrument: Recognition and Measurement* and FRS 7 *Financial Instrument: Disclosure for the comparative information*. Any adjustment to align the carrying amounts of financial assets and financial liabilities under the previous FRS 139 with MFRS 9 are recognised in retained earnings as at 1 April 2018. Trade and other receivables that were classified as "loan and receivables" under FRS 139 are now reclassified at "amortised cost". The financial effects of the adoption of MFRS 9 are as below:

	Group 31.3.2018 RM'000
Consolidated statement of financial position	
Trade receivables	(2,451)
Related deferred tax effect	588
Non-controlling interest	57
Adjustment to retained earnings	(1,806)

39.7 Effect of MFRS 15, *Revenue from Contracts with Customers*

MFRS 15 replaces the guidance in MFRS 111, *Construction Contracts*, MFRS 118, *Revenue*, IC Interpretation 13, *Customer Loyalty Programmes*, IC Interpretation 15, *Agreements for Construction of Real Estate*, IC Interpretation 18, *Transfers of Assets from Customers* and IC Interpretation 131, *Revenue - Barter Transactions Involving Advertising Services*.

The Group has adopted MFRS 15, *Revenue from Contracts with Customers* with a date of initial application of 1 April 2018. In preparing the consolidated statement of financial position at 1 April 2017 and 31 March 2018 and consolidated statement of profit or loss and other comprehensive income for the financial year 2018, the Group has adjusted amounts reported previously in the financial statement, which were prepared in accordance with the FRS 118, *Revenue*.

Notes to the Financial Statements

For the Year Ended 31 March 2019

39. Explanation of transition to MFRS (cont'd)

39.7 Effect of MFRS 15, *Revenue from Contracts with Customers* (cont'd)

The MFRS 15 adjustments are mainly due to:

(i) Reclassification of deposit received in advance for goods to be delivered in future to contract liabilities;
(ii) Reclassification of listing fee paid to retailer to net of revenue;
(iii) Reclassification of collaboration and display fee received from vendors to revenue; and
(iv) Reclassification of rebates given to customers to net of revenue.

The effects of adoption of MFRS 15 are as below:

	Group	
	1.4.2017 RM'000	**31.3.2018 RM'000**
Consolidated statement of financial position		
Trade and other payables	(1,642)	(10,988)
Contract liabilities	1,642	10,988
	-	-

	Group
	2018 RM'000
Consolidated statement of profit or loss and other comprehensive income	
Revenue	2,752
Cost of sales	991
Administrative expenses	(12,735)
Distribution costs	7,157
Other income	1,835
	-

Statement by Directors

Pursuant to Section 251(2) of the Companies Act 2016

In the opinion of the Directors, the financial statements set out on pages 81 to 192 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 March 2019 and of their financial performance and cash flows for the financial year then ended.

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

Chia Song Kun
Director

Chia Song Kooi
Director

Shah Alam

Date: 5 July 2019

Statutory Declaration

Pursuant to Section 251(1)(b) of the Companies Act 2016

I, Chia Mak Hooi, the person primarily responsible for the financial management of QL Resources Berhad, do solemnly and sincerely declare that the financial statements set out on pages 81 to 192 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed Chia Mak Hooi, NRIC: 650605-08-6113, at Klang in the State of Selangor on 5 July 2019.

Chia Mak Hooi

Before me:

Tee Hsiao Mei
Commissioner for Oaths
Klang, Selangor

Independent Auditors' Report

to the Members of QL Resources Berhad

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of QL Resources Berhad, which comprise the statements of financial position as at 31 March 2019 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 81 to 192.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 March 2019, and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our auditors' report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation for biological assets – Livestock

Refer to Note 2(i) – Significant accounting policies: Biological assets – livestock and Note 11 – Biological assets to the financial statements.

Key audit matter

The Group held RM177,924,000 of biological assets measured at fair value less cost to sell as at 31 March 2019. The Group has adopted Malaysian Financial Reporting Standards at beginning of the financial year. Upon adoption of the MFRS framework, the Group changed its measurement basis of biological assets from cost to fair value as required by MFRS 141, *Agriculture*.

In determining the fair value of the biological assets, the Group uses the discounted cash flow model. We have identified the valuation of biological assets as a key audit matter because significant judgement is involved in determining the key assumptions which will impact the amount of the fair value of biological assets recognised.

Independent Auditors' Report

to the Members of QL Resources Berhad

How the matter was addressed in our audit

Our audit procedures performed over this area included, among others:

- We evaluated the appropriateness of the methodology used by management in valuation of the biological assets and gained an understanding of the process in determining the fair value of biological assets including the review of minutes of Management outlook meeting to discuss on the projected selling price and projected feed cost;

- We assessed the appropriateness of the key assumptions and relevant inputs used by the management in the valuation model by comparing to the external data as well as the historical data provided to us by the management;

- In respect of the projected selling prices and feed costs, we performed testing by comparing the projected selling prices against externally derived data, historical trends and other collaborative evidence available;

- We attended and observed the livestock count. We also tested the Group's control over the recording of livestock quantities. Our testing involved a comparison of actual quantity to our expectations, derived based on our understanding of the operation, size of the farms and sampled count; and

- We evaluated the adequacy of the disclosure, including disclosure of key assumptions, judgments and sensitivities analysis performed by the management.

We have determined that there are no key audit matters in the audit of the separate financial statements of the Company to communicate in our auditors' report.

Information Other than the Financial Statements and Auditors' Report Thereon

The Directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016, in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

Independent Auditors' Report

to the Members of QL Resources Berhad

Responsibilities of the Directors for the Financial Statements (cont'd)

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the ability of the Group and of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Group and of the Company.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group or of the Company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that gives a true and fair view.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Independent Auditors' Report
to the Members of QL Resources Berhad

Auditors' Responsibility for the Audit of the Financial Statements (cont'd)

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our audit report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, the subsidiaries of which we have not acted as auditors are disclosed in Note 35 to the financial statements.

Other Matter

As stated in Note 1(a) to the financial statements, the Group and the Company adopted Malaysian Financial Reporting Standards ("MFRS") and International Financial Reporting Standards ("IFRS") on 1 April 2018 with a transition date of 1 April 2017. These standards were applied retrospectively by the Directors to the comparative information in these financial statements, including the statements of financial position as at 31 March 2018 and 1 April 2017, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows for the year ended 31 March 2018 and related disclosures. We were not engaged to report on the comparative information that is prepared in accordance with MFRS and IFRS, and hence it is unaudited. Our responsibilities as part of our audit of the financial statements of the Group and of the Company for the year ended 31 March 2019 have, in these circumstances, included obtaining sufficient appropriate audit evidence that the opening balances as at 1 April 2018 do not contain misstatements that materially affect the financial position as of 31 March 2019 and financial performance and cash flows for the year then ended.

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

KPMG PLT
LLP0010081-LCA & AF 0758
Chartered Accountants

Ooi Eng Siong
Approval Number: 03240/02/2020 J
Chartered Accountant

Petaling Jaya, Selangor

Date: 5 July 2019

List of Properties

As at 31 March 2019

No.	Owner Company	Particulars of property	Date of revaluation or (date of acquisition)	Tenure
1	PT. Pipit Mutiara Indah	Desa Sekatak Buji, Kecamatan Sekatak, Kabupaten Bulungan, Provinsi Kalimantan Utara	Dec 2009 (date obtained Hak Guna Usaha)	Leasehold to: 19.01.2045
2	PT. QL Agrofood	HGB No. 1919 HGB No. 1920 Kelurahan Ciketing Udik, Kec. Bantar Gebang, Bekasi	(02.11.2013)	Leasehold to: 09.10.2042
3	QL Figo (Johor) Sdn. Bhd.	GRN238020, Lot 3627, Mukim of Kulai, District of Kulai Jaya, Johor	(Jun 2014)	Industrial land
4	QL Foods Sdn. Bhd.	Lot 9122,109,110,111,112 GM2114,3285,3287,3288,3397 Mukim of Hutan Melintang District of Hilir Perak, Perak	13.01.2014	Freehold
5	QL Marine Products Sdn. Bhd.	1. CL045081687 2. CL045076042 Kampung Bolong, District of Tuaran, Sabah	(27.12.2002) (19.09.2003)	1. Leasehold to 31.12.2104 2. Leasehold to 27.04.2929
6	QL Palm Pellet Sdn. Bhd.	Geran 83005, Lot 1911, Mukim Buloh Kasap, Daerah Segamat, Negeri Johor	(30.11.2016)	Freehold
7	KS Galah Sdn. Bhd.	1/3 undivided share of No. Pajakan Negeri 106522, Lot 169483, Mukim Klang, Daerah Klang, Negeri Selangor	(27.03.2019)	99-year leasehold expiring on 24.02.2097
8	QL Breeder Farm Sdn. Bhd.	PL 106261643 Jalan TV Station, Off Mile 5½, Of Jalan Apas, Tawau, Sabah	(06.11.2012)	Leasehold to: 31.12.2058
9	QL Fishmeal Sdn. Bhd.	Lot 164, 2647 & 3314 GM1653, GM1416 & GM2415 Mukim of Hutan Melintang, District of Hilir Perak, Perak Lot 2647, Jalan Tepi Sungai 36400 Hutan Melintang, Perak	(Nov 2003)	Freehold
10	QL Kitchen Sdn. Bhd.	HS(D) 287237, PT50414, Mukim Sungai Buloh, Daerah Petaling, Negeri Selangor No. 4, Jalan Meteor U16/153, Elmina East, 40160 Shah Alam, Selangor	(23.01.2019)	Freehold

List of Properties

As at 31 March 2019

Existing use	Land & Build-up area	Net Book Value (RM'000)	Age of building (years)
Oil Palm Estate together with palm oil mill & building	14,177 ha	121,616	10
Feedmill	4.46 acres 1.29 acres Build-up area 26,215.54 sq. m.	55,214	4
2-storey detached office building, 8 blocks of single-storey detached factory	Land cost Site 5.5948 ha Build-up area 245,000 sq. ft. (Factory Building)	18,000 20,941 38,941	14
2 units of Surimi based products factory	Gross build-up of 16,840 sq. m. 3.55 ha	35,631	4
Surimi, fishmeal & frozen seafood plant	26 acres 3 acres Build-up area 30,000 sq. m.	2,869 203 28,014 31,086	15
Land with existing oil palm estate	156.2815 ha	28,209	N/A
Vacant industrial land	Provisional land area 9.605 acres or 418,393.8 sq. ft.	23,713	N/A
Breeder farm & oil palm estate	Land cost 38.48 acres Build-up area 28.22 acres	3,230 16,718 19,948	2
Fishmeal factory, warehouse cum office	Gross build-up area of 7,544 sq. m. 4.365 ha	19,757	15
Vacant industrial land	16,372.09 sq. m.	19,000	N/A

Shareholders' Analysis Report

As at 28 June 2019

Issued and paid-up capital : RM620,025,000*
Type of shares : Ordinary shares
Voting rights : One vote per ordinary share

* Share premium amounting to RM214,416,000 has been reclassified to share capital. As per audited financial statements, these figures are rounded to nearest thousand.

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

Size of Shareholdings	No. of Shareholders	No. of Shares	% of Shareholding
less than100	339	11,798	0.00
100 to 1,000	1,131	604,429	0.04
1,001 to 10,000	2,816	12,832,438	0.79
10,001 to 100,000	2,031	66,291,956	4.09
100,001 to less than 5% of issued shares	669	575,064,442	35.44
5% and above of issued shares	4	967,633,196	59.64
	6,990	1,622,438,259	100.00

Directors' Shareholdings

	No. of shares held			
Name of Directors	**Direct**	**%^**	**Indirect**	**%^**
Chia Song Kun	877,500	0.05	683,228,548*	42.11
Chia Song Kooi	1,131,000	0.07	3,173,040**	0.20
Chia Seong Pow	2,560,000	0.16	196,888,731##	12.14
Chia Song Swa	737,100	0.05	2,110,000**	0.13
Chia Lik Khai	1,865,000	0.12	190,320**	0.01
Chia Seong Fatt (Alternate Director)	631,800	0.04	194,690,453#	12.00
Chia Mak Hooi (Alternate Director)	2,955,270	0.18	475,800**	0.03
Cheah Juw Teck (Alternate Director)	2,655,715	0.16	1,100,000**	0.07
Chieng Ing Huong, Eddy	-	-	-	-
Tan Bun Poo, Robert	-	-	-	-
Prof. Datin Paduka Dato' Dr. Aini Binti Ideris	-	-	-	-
Kow Poh Gek	-	-	9,230+	0.00
Chan Wai Yen, Millie	-	-	-	-
Cynthia Toh Mei Lee	-	-	-	-

Notes:

* Deemed interest via his and his spouse's interest in CBG (L) Foundation, the holding company of CBG (L) Pte. Ltd., Song Bak Holdings Sdn. Bhd., his and his spouse's indirect interest in Ruby Technique Sdn. Bhd. ("RT") as well as his spouse's and children's shares in QL.

** Indirect interest via his spouse's shares in QL.

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

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

+ Indirect interest via her son's shares in QL.

^ Based on the issued and paid-up share capital of the Company comprising 1,622,438,259 ordinary shares.

Shareholders' Analysis Report

As at 28 June 2019

Substantial Shareholders

	Name of Shareholders	Direct	%	Indirect	%
1	CBG (L) Pte. Ltd.	668,304,573	41.19	-	0.00
2	CBG (L) Foundation	-	0.00	668,304,573	41.19
3	Farsathy Holdings Sdn. Bhd.	190,954,863	11.77	-	0.00
4	Chia Song Kun	877,500	0.05	683,228,548	42.11
5	Chia Seong Pow	2,560,000	0.16	196,888,731	12.14
6	Chia Seong Fatt	631,800	0.04	194,690,453	12.00
7	Employees Provident Fund Board	116,173,760	7.16	-	0.00

List of 30 Largest Shareholders

No.	Name of Shareholders	Shareholdings	%
1	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR CBG (L) PTE LTD (PB)	582,554,573	35.906
2	FARSATHY HOLDINGS SDN BHD	183,154,863	11.289
3	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD	116,173,760	7.160
4	CBG (L) PTE LTD	85,750,000	5.285
5	AMANAHRAYA TRUSTEES BERHAD PUBLIC ITTIKAL SEQUEL FUND	20,035,220	1.235
6	CARTABAN NOMINEES (ASING) SDN BHD EXEMPT AN FOR STATE STREET BANK & TRUST COMPANY (WEST CLT OD67)	12,603,000	0.777
7	MAYBANK NOMINEES (TEMPATAN) SDN BHD MAYBANK TRUSTEES BERHAD FOR PUBLIC REGULAR SAVINGS FUND (N14011940100)	11,829,960	0.729
8	HSBC NOMINEES (ASING) SDN BHD JPMCB NA FOR VANGUARD TOTAL INTERNATIONAL STOCK INDEX FUND	11,507,143	0.709
9	HSBC NOMINEES (ASING) SDN BHD JPMCB NA FOR VANGUARD EMERGING MARKETS STOCK INDEX FUND	9,620,220	0.593
10	KUMPULAN WANG PERSARAAN (DIPERBADANKAN)	9,449,900	0.582
11	AMANAHRAYA TRUSTEES BERHAD AMANAH SAHAM BUMIPUTERA	9,380,900	0.578
12	LIU & CHIA HOLDINGS SDN BHD	7,920,000	0.488
13	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT - AMBANK ISLAMIC BERHAD FOR FARSATHY HOLDINGS SDN BHD	7,800,000	0.481
14	TOKIO MARINE LIFE INSURANCE MALAYSIA BHD AS BENEFICIAL OWNER (PF)	7,500,605	0.462
15	CARTABAN NOMINEES (TEMPATAN) SDN BHD PAMB FOR PRULINK EQUITY FUND	7,345,949	0.453

Shareholders' Analysis Report

As at 28 June 2019

List of 30 Largest Shareholders (cont'd)

No.	Name of Shareholders	Shareholdings	%
16	CHEAH YAW SONG	7,097,610	0.437
17	AMANAHRAYA TRUSTEES BERHAD PB GROWTH FUND	6,975,950	0.430
18	CARTABAN NOMINEES (TEMPATAN) SDN BHD PBTB FOR TAKAFULINK DANA EKUITI	6,950,637	0.428
19	CHIA SONG PHUAN	6,699,784	0.413
20	CARTABAN NOMINEES (ASING) SDN BHD GIC PRIVATE LIMITED FOR GOVERNMENT OF SINGAPORE (C)	6,621,400	0.408
21	CHIA SIANG ENG	5,803,804	0.358
22	ATTRACTIVE FEATURES SDN BHD	5,708,500	0.352
23	LIU FUI MOY	5,614,360	0.346
24	KEE SIOK HIN	5,472,250	0.337
25	CITIGROUP NOMINEES (ASING) SDN BHD CBNY FOR EMERGING MARKET CORE EQUITY PORTFOLIO DFA INVESTMENT DIMENSIONS GROUP INC	5,240,687	0.323
26	HSBC NOMINEES (ASING) SDN BHD TNTC FOR MONDRIAN EMERGING MARKETS SMALL CAP EQUITY FUND, L.P.	5,156,690	0.318
27	CARTABAN NOMINEES (TEMPATAN) SDN BHD PAMB FOR PRULINK DANA UNGGUL	5,079,909	0.313
28	AMANAHRAYA TRUSTEES BERHAD PUBLIC ISLAMIC SELECT ENTERPRISES FUND	5,073,660	0.313
29	HSBC NOMINEES (ASING) SDN BHD BNY MELLON FOR ONTARIO PENSION BOARD	4,673,950	0.288
30	CIMB GROUP NOMINEES (TEMPATAN) SDN BHD CIMB COMMERCE TRUSTEE BERHAD - KENANGA GROWTH FUND	4,633,030	0.286
		1,169,428,314	72.078

Disclosure on Recurrent Related Party Transactions

Nature of RRPT and Estimated Value

1. Existing RRPT

No.	Nature of Transaction	Related Parties	Estimated Value from the date of the forthcoming AGM to the next AGM[1] (RM'000)	Mandate obtained from last year's AGM (RM'000)	Actual transacted value for the period from 29 August 2018 to 30 June 2019 (RM'000)	Actual transacted value for the financial year ended 31 March 2019 (RM'000)
1.	Purchase of raw fish by QL Foods Sdn. Bhd. ("**QL Foods**")	Sin Teow Fatt Trading Co.	1,000	800	726	881
2.	Sale of surimi and surimi-based product by QL Group	Fusipim Sdn. Bhd.	3,800	5,100	1,258	1,787
3.	Sale of surimi-based product by QL Foods	Cheah Joo Kiang Enterprise	5,000	5,000	3,477	4,260
4.	Purchase of spare parts by Endau Group	Keang Huat Trading Sdn. Bhd.	6,500	6,500	4,320	4,954
5.	Trading of fish by Endau Group	Perikanan Sri Tanjung Sdn. Bhd.	2,000	2,000	1,079	1,184
6.	Trading of fish by Endau Group	Timurikan Trengganu Marine Products Sdn. Bhd.	500	1,500	228	136
7.	Sale of animal feed and lubricant by QL Agrofood Sdn. Bhd.	M.B. Agriculture (Sabah) Sdn. Bhd.	20,000	20,000	10,160	9,535
8.	Sale of surimi-based product by QL Foods	C-Care Enterprise Sdn. Bhd.	3,000	3,000	1,446	1,764
9.	Sale of animal feed and purchase of packing material by QL Group	Arena Dijaya Sdn. Bhd.	4,020[2]	4,020[2]	2,610	2,451
10.	Sale of animal feed, purchase of raw material and packing material as well as sale of chicken part, egg and sundries and sale of broiler, meat/frozen food and organic fertiliser by QL Group	M.B. Agriculture (Sandakan) Sdn. Bhd.	9,900[2]	7,600[2]	6,405	7,602
11.	Purchase of fresh fruit bunch and ERP fertiliser by QL Plantation Sdn. Bhd. ("**QLP**")		850	1,700	378	543
12.	Purchase of packing material by QL Group	E Koon Plastics Trading	3,100	2,600	1,871	2,074
13.	Trading of fish by Endau Group	Perikanan Hap Huat Sdn. Bhd.	100	100	130	87
14.	Purchase of fish by Endau Group	Hai Hong Fishery Sdn. Bhd.	600	600	318	354

Disclosure on Recurrent Related Party Transactions

Nature of RRPT and Estimated Value (cont'd)

1. Existing RRPT (cont'd)

No.	Nature of Transaction	Related Parties	Estimated Value from the date of the forthcoming AGM to the next AGM[1] (RM'000)	Mandate obtained from last year's AGM (RM'000)	Actual transacted value for the period from 29 August 2018 to 30 June 2019 (RM'000)	Actual transacted value for the financial year ended 31 March 2019 (RM'000)
15.	Purchase of fresh fruit bunch by QLP	Highglobal Properties Sdn. Bhd.	300	500	149	155
16.	Sale of organic fertiliser by QL Farms Group	Highglobal Properties Sdn. Bhd.	80	80	-	-
17.	Purchase of fresh fruit bunch by QLP	Total Icon Sdn. Bhd.	200	300	113	142
18.	Sale of organic fertiliser by QL Farms Group	Total Icon Sdn. Bhd.	40	40	-	-

2. New RRPT

No.	Nature of Transaction	Related Parties	Estimated Value from the date of the forthcoming AGM to the next AGM[1] (RM'000)
1.	Purchase of fish by Endau Group	Timurikan Trengganu Sdn. Bhd.	3,000

Notes:-

[1] The new estimated value is based on the Management's estimate which takes into account the transacted amount for the financial year ended 31 March 2019 as well as the changing economic and competitive environment. Announcement will be made accordingly if the actual value exceeds the estimated value by 10% or more.

[2] Aggregated as per the table below:-

No.	Nature of Transaction	Related Parties	Estimated Value from the date of the forthcoming AGM to the next AGM[1] (RM'000)	Mandate obtained from last year's AGM (RM'000)
1.	Sale of animal feed by QL Tawau Feedmill Sdn. Bhd. ("**QLTF**")	Arena Dijaya Sdn. Bhd.	4,000	4,000
2.	Purchase of packing material by QL Farms Group	Arena Dijaya Sdn. Bhd.	20	20
	Total		4,020	4,020
3.	Sale of animal feed by QLTF	M.B. Agriculture (Sandakan) Sdn. Bhd.	9,000	7,000
4.	Purchase of raw material and packing material as well as sale of chicken part, egg and sundries and sale of broiler, meat/frozen food and organic fertiliser by QL Farms Group	M.B. Agriculture (Sandakan) Sdn. Bhd.	900	600
	Total		9,900	7,600

Disclosure on Recurrent Related Party Transactions

The Proposed Renewal of and New RRPT Mandate will apply to the following Related Parties:

(i) Sin Teow Fatt Trading Co. is a partnership involved in wholesale of fish and it is owned by Mr. Cheah Yaw Song and Mr. Chia Song Phuan, who are also Directors of QL Foods and members of the Chia Family.

(ii) Fusipim Sdn. Bhd. ("**Fusipim**") is a company involved in processing of frozen and non-frozen seafood, operation of cold storage and warehouse as well as powder based products. The Directors and shareholders of Fusipim are Madam Chia Kah Chuan and her spouse Mr. Eng Seng Poo. Madam Chia Kah Chuan is a member of the Chia Family.

(iii) Mr. Cheah Joo Kiang had established a sole proprietorship under the name Cheah Joo Kiang Enterprise, which is engaged in the trading of fish ball. Mr. Cheah Joo Kiang is the son of Mr. Cheah Yaw Song and the brother of Mr. Cheah Juw Teck. Mr. Cheah Yaw Song and Mr. Cheah Juw Teck are Directors of QL Foods and shareholders of QL.

(iv) Keang Huat Trading Sdn. Bhd. ("**KH**") is a trading company of all kinds of hardware, marine engines, fishing and other related activities. KH is a Major Shareholder (10.88%) of QL Endau Marine Products Sdn. Bhd. ("**QLEMP**"). Mr. Sim Chin Swee is a Director and Major Shareholder of both KH and QLEMP. QLEMP is 70.59% owned by QL.

(v) Perikanan Sri Tanjung Sdn. Bhd. ("**PST**") is a company engaged in manufacturing, trading and processing of deep sea fish, diesel and provision of transportation services. Mr. Sim Chin Swee is a Director of Endau Group and Major Shareholder of QLEMP and PST. Whereas, Mr. Heng Hup Peng is a Director and shareholder of QLEMP as well as a Director and Major Shareholder of PST.

(vi) Timurikan Trengganu Marine Products Sdn. Bhd. ("**TTMP**") is a company engaged in marine products manufacturing, trading of edible fishes, frozen fishes and other aquatic animals. Mr. Sim Chin Swee is a Director of QLEMP and Major Shareholder of QLEMP and TTMP. Whereas, Mr. Heng Hup Peng is a Director and shareholder of QLEMP as well as a Director and Major Shareholder of TTMP.

(vii) M.B. Agriculture (Sabah) Sdn. Bhd. ("**MB (Sabah)**") is engaged in livestock farming and is 77.67% and 22.33% owned by Imbangan Lestari Sdn. Bhd. and Farsathy Holdings Sdn. Bhd. ("**Farsathy**") respectively. Farsathy is a Major Shareholder of QL.

(viii) C-Care Enterprise Sdn. Bhd. ("**C-Care**") is engaged in businesses of sundry and other consumable goods. Mr. Chia Soon Hooi and his spouse are Directors and shareholders of C-Care. Mr. Chia Soon Hooi is the son of Mr. Chia Teow Guan and the brother of Mr. Chia Mak Hooi. Mr. Chia Teow Guan is a Director of QL Foods and member of the Chia Family whereas Mr. Chia Mak Hooi is a Director and shareholder of QL.

(ix) Arena Dijaya Sdn. Bhd. ("**Arena**") is engaged in livestock farming and is 90% owned by Ruby Technique Sdn. Bhd. ("**RT**"), which in turn is 77.67% and 22.33% owned by CBG Holdings Sdn. Bhd. ("**CBG**") and Farsathy respectively. CBG is a Person Connected to CBG (L) Pte Ltd ("**CBG (L)**"), a Major Shareholder of QL. Farsathy is also a Major Shareholder of QL.

(x) M.B. Agriculture (Sandakan) Sdn. Bhd. ("**MB (Sandakan)**") is engaged in livestock farming and is 90% owned by RT, which in turn is 77.67% and 22.33% owned by CBG and Farsathy respectively. CBG is a Person Connected to CBG (L), a Major Shareholder of QL. Farsathy is also a Major Shareholder of QL.

(xi) E Koon Plastics Trading ("**E Koon**") is a sole proprietorship engaged in wholesale of household utensils and cutlery, crockery, glassware, chinaware and pottery, wholesale of other construction materials, hardware, plumbing and heating equipment and supplies N.E.C., retail sale of construction materials, hardware, paints and glass, wholesale of plastic materials in primary forms. E Koon is owned by Ms. Eng Siew Yong. She is the daughter-in-law and sister-in-law of Mr. Cheah Yaw Song and Mr. Cheah Juw Teck respectively, who are Directors of QL Foods and QL Fishmeal Sdn. Bhd. as well as shareholders of QL.

Disclosure on Recurrent Related Party Transactions

The Proposed Renewal of and New RRPT Mandate will apply to the following Related Parties (Cont'd):

(xii) Perikanan Hap Huat Sdn. Bhd. ("**PHH**") is a wholesaler and engaged in trading of frozen edible fishes and other aquatic animals. Mr. Sim Chin Swee is a Director and Major Shareholder of QLEMP and PHH. Whereas, Mr. Heng Hup Peng is a Director and shareholder of QLEMP as well as a Director and Major Shareholder of PHH.

(xiii) Hai Hong Fishery Sdn. Bhd. ("**HHF**") is engaged in trading of fish, all types of fishery and seafood products as well as carry on fisheries activities. Mr Heng Hup Peng is a Director and shareholder of QLEMP as well as a Director and Major Shareholder of HHF.

(xiv) Highglobal Properties Sdn. Bhd. ("**HP**") is engaged in the cultivation of oil palm, sales of fresh fruit bunches, sales of gravel and rearing of swiftlets. It is 33% owned by MB (Sandakan), which in turn is 90% owned by RT. RT is 77.67% and 22.33% owned by CBG and Farsathy respectively. CBG is a Person Connected to CBG (L), a Major Shareholder of QL. Farsathy is also a Major Shareholder of QL.

(xv) Total Icon Sdn. Bhd. ("**TI**") is engaged in sales of fresh fruit bunches and rearing of swiftlets. Mr. Chia Seong Fatt, Mr. Chia Lik Khai and Mr. Chia Seong Pow are Major Shareholders of TI with a total shareholding of 40% in TI. Mr. Chia Seong Fatt and Mr. Chia Lik Khai are Directors of QLP. Mr. Chia Seong Fatt and Mr. Chia Seong Pow are brothers and they are also Directors and Major Shareholders of QL. Mr. Chia Lik Khai is also the Director and shareholder of QL.

(xvi) Timurikan Trengganu Sdn. Bhd. ("**TT**") is a company engaged in deep sea fishing. Mr. Heng Hup Peng is a Director and shareholder of QLEMP as well as a Director and Major Shareholder of TT.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the 22nd Annual General Meeting has been scheduled on Thursday, 29 August 2019 at 10.00 a.m. to be held at Saujana Ballroom, Saujana Resort, Jalan Lapangan Terbang SAAS, 40150 Shah Alam, Selangor Darul Ehsan.

AGENDA

As Ordinary Business:

(1)	To receive the Audited Financial Statements for the financial year ended 31 March 2019 together with the Directors' and Auditors' Report thereon.	**Refer to Explanatory Note 1**
(2)	To approve the payment of a final single tier dividend of 4.50 sen per ordinary share in respect of the financial year ended 31 March 2019.	**Ordinary Resolution 1**
(3)	To re-elect the following Directors who retire in accordance with Article No. 97 of the Company's Articles of Association and being eligible, offers themselves for re-election:	
	Tan Bun Poo	**Ordinary Resolution 2**
	Aini Binti Ideris	**Ordinary Resolution 3**
	Mr. Chieng Ing Huong who also retires by rotation in accordance with Article No. 97 of the Company's Articles of Association, has expressed his intention not to seek re-election. Hence, he will remain in office until the close of the 22nd Annual General Meeting.	**Refer to Explanatory Note 2**
(4)	To re-elect the following Directors who retire in accordance with Article No. 103 of the Company's Articles of Association and being eligible, offers themselves for re-election:	
	Chia Seong Pow	**Ordinary Resolution 4**
	Chia Song Swa	**Ordinary Resolution 5**
	Chia Lik Khai	**Ordinary Resolution 6**
(5)	To approve the proposed payment of Directors' fees and benefits amounting to RM1,062,000 and RM42,000 respectively, commencing the conclusion of this meeting up till the conclusion of the next Annual General Meeting in 2020, and further, to authorise the Directors to apportion the fees and make payment in the manner as the Directors may determine.	**Ordinary Resolution 7**
(6)	To approve the additional payment of Directors' benefits of RM8,000 for the period from 1 September 2018 to 31 August 2019.	**Ordinary Resolution 8**
(7)	To re-appoint Messrs. KPMG PLT as the auditors of the Company and to authorise the Directors to fix their remuneration.	**Ordinary Resolution 9**

Notice of Annual General Meeting

As Special Business:

To consider and if thought fit, pass the following resolutions:-

(8) **Authority to Directors to allot and issue shares pursuant to Section 75 and Section 76 of the Companies Act 2016** **Ordinary Resolution 10**

"THAT pursuant to Section 75 and Section 76 of the Companies Act 2016, and subject to the approval of all relevant authorities being obtained, the Directors be and are hereby empowered to issue shares in the Company at any time and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion deem fit, provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the total number of issued shares of the Company for the time being and that the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on the Bursa Malaysia Securities Berhad and that such authority shall continue in force until the conclusion of the next annual general meeting of the Company."

(9) **Proposed Renewal for the Company to purchase its own shares of up to 10% of the total number of issued shares ("Proposed Renewal of Share Buy Back Authority")** **Ordinary Resolution 11**

"THAT approval be and is hereby given to the Company to, from time to time, purchase through Bursa Malaysia Securities Berhad ("Bursa Securities") such number of ordinary shares in the Company as may be determined by the Directors of the Company upon such terms and conditions as the Directors may deem fit and expedient in the best interests of the Company provided that:

(1) the aggregate number of shares purchased and/or retained as treasury shares shall not exceed 10% of the total number of issued shares of the Company at the time of purchase ("Proposed Renewal of Share Buy Back Authority");

(2) the maximum amount of funds to be utilised for the purpose of the Proposed Renewal of Share Buy Back Authority shall not exceed the Company's aggregate retained profits;

(3) such authority from shareholders of the Company will be effective immediately upon passing of this ordinary resolution and will continue to be in force until:-

(i) the conclusion of the next Annual General Meeting ("AGM") of the Company at which time the authority shall lapse unless by ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions;
(ii) the expiration of the period within which the next AGM after that date is required by law to be held; or
(iii) revoked or varied by ordinary resolution passed by the shareholders of the Company in a general meeting;

whichever occurs first, but not so as to prejudice the completion of purchase(s) by the Company before the aforesaid expiry date and in any event, in accordance with the provisions of the guidelines issued by Bursa Securities or any other relevant authority;

AND THAT upon completion of the purchase by the Company of its own shares, the Directors of the Company be and are hereby authorised to:-

(a) cancel all or part of the shares so purchased;
(b) retain all or part of the shares so purchased as treasury shares;
(c) distribute the treasury shares as share dividends to the Company's shareholders for the time being;

Notice of Annual General Meeting

(d) transfer the treasury shares or any part thereof as purchase consideration and/or for the purposes of or under an employees' share scheme; and/or
(e) to resell the treasury shares on Bursa Securities;

AND THAT authority be and is hereby given to the Directors of the Company to take all such steps as are necessary, including the opening and maintaining of a central depositories account(s) and entering into all other agreements, arrangements and guarantees with any party or parties to implement, finalise and give full effect to and to implement the Proposed Renewal of Share Buy Back Authority with full powers to assent to any conditions, modifications, revaluations, variations and/or amendments (if any) as may be required or imposed by the relevant authorities from time to time and to do all such acts and things as the Directors may deem fit and expedient in the best interest of the Company."

(10) **Proposed Renewal of and New Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature ("Proposed Renewal of and New RRPT Mandate")** **Ordinary Resolution 12**

"THAT approval be and is hereby given to the Company and its subsidiaries to renew the shareholders' mandate and seek new shareholders' mandate for the recurrent related party transactions of a revenue or trading nature as set out in Part B, Section 2.4 of the Circular to Shareholders dated 29 July 2019 with the related parties described therein which are necessary for the Group's day to day operations, carried out in the normal course of business, at arm's length, on normal commercial terms, not more favourable to the related parties than those generally available to the public and are not detriment of the minority shareholders;

THAT such approval shall continue to be in force until:-

(i) the conclusion of the next annual general meeting of the Company following the general meeting at which such mandate was passed, at which time it will lapse, unless by a resolution passed at the meeting, the authority is renewed;
(ii) the expiration of the period within which the next annual general meeting after the date it is required to be held pursuant to Section 340(2) of the Companies Act 2016 ("Act") (but must not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
(iii) revoked or varied by resolution passed by the shareholders in general meeting;

whichever is the earlier, AND THAT the Directors of the Company be authorised to complete and do all such acts and things (including all such documents as may be required) as they may consider expedient or necessary to give effect to the Proposed Renewal of and New RRPT Mandate."

(11) **Proposed Adoption of the new Constitution of the Company ("Proposed Adoption")** **Special Resolution 1**

"THAT approval be and is hereby given to revoke the existing Memorandum and Articles of Association of the Company (M&A) with immediate effect and in place thereof, the proposed new Constitution of the Company, as set out in Part C of the Circular to Shareholders dated 29 July 2019 despatched together with the Company's Annual Report 2019 be and is hereby adopted as the Constitution of the Company.

AND THAT, the Directors and Secretaries of the Company be and are hereby authorised to assent to any modification, variation and/or amendment as may be required by the relevant authorities and to do all acts and things and take all such steps as may be considered necessary to give effect to the Proposed Adoption."

(12) To transact any other business for which due notice shall have been given in accordance with the Company's Articles of Association and the Companies Act 2016.

Notice of Annual General Meeting

Notice of Dividend Entitlement and Payment

NOTICE IS ALSO HEREBY GIVEN that the final single tier dividend, if approved, will be paid on 20 September 2019 to shareholders whose names appear in the Record of Depositors of the Company at the close of business on 11 September 2019.

A Depositor shall qualify for entitlement only in respect of:

(a) Shares transferred into the Depositor's Securities Account before 4.30 p.m. on 11 September 2019 in respect of transfers; and

(b) Shares bought on the Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of the Bursa Malaysia Securities Berhad.

BY ORDER OF THE BOARD

Ng Geok Ping
(MAICSA 7013090)
Company Secretary

Shah Alam, Selangor Darul Ehsan
29 July 2019

NOTES:-

PROXY:

1. A member of the Company entitled to attend and vote at the Meeting may appoint up to 2 proxies to attend and vote in his place. Where a member appoints 2 proxies, he shall specify the proportion of his shareholdings to be represented by each proxy. A proxy can be any person and there shall be no restriction as to the qualification of the proxy.

2. Where a member of the Company is an exempt authorised nominee as defined under the Securities Industry (Central Depository) Act, 1991 which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

3. Only members whose name appears on the Register of Depositors as at 20 August 2019 shall be entitled to attend the said meeting or appoint proxy(ies) to attend and/or vote on his behalf.

4. The instrument appointing a proxy must be deposited at the Registered Office of the Company at No. 16A, Jalan Astaka U8/83, Bukit Jelutong, 40150 Shah Alam, Selangor Darul Ehsan, at least 48 hours before the appointed time of holding the Meeting.

5. In the case of a corporation, the instrument appointing a proxy or proxies must be under seal or under the hand of an officer or attorney duly authorised.

Notice of Annual General Meeting

EXPLANATORY NOTES ON ORDINARY/SPECIAL BUSINESS:

1. **Item 1 of the Agenda**

   This Agenda item is meant for discussion only as the provision of Section 340(1)(a) of the Companies Act 2016 does not require a formal approval of the shareholders for the Audited Financial Statements. Hence, this Agenda item is not put forward for voting.

2. **Item 3 of the Agenda**

   Article 97 of the Company's Articles of Association provides that one-third of the directors for the time being, or if their number is not three or a multiple of three, then the number nearest one-third shall retire from office but shall be eligible for re-election. Hence, 3 out of 8 Directors of the Company are to retire in accordance with Article 97 of the Company's Articles of Association.

   Mr. Chieng Ing Huong will not be seeking re-election, after having served on the Board for more than 17 years since his appointment as an Independent Non-Executive Director of the Company on 24 December 2001. Hence, he will remain in office until the close of the 22nd AGM, and retires in accordance with Article No. 97 of the Company's Articles of Association.

3. **Ordinary Resolution 1**

   With reference to Section 131 of the Companies Act 2016, a company may only make a distribution to the shareholders out of profits of the Company available if the Company is solvent. On 30 May 2019, the Board had considered the amount of dividend and decided to recommend the same for the shareholders' approval.

   The Directors of the Company are satisfied that the Company will be solvent as it will be able to pay its debts as and when the debts become due within 12 months immediately after the distribution is made on 20 September 2019 in accordance with the requirements under Section 132(2) and (3) of the Companies Act 2016.

4. **Ordinary Resolution 7**

   The actual payment of Directors' fees incurred for the financial year 2019 was RM999,500.

   Based on the current composition of the Board and the estimated meetings scheduled, the proposed payment of Directors' fees and benefits is amounting to RM1,062,000 and RM42,000 respectively, commencing the conclusion of this meeting up till the conclusion of the next Annual General Meeting in 2020. This resolution, if passed, will facilitate the payment of Directors' fees and benefits for the current financial year.

5. **Ordinary Resolution 8**

   The benefits comprise of meeting allowance to the Independent Directors for their attendance at Board and Board Committee meeting(s) per meeting day. There is an increase in the meeting allowance of RM8,000 from RM42,000 as previously approved by the shareholders at the 21st AGM to RM50,000, following the additional Board and Nominating Committee meetings held in December 2018 and April 2019 respectively.

Notice of Annual General Meeting

6. **Ordinary Resolution 10**

The proposed resolution is a renewal of the general authority for the Directors to issue shares pursuant to Section 75 and Section 76 of the Companies Act 2016. If passed, it will empower the Directors from the conclusion of the above AGM until the conclusion of the next AGM to allot and issue shares in the Company up to an amount not exceeding 10% of the total number of issued shares of the Company for the time being for such purposes as the Directors consider would be in the interests of the Company.

The Company has not issued any new shares pursuant to Section 75 and Section 76 of the Companies Act 2016 under the general mandate which was approved at the 21st AGM of the Company held on 28 August 2018 and which will lapse at the conclusion of the 22nd AGM. A renewal of this authority is being sought at the 22nd AGM.

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

7. **Ordinary Resolution 11**

The proposed resolution, if passed, will empower the Company to purchase and/or hold up to 10% of the total number of issued shares of the Company. This authority unless revoked or varied by the Company at a general meeting will expire at the conclusion of the next AGM of the Company or within which the next AGM after the date is required by law to be held, whichever occurs first. For further information, please refer to Part A of the Statement to Shareholders dated 29 July 2019.

8. **Ordinary Resolution 12**

The proposed resolutions pertains to the shareholders' mandate required under Part E, Chapter 10.09(2) of the Main Market Listing Requirements of the Bursa Malaysia Securities Berhad. The said Proposed Renewal of and New RRPT Mandate if passed, will mandate the Company and/or its subsidiaries to enter into categories of recurrent transactions of a revenue or trading nature and with those related parties as specified in Part B, Section 2.2 of the Circular to Shareholders dated 29 July 2019. The mandate is subject to annual renewal and disclosure is made in the annual report of the aggregate value of transactions conducted pursuant to the shareholders' mandate during the financial year. The director, major shareholder or person connected with a director or major shareholder, who has interested in the transaction, must not vote on the resolutions approving the transactions. An interested director or interested major shareholder must ensure that persons connected to him abstain from voting on the resolutions approving the transactions.

9. **Special Resolution 1**

The Special Resolution, if passed, will streamline the Company's Constitution with the new provisions of the Companies Act 2016, amendments made to the Main Market Listing Requirements and enhance administrative efficiency. The Board proposed that the existing M&A be revoked in its entirety and the proposed new Constitution of the Company as set out in Part C of the Circular to Shareholders dated 29 July 2019 be adopted as the new Constitution of the Company. The Proposed Adoption shall take effect once it has been passed by a majority of not less than 75% of such members who are entitled to vote and do vote in person or by proxy at the 22nd AGM.

全利資源有限公司
QL Resources Berhad
(Company No. 428915-X)
(Incorporated in Malaysia)

Form of Proxy

No. of ordinary shares held	
CDS Account No.	
Tel./Handphone No.	
Email address	

I/We ______________________________ (NRIC No./Passport No. ______________)
(FULL NAME IN BLOCK LETTERS)

of ____
(FULL ADDRESS)

being a member of **QL RESOURCES BERHAD**, hereby appoint ______________________________
(FULL NAME)

(NRIC No./Passport No. ______________) (Proxy 1) of ______________________________ ,
(FULL ADDRESS)

or failing him/her, ______________ (NRIC No./Passport No. ______________) (Proxy 2)

of ____
(FULL ADDRESS)

or failing him/her, the Chairman of the Meeting as my/our proxy/proxies to vote for me/us on my/our behalf at the 22nd Annual General Meeting of the Company, to be held at Saujana Ballroom, Saujana Resort, Jalan Lapangan Terbang SAAS, 40150 Shah Alam, Selangor Darul Ehsan on Thursday, 29 August 2019 at 10.00 a.m. or any adjournment thereof.

My/our proxy is to vote as indicated below:

Resolutions	For	Against
Ordinary Resolution No. 1		
Ordinary Resolution No. 2		
Ordinary Resolution No. 3		
Ordinary Resolution No. 4		
Ordinary Resolution No. 5		
Ordinary Resolution No. 6		
Ordinary Resolution No. 7		
Ordinary Resolution No. 8		
Ordinary Resolution No. 9		
Ordinary Resolution No. 10		
Ordinary Resolution No. 11		
Ordinary Resolution No. 12		
Special Resolution No. 1		

Please indicate with an "X" or "√" in the space provided as to how you wish your votes to be cast on the resolutions specified in the Notice of 22nd Annual General Meeting. If you do not do so, the proxy will vote or abstain from voting at his/her discretion.

Dated this ________ day of ______________ 2019

For appointment of 2 proxies, percentage of shareholding to be represented by the proxies:

	No. of Shares	Percentage
Proxy 1		
Proxy 2		
Total		

____
Signature(s)/Common Seal of Member(s)

Notes:-

1. *A member of the Company entitled to attend and vote at the Meeting may appoint up to 2 proxies to attend and vote in his place. Where a member appoints 2 proxies, he shall specify the proportion of his shareholdings to be represented by each proxy. A proxy can be any person and there shall be no restriction as to the qualification of the proxy.*
2. *Where a member of the Company is an exempt authorised nominee as defined under the Securities Industry (Central Depository) Act, 1991 which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.*
3. *Only members whose name appears on the Register of Depositors as at 20 August 2019 shall be entitled to attend the said meeting or appoint proxy(ies) to attend and/or vote on his behalf.*
4. *The instrument appointing a proxy must be deposited at the Registered Office of the Company at No. 16A, Jalan Astaka U8/83, Bukit Jelutong, 40150 Shah Alam, Selangor Darul Ehsan, at least 48 hours before the appointed time of holding the Meeting.*
5. *In the case of a corporation, the instrument appointing a proxy or proxies must be under seal or under the hand of an officer or attorney duly authorised.*

Fold this flap for sealing

Then Fold here

AFFIX
STAMP

The Company Secretary
QL RESOURCES BERHAD
NO. 16A, JALAN ASTAKA U8/83
BUKIT JELUTONG
40150 SHAH ALAM
SELANGOR DARUL EHSAN

1st Fold here

www.ql.com.my

QL Resources Berhad (428915-X)

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