



ANNUAL REPORT 2015



全利資源有限公司  
Resources Berhad

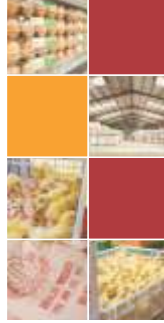




## LIVELIHOODS

Livelihood is the theme of this year's annual report, and at QL Resources, livelihoods are an essential ingredient of growth. When we buy crops from small holders, catch from fishermen or produce from farmers, we contribute to their livelihoods. In return they supply us nourishing foods that enrich the lives of our consumers. And then there are the livelihoods of our thousands of employees, across the nation, across the region, in fields, factories and offices. Our livelihoods are strengthened by one another. These win-win relationships provide value for all, and ensure that – together – our livelihoods can only get better.



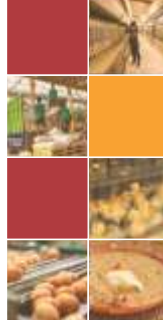


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## PRINCIPAL ACTIVITIES

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 Oil Palm Activities. QL has operation centres in Malaysia, Indonesia, Vietnam and China.

### **Marine Products Manufacturing Activities**

Marine Products Manufacturing's integrated upstream and downstream activities include 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. QL is Malaysia's largest fishmeal manufacturer and producer of surimi-products, and Asia's largest surimi producer. Mushroom and Figo, QL's marine-product consumer foods brands, are distributed across Asia, Europe and North America.

### **Integrated Livestock Farming Activities**

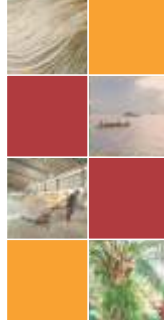
Organic growth and a series of strategic acquisitions has driven QL's rise to become one of Malaysia's leading operators in animal feed raw materials and poultry farming. QL is among ASEAN's leading poultry egg producers with a group production rate of 4.5 million eggs per day. Approximately 40 million Day Old Chicks (DOC) are produced annually across poultry farms in Malaysia and Indonesia. In Malaysia, QL trades over 800,000 metric tonnes of animal feed raw materials annually.

### **Palm Oil Activities**

QL has built 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 biomass fuel into energy, minimising carbon emissions and improving energy cost efficiencies. To complement clean energy manufacturing, QL operates a clean energy consultancy that provides end-to-end solutions and advice on customised biomass energy solutions. 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. QL's first CPO mill in Indonesia is in Eastern Kalimantan and was commissioned during FY2013. QL owns a 1,200 hectare palm oil estate in Sabah, as well as 15,000 hectare plantation (currently under development) in Eastern Kalimantan, Indonesia.







## VISION

To be the  
preferred global  
agro based  
enterprise



## MISSION

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

## PERSONALITY

Progressive  
Trustworthy  
Initiative  
Humility

## VALUES

Integrity  
Win-win  
Team work  
Innovative





## GROUP CORPORATE STRUCTURE

(AS AT 30 JUNE 2015)

### 全利資源有限公司 **QL Resources Berhad**

#### MARINE PRODUCTS MANUFACTURING

##### **QL FISHERY SDN BHD - 100%**

100% QL Figo Foods Sdn. Bhd.

100% QL Marine Products Sdn. Bhd.

100% Icon Blitz Sdn. Bhd.

100% QL Deep Sea Fishing Sdn. Bhd.

100% QL Fresh Choice Seafood Sdn. Bhd.

70.59% QL Endau Marine Products Sdn. Bhd.

100% QL Endau Deep Sea Fishing Sdn. Bhd.

100% QL Endau Fishmeal Sdn. Bhd.

100% Pilihan Mahir Sdn. Bhd.

100% Rikawawasan Sdn. Bhd.

100% QL Foods Sdn. Bhd.

100% QL Aquaculture Sdn. Bhd.

100% QL Aquamarine Sdn. Bhd.

100% QL Fishmeal Sdn. Bhd.

99.97% PT. QL Hasil Laut

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.

(Formerly QL Fujiya Pastry Sdn. Bhd.)

63.33% Kembang Subur Sdn. Bhd.

100% KS Galah Sdn. Bhd.

100% KS Monodon Sdn. Bhd.

55% Kembang Subur (Perak) Sdn. Bhd.

51% Kembang Subur International Ltd.

100% Nam Duong Vietnam Aquatic Hatchery Co. Ltd.

#### PALM OIL ACTIVITIES

##### **QL OIL SDN BHD - 100%**

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.

##### **QL IPC SDN BHD - 100%**

## BIOMASS ENERGY BUSINESS

### QL GREEN RESOURCES SDN BHD - 100%

100% QL Green Energy Sdn. Bhd.

100% QL NatureCo Sdn. Bhd.  
100% QL Palm Pellet Sdn. Bhd.

100% QL Carbon Sdn. Bhd.

66.67% Leisure Pyramid Sdn. Bhd.

100% QL ESCO Sdn. Bhd.

100% QL Tawau Palm Pellet Sdn. Bhd.

### QL CORPORATE SERVICES SDN BHD - 100%

## INTERGRATED LIVESTOCK FARMING

### QL FEEDINGSTUFFS SDN BHD - 100%

100% Chingsan Development Sdn. Bhd.

100% Maxincome Resources Sdn. Bhd.

100% QL Feed Sdn. Bhd.

90% Pacific Vet Group (M) Sdn. Bhd.  
100% QL Pacific Vet Group Sdn. Bhd.

50.50% QL Agrobio Sdn. Bhd.

100% QL Agroventures Sdn. Bhd.

100% QL Agrofood Sdn. Bhd.

95% QL AgroResources Sdn. Bhd.  
100% QL Livestock Farming Sdn. Bhd.  
100% Gelombang Elit (M) Sdn. Bhd.  
51% QL TP Fertilizer Sdn. Bhd.

100% QL Tawau Feedmill Sdn. Bhd.

100% QL Farms Sdn. Bhd.  
100% Adequate Triumph Sdn. Bhd.  
100% QL Breeder Farm Sdn. Bhd.  
100% QL Inter-Food Sdn. Bhd.  
100% Merkaya Sdn. Bhd.

100% QL KK Properties Sdn. Bhd.

90.77% QL Ansan Poultry Farm Sdn. Bhd.  
100% QL Rawang Poultry Farm Sdn. Bhd.  
100% Hybrid Figures Sdn. Bhd.  
100% QL Poultry Farms Sdn. Bhd.

100% QL Realty Sdn. Bhd.  
80% PT. QL Trimitra  
99% PT. QL Agrofood

100% QL Vietnam AgroResources Liability  
Ltd Co

100% QL International Pte. Ltd.

99% PT. QL Feed Indonesia

0.50%

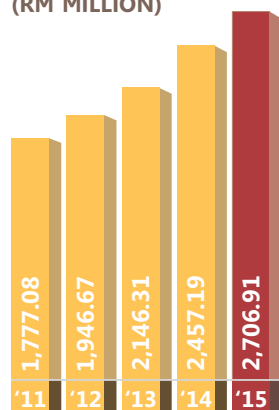
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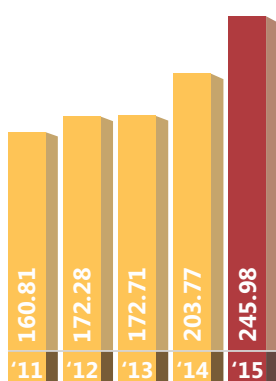


## FINANCIAL HIGHLIGHTS

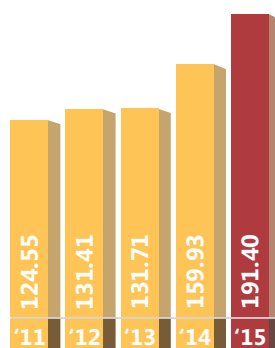
**TURNOVER  
(RM MILLION)**



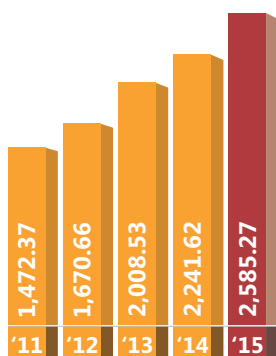
**PROFIT  
BEFORE TAX  
(RM MILLION)**



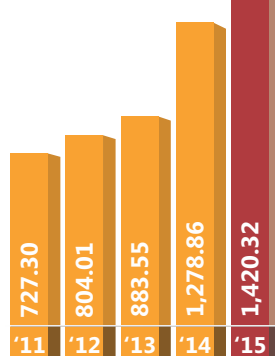
**PROFIT AFTER TAX  
AFTER MINORITY  
INTEREST  
(RM MILLION)**



**TOTAL ASSETS  
(RM MILLION)**



**NET TANGIBLE  
ASSETS  
(RM MILLION)**



	2011 RM MIL	2012 RM MIL	2013 RM MIL	2014 RM MIL	2015 RM MIL
Turnover	1,777.08	1,946.67	2,146.31	2,457.19	2,706.91
Profit Before Tax	160.81	172.28	172.71	203.77	245.98
Profit After Tax After Minority Interest	124.55	131.41	131.71	159.93	191.40
Total Assets	1,472.37	1,670.66	2,008.53	2,241.62	2,585.27
Net Tangible Assets	727.30	804.01	883.55	1,278.86	1,420.32
Profit as % of Turnover					
Before Tax	9.05	8.85	8.05	8.29	9.09
After Tax	7.01	6.75	6.14	6.51	7.07
Earnings Per Share (sen) - Basic #	11 <sup>^</sup>	11	11	14	15
Net Tangible Assets Per Share (sen)	87.42	96.63	106.19	102.47	113.80
Paid-up share Capital	208.00	208.00	208.00	312.01	312.01
No. of shares in Issue (million)	832.00	832.00	832.02	1,248.03	1,248.03

# Adjusted for share split in 2011, bonus issue in January 2010 and February 2014 and rights issue in February 2014

<sup>^</sup> Adjusted for share placements in 2011



## CORPORATE INFORMATION

### BOARD OF DIRECTORS

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

Chia Song Kun  
*Group Managing Director*

Chia Seong Pow  
*Executive Director*

Chia Seong Fatt  
*Executive Director*

Chia Song Kooi  
*Executive Director*

Chia Song Swa  
*Executive Director*

Chia Mak Hooi  
*Executive Director*

Cheah Juw Teck  
*Executive Director*

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

Tan Bun Poo, Robert  
*Independent Non-Executive Director*

Datuk Wira Jalilah Binti Baba  
*Independent Non-Executive Director  
(Resigned on 22 August, 2014)*

### COMPANY SECRETARY

Ng Geok Ping  
(MAICSA 7013090)

### AUDITORS

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

### AUDIT COMMITTEE

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

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

Tan Bun Poo, Robert  
*Independent Non-Executive Director*

Datuk Wira Jalilah Binti Baba  
*Independent Non-Executive Director  
(Resigned on 22 August, 2014)*

### REMUNERATION COMMITTEE

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

Chia Song Kun  
*Group Managing Director*

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

### NOMINATING COMMITTEE

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

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

### REGISTERED OFFICE

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

### REGISTRARS

Bina Management (M) Sdn Bhd  
Lot 10, The Highway Centre  
Jalan 51/205  
46050 Petaling Jaya  
Selangor Darul Ehsan  
Tel : 03-77843922  
Fax : 03-77841988

### 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](mailto:freddieyap@ql.com.my)



## BOARD OF DIRECTORS'







*From left to right: Mr. Cheah Juw Teck, Mr. Chia Seong Pow, Chia Song Swa, Chia Mak Hooi, YM Tengku Dato' Zainal Rashid Bin Tengku Mahmood, Dr. Chia Song Kun, Mr. Eddy Chieng Ing Huong, Mr. Chia Song Kooi, Mr. Chia Seong Fatt and Mr. Robert Tan Bun Poo*

## BOARD OF DIRECTORS' PROFILE



YM Tengku Dato' Zainal Rashid Bin Tengku Mahmood, aged 76, Malaysian, was appointed as the Chairman and Independent Non-Executive Director of the Company on 3 January 2000. He is also the Chairman of Audit, Nominating and Remuneration Committees.

He has a wide range of experience, having been actively involved in a variety of business over the last 40 years. YM Tengku has an MBA from Syracuse University, USA. He began his business career with the Harper Gilfillan Group (a diversified British organisation) in the early 1960's and retired as the Group Managing Director of Harper Wira Sdn. Bhd. Currently, he is the Executive Chairman of K-Line Maritime (Malaysia) Sdn. Bhd., a Malaysian-Japanese joint-venture company with K-Line Tokyo, one of the biggest Japanese shipping company. He also sits on the boards of several other companies. Apart from managing various companies, YM Tengku is

also actively involved in the affairs of maritime related organisations.

He was the Chairman of the International Shipowners Association of Malaysia (ISOA) and the past president of I.C.H.C.A. Malaysian chapter. He also sat on the Boards of Klang and Kuantan Port Authorities for more than a decade.

In addition to maritime bodies, YM Tengku is also an active participant in the affairs of Chambers of Commerce. He is the past President of the Malaysian International Chamber of Commerce and Industry (MICCI) and a Vice-President of the National Chamber of Commerce and Industry of Malaysia (NCCIM). At the ASEAN level, he was the Malaysia Chairman of the ASEAN Chambers of Commerce and Industry. YM Tengku was also on the board of MIDA, a Council Member of the Malaysia-India Business Council and the Malaysian Norway Business Council and a Director of Port Klang Free Zone Sdn. Bhd.

YM Tengku Dato' Zainal Rashid is also the Honorary Consul of Norway.

He attended four out of five board of directors' meetings held for the financial year.

He has no family relationship with any Director and/or major shareholders of QL. He has no conflict of interest with the Company and he has no convictions for any offences within the past ten years.



Dr. Chia Song Kun, aged 65, Malaysian, was appointed as the Group Managing Director of QL Resources Berhad on 3 January 2000. He is also a member of the Remuneration 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 Masters 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.

During 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 five 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 Boilermach Holdings Berhad, a company listed on the ACE Market of Bursa Malaysia Securities Berhad on 5 May 2011, which then transferred to the Main Market on 4 December 2014.

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

Dr. Chia Song Kun is the brother of Mr Chia Song Swa and Mr Chia Song Kooi. He is also the brother-in-law of Mr Chia Seong Pow and Mr Chia Seong Fatt. He is the director and substantial shareholder of CBG Holdings Sdn. Bhd., a major shareholder of QL.

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

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





Chia Seong Pow, aged 59, Malaysian, was appointed as an Executive Director of the Company on 3 January 2000.

He graduated from Tuanku Abdul Rahman College with a diploma in Building Technology.

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

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

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

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

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

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



Chia Seong Fatt, aged 59, Malaysian, was appointed as an Executive Director of the Company on 3 January 2000.

He obtained his B.Sc. Honours degree in chemistry from University of London in 1979. He practised as an industrial chemist for 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 seven years as Managing Director in Sri Tawau Farming Sdn. Bhd., a company involved in layer farming. The Company is an associated company of Lay Hong Berhad, a company listed on the Main Market of the Bursa Malaysia Securities Berhad.

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

He is 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 five board of directors' meetings held for the financial year.

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



Chia Song Kooi, aged 55, Malaysian, was appointed as an Executive Director of the Company on 3 January 2000.

He holds a bachelor of Agricultural Science from University Putra Malaysia (1985).

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

He joined QL Feedingstuffs Sdn. Bhd. as an executive director on 21 September 1988. He has 20 years of experience in farm management and in trading of raw materials for farm use, as well as 10 years of experience in marine products processing. He is currently the Deputy Chairman of Sabah Livestock Poultry Association. In view of the restructuring of the QL Group, he has resigned as a director of QL Feedingstuffs Sdn. Bhd. He is overall in charge of the group's operations in Kota Kinabalu.

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

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

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



Chia Song Swa, aged 55, Malaysian, was appointed as an Executive Director of the Company on 3 January 2000.

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

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

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

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

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

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



Chia Mak Hooi, aged 50, Malaysian, was appointed as an Executive Director of the Company on 3 January 2000. He graduated from Arizona State University, USA with a degree in Accounting and Finance in 1988.

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

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

Mr Chia Mak Hooi is the director of EITA Resources Berhad and Group, a company listed on the Main Market of the Bursa Malaysia Securities Berhad on 9 April 2012. EITA group of companies is involved in the distribution and manufacturing of electrical related products.

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

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

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



Cheah Juw Teck, aged 46, Malaysian, was appointed as an Executive Director of the Company on 1 June 2011.

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

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

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

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

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





Chieng Ing Huong, Eddy, aged 57, Malaysian, was appointed as a Senior Independent Non-Executive Director of the Company on 24 December 2001. He is also a member of the Audit, Nominating and Remuneration Committees.

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 five board of directors' meetings held for the financial year.

He does not have any family relationship with any director and/or major shareholder of the Company. Mr Chieng has no conflict of interest with the Company and he has no convictions for any offences within the past ten years.



Tan Bun Poo, Robert, aged 65, Malaysian, was appointed as an Independent Non-Executive Director of the Company on 1 June 2011. He is also a member of Audit Committee.

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

Mr. Tan is also a director of UEM Edgenta Berhad (formerly known as Faber Group Berhad), AmCorp Properties Berhad, RCE Capital Berhad, AmMetLife Takaful Berhad (formerly known as AmFamily Takaful Berhad) and has recently been appointed to the Board of AmlInvestment Bank Berhad.

He attended all five 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 ten years.

## CHAIRMAN'S STATEMENT



### **Dear Shareholders,**

QL Resources delivered a positive set of results in FY2015, successfully producing profit while making value-adding investments in value chain expansion. The Group's profit before tax for the year ended 31 March 2015 increased 21% on the prior year to RM246 million. The Group reported revenue of RM2.707 billion, up 10% from the prior year.

This year QL celebrates 15 years as a listed corporation. I am pleased to report another year of uninterrupted growth for the Group in conjunction with this milestone.

### **Shareholder Appreciation**

We have rewarded our shareholders in the past through dividends, bonus issues and share price appreciation. In FY2015, the board recommended a single tier final dividend of 4.25 sen (up from 3.5 sen per share last year). This represents a pay-out ratio of 27.84% (versus 27.31% last year). Over the last 12 months to 31st March 2015, our market capitalisation has risen from RM4.0 billion, to RM4.9 billion. This milestone achievement further demonstrates QL's sound fundamentals.

### **Corporate Governance**

The tenets of good corporate governance are at the forefront of our decision-making and control processes. These comprise responsible, value-based management and monitoring focused on long-term success, goal-oriented and efficient cooperation between our Board of Directors and other committees, respect for the interests of our shareholders and employees, transparency and responsibility in all our entrepreneurial decisions and an appropriate risk management system. The Board is therefore committed to maintain high standards of corporate governance by supporting and implementing the prescriptions of the principles and recommendations as set out in the Malaysian Code on Corporate Governance 2012.

During the year in review QL engaged a professional management consultancy firm to enhance the Group's standard operating procedures (SOPs). The SOPs were refined across each division to maximise operational and production efficiencies in line with

the introduction of a new IT system and GST. This financial year also saw director's remuneration benchmarked against market practice in order to retain and attract talent with deep expertise.

During the year, QL's investor relations team continued to proactively engage, communicate and build professional relationships with the region's investment community. The team participated with RHB, Deutsche Bank and UOB-Kayhian in their annual Singapore and Hong Kong conferences. QL also participated in Invest Malaysia 2015, a Kuala Lumpur-based conference organised by CIMB, held in April 2015. The investor relations team was recognised by the financial community once again with two nominations from the Malaysia Investor Relations Association. QL Resources was ranked No.23 for Best Company for Investor Relations (Main Board-Mid), and No.11 in Best Quality of One-on-One Meetings.

#### **Award**

In April 2015, QL Resources won the ASEAN Business Awards Malaysia (ABAM) AEC Priority Integration Sector – Fisheries Award at the 6th ASEAN Business Awards Malaysia. The Award is an annual programme to showcase local outstanding businesses and individuals. Winners were evaluated and judged under four core categories; namely growth, employment, innovation and corporate social responsibility. The winner at this national level program qualifies to compete at the regional level in November 2015, within the same award category.

#### **Consumer Engagement**

In last year's annual report Dr Chia Song Kun announced that the Group was developing QL Kitchen, an online recipe portal that features many of QL's consumer food items. QL Eggs, Figo Foods, MUSHROOM and other subsidiary brands feature their food products in recipes published on the site. QL Kitchen has been a notable success, with over 300,000 visitors to the website amassing more than 800,000 page views. QL Kitchen's corresponding Facebook page has over 70,000 fans at the time of writing. Through targeted advertising, QL Kitchen is able to engage directly with those interested in food, and its recipe content is then shared organically to a wider audience. QL Kitchen is a component of a wider marketing objective to capture a larger share of the consumer foods market.

### **Corporate Responsibility**

#### **IJN Foundation**

During the year in review QL became a Gold Partner of IJNF (Institut Jantung Negara Foundation). The donations QL raise fund treatment costs for poor and needy patients, for their heart surgery and purchase of devices. A more detailed write-up of the IJNF project can be found in the Corporate Social Responsibility report.

#### **SJK (C) Yuk Chai School, Kelantan**

As many of you are aware, Kuala Krai school was in one of the worst affected areas during the Kelantan floods of December 2014. Together with our associates Boilermach, we reached out to help this badly affected school to recover from the disaster. A more detailed write-up on this is in the Corporate Social Responsibility report.

#### **Appreciation**

My congratulations go to the employees of QL. Every year you surpass your previous efforts. This is an exceptional record of achievement and one that deserves to be highlighted. I wish to thank the senior management team for their careful stewardship of the Group amid comprehensive regional growth activities. And lastly my thanks go to QL's wider community – shareholders, suppliers and partners – for their ongoing faith in the Group's mission.

I hope to see one and all at our next annual general meeting.

**YM Tengku Dato' Zainal Rashid**

**Bin Tengku Mahmood**  
**Chairman**



## GROUP MANAGING DIRECTOR'S REPORT



### Fellow Shareholders,

Financial year 2015 marks a special milestone for QL Resources. This year the Group celebrates 15 years as listed corporation. It is with pleasure that I mark this occasion by announcing another year of growth across the QL group of companies. There have been meaningful challenges: escalating labour costs (due to minimum wage legislation), labour shortages in our plantation sector, weak purchasing power brought on by poor commodity prices and struggling regional economies, not to mention the implementation of GST in our domestic market. Punching through these external challenges in order to maintain our record of uninterrupted growth is a proud moment. More importantly it is an indicator of QL's strong fundamentals.

### Financial Review

QL's revenue grew to RM2.707 billion in financial year 2015, increasing RM250 million, or 10%, from FY2014's figure of RM2.457 billion. Profit before tax (PBT) grew to RM246 million in FY2015, up RM42 million, or 21%, from the RM204 million registered in the previous financial year. Profit after tax (PAT) increased 19% to RM191 million, from last year's figure of RM160 million.

Although I mentioned that regional top and bottom lines should improve in FY2015, the bottom line component continues to elude us. Regional operations delivered an increase in turnover of more than 20%, yet the Group continues to face significant challenges, mainly due to poor egg prices in Vietnam and severe 'Day-Old-Chicks' over production in Indonesia's poultry market, both causing the ILF's regional bottom line to be poor. On the positive side, QL's mature palm acreage has increased in its Indonesia unit, which has helped to trim losses. Fishery operations in Indonesia have also done well, with both sales and profit up more than 40% and 50% respectively.

QL's performance is set against a backdrop of declining economic performances in QL's host nations, including Indonesia and Vietnam. Although Malaysia and Vietnam posted increases in GDP during calendar year 2014, both achieving 6%, Indonesia slowed to 5%. Overall, QL's host nation economies are encountering tougher challenges due to poor commodity prices (including Oil and Crude Palm Oil), weaker currencies as well as weakening purchasing power.

### 15 Years since IPO

Five years ago, we celebrated the 10th anniversary of QL as a listed entity in Bursa Malaysia. On March 2015, it was QL's 15th anniversary. Many important developments and milestones have occurred over the last five years. What follows is a brief snapshot: the commencement of poultry layer operations in Vietnam and Indonesia; the acquisition of a major stake in Boilermech Bhd; our first marine prawn aquaculture project in Kudat, Sabah; the start of construction on a new feed mill in Bekasi, Indonesia; QL Resources was announced as The Edge Billion Ringgit Club 2011 Company of the Year; I was awarded Malaysian Entrepreneur of the Year by Ernst & Young in 2012; and in February of 2015 QL entered into position No.59 in Bursa Malaysia Top 100 Companies by market capitalisation, with a market cap' of over RM5 billion. We believe the steady increase in market capitalisation and PE over the last 5 years can be attributed to the investment communities' continued appreciation of QL's management execution capability, resilient business nature, 3-pronged growth strategy and consistent earnings track record. Despite a challenging regional business environment, I am confident that over the next five years we will continue to demonstrate QL's management strength and strive to deliver continuous earnings growth.

### Operational Review

In QL's Marine Products Manufacturing division, we continue to lengthen our value chain by investing in upstream, mid-stream and down-stream activities. In line with the Malaysian government's National Blue Ocean Strategy (NBOS), and Budget 2015 announcement of accelerating aquaculture activities to help improve the quality of rural lives, QL has developed a comprehensive plan to invest in integrated marine

prawn aquaculture activities over the next 10 years. The first phase involves approximately RM100 million in capital expenditure. RM40 million was allocated for QL's first marine prawn farm in Kudat, Sabah, which began development in 2013. The farm's first contributions to the Group's bottom line began in FY2015. Another RM25 million was allocated to the acquisition of Kembang Subur (KS), a leading prawn hatcheries business in Malaysia, which will further increase upstream hatcheries activities. In prawn down-stream, we will invest RM25 million in constructing a new prawn processing plant in Tuaran, Sabah, and expect completion in December 2015. During the year, we invested another RM10 million to acquire a 900 acre block of land for second phase marine prawn aquaculture in Kota Belud.

In regional fishery operations, our Surabaya unit increased its annual surimi production capacity from 10,000MT to 15,000MT and annual fishmeal production capacity from 10,000MT to 12,000MT. In down-stream activities, a land reclamation project is underway adjacent to QL's processing factory, with a view to manufacture surimi-based products in Indonesia. As I mentioned last year, our downstream project in Kulai, Johore, is currently undergoing construction. We expect phase one of our next 10 years' expansion plan (RM30 million) for this unit to start commercial production by December 2015. The new facilities will enable Figo to expand its range of flour-based frozen food products and capture a larger share of the frozen foods market.

The Indonesian unit of our Integrated Livestock Farming division has recently completed construction of a new feed mill in Bekasi. Once production-ready, the feed mill will have a capacity of 8,000MT per 8-hour shift, (equivalent to approximately 25,000MT of pelletised feed per month). Completion of the feed mill will allow QL to expand its value chain to span animal feed raw material trading, feedmilling, day-old-chick production, commercial broiler farming, broiler processing, and ready-to-eat poultry products. On the domestic front, our new poultry processing plants in Kota Kinabalu and Kuching have been completed and will further add value to our downstream activities.

In our Palm Oil Activities division, mature acreage is increasing each month in the up-stream Indonesian plantation unit. The total planted area as of March 2015 was 9,000 hectares. This unit, which started as a green field project, faced traditional start-up losses in the early years due to heavy rainfall and poor fruit formation issues. With increasing maturity (4 to 7 years maturity profile), our upstream plantation should start to bring in results. Mid-stream crude palm oil milling capacity utilisation has also improved to more than 50%. In down-stream, we continue to invest in biomass clean energy generation and associated engineering activities through our 41% associate Boilermech Bhd.

### **Looking Forward**

In last year's annual report I wrote about the possibility of the El Nino weather phenomenon positively affecting QL's business through reduced feed meal prices and increased fish prices. El Nino failed to materialise in FY2015, but it may yet take effect in FY2016 (at this point of writing). However, QL's consistent and bold investments in upstream and downstream operations are projected to strengthen and widen revenue streams, leaving the company slightly less susceptible to external factors.

Regional operations are a key driver for QL's future growth, despite their muted profit performance in FY2015. We forecast that FY2016's regional turnover should increase by 25%, with strong rebound in earnings from FY2015 level.

Economic growth is projected to slow down further over the course of QL's FY2016. In each of Southeast Asia's five biggest economies – Indonesia, Thailand, Malaysia, the Philippines and Singapore – analysts' average forecasts for earnings per share have fallen. Some of the concern can be attributed to poor oil prices, poor commodity prices, weaker currency and poorer purchasing power, whereas a majority of analysts attribute the outlook to uncertain political climates. Against this backdrop QL is cautiously optimistic of maintaining its growth record, barring unforeseen circumstances.

### **Acknowledgement and Appreciation**

QL Resources is fortunate to have strong, supportive stakeholder community. The first pillar of this community is QL's shareholders, whose loyalty and commitment to the company continues to be nothing short of exceptional. We are also gifted with supportive suppliers, customers and welcoming communities in which we operate. This support provides bedrock for QL's growth and we are ever-appreciative of its strength.

As mentioned earlier, QL has reached a milestone in its growth story: 15 years as a listed corporation. The Group's success during this journey owes much to my fellow directors and heads of operations. Their experience, skills in execution and steady hands have steered QL toward a prosperous future, despite significant external challenges and unfavourable economic conditions. Furthermore, I wish to extend my appreciation to each member of the QL team, upstream and down, in the fields and factories, for their commitment and hard work.

I look forward to seeing as many of you as possible at the upcoming Annual General Meeting.

**Dr Chia Song Kun**  
**Group Managing Director**



# AUDIT COMMITTEE REPORT

## MEMBERSHIP

The present members of the Audit Committee comprise:-

YM Tengku Dato' Zainal Rashid Bin Tengku Mahmood	Chairman/Independent Non-Executive Director
Chieng Ing Huong, Eddy	Member/Independent Non-Executive Director
Tan Bun Poo, Robert	Member/Independent Non-Executive Director
Datuk Wira Jalilah Binti Baba**	Member/Independent Non-Executive Director

*\*\* Resigned as member on 22.08.2014*

## ATTENDANCE AT MEETINGS

During the financial year, the Committee held a total of five (5) meetings. Details of attendance of the Committee members are as follows:

Name of member	Number of meetings attended
YM Tengku Dato' Zainal Rashid Bin Tengku Mahmood	4/5
Mr. Chieng Ing Huong, Eddy	5/5
Mr. Tan Bun Poo, Robert	5/5
Datuk Wira Jalilah Binti Baba**	1/3

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

## SUMMARY OF ACTIVITIES DURING THE FINANCIAL YEAR

The main activities undertaken by the Committee were as follows:

- Reviewed the external auditors' scope of work and the audit plan for the year prior to the commencement of audit.
- Reviewed with the external auditors the results of the audit, the audit report and areas of concern.
- Assessed the external auditors' independence, objectivity, effectiveness and terms of engagement, including taking into consideration the provision of audit and non-audit services by the external auditors before recommending their re-appointment and remuneration.
- Reviewed the adequacy and relevance of scope, functions, competency and resources of Internal Audit and their necessary authority to carry out its work.
- Reviewed the internal audit plan, considered the major findings of the internal Audit Report, which highlighted the risk issues, recommendations and management's response;
- Reviewed quarterly risk summary reports on the Group's top risks and management action plans to manage the risks;
- Reviewed the quarterly unaudited financial result and annual audited financial statements before submission to the Board for consideration and approval;
- Reviewed the related party transactions entered into by the Group.



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

## **INTERNAL AUDIT FUNCTION**

The Company has outsourced its internal audit function to an independent professional consulting firm and, together with the groups' 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. This function also acts as a source to assist the Audit Committee and the Board to strengthen and improve current management and operating style in pursuit of best practices. During the financial year, the major areas of work performed by the Internal Audit are as follows:-

- Reviewed the effectiveness and adequacy of the existing control and procedures and perform compliance testing to ensure that the controls in place are adhered to effectively;
- Issued audit report to the Audit Committee detailing the findings from the systems review and compliance test including recommendations for improvements;
- Identified, understand and managed risk embedded in the processes and activities that could negatively impact the achievement of the Company's objectives;
- Assessed the risk profile of the Group by carrying out risk identification and assessment, including prioritizing the strategic risks, business risks and operational risks; and
- Performed follow up on recommendations for improvement made to ensure that appropriate corrective actions were implemented on a timely basis.

During the financial year, the total cost incurred for the internal audit function is RM200,000.

## **TERMS OF REFERENCE OF AUDIT COMMITTEE**

The Audit Committee is governed by the following terms of reference:

### **1. MEMBERSHIPS**

The Committee shall be appointed by the Board of Directors of the Company from amongst the Board and shall consist of not less than three (3) members, majority of which shall comprise of independent directors. At least one member must be a member of the Malaysian Institute of Accountants or eligible for membership.

In the event of any vacancy in an audit committee resulting in the non compliance with the above, the Board shall, within three (3) months of that event, fill the vacancy.

The members of the Committee shall elect a Chairman from among their members who shall be an Independent Director.

The terms of office and performance of an audit committee and each of its members should be reviewed by the Board at least once a year.

## 2. AUTHORITY

The Committee is authorised by the Board to investigate any activity within its terms of reference. It shall have resources which are required to perform its duties. It is authorised to seek any information it requires from any employee and all employees are directed to co-operate with any request made by the Committee. It shall have direct communication channels with the external auditors and person(s) carrying out the internal audit function or activity.

The Committee is authorised by the Board to obtain outside legal or other independent professional advice and secure the attendance of outsiders with relevant experience and expertise if it considers this necessary.

The Committee shall report to the Board.

The Audit Committee has the authority to investigate any matter within its terms of reference, at the cost of the Company and with the following:

- (a) the resources which are required to perform its duties;
- (b) full and unrestricted access to any information pertaining to the Company;
- (c) direct communication channels with the External Auditors and the Internal Auditors;
- (d) ability to obtain independent professional or other advice; and
- (e) ability to convene meetings with the External Auditors, the Internal Auditors or both, excluding the attendance of other Directors and employees of the listed corporation, whenever deemed necessary.

The Internal Auditor shall report directly to the Committee and shall have direct access to the Chairman of the Committee on all matters of control and audit. All proposals by Management regarding the appointment, transfer and removal of the Internal Auditor of the Company shall require prior approval of the Committee. Any inappropriate restrictions on audit scope are to be reported to the Committee.

## 3. FUNCTIONS OF THE COMMITTEE:

- (1) To review the quarterly and annual financial statements of the Company, before the approval of the Board of Directors, focusing particularly on:
  - (a) significant accounting policies and practices;
  - (b) significant adjustments arising from the audits;
  - (c) compliance with accounting standards and other legal requirements; and
  - (d) the going concern assumption.
- (2) To review any related party transaction and conflict of interest situation that may arise within the Company or the Group including any transaction, procedure or course of conduct that raises questions of management integrity.
- (3) To review, on an annual basis, the principal risks identified by Management and the methodology employed in the identification, analysis, assessment, monitoring and communication of risks in a regular and timely manner.
- (4) To ensure that the system of internal control is soundly conceived and in place, effectively administered and regularly monitored.

- (5) To cause reviews to be made of the extent of compliance with established internal policies, standards, plans and procedures.
- (6) To obtain assurance that proper plans for control have been developed prior to the commencement of major areas of change within the organisation.
- (7) To be satisfied that the strategies, plans, manning and organisation for internal auditing are communicated down through the Company.

Specifically:

- (a) to review the internal audit plans and to be satisfied with their consistency with the results of the risk assessment made, the adequacy of coverage and the audit methodologies employed;
  - (b) to be satisfied that the internal audit function within the Company has the proper resources and authority to enable them to complete their mandates and approved audit plans;
  - (c) to review status reports from internal audit and ensure that appropriate action is taken on the recommendations of the internal audit function. To recommend any broader reviews deemed necessary as a consequence of the issues or concerns identified;
  - (d) to review the effectiveness of the Internal Auditor and to approve the reappointment, termination or replacement of the incumbent and the appointment of any other Internal Auditor;
  - (e) to ensure internal audit has full, free and unrestricted access to all activities, records, property and personnel necessary to perform its duties; and
  - (f) to request and review any special audit which it deems necessary.
- (8) To consider and recommend the nomination and appointment or re-appointment of External Auditors.
  - (9) To review with the External Auditors the nature and scope of their audit plan, their evaluation of the system of internal controls and report.
  - (10) To review any matters concerning the appointment and reappointment, audit fee and any questions of resignation or dismissal of the External Auditors and Internal Auditors.
  - (11) To review and evaluate factors related to the independence of the External Auditors and assist them in preserving their independence.
  - (12) To review and approve when applicable, significant use of the External Auditors in performing non-audit services within the Group, considering both the types of services rendered and the fees to be paid, such that their independence and objectivity as External Auditors are not compromised.
  - (13) To review the External Auditors' findings arising from audits, particularly any comments and responses in management letters as well as the assistance given by the employees of the Group in order to be satisfied that the level of co-operations given is appropriate.
  - (14) To recommend to the Board steps to improve the system of internal control derived from the findings of the Internal and External Auditors and from the consultations of the Audit Committee itself.
  - (15) To prepare the annual Audit Committee Report to the Board which includes the composition of the Audit Committee, its terms of reference, number of meetings held, a summary of its activities and the existence of an internal audit function and summary of the activities of that function for inclusion in the annual report.



(16) To assist the review of the Board's statements on compliance with the Malaysian Code of Corporate Governance for inclusion in the annual report.

(17) To review the assistance given by the employees of the Company to the External Auditors.

#### **4. ATTENDANCE AT MEETINGS**

The Company must ensure that other Directors and employees attend Audit Committee meeting only at the Audit Committee's invitation and specific to the relevant meeting. At least twice a year the Committee shall meet with the external auditors excluding the attendance of other Directors and employees of the Company and whenever deemed necessary.

The Company Secretary shall be the secretary of the Committee.

#### **5. PROCEDURE OF THE COMMITTEE:**

- (a) The internal and external auditors and members of the Committee may call for the Audit Committee meeting which they deem necessary.
- (b) The notice of such meeting shall be given at least 7 days before the meetings unless such requirement is waived by the members present in the meeting.
- (c) The voting and proceedings of such meetings shall be on show of hands. The Chairman shall have a casting vote.
- (d) The minutes shall be kept by the secretarial department and shall be available for inspection during working hours at the request of the Directors and members.
- (e) The Committee shall cause minutes to be duly entered in books provided for the following purpose:-
  - (i) of all appointments of member
  - (ii) of the names of members and invitees such as others Director, and employees present at all meetings of the Committee;
  - (iii) of all actions, resolutions and proceedings at all meetings of committee. Such minutes shall be signed by the Chairman of the meeting at which the proceedings were held or by the Chairman of the next succeeding meeting in which case the minutes shall be confirmed as correct by a member or members present at the succeeding meeting who was or were also present at the preceding meeting. Such minutes shall be conclusive evidence without further proof of the facts thereon stated; and
  - (iv) of all other orders.

#### **6. QUORUM**

A majority of members present must be Independent Directors and shall form the quorum of the Committee.

#### **7. FREQUENCY OF MEETINGS**

Meetings shall be held at least every quarter in a calendar year. The external auditor may request a meeting if they consider one necessary.



## CORPORATE GOVERNANCE STATEMENT

The Board of Directors of QL Resources Berhad recognises the importance of adopting high standards of corporate governance throughout the Group as a fundamental part of discharging its roles and responsibilities to protect and enhance shareholders' value and financial performance of the Group.

As such, the Board strives to adopt the substance behind corporate governance prescriptions and not merely the form. The Board is therefore committed to maintain high standards of corporate governance by supporting and implementing the prescriptions of the principles and recommendations as set out in the Malaysian Code on Corporate Governance 2012 ("MCCG").

### PRINCIPLE 1: ESTABLISH CLEAR ROLES AND RESPONSIBILITIES

#### Functions of the Board and Management

The Board is ultimately responsible for establishing all strategies and policies relating to the running of the Company.

The Board's role is to govern the Company rather than to manage it. In governing the Company, the Directors must act in the best interests of the Company as a whole. It is the role of Senior Management to manage the Company in accordance with the direction and delegations of the Board. The responsibility of the Board to oversee the activities of Management in carrying out these delegated duties.

#### Board's Roles and Responsibilities

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

- to review and adopt strategic plans, addressing the sustainability of the Group's business;
- to oversee the conduct of the Group's businesses and evaluate whether or not the businesses are being properly managed;
- to identify principal business risks faced by the Group and ensure the implementation of appropriate systems to manage these risks;
- to consider and implement succession planning, including appointing, training, fixing the compensation of and, where appropriate, replacing members of the Board and Senior Management;
- to develop and implement an investor relations programme or shareholder communications policy for the Company; and
- to review the adequacy and the integrity of the Group's internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines.

#### Ethical Standards through a Directors' Code of Conduct

The Board recognises the importance of establishing a standard of competence for corporate accountability which includes standard of professionalism and trustworthiness in order to uphold good corporate integrity. The Board had adopted a Code of Conduct which is embedded in the Board Charter of the Company.

#### Company's Strategies for Sustainability

The Board recognises the environmental sustainability role as a corporate citizen in its business approach, and always endeavors in adopting most environmental friendly, ecological and cost effective production process.

The Board also endeavors in developing Group objectives and strategies having regard to the Group's responsibilities to its shareholders, employees, customers and other stakeholders and ensuring the long term stability of the business, succession planning and sustainability of the environment. A corporate social responsibilities statement is also set out on page 45 to 46 of this Annual Report.

**Access to Information and Advice**

A record of submissions, papers and material presented to the Board is maintained and kept by the Company Secretary, together with minutes of meetings, and is accessible to Directors during office hours.

All Directors (Executive and Non-Executive) have the same right of access to information relevant to the furtherance of their duties and responsibilities as Directors of the Company, subject to a formal written request to the Board Chairman furnishing satisfactory and explicit justification for such a request.

In addition, the Directors may obtain independent professional advices, where necessary, at the Group's expenses in furtherance of their duties.

**Company Secretary**

The Board recognises the fact that the Company Secretary should be suitably qualified and capable of carrying out the duties required of the post.

The key role of the Company Secretary is to provide unhindered advice and services for the Directors, as and when the need arises, to enhance the effective functioning of the Board and to ensure regulatory compliance.

**Board Charter**

The Board Charter sets out the roles and responsibilities of the Board and Committees, and the rights, process and procedures of the Board. It is drafted in accordance with the principles and recommendations of MCCG, fundamental requirements of provisions in the Companies Act, 1965, Bursa Listing Requirements, Articles and Association of the Company and other applicable rules and regulations.

The Board had in 2013 formalised a Board Charter and is subject to review periodically. The salient features of the Board Charter is available on the Company's website [www.ql.com.my](http://www.ql.com.my).

**PRINCIPLE 2: STRENGTHEN COMPOSITION**

The Board of Directors delegates specific responsibilities to the respective Committees of the Board namely, the Nominating Committee, the Remuneration Committee, the Audit Committee, the Executive Committee and the Risk Management Committee, all of which have their terms of reference to govern their respective scopes and responsibilities.

**Nominating Committee**

The Nominating Committee was established on 18 February 2002. The Committee consists entirely of Non-Executive Directors, all of whom are independent and chaired by the Board Chairman. The members during the year were:

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

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

The Nominating Committee oversees matters relating to the nomination of new Directors, annually reviews the required mix of skills, experience, assessment of Independent Directors, reviews 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 contribution of each individual Director.



The Nominating Committee met three times during the financial year to review and assess on the following:

- terms of reference;
- succession planning and training;
- Directors' Performance;
- Board effectiveness;
- Committees' Evaluation;
- Directors' Skill Set;
- the independence of its Independent Directors;
- training needs of each Directors; and
- induction program for new Director.

### **Criteria for Recruitment and Annual Assessment of Directors**

For the assessment and selection of Directors, the Nominating Committee shall consider prospective Directors' character, experience, competence, integrity and time availability, as well as the following factors:

- industry skills, knowledge and expertise;
- professionalism;
- diversity;
- contribution and performance; and
- in the case of candidates for the position of Independent Non-Executive Directors, the Board shall also evaluate the candidates' ability to discharge such responsibilities/functions as are expected from Independent Non-Executive Directors.

The Board has taken note pertaining to the establishment of policy formalising its approach to boardroom diversity, the Board has no specific policy on setting targets on female candidates to be appointed to the Board. The evaluation of the suitability of candidates is solely based on candidates' competency, character, time commitment, integrity and experience in meeting the needs of the Company, including where appropriate, the ability of the candidates to act as Independent Non-Executive Director as the case may be. 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. All Directors on the Board have gained extensive experience with their many years of experience on company Boards and also as professionals in their respective fields of expertise.

Each year, the Board, through Nominating Committee, reviews the board committee's effectiveness. These assessments can be used to facilitate the Nominating Committee's evaluation of board committees' performance.

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

Directors over seventy (70) years of age are required to submit themselves for re-appointment by the shareholders annually in accordance with Section 129(6) of the Companies Act, 1965. The resolution must be passed by a majority of not less than  $\frac{3}{4}$  of such members of the Company present and voting who, being so entitled to do so, vote in person or by proxy at the General Meeting of the Company.

### **Remuneration Policies and Procedures**

The members of the Remuneration Committee during the year were:

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

Chieng Ing Huong, Eddy

- Senior Independent Non-Executive Director

Chia Song Kun

- Group Managing Director

The Remuneration Committee has reviewed and recommended the remuneration framework for Directors as well as the remuneration and benefit packages of Executive Director and Non-Executive Director to the Board.

The Board as a whole determines the remuneration of Non-Executive Directors with individual Directors abstaining from decisions in respect of their individual remuneration. During the financial year, the Remuneration Committee has met 3 times to review the remuneration package of the Directors.

The Remuneration Committee in its recommendation to the Board took into account that the component parts of remuneration should be structured so as to link rewards to corporate and individual performance and contribution to the success of the Company in the case of Executive Directors; and that in the case of Non-Executive directors, the level of remuneration should reflect the experience and level of responsibilities undertaken by the particular Non-Executive director.

The aggregate remuneration of directors of the Company is as follows:

Subject Aggregate Remuneration	Executive Directors RM	Non-Executive Directors RM
● Directors' fees	964,890	314,500
● Salaries	3,377,130	-
● Allowance	19,200	10,500
● Bonuses	5,451,121	-
● Benefits in kind based on an estimated money value	117,270	-
<b>Total</b>	<b>9,929,611</b>	<b>325,000</b>

Band (RM)	No. of Directors	No. of Directors
50,001 – 100,000	-	4
950,001 – 1,000,000	1	-
1,050,001 – 1,100,000	1	-
1,100,001 – 1,150,000	1	-
1,250,001 – 1,300,000	1	-
1,350,001 – 1,400,000	1	-
1,450,001 – 1,500,000	1	-
2,550,001 – 3,000,000	1	-

The Non-Executive Directors are paid attendance allowance of RM500.00 per day for meetings that they have attended.

### PRINCIPLE 3: REINFORCE INDEPENDENCE

#### Annual Assessment of Independent Directors

The existence of Independent Directors on the board by itself does not ensure the exercise of independent and objective judgment as independent judgment can be compromised by, amongst others, familiarity or close relationship with other board members.

Therefore, the Board with assistance from Nominating Committee will undertake to carry out annual assessment of the independence of its Independent Directors and focus beyond the Independent Director's background, economic and family relationships and consider whether the Independent Director can continue to bring independent and objective judgment to board deliberations.

The Nominating Committee had conducted an evaluation of level of independence of the Independent Non-Executive Directors of the Company through the Directors' self evaluation. The Board is satisfied with the level of independence of the Independent Non-Executive Director.

### **Tenure of an Independent Director**

The Board in its Charter had provided that upon completion of nine (9) years, an Independent Director may continue to serve the Board as an Independent Director subject to the assessment of the Nominating Committee, justification by the Board of Directors and approval of the shareholders.

### **Shareholders' Approval for Retaining Independent Director exceeding 9 years service**

The Board will justify and seek shareholders' approval to retain 2 of its Independent Directors who has served in that capacity for more than nine (9) years. The Board have assessed, reviewed and determined that the independence of YM Tengku Dato' Zainal Rashid, who has served on the Board for 15 years and Mr Eddy Chieng, who has served on the Board for 13 years, remain objective and independent based on the following justifications:-

- they have fulfilled the criteria under the definition of Independent Director pursuant to the Main Market Listing Requirements of Bursa Malaysia;
- they have ensured effective check and balance in the proceedings of the Board and the Board Committees;
- they have actively participated in the Board deliberations, provided objectivity in decision making and an independent voice to the Board and contributed in preventing Board domination by any single party;
- they have devoted sufficient time and attention to their responsibilities as an Independent Non-Executive Director of the Company; and
- they have exercised their due care in the interest of the Company and shareholders during their tenure as an Independent Non-Executive Director of the Company.

### **Separation of Positions of Chairman and Group Managing Director ("GMD")**

The positions of Chairman and GMD are held by different individuals and the Chairman is an Independent Non-Executive Director of the Board and there is a clear division of responsibilities of these individuals to ensure a balance of authority and power. Their roles and responsibilities were defined in the Board Charter.

### **Composition of the Board**

As at the date of this statement, the Board consists of ten members; comprising one Independent Non-Executive Chairman, seven Executive Directors and two Independent Non-Executive Directors.

The Board will ensure that its size and composition is optimum and well balanced, which is consistent with the size of the Group and its operation. At least 1/3 of the Board, or two (2) members, whichever higher, shall consist of Independent Non-Executive Directors when the number of directors of the listed issuer is not 3 or a multiple of 3 then the number nearest to 1/3 is used. The Company's Articles of Association allows a minimum of 2 and maximum of 15 Directors.

A brief profile of each Director is presented on pages 16 to 21 of this Annual Report. The Directors have wide ranging experience and all have occupied or currently occupying senior positions both in the public and private sectors. The Board has appointed Mr Eddy Chieng as the Senior Independent Non-Executive Director to whom concerns may be conveyed by shareholders and the public.

**PRINCIPLE 4: FOSTER COMMITMENT****Time Commitment**

During the financial year ended 31 March 2015, the Board met on five (5) occasions and 32 circular resolutions were passed; where it deliberated upon and considered a variety of matters including the Group's financial results, major investments and strategic decisions and the business plan and direction of the Group.

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

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

Name of Director	Designation	Attendance
YM Tengku Dato' Zainal Rashid		
Bin Tengku Mahmood	Chairman/Independent Non-Executive Director	4/5
Chia Song Kun	Group Managing Director	5/5
Chia Seong Pow	Executive Director	5/5
Chia Seong Fatt	Executive Director	5/5
Chia Song Swa	Executive Director	5/5
Chia Song Kooi	Executive Director	5/5
Chia Mak Hooi	Executive Director	5/5
Cheah Juw Teck	Executive Director	5/5
Chieng Ing Huong, Eddy	Senior Independent Non-Executive Director	5/5
Tan Bun Poo, Robert	Independent Non-Executive Director	5/5
Datuk Wira Jalilah Binti Baba ( <i>Resigned on 22 August 2014</i> )	Independent Non-Executive Director	1/3

Directors shall devote sufficient time to carry out their responsibilities. Directors shall notify the Chairman before accepting any new directorships and the notification shall provide for an indication of time that will be spent on the new appointment.

A Director of the Company or Group shall not hold more than five (5) directorships in listed company or such lesser number as required under MMLR.

**Continuing Education Programmes**

Newly appointed Directors are required to undergo the mandatory accreditation programme under the requirements of Bursa Malaysia. The Board through Nominating Committee shall review the training needs of the Directors annually, each Director is required to attend at least one training per year. Directors are encouraged to attend relevant training courses/seminars at periodic intervals to keep them abreast with development pertaining to the oversight function of Directors as well as updates on technical matters, for example financial reporting standards, tax budgets, etc.

The Training Programmes, Seminar and Briefings attended by Directors during the financial year ended 31 March 2015 are as follows:-



Name	Seminar/Course	Organiser
Chia Song Kun	Leadership Development - Leadership and Management in Perspective  Board Chairman Series: The Role of the Chairman Balance Scorecard Workshop for Integrated Livestock Farming Industry CAP10 ASEAN CEO Summit 2015 - The Rise of the ASEAN Consumer	QL in-house training conducted by DPI Strategic Consultants Sdn. Bhd. Iclif Leadership and Governance Centre & Bursa Malaysia QL in-house training conducted by Fortner Consulting Bursa Malaysia & Maybank
Chia Seong Pow	Leadership Development - Leadership and Management in Perspective  Balance Scorecard Workshop for Integrated Livestock Farming Industry IEC Asia Leadership Forum	QL in-house training conducted by DPI Strategic Consultants Sdn. Bhd. QL in-house training conducted by Fortner Consulting IEC Asia
Chia Seong Fatt	Leadership Development - Leadership and Management in Perspective  Balance Scorecard Workshop for Integrated Livestock Farming Industry Breeder Conference The 9th China International Oils and Oilseeds Conference POC2015 Palm & Lauric Oils Conference - Trade, Hedge & Be Ahead of Markets	QL in-house training conducted by DPI Strategic Consultants Sdn. Bhd. QL in-house training conducted by Fortner Consulting QL in-house training Dalian Commodity Exchange  Bursa Malaysia & CME Group
Chia Song Kooi	Leadership Development - Leadership and Management in Perspective  Balance Scorecard Workshop for Integrated Livestock Farming Industry	QL in-house training conducted by DPI Strategic Consultants Sdn. Bhd. QL in-house training conducted by Fortner Consulting
Chia Song Swa	Leadership Development - Leadership and Management in Perspective  Global Agribusiness - Outlook Balance Scorecard Workshop for Integrated Livestock Farming Industry U.S. Distiller Dried Grain (DDGS) in Poultry & Swine Nutrition	QL in-house training conducted by DPI Strategic Consultants Sdn. Bhd. U.S. Grains Council / USSEC / USDA QL in-house training conducted by Fortner Consulting U.S. Grains Council
Chia Mak Hooi	Leadership Development - Leadership and Management in Perspective  Navision GST Workshop  Balance Scorecard Workshop for Integrated Livestock Farming Industry Breeder Conference	QL in-house training conducted by DPI Strategic Consultants Sdn. Bhd. QL in-house training conducted by Deloitte QL in-house training conducted by Fortner Consulting QL in-house training

Name	Seminar/Course	Organiser
Cheah Juw Teck	Leadership Development - Leadership and Management in Perspective	QL in-house training conducted by DPI Strategic Consultants Sdn. Bhd.
	Rethinking Strategy: Has Competitive Advantage Ended?	Bursatra Sdn. Bhd.
	Balance Scorecard Workshop for Integrated Livestock Farming Industry	QL in-house training conducted by Fortner Consulting
YM Tengku Dato' Zainal Rashid Bin Tengku Mahmood	Audit Committee Conference 2015 - Rising to New Challenges	Malaysian Institute of Accountants/ The Institute of Internal Auditors Malaysia
Chieng Ing Huong, Eddy	Board Chairman Series: The Role of the Board Chairman	Bursa Malaysia Berhad
	One Day GST Seminar	The Institute of Chartered Accountants in Australia
	Nominating Committee Programme	Bursa Malaysia Berhad
Tan Bun Poo, Robert	ACI Breakfast Roundtable 2014	Audit Committee Institute
	Audit Committee Conference 2015 - Rising to New Challenges	Malaysian Institute of Accountants/ The Institute of Internal Auditors Malaysia
Datuk Wira Jalilah Binti Baba (Resigned on 22 August 2014)	Advocacy Sessions on Corporate Disclosure for Directors of Listed Issuers	Bursa Malaysia Berhad

## PRINCIPLE 5: UPHOLD INTEGRITY IN FINANCIAL REPORTING

### Compliance with Applicable Financial Reporting Standards

The Board aims to present a balanced and understandable assessment of the Company's and the Group's position and prospects in the various financial reports to the shareholders, investors and regulatory authorities. The assessment is primarily provided in the annual report through the Chairman's and GMD's Statements, the audited financial statements and the quarterly results announcement.

The Audit Committee reviews the integrity and reliability of the quarterly financial statements and audited financial statements prior to recommending to the Board. The GMD, Finance Director, Group Accountant, Risk Manager, external auditors and internal auditors are invited to participate in the Audit Committee Meeting periodically and as and when required.

The Audit Committee also meet with the external auditors without the presence of any Executive Directors and management twice in the financial year 2015 to discuss any matters that the Audit Committee members and the external auditors may wish to discuss.

In presenting the annual financial statements and the quarterly announcements to shareholders, the Board has taken reasonable steps to ensure that the financial statements are true and fair reflection of the Group's position and prospects. This also applies to circulars to shareholders and other documents that are submitted to the authorities and regulators.

Directors' responsibility statement in respect of the preparation of the audited financial statements is set out on page 42 of this Annual Report.

### **Assessment of Suitability and Independence of External Auditors by the Audit Committee**

The Company, through the Audit Committee, has an appropriate and transparent relationship with the external auditors. In the course of audit of the Group's operation, the external auditors have highlighted to the Audit Committee and the Board, matters that requires the Board's attention. The external auditors provide statutory audit function to the Group.

A summary of the activities of the Audit Committee during the year, including the evaluation of the independent audit process, are set out in the Audit Committee Report on pages 26 to 30 of this Annual Report. The Audit Committee has considered the independence of the external auditors and obtained declaration of independence from them during the Audit Committee meeting.

The Audit Committee discusses the nature and scope of audit and reporting obligations with the external auditors before commencement of audit engagement. It is also the practice of the Audit Committee to respond to auditors' enquiries and recommendations, if any, to ensure compliance with the various approved accounting standards in the preparation of the Group's financial statements.

The Audit Committee is empowered by the Board to review all issues in relation to appointment and re-appointment, resignation or dismissal of external auditors. The external auditors have confirmed, at an Audit Committee meeting that, they are, and have been, independent throughout the conduct of audit engagement in accordance with terms of relevant professional and regulatory requirements.

The Audit Committee has established and approved by the Board, a more formal procedures to assess the suitability and independence of the external auditors as well as policy governing the circumstance under which contracts for provision of non-audit services could be entered into by the external auditors.

## **PRINCIPLE 6: RECOGNISE AND MANAGE RISKS**

### **Sound Framework to Manage Risks**

The Board of Directors acknowledges its responsibility for maintaining a sound system of internal control covering not only financial controls but also controls relating to operational, compliance and risk management to safeguard shareholders' investments and the Group's assets. There is an on-going review process by the Board to ensure the adequacy and integrity of the system and according with the Statement on Risk Management and Internal Control Guidelines for Directors of Listed Issuers (the "Internal Control Guidance"). However, the Board recognises that reviewing of the Group's system of internal controls is a concerted and continuing process, designed to manage rather than eliminate the risk of failure to achieve business objectives. In pursuing this objective, internal control can only provide reasonable and not absolute assurance against material misstatement or loss.

The Statement on Risk Management and Internal Control furnished on pages 43 to 44 of this Annual Report provides an overview of the state of internal controls within the Group.

### **Internal Audit Function**

The Company has outsourced its internal audit function to an independent professional consulting firm and together with the Group 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. This function also acts as a source to assist the Audit Committee and the Board to strengthen and improve current management and operating style in pursuit of best practices.

A summary of the major areas of work performed by the Internal Audit during the year are set out in the Audit Committee Report on pages 26 to 27 of this Annual Report.

## **PRINCIPLE 7: ENSURE TIMELY AND HIGH QUALITY DISCLOSURE**

### **Corporate Disclosure Policies**

In line with increased investor awareness for greater accountability and transparency, the Board has formalised the Corporate Disclosure Policy and procedure which is in line with the requirements of Main Market Listing Requirements of Bursa Malaysia to enable comprehensive, timely and accurate disclosures on the Group to the regulators, shareholders and other stakeholders.

### **Leverage on Information Technology for Effective Dissemination of Information**

The Company uses information technology in communicating with stakeholders, including a dedicated section for Investor Relations on the Company's website [www.ql.com.my](http://www.ql.com.my). This site provides information such as, amongst others, the Company's performance, corporate strategy, Annual Report, various announcements and other matters affecting shareholders' interests.

## **PRINCIPLE 8: STRENGTHEN RELATIONSHIP BETWEEN COMPANY AND SHAREHOLDERS**

### **Shareholders' Participation at General Meeting**

The Annual General Meeting ("AGM") is the principal forum for dialogue between the Company and its shareholders and investors. At the AGM, the Board briefs the shareholders on the status of the Group's businesses and operations. 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 Meeting is held as and when shareholders' approvals are required on specific matters.

The Board will consider adopting electronic voting to facilitate greater shareholders participation when the facilities for electronic voting mechanism are more prevalent in the future.

### **Poll Voting**

The Board encourages poll voting for substantive resolutions, whilst the ordinary business resolutions are being voted by show of hands. The Chairman does inform the shareholders of their right to demand a poll vote at the commencement of the general meeting.

### **Effective Communication and Proactive Engagements with Shareholders**

The Company recognises the importance of communicating with its shareholders and does this through the Annual Report, AGM and announcements via Bursa Malaysia. The Company has set up a website to enable an active dialogue with its investors and shareholders with the intention of giving investors and shareholders a clear and complete picture of the Company's performance and position as possible. Further, QL's investors relation activities serves as an important communication channel with the shareholders, investors and the investment community, both in Malaysia and internationally.

Additionally, a press conference is held immediately after the AGM where the Group Managing Director advises the press of the resolutions passed, and answers questions on the Group. The Chairman and the Executive Director are also present at the press conference to clarify and explain any issue.



## OTHER INFORMATION

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

The shareholders of the Company approved the Proposed Renewal of and New Shareholders' Mandate for RRPT of revenue nature during its AGM held on 22 August 2014.

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 22 August 2014.

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

### (c) Non-audit fee

The amount of non-audit fees charged by external auditors for the financial year ended 31 March 2015 is RM119,000.

The Board has deliberated, reviewed and approved the Corporate Governance Statement on 9 July 2015.

## ADDITIONAL COMPLIANCE INFORMATION

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

During the financial year under review, there were no:

- i) share buy back exercise;
- ii) American Depositary Receipt (ADR) or Global Depositary Receipt (GDR) programme sponsored by the Company;
- iii) sanctions and/or penalties imposed on the Company and its subsidiaries, directors or management by the relevant regulatory bodies;
- iv) material variance between the results for the financial year and the unaudited results previously announced;
- v) profit guarantees given by the Company;
- vi) material contracts between the Company and its subsidiaries that involve directors' or major shareholders' interests, except as those disclose on RRPT transactions;
- vii) contract of loans between the Company and its subsidiaries that involve directors' or major shareholders' interests;
- viii) options, warrants or convertible securities exercised.



## STATEMENT OF DIRECTORS' RESPONSIBILITY

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Directors are required by Company Act, 1965 to prepare financial statement for each financial year which give a true and fair view of the state of affairs of the Group and of the Company at the end of the financial year and of the results of the Group and of the Company for the financial year then ended.

In preparing those financial statements, the Directors have:

- adopted 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, 1965. The Directors are also responsible to take such steps to safeguard the assets of the Group and of the Company and hence, the prevention and detection of fraud and other irregularities.



# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

## BOARD'S RESPONSIBILITIES

The Board of Directors acknowledges its responsibility for maintaining a sound system of internal control covering not only financial controls but also controls relating to operational, compliance and risk management to safeguard shareholders' investments and the Group's assets.

There is an on-going review process by the Board to ensure the adequacy and integrity of the 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 internal controls is a concerted and continuing process, designed to manage rather than eliminate the risk of failure to achieve business objectives. In pursuing this objective, internal control can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board has received assurance from the Executive Committee that the Group's risk management and internal control system in place and is adequate and operates effectively, in all material aspects.

## CONTROL ENVIRONMENT

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

- **Organisational structure and accountability levels**

Key responsibilities and lines of accountability within the Group are defined, with clear reporting lines up to the Senior Management of the Group and to the Board of Directors of QL Resources Berhad. The Group's delegation of authority sets out the decisions that need to be taken and the appropriate authority levels of Management including matters that require Board approval.

- **Strategic business planning processes**

Business planning and budgeting is undertaken bi-annually, to establish plans and targets against which performance is monitored.

- **Reporting and review**

The Group's management teams carry out the monitoring and reviewing of the financial results and forecasts for all businesses within the Group, including reporting thereon, of performance against the operating plans and annual budgets. The Group's management teams then formulate action plans to address any areas of concern.

- **Control procedures**

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

## Internal Audit

Internal audit function was carried out by an independent professional services firm. Their scope of work is determined and discussed with the Audit Committee including the review of the effectiveness and adequacy of the internal control systems of certain business units during the financial year ended 31 March 2015. The internal audit team highlighted and discussed on a quarterly basis their findings and recommendations for control improvements to the executive and operational management. The audit reports summarized the audit observations of control weaknesses, recommendations for improvement and management responses were presented to the Audit Committee and deliberated 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 reported to the Board of Directors its activities, significant results, findings and the necessary recommendations for changes.

**Risk Management**

The Board have formalised a Risk Management framework that projects the Group's desire to identify, evaluate and manage significant business risks. The Risk Management Committee had carried out its duties in accordance with the Group's Risk Management Policies and Procedures established to safeguard the Group's assets.

The risk management framework enhances risk oversight and facilitates in continuously identifying significant risks of the Group. Instituted controls are consistently applied by the Management to maintain an acceptable level of exposure consistent with the Group's risk management practices.

The Risk Management Committee reviewed the Risk Management plan and reported its activities to the Audit Committee on a quarterly basis, to facilitate the monitoring and assessment of the management performances in achieving the risk management strategies and objectives.

**CONCLUSION**

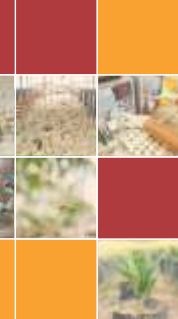
The Board is of the view that the risk management and internal control systems have been in place for the year under review and up to the date of approval of this statement is adequate and effective to safeguard the shareholders' investment, the Group's assets and the interests of customers, regulators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

There have been no significant breakdowns or weaknesses in the system of internal control of the Group that may result in material losses incurred by the Group for the financial year 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 9 July 2015.





## CORPORATE SOCIAL RESPONSIBILITY AT QL

### CORPORATE SOCIAL RESPONSIBILITY REPORT – FY2015

Corporate Social Responsibility has been described as the resulting actions of ethical considerations beyond a corporation's self-interest. This description would put at odds CSR and a corporation's traditional role of revenue-generating. Instead, QL Resources has embedded CSR into its business model. The Group provides employment for underprivileged rural communities, it helps reduce food insecurity by supplying some of the most resource-effective basic foods into the food chain, and it implements strong environmental checks and balances that go significantly beyond mandatory regulations. All of which fuel QL's growth while providing benefits for society.

In short, QL is a pioneer in the ethos of creating shared value, which has been practised since the company was founded in 1987. Uninterrupted year-on-year growth has been achieved by creating value and sharing it among stakeholders: local communities, customers, the environment, employees and shareholders. By operating within the boundaries of this founding ethos, the company generates growth momentum which positively affects the bottom line.

Listed below is a selection of QL's key CSR activities, set into Bursa Malaysia's four pillars of CSR: Environment, Community, Workplace and Marketplace.

#### ENVIRONMENT

We are proud of QL's track record for installing environmental control mechanisms across many of its upstream operational sites. One such mechanism is the Chicken Manure Biogas Renewable Energy plant. Workers at QL's chicken layer farm in Pajam collect chicken droppings, rather than disposing of them the traditional and low-cost way, which is bad for the environment and local communities. The droppings are then processed through a biogas plant; an anaerobic digestion process takes place in air-tight digester tanks, which eliminates any odour emissions associated with chicken manure fermentation. The fermented biogas produced is scrubbed and piped to gas engines for power generation.

The digestate from the biogas plant is dewatered and then processed into organic fertiliser, while the liquid portion is treated through a reed bed system so that the water can be recycled. The Pajam plant generates up to 1MW of clean-energy electrical power using the system, while surrounding communities are much less exposed to the usual manure odours associated with chicken farms.

#### COMMUNITY

The impoverished background of QL's founders is widely known. Having been born into poor fishing villages, they have a first-hand appreciation for the tough conditions fishermen experience, at sea and on land. Fishermen have traditionally operated at, or below, the poverty line, a fact that the founders sought to remedy. Their response was to devise the Fishermen's Financial Assistance programme, which delivers interest-free capital to fishermen to buy new vessels and upgrade existing equipment. To ensure the programme's long term sustainability, QL asks for first refusal of catch – at market prices – which enables the company to source a consistent, top-quality supply of seafood. This programme has become a lifeline for fishing communities, which are often seen as too high-risk for traditional capital lending institutions.

The Fishermen's Financial Assistance (FFA) programme has directly benefited the fishing communities where QL has rolled it out. Bigger boats and better equipment lead to greater yields and increased revenue for fishermen. Trawlers fish further out to sea, where larger, more valuable fish are caught. Associated businesses such as boat building benefit from the FFA, as the knock-on economic effects pump capital into the community. At any one time QL has a thousand fishermen taking part in the programme, and to date the book value exceeds RM40 million.

#### RECENT COMMUNITY EVENT

Severe floods in 2014-2015 on Malaysia's east coast – described as the worst in two decades – left many buildings, including schools, badly damaged. One school in particular – SJK (C) Yuk Chai – in Kuala Kerai, Kelantan, was left with very few resources to recover from the flood damage. In fact it was among the worst hit schools in Kelantan.

Together, QL and Boilermach Bhd (QL's associate) carried out various recovery efforts to get the school back on its feet by rewiring the ground floor of the school building and installing new lighting and fans for classrooms on the ground floor. All in all, the restoration involved 10 classrooms, two computer rooms, Parent-Teacher Association (PTA) book store, PTA room, students activities room, counselling and information room, table tennis room, prayer room, living skills room, three store rooms and toilets in three blocks. These combined efforts are estimated to be worth approximately RM150,000.

### WORKPLACE

To-date, QL has invested more than RM15 million into a plantation worker community development project in Tarakan, Eastern Kalimantan, Indonesia. The project involves constructing a self-sufficient village, complete with community infrastructure, for over 1,500 plantation workers and their families. Many structures have already been erected, including suraus, chapels, clinics, child care centres, primary and secondary schools and workers' quarters. We believe our efforts vastly improve the quality of life of plantation workers in the region and we hope it will provide education opportunities for future generations.



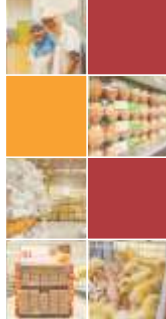
### MARKET PLACE

QL Resources has surpassed RM5 billion in market capitalisation, yet its share of the consumer foods market is still relatively small. Raising awareness of the company's many food brands and marketing products to a public that increasingly cares about nutrition and nutritional foods is a priority for the Group. Partnering with Institut Jantung Negara Foundation (IJNF) helped us work toward this objective while benefiting a very worthwhile organisation.



In October 2014, QL became a Gold Partner of IJNF, pledging to donate RM0.50 from every pack sold of specially branded QL Omega and QL Deli Fresh eggs.

The proceeds raised from this partnership fund treatment costs for poor and needy patients, for their heart surgery and purchase of devices. QL will continue supporting IJNF over the next two years with a total donation value of RM75,000 per year.



## FINANCIAL STATEMENTS





## DIRECTORS' REPORT

for the year ended 31 March 2015

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 2015.

### PRINCIPAL ACTIVITIES

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

### RESULTS

	Group RM'000	Company RM'000
Profit for the year attributable to:		
Owners of the Company	191,400	96,315
Non-controlling interests	4,540	-
	<u>195,940</u>	<u>96,315</u>

### RESERVES AND PROVISIONS

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

### DIVIDENDS

Since the end of the previous financial year, the Company declared and paid a final single tier dividend of 3.50 sen per ordinary share of RM0.25 each totalling approximately RM43,681,000 in respect of the financial year ended 31 March 2014 on 12 September 2014.

The Directors recommend a final single tier dividend of 4.25 sen per ordinary share of RM0.25 each in respect of the financial year ended 31 March 2015 subject to the approval of the shareholders at the forthcoming general meeting. Based on the issued and paid-up capital of the Company at the end of the reporting period, the final dividend would amount to approximately RM53,041,000.

### DIRECTORS OF THE COMPANY

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

Tengku Dato' Zainal Rashid Bin Tengku Mahmood  
Chia Song Kun  
Chia Seong Pow  
Chia Seong Fatt  
Chia Song Kooi  
Chia Song Swa  
Chia Mak Hooi  
Cheah Juw Teck  
Chieng Ing Huong  
Tan Bun Poo  
Datuk Wira Jalilah Binti Baba (*resigned on 22 August 2014*)



## 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 spouses and children of the Directors who themselves are not Directors of the Company) as recorded in the Register of Directors' Shareholdings are as follows:

	Number of ordinary shares of RM0.25 each			
	At 1.4.2014	Bought	Sold	At 31.3.2015
Shareholdings in the Company which Directors have direct interests:				
Tengku Dato' Zainal Rashid Bin Tengku Mahmood	3,870,000	-	-	3,870,000
Chia Song Kun	675,000	-	-	675,000
Chia Seong Pow	2,820,000	-	(620,000)	2,200,000
Chia Seong Fatt	486,000	-	-	486,000
Chia Song Kooi	870,000	-	-	870,000
Chia Song Swa	567,000	-	-	567,000
Chia Mak Hooi	909,000	159,000	-	1,068,000
Cheah Juw Teck	2,197,450	212,900	(115,000)	2,295,350
Shareholdings in the Company which Directors have indirect interests:				
Chia Song Kun	574,847,066	606,200	(37,538,700)	537,914,566
Chia Seong Pow	165,771,370	512,000	(11,074,300)	155,209,070
Chia Seong Fatt	164,238,510	372,000	(11,074,300)	153,536,210
Chia Song Kooi	565,687,022	372,000	(36,530,700)	529,528,322
Chia Song Swa	563,786,222	932,000	(36,530,700)	528,187,522
Chia Mak Hooi	569,553,272	372,000	(36,530,700)	533,394,572
Cheah Juw Teck	7,304,700	35,000	-	7,339,700

By virtue of their interest in the shares of the Company, Chia Song Kun, Chia Seong Pow, Chia Seong Fatt, Chia Song Kooi, Chia Song Swa and Chia Mak Hooi are also deemed interested in the shares of all subsidiaries disclosed in Note 33 to these financial statements to the extent that the Company has an interest. Details of their deemed shareholdings in non-wholly-owned subsidiaries are shown in Note 33.1 to these financial statements.

The other Directors, Chieng Ing Huong and Tan Bun Poo holding office at 31 March 2015 did not have any interest in the ordinary shares of the Company and of its related companies during the financial year.

## DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors as shown in the financial statements or the fixed salary of a full time employee of the Company or of related corporations) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest, other than certain Directors who have substantial financial interests in companies which traded with certain companies in the Group in the ordinary course of business as disclosed in Note 32 to the financial statements.

**DIRECTORS' BENEFITS (CONTINUED)**

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

**ISSUE OF SHARES AND DEBENTURES**

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

There were no debentures issued during the financial year.

**OPTIONS GRANTED OVER UNISSUED SHARES**

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

**SHARE BUY-BACK**

The shareholders of the Company, by an ordinary resolution passed in annual general meeting held on 22 August 2014, renewed the Company's plan to buy-back its own shares.

There was no share buy-back 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.

## **OTHER STATUTORY INFORMATION (CONTINUED)**

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 2015 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.

## **AUDITORS**

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

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

**Chia Song Kun**

**Chia Mak Hooi**

Shah Alam,

Date: 9 July 2015

# STATEMENTS OF FINANCIAL POSITION

As at 31 March 2015

		Group		Company	
	Note	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
<b>Assets</b>					
Property, plant and equipment	3	1,239,388	1,043,158	322	436
Investment properties	4	29,151	33,641	-	-
Prepaid lease payments	5	57,508	58,694	-	-
Intangible assets	6	6,266	6,906	-	-
Biological assets	7	117,014	111,844	-	-
Investment in subsidiaries	8	-	-	665,456	655,456
Investment in associates	9	94,661	101,354	-	25,223
Other investments	10	61,560	-	61,560	-
Deferred tax assets	11	1,082	1,123	-	-
Other receivables	12	5,190	3,966	360,466	128,970
<b>Total non-current assets</b>		<b>1,611,820</b>	<b>1,360,686</b>	<b>1,087,804</b>	<b>810,085</b>
Biological assets	7	88,899	80,562	-	-
Inventories	13	334,608	228,997	-	-
Current tax assets		5,223	6,027	-	1,494
Trade and other receivables	12	306,848	272,434	61,108	175,072
Prepayments and other assets	14	32,447	37,593	1,803	427
Derivative financial assets	15	4,690	2,169	4,682	1,907
Cash and cash equivalents	16	200,733	253,157	23,897	81,804
<b>Total current assets</b>		<b>973,448</b>	<b>880,939</b>	<b>91,490</b>	<b>260,704</b>
<b>Total assets</b>		<b>2,585,268</b>	<b>2,241,625</b>	<b>1,179,294</b>	<b>1,070,789</b>

	Note	Group		Company	
		2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
<b>Equity</b>					
Share capital		312,007	312,007	312,007	312,007
Share premium		308,018	308,018	308,018	308,018
Reserves		806,558	665,743	164,779	111,186
<b>Equity attributable to owners of the Company</b>		1,426,583	1,285,768	784,804	731,211
<b>Non-controlling interests</b>		72,867	59,947	-	-
<b>Total equity</b>	17	1,499,450	1,345,715	784,804	731,211
<b>Liabilities</b>					
Loans and borrowings	18	326,028	268,213	301,315	243,761
Employee benefits	19	1,666	1,151	-	-
Deferred tax liabilities	11	72,058	65,695	-	-
<b>Total non-current liabilities</b>		399,752	335,059	301,315	243,761
Loans and borrowings	18	430,963	386,063	83,457	84,708
Trade and other payables	20	238,302	168,009	8,956	11,109
Derivative financial liabilities	15	3,149	3	-	-
Current tax liabilities		13,652	6,776	762	-
<b>Total current liabilities</b>		686,066	560,851	93,175	95,817
<b>Total liabilities</b>		1,085,818	895,910	394,490	339,578
<b>Total equity and liabilities</b>		2,585,268	2,241,625	1,179,294	1,070,789

The notes on pages 64 to 144 are an integral part of these financial statements.



# STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 31 March 2015

		Group		Company	
	Note	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
<b>Revenue</b>					
- sale of goods		2,706,912	2,457,186	-	-
- dividend income		855	-	68,725	154,870
- management fee		-	-	-	38
- administrative charges		-	-	-	723
		2,707,767	2,457,186	68,725	155,631
Cost of sales		(2,240,284)	(2,052,930)	-	-
<b>Gross profit</b>		467,483	404,256	68,725	155,631
Administration expenses		(154,642)	(137,246)	(4,217)	(1,658)
Distribution costs		(60,850)	(48,310)	-	-
Other expenses		(27,642)	(19,359)	-	-
Other income		28,058	22,396	32,991	129
<b>Results from operating activities</b>	21	252,407	221,737	97,499	154,102
Finance costs	22	(35,568)	(35,119)	(19,438)	(22,035)
Finance income	23	5,864	2,524	19,571	11,349
Share of profits of equity- accounted associates, net of tax		23,272	14,625	-	-
<b>Profit before tax</b>		245,975	203,767	97,632	143,416
Tax expense	24	(50,035)	(37,013)	(1,317)	(237)
<b>Profit for the year</b>		195,940	166,754	96,315	143,179

	Note	Group		Company	
		2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
<b>Other comprehensive (expenses)/ income, net of tax</b>					
<b>Items that are or may be reclassified subsequently to profit or loss</b>					
Foreign currency					
translation differences for foreign operations		(3,183)	(32,057)	-	-
Fair value of available-for-sale financial assets		1,584	-	1,584	-
Cash flow hedge		(2,977)	387	(625)	261
<b>Total other comprehensive (expenses)/ income for the year, net of tax</b>		(4,576)	(31,670)	959	261
<b>Total comprehensive income for the year</b>		191,364	135,084	97,274	143,440
<b>Profit attributable to:</b>					
Owners of the Company		191,400	159,929	96,315	143,179
Non-controlling interests		4,540	6,825	-	-
<b>Profit for the year</b>		195,940	166,754	96,315	143,179
<b>Total comprehensive income/(expenses) attributable to:</b>					
Owners of the Company		185,316	135,152	97,274	143,440
Non-controlling interests		6,048	(68)	-	-
<b>Total comprehensive income for the year</b>		191,364	135,084	97,274	143,440
<b>Basic/Diluted earnings per ordinary share (sen)</b>	25	15	14		

The notes on pages 64 to 144 are an integral part of these financial statements.

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 March 2015

		Attributable to owners of the Company								
		Non-distributable		Distributable						
Group	Note	Share capital RM'000	Share premium RM'000	Translation reserves RM'000	Fair value reserves RM'000	Hedging reserves RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
<b>At 1 April 2013</b>		208,005	113,599	(32,279)	-	(4)	601,460	890,781	68,857	959,638
Foreign currency translation differences for foreign operations		-	-	(25,163)	-	-	-	(25,163)	(6,894)	(32,057)
Cash flow hedge		-	-	-	-	386	-	386	1	387
Total other comprehensive (expenses)/income for the year		-	-	(25,163)	-	386	-	(24,777)	(6,893)	(31,670)
Profit for the year		-	-	-	-	-	159,929	159,929	6,825	166,754
<b>Total comprehensive (expenses)/income for the year</b>		-	-	(25,163)	-	386	159,929	135,152	(68)	135,084
<i>Contributions by and distributions to owners of the Company</i>										
- Issuance of shares										
- Bonus issue	17.1	62,401	(62,401)	-	-	-	-	-	-	-
- Rights issue	17.1	41,601	257,926	-	-	-	-	299,527	-	299,527
- Expenses for issuance of equity securities		-	(1,106)	-	-	-	-	(1,106)	-	(1,106)
- Dividend to owners of the Company	26	-	-	-	-	-	(37,441)	(37,441)	-	(37,441)
- Dividends to non-controlling interests		-	-	-	-	-	-	-	(9,211)	(9,211)
- Change in ownership interests in subsidiaries		-	-	-	-	-	(1,145)	(1,145)	(3,855)	(5,000)
- Contribution from non-controlling interests		-	-	-	-	-	-	-	4,224	4,224
<b>Total transactions with owners of the Company</b>		104,002	194,419	-	-	-	(38,586)	259,835	(8,842)	250,993
<b>At 31 March / 1 April 2014</b>		312,007	308,018	(57,442)	-	382	722,803	1,285,768	59,947	1,345,715
Note 17.1	Note 17.2	Note 17.3	Note 17.4	Note 17.5						

Note 17.1 Note 17.2 Note 17.3 Note 17.4 Note 17.5

		Attributable to owners of the Company									
		Non-distributable					Distributable				
Group	Note	Share capital RM'000	Share premium RM'000	Translation reserves RM'000	Fair value reserves RM'000	Hedging reserves RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000	
<b>At 31 March/1 April 2014</b>											
Foreign currency translation differences for foreign operations											
Fair value of available-for-sale financial assets											
Cash flow hedge											
Total other comprehensive (expenses)/income for the year											
Profit for the year											
<b>Total comprehensive (expenses)/income for the year</b>											
Contributions by and distributions to owners of the Company											
- Dividend to owners of the Company	26	-	-	-	-	-	(43,681)	(43,681)	-	(43,681)	
- Dividends to non-controlling interests		-	-	-	-	-	-	-	(4,036)	(4,036)	
- Change in ownership interests in subsidiaries		-	-	-	-	-	(820)	(820)	(809)	(1,629)	
- Acquisition via business combination	34	-	-	-	-	-	-	-	11,717	11,717	
<b>Total transactions with owners of the Company</b>											
<b>At 31 March 2015</b>											
		312,007	308,018	(62,125)	1,584	(2,603)	869,702	1,426,583	72,867	1,499,450	
Note 17.1	Note 17.2	Note 17.3	Note 17.4	Note 17.5							

# STATEMENT OF CHANGES IN EQUITY

for the year ended 31 March 2015

Company	Note	Attributable to owners of the Company					Total equity RM'000
		Share capital RM'000	Share premium RM'000	Fair value reserves RM'000	Hedging reserves RM'000	Retained earnings RM'000	
<b>At 1 April 2013</b>		208,005	113,599	-	65	5,122	326,791
Cash flow hedge		-	-	-	261	-	261
Total other comprehensive income for the year		-	-	-	261	-	261
Profit for the year		-	-	-	-	143,179	143,179
<b>Total comprehensive income for the year</b>		-	-	-	261	143,179	143,440
<i>Contributions by and distributions to owners of the Company</i>							
- Issuance of shares							
- Bonus issue	17.1	62,401	(62,401)	-	-	-	-
- Rights issue	17.1	41,601	257,926	-	-	-	299,527
- Expenses for issuance of equity securities		-	(1,106)	-	-	-	(1,106)
- Dividend to owners of the Company	26	-	-	-	-	(37,441)	(37,441)
<b>Total transactions with owners of the Company</b>		104,002	194,419	-	-	(37,441)	260,980
<b>At 31 March/1 April 2014</b>		312,007	308,018	-	326	110,860	731,211
	Note 17.1	Note 17.2	Note 17.4	Note 17.5	Note 17.6		



Company	Attributable to owners of the Company					
	Non-distributable			Distributable		
	Share capital RM'000	Share premium RM'000	Fair value reserves RM'000	Hedging reserves RM'000	Retained earnings RM'000	Total equity RM'000
<b>At 31 March/1 April 2014</b>	312,007	308,018	-	326	110,860	731,211
Fair value of available-for-sale financial assets	-	-	1,584	-	-	1,584
Cash flow hedge	-	-	-	(625)	-	(625)
Total other comprehensive income for the year	-	-	1,584	(625)	-	959
Profit for the year	-	-	-	-	96,315	96,315
<b>Total comprehensive income for the year</b>	-	-	1,584	(625)	96,315	97,274
<i>Contributions by and distributions to owners of the Company</i>						
- Dividend to owners of the Company	-	-	-	-	(43,681)	(43,681)
<b>Total transactions with owners of the Company</b>	-	-	-	-	(43,681)	(43,681)
<b>At 31 March 2015</b>	312,007	308,018	1,584	(299)	163,494	784,804
Note 17.1	Note 17.1	Note 17.2	Note 17.4	Note 17.5	Note 17.6	

The notes on pages 64 to 144 are an integral part of these financial statements.

# STATEMENTS OF CASH FLOWS

for the year ended 31 March 2015

	Note	Group		Company	
		2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
<b>Cash flows from operating activities</b>					
Profit before tax		245,975	203,767	97,632	143,416
<i>Adjustments for:</i>					
Amortisation of investment properties		634	613	-	-
Amortisation of intangible assets		239	183	-	-
Amortisation of prepaid lease payments		1,232	1,166	-	-
Depreciation of property, plant and equipment		86,436	76,256	114	136
Derivative loss		2,091	(359)	-	-
Dividends from subsidiaries		-	-	(67,268)	(154,870)
Dividends from liquid investments		(855)	(280)	(595)	(112)
Dividends from associate		-	-	(862)	-
Finance costs		35,568	35,119	19,438	22,035
Finance income		(5,864)	(2,524)	(19,571)	(11,349)
Gain on disposal of assets held for sale		-	(4,396)	-	-
Gain on deemed disposal of investment in associate		(8,347)	-	(12,215)	-
Gain on disposal of property, plant and equipment		(2,104)	(72)	-	(17)
Gain on disposal of investment properties		-	(8,290)	-	-
Gain on foreign exchange – unrealised		(1,778)	(68)	(20,578)	(2,353)
Intangible assets written off		374	-	-	-
Property, plant and equipment written off		2,666	1,486	-	-
Share of associates' profit		(23,272)	(14,625)	-	-
<b>Operating profit/(loss) before changes in working capital</b>		332,995	287,976	(3,905)	(3,114)

	Note	Group		Company	
		2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Changes in working capital:					
Biological assets		(5,170)	(5,245)	-	-
Inventories		(71,630)	(7,734)	-	-
Trade and other receivables and other financial assets		(30,508)	(11,748)	(4,675)	(1,607)
Employee benefits		515	382	-	-
Trade and other payables, including derivatives		21,809	15,375	(2,153)	(3,835)
Bills payable		17,642	33,237	-	-
<b>Cash generated from/(used in) operations</b>		265,653	312,243	(10,733)	(8,556)
Dividends from liquid investments		855	280	595	112
Income taxes (paid)/refunded		(36,889)	(29,980)	939	(1,047)
Interest paid		(10,373)	(10,921)	-	-
Interest received		5,864	2,524	19,571	11,349
<b>Net cash generated from operating activities</b>		225,110	274,146	10,372	1,858
<b>Cash flows from investing activities</b>					
Acquisition of subsidiaries, net of cash acquired	34	(9,046)	(9,381)	-	-
Acquisition of investment properties		(350)	(689)	-	-
Acquisition of prepaid lease payments		-	(969)	-	-
Acquisition of property, plant and equipment	(iii)	(261,943)	(188,259)	-	(377)
Proceeds from disposal of assets held for sale		-	11,431	-	-
Proceeds from disposal of property, plant and equipment		17,241	1,165	-	402
Proceeds from disposal of investment properties		-	18,962	-	-
Dividends received from subsidiaries		-	-	67,268	154,870
Dividends received from associates		4,817	2,647	862	-

## STATEMENTS OF CASH FLOWS

for the year ended 31 March 2015 (Continued)

		Group		Company	
	Note	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
<b>Cash flows from investing activities (continued)</b>					
Increase in investment in associates		(28,148)	(14,812)	(22,538)	(1,791)
Increase in investment in subsidiary	(ii)	-	-	-	(1,499)
<b>Net cash (used in)/generated from investing activities</b>		(277,429)	(179,905)	45,592	151,605
<b>Cash flows from financing activities</b>					
Advances to subsidiaries		-	-	(107,055)	(108,324)
Acquisition of non-controlling interests		(2,633)	(5,000)	-	-
Contribution from non-controlling interests		1,004	4,224	-	-
Dividends paid to non-controlling interests		(4,036)	(9,211)	-	-
Dividends paid to owners of the Company		(43,681)	(37,441)	(43,681)	(37,441)
Interest paid		(25,195)	(24,198)	(19,438)	(22,035)
Repayment of finance lease liabilities		(934)	(209)	-	-
Proceeds from/(Repayment of) loans and other borrowings		70,309	(217,514)	56,303	(206,848)
Proceeds from issuance of shares		-	299,527	-	299,527
Share issue expenses		-	(1,106)	-	(1,106)
<b>Net cash (used in)/ generated from financing activities</b>		(5,166)	9,072	(113,871)	(76,227)
<b>Net (decrease)/increase in cash and cash equivalents</b>		(57,485)	103,313	(57,907)	77,236
Cash and cash equivalents at beginning of the year		232,676	129,363	81,804	4,568
Cash and cash equivalents at end of the year	(i)	175,191	232,676	23,897	81,804

## NOTES TO THE STATEMENTS OF CASH FLOWS

### i) Cash and cash equivalents

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

		Group		Company	
	Note	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Cash and bank balances		183,189	167,781	23,226	21,072
Deposits placed with licensed banks		7,136	25,100	580	580
Liquid investments		10,408	60,276	91	60,152
	16	200,733	253,157	23,897	81,804
Bank overdrafts	18	(25,542)	(20,481)	-	-
		175,191	232,676	23,897	81,804

### ii) Non-cash transactions

During the financial year, the Company increased its investments in subsidiaries by RM10,000,000 (2014: RM236,939,000) via capitalisation of debts (2014: RM235,440,000).

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

During the financial year, the Group acquired property, plant and equipment with an aggregate cost of RM263,096,000 (2014: RM189,309,000), of which RM1,153,000 (2014: RM1,050,000) were acquired by means of finance leases.

The notes on pages 64 to 144 are an integral part of these financial statements.





# NOTES TO THE FINANCIAL STATEMENTS

QL Resources Berhad is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad. The address of its registered office and principal place of business is as 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 2015 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 2015 do not include other entities.

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

These financial statements were authorised for issue by the Board of Directors on 9 July 2015.

## **1. BASIS OF PREPARATION**

### **(a) Statement of compliance**

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

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

#### **FRSs, Interpretations and Amendments effective for annual periods beginning on or after 1 July 2014**

- Amendments to FRS 1, *First-time Adoption of Financial Reporting Standards (Annual Improvements 2011-2013 Cycle)*
- Amendments to FRS 2, *Share-based Payment (Annual Improvements 2010-2012 Cycle)*
- Amendments to FRS 3, *Business Combinations (Annual Improvements 2010-2012 Cycle and 2011-2013 Cycle)*
- Amendments to FRS 8, *Operating Segments (Annual Improvements 2010-2012 Cycle)*
- Amendments to FRS 13, *Fair Value Measurement (Annual Improvements 2010-2012 Cycle and 2011-2013 Cycle)*
- Amendments to FRS 116, *Property, Plant and Equipment (Annual Improvements 2010-2012 Cycle)*
- Amendments to FRS 119, *Employee Benefits – Defined Benefit Plans: Employee Contributions*
- Amendments to FRS 124, *Related Party Disclosures (Annual Improvements 2010-2012 Cycle)*
- Amendments to FRS 138, *Intangible Assets (Annual Improvements 2010-2012 Cycle)*
- Amendments to FRS 140, *Investment Property (Annual Improvements 2011-2013 Cycle)*

#### **FRSs, Interpretations and Amendments effective for annual periods beginning on or after 1 January 2016**

- Amendments to FRS 5, *Non-current Assets Held for Sale and Discontinued Operations (Annual Improvements 2012-2014 Cycle)*
- Amendments to FRS 7, *Financial Instruments: Disclosures (Annual Improvements 2012-2014 Cycle)*

## 1. BASIS OF PREPARATION (CONTINUED)

### (a) Statement of compliance (continued)

#### **FRSs, Interpretations and Amendments effective for annual periods beginning on or after 1 January 2016 (continued)**

- Amendments to FRS 10, *Consolidated Financial Statements* and Amendments to FRS 128, *Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*
- Amendments to FRS 10, *Consolidated Financial Statements*, Amendments to FRS 12, *Disclosure of Interests in Other Entities* and Amendments to FRS 128, *Investments in Associates and Joint Ventures – Investment Entities: Applying the Consolidation Exception*
- Amendments to FRS 11, *Joint Arrangements – Accounting for Acquisitions of Interests in Joint Operations*
- FRS 14, *Regulatory Deferral Accounts*
- Amendments to FRS 101, *Presentation of Financial Statements – Disclosure Initiative*
- Amendments to FRS 116, *Property, Plant and Equipment* and Amendments to FRS 138, *Intangible Assets – Clarification of Acceptable Methods of Depreciation and Amortisation*
- Amendments to FRS 119, *Employee Benefits (Annual Improvements 2012-2014 Cycle)*
- Amendments to FRS 127, *Separate Financial Statements – Equity Method in Separate Financial Statements*
- Amendments to FRS 134, *Interim Financial Reporting (Annual Improvements 2012-2014 Cycle)*

#### **FRSs, Interpretations and Amendments effective for annual periods beginning on or after 1 January 2018**

- FRS 9, *Financial Instruments (2014)*

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

- from the annual period beginning on 1 April 2015 for those accounting standards, interpretations and amendments that are effective for annual periods beginning on or after 1 July 2014, except for Amendments to FRS 1 and Amendments to FRS 2 which are not applicable to the Group and the Company.
- from the annual period beginning on 1 April 2016 for those accounting standards, interpretations and amendments that are effective for annual periods beginning on or after 1 July 2016, except for FRS 14 and Amendments to FRS 11, which are not applicable to the Group and the Company.

The initial application of the accounting standards, interpretations and amendments are not expected to have any material financial impacts to the current period and prior period financial statements of the Group and of the Company.

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

Being Transitioning Entity, the Group and the Company will adopt the MFRS issued by MASB and International Financial Reporting Standards ("IFRS") and present its first set of MFRS financial statements for annual period beginning on 1 April 2017. As a result, the Group and the Company will not be adopting the above FRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2018.

### (b) Basis of measurement

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

## 1. BASIS OF PREPARATION (CONTINUED)

### (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 FRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

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

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

- Note 3 - measurement of the residual value and useful lives
- Note 6 - measurement of the recoverable amounts of cash-generating units
- Note 7 - valuation of biological assets
- Note 12 - valuation of receivables
- Note 13 - valuation of inventories
- Note 19 - employee benefits

## 2. SIGNIFICANT ACCOUNTING POLICIES

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

### (a) Basis of consolidation

#### (i) Subsidiaries

Subsidiaries are entities, including 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.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

#### (ii) Business combinations

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

##### *Acquisitions on or after 1 April 2011*

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

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

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

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

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

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

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

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

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

For acquisitions prior to 1 April 2006, goodwill represents the excess of the cost of the acquisition over the Group's interest in the fair values of the net identifiable assets and liabilities.

#### (iii) 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.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

#### (iv) Loss of control

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

#### (v) Associates

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

Investments in associates are accounted for in the consolidated financial statements using the equity method less any impairment losses, unless it is classified as held for sale or distribution. The cost of the investment includes transaction costs. The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of the 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.

#### (vi) Non-controlling interests

Non-controlling interests at the end of the reporting period, being the equity in a subsidiary not attributable directly or indirectly to the equity holders of the Company, are presented in the consolidated statement of financial position and statement of changes in equity within equity, separately from equity attributable to the owners of the Company. Non-controlling interests in the results of the Group is



## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

#### (vi) Non-controlling interests (continued)

presented in the consolidated statement of profit or loss and other comprehensive income as an allocation of the profit or loss and the comprehensive income for the year between non-controlling interests and owners of the Company.

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

#### (vii) Transactions eliminated on consolidation

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

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

### (b) Foreign currency

#### (i) Foreign currency transactions

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

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

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

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

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 FCTR in equity.

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

The assets and liabilities of operations denominated in functional currencies other than RM, including goodwill and fair value adjustments arising on acquisition, are translated to RM at exchange rates at the end of the reporting period, except for goodwill and fair value adjustments arising from business combinations before 1 April 2006 which are reported using the exchange rates at the dates of the acquisitions. The income and expenses of foreign operations are translated to RM at exchange rates at the dates of the transactions.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (b) Foreign currency (continued)

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

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

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

### (c) Financial instruments

#### (i) Initial recognition and measurement

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

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

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

#### (ii) Financial instrument categories and subsequent measurement

The Group and the Company categorise financial instruments as follows:

##### Financial assets

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

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

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

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

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (c) Financial instruments (continued)

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

##### Financial assets (continued)

##### *(b) Loans and receivables*

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

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

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

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

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

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

##### Financial liabilities

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

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

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

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

#### (iii) Financial guarantee contracts

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

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (c) Financial instruments (continued)

#### (iii) Financial guarantee contracts (continued)

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

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

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

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

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

#### (v) Hedge accounting

##### *Fair value hedge*

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

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

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

##### *Cash flow hedge*

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

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.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (c) Financial instruments (continued)

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

##### *Cash flow hedge (continued)*

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

#### (vi) Derecognition

A financial asset or part of it is derecognised when, and only when the contractual rights to the cash flows from the financial asset expire or the control of the financial asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in profit or loss.

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

### (d) Property, plant and equipment

#### (i) Recognition and measurement

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

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.



**2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(d) Property, plant and equipment (continued)****(ii) Subsequent costs**

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

**(iii) Depreciation**

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

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

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

Long term leasehold land	49 – 912 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
Office improvements and renovation	5 - 10 years
Motor vehicles	5 - 10 years

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

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

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

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

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (e) Leased assets (continued)

#### (i) Finance lease (continued)

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 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.

### (f) Intangible assets

#### (i) Goodwill

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

#### (ii) Research and development

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

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

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

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

**2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(f) Intangible assets (continued)****(iii) Other intangible assets**

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

**(iv) Subsequent expenditure**

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

**(v) Amortisation**

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

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

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

Capitalised development costs	10 years
Patents and trademarks	15 years

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

**(g) 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. These include land held for a currently undetermined future use. Properties that are occupied by the companies in the Group are accounted for as owner-occupied rather than as investment properties.

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

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

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

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (g) Investment properties (continued)

#### (ii) Reclassification to/from investment properties

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

### (h) Biological assets

#### (i) Plantation development expenditure

New planting which include land clearing, planting, field upkeep and maintenance of oil palm plantings to maturity are capitalised as plantation development expenditure. Oil palm plantings are considered mature 30 months after the date of planting. Expenditures incurred after maturity of crops are charged to the profit or loss. Estate overhead expenditure is apportioned to revenue and plantation development expenditure on the basis of the proportion of mature and immature areas.

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

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

#### (ii) Livestock

##### *Layer farms*

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

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

##### *Breeder farms*

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

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

##### *Broiler farms*

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

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

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (i) Inventories

Inventories comprise raw materials, manufactured inventories and trading inventories which are measured at the lower of cost and net realisable value. The cost of inventories is 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.

### (j) 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 Company in the management for their short-term commitments. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

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

### (k) Impairment

#### (i) Financial assets

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

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

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

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

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (k) Impairment (continued)

#### (i) Financial assets (continued)

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

#### (ii) Other assets

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

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

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

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

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

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



**2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(l) Equity instruments**

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

**(i) Issue expenses**

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

**(ii) Ordinary shares**

Ordinary shares are classified as equity.

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

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

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

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

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (m) Employee benefits (continued)

#### (iii) Defined benefit plans (continued)

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

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

### (n) 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.

### (o) Revenue and other income

#### (i) Goods sold

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

#### (ii) Management fee and administrative charges

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

#### (iii) Rental income

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

#### (iv) 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.

**2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(o) Revenue and other income (continued)****(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.

**(p) 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.

**(q) Income tax**

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

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

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

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

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

## **2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

### **(q) Income tax (continued)**

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

Unutilised reinvestment allowance and investment tax allowance, are treated as tax base of an asset and are recognised as a reduction of tax expense as and when utilised.

### **(r) 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.

### **(s) 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 is the 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.

### **(t) 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.

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

#### **(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.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (u) Fair value measurements

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

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

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

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

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

### 3. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land RM'000	Long term leasehold land RM'000	Buildings and improvements RM'000	Farm buildings RM'000	Fishing boat and equipment RM'000	Furniture, fittings and equipment RM'000	Plant and machinery RM'000	Office improvements and renovation RM'000	Motor vehicles RM'000	Capital work-in-progress RM'000	Total RM'000
<b>Cost</b>											
At 1 April 2013	63,695	66,251	169,698	176,742	40,796	57,625	565,667	1,238	66,577	98,650	1,306,939
Additions	10,914	691	15,629	15,320	934	5,732	47,018	127	10,028	82,916	189,309
Disposals	-	(90)	-	-	-	(876)	(483)	-	(1,200)	-	(2,649)
Written off	-	-	-	(716)	-	(121)	(3,990)	-	(150)	(91)	(5,068)
Transfer in/(out)	4,958	(784)	5,098	27,393	5,547	2,405	19,265	-	1,076	(64,958)	-
Transfer to investment properties	(14,771)	-	-	-	-	-	-	-	-	-	(14,771)
Transfer to prepaid lease payments	-	(3,192)	-	-	-	-	-	-	-	-	(3,192)
Acquisition of subsidiary	-	-	3,340	-	-	490	2,713	-	406	-	6,949
Effect of movements in exchange rates	(756)	-	(2,013)	(1,494)	-	(402)	(9,593)	(12)	(533)	(2,018)	(16,821)
<b>At 31 March/1 April 2014</b>	<b>64,040</b>	<b>62,876</b>	<b>191,752</b>	<b>217,245</b>	<b>47,277</b>	<b>64,853</b>	<b>620,597</b>	<b>1,353</b>	<b>76,204</b>	<b>114,499</b>	<b>1,460,696</b>



## 3. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Group	Freehold land RM'000	Long term leasehold land RM'000	Buildings and improvements RM'000	Farm buildings RM'000	Fishing boat and equipment RM'000	Furniture, fittings and equipment RM'000	Plant and machinery RM'000	Office improvements and renovation RM'000	Motor vehicles RM'000	Capital work-in-progress RM'000	Total RM'000
<b>Cost</b>											
At 31 March/1 April 2014	64,040	62,876	191,752	217,245	47,277	64,853	620,597	1,353	76,204	114,499	1,460,696
Additions	23,617	-	22,583	11,022	5,207	9,368	46,997	831	10,159	133,312	263,096
Disposals	(48)	(9,351)	(4,770)	-	-	(957)	(1,918)	-	(1,150)	(1,731)	(19,925)
Written off	-	-	-	(4,491)	(466)	(1,248)	(2,227)	(75)	(386)	-	(8,893)
Transfer in/(out)	-	-	18,704	28,745	4,688	8,515	32,783	10	481	(93,926)	-
Transfer from investment properties	4,206	-	-	-	-	-	-	-	-	-	4,206
Acquisition of subsidiary	12,269	2,727	2,657	-	-	363	12,257	300	1,444	530	32,547
Effect of movements in exchange rates	(504)	231	(16)	4,522	-	(77)	(1,970)	56	86	287	2,615
<b>At 31 March 2015</b>	<b>103,580</b>	<b>56,483</b>	<b>230,910</b>	<b>257,043</b>	<b>56,706</b>	<b>80,817</b>	<b>706,519</b>	<b>2,475</b>	<b>86,838</b>	<b>152,971</b>	<b>1,734,342</b>

### 3. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Group	Freehold land RM'000	Long term leasehold land RM'000	Buildings and improvements RM'000	Farm buildings RM'000	Fishing boat and equipment RM'000	Furniture, fittings and equipment RM'000	Plant and machinery RM'000	Office improvements and renovation RM'000	Motor vehicles RM'000	Capital work-in-progress RM'000	Total RM'000
<b>Depreciation</b>											
At 1 April 2013	-	6,343	27,884	48,136	11,492	24,122	192,234	504	35,522	-	346,237
Depreciation for the year	-	688	5,825	10,556	2,502	5,246	44,035	121	8,438	-	77,411
Disposals	-	(39)	-	-	-	(395)	(252)	-	(870)	-	(1,556)
Written off	-	-	-	(667)	-	(44)	(2,770)	-	(101)	-	(3,582)
Transfer from prepaid lease payments	-	59	-	-	-	-	-	-	-	-	59
Acquisition of subsidiary	-	-	415	-	-	241	1,140	-	198	-	1,994
Effect of movements in exchange rates	-	-	(261)	(547)	-	(78)	(2,020)	(4)	(115)	-	(3,025)
<b>At 31 March/1 April 2014</b>	-	7,051	33,863	57,478	13,994	29,092	232,367	621	43,072	-	417,538

## 3. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Group	Freehold land RM'000	Long term leasehold land RM'000	Buildings and improvements RM'000	Farm buildings RM'000	Fishing boat and equipment RM'000	Furniture, fittings and equipment RM'000	Plant and machinery RM'000	Office improvements and renovation RM'000	Motor vehicles RM'000	Capital work-in-progress RM'000	Total RM'000
<b>Depreciation</b>											
At 31 March/1 April 2014	-	7,051	33,863	57,478	13,994	29,092	232,367	621	43,072	-	417,538
Depreciation for the year	-	666	6,925	12,098	2,870	6,853	47,743	430	8,851	-	86,436
Disposals	-	(626)	(564)	-	-	(898)	(1,749)	-	(951)	-	(4,788)
Written off	-	-	-	(4,225)	(212)	(920)	(668)	(65)	(137)	-	(6,227)
Acquisition of subsidiary	-	20	824	-	-	176	531	119	598	-	2,268
Effect of movements in exchange rates	-	85	(14)	(119)	-	594	(773)	(22)	(24)	-	(273)
<b>At 31 March 2015</b>	-	7,196	41,034	65,232	16,652	34,897	277,451	1,083	51,409	-	494,954

### 3. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Group	Freehold land RM'000	Long term leasehold land RM'000	Buildings and improvements RM'000	Farm buildings RM'000	Fishing boat and equipment RM'000	Furniture, fittings and equipment RM'000	Plant and machinery RM'000	Office improvements and renovation RM'000	Motor vehicles RM'000	Capital work-in-progress RM'000	Total RM'000
<b>Carrying amounts</b>											
<b>At 1 April 2013</b>	63,695	59,908	141,814	128,606	29,304	33,503	373,433	734	31,055	98,650	960,702
<b>At 31 March/1 April 2014</b>	64,040	55,825	157,889	159,767	33,283	35,761	388,230	732	33,132	114,499	1,043,158
<b>At 31 March 2015</b>	103,580	49,287	189,876	191,811	40,054	45,920	429,068	1,392	35,429	152,971	1,239,388

**3. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)**

<b>Company</b>	<b>Furniture, fittings and equipment RM'000</b>	<b>Motor vehicles RM'000</b>	<b>Total RM'000</b>
<b>Cost</b>			
At 1 April 2013	426	619	1,045
Additions	120	257	377
Disposal	(546)	(125)	(671)
At 31 March/1 April 2014/31 March 2015	-	751	751
<b>Accumulated depreciation</b>			
At 1 April 2013	160	305	465
Depreciation for the year	24	112	136
Disposal	(184)	(102)	(286)
At 31 March/1 April 2014	-	315	315
Depreciation for the year	-	114	114
At 31 March 2015	-	429	429
<b>Carrying amounts</b>			
At 1 April 2013	266	314	580
At 31 March/1 April 2014	-	436	436
At 31 March 2015	-	322	322

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

	<b>Note</b>	<b>Group</b>		<b>Company</b>	
		<b>2015 RM'000</b>	<b>2014 RM'000</b>	<b>2015 RM'000</b>	<b>2014 RM'000</b>
Income statement	21	86,436	76,256	114	136
Biological assets	7	-	1,155	-	-
		86,436	77,411	114	136

**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:

	<b>Group</b>	
	<b>2015 RM'000</b>	<b>2014 RM'000</b>
Motor vehicles	1,606	1,449

### 3. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

#### 3.3 Capital work-in-progress

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

### 4. INVESTMENT PROPERTIES

	<b>Group RM'000</b>
<b>Cost</b>	
At 1 April 2013	32,949
Additions	689
Transfer from property, plant and equipment	14,771
Disposal	(10,860)
	<hr/>
At 31 March/1 April 2014	37,549
Additions	350
Transfer to property, plant and equipment	(4,206)
	<hr/>
At 31 March 2015	33,693
	<hr/>
<b>Amortisation and impairment loss</b>	
At 1 April 2013	
- Accumulated amortisation	2,262
- Accumulated impairment loss	1,221
	<hr/>
	3,483
Amortisation for the year	613
Disposal	(188)
	<hr/>
At 31 March/1 April 2014	
- Accumulated amortisation	2,687
- Accumulated impairment loss	1,221
	<hr/>
	3,908
Amortisation for the year	634
At 31 March 2015	
- Accumulated amortisation	3,321
- Accumulated impairment loss	1,221
	<hr/>
	4,542
	<hr/>
<b>Carrying amount</b>	
At 1 April 2013	29,466
At 31 March/1 April 2014	33,641
At 31 March 2015	29,151
	<hr/>
<b>Fair value</b>	
At 1 April 2013	58,570
At 31 March/1 April 2014	79,788
At 31 March 2015	68,080
	<hr/>



**4. INVESTMENT PROPERTIES (CONTINUED)**

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

	<b>Group</b>	
	<b>2015</b>	<b>2014</b>
	<b>RM'000</b>	<b>RM'000</b>
Rental income	1,134	866
Direct operating expenses:		
- income generating investment properties	(578)	(545)
- non-income generating investment properties	(57)	(64)

**Fair value information**

Fair value of investment properties are categorised as follows:

	<b>Level 3</b>	
	<b>2015</b>	<b>2014</b>
<b>Group</b>	<b>RM'000</b>	<b>RM'000</b>
Land	50,689	62,878
Building	17,391	16,910
	<b>68,080</b>	<b>79,788</b>

**Level 3 fair value**

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

Level 3 fair values of land is estimated by Directors by made reference to the asking price of comparable properties in close proximity and adjusted 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**

<b>Group</b>	<b>Short-term leasehold land*</b>
	<b>RM'000</b>
<b>Cost</b>	
At 1 April 2013	59,274
Additions	969
Acquisition of subsidiary	2,432
Transfer from property, plant and equipment	3,192
Effect of movements in exchange rates	(56)
At 31 March / 1 April 2014	65,811
Effect of movements in exchange rates	46
At 31 March 2015	<b>65,857</b>
<b>Amortisation</b>	
At 1 April 2013	5,974
Amortisation for the year	1,166
Acquisition of subsidiary	54
Transfer to property, plant and equipment	(59)
Effect of movements in exchange rates	(18)
At 31 March/1 April 2014	7,117
Amortisation for the year	1,232
At 31 March 2015	<b>8,349</b>

## 5. PREPAID LEASE PAYMENTS (CONTINUED)

Group	Short-term leasehold land* RM'000
<b>Carrying amounts</b>	
At 1 April 2013	53,300
At 31 March/1 April 2014	58,694
At 31 March 2015	57,508

\* Unexpired period less than 50 years.

Included in prepaid lease payments is an amount of RM19,740,000 (equivalent to USD6,000,000) which represent the valuation of the land use rights in respect of a subsidiary in Indonesia, as agreed in 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 an area of 14,177 hectares was granted in 2010 for a period of 35 years, out of which title to 10,159 hectares was issued. The cultivation right title is extendable under Indonesian Land Ordinance. QL's Indonesian partners have taken active steps to obtain additional land for the remaining cultivation right. In 2013, 1,300 hectares of additional land have been identified for the remaining cultivation right. No additional land was identified during the financial year.

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

## 6. INTANGIBLE ASSETS

Group	Goodwill RM'000	Development costs RM'000	Patents and trademarks RM'000	Total RM'000
<b>Cost</b>				
At 1 April 2013	6,417	1,136	554	8,107
Effect of movements in exchange rates	(140)	-	-	(140)
At 31 March / 1 April 2014	6,277	1,136	554	7,967
Written off	-	(1,082)	-	(1,082)
Effect of movements in exchange rates	(27)	-	-	(27)
At 31 March 2015	6,250	54	554	6,858
<b>Amortisation and impairment loss</b>				
At 1 April 2013				
- Accumulated amortisation	-	453	139	592
- Accumulated impairment loss	197	-	89	286
	197	453	228	878
Amortisation for the year	-	152	31	183

**6. INTANGIBLE ASSETS (CONTINUED)**

<b>Group</b>	<b>Goodwill RM'000</b>	<b>Development costs RM'000</b>	<b>Patents and trademarks RM'000</b>	<b>Total RM'000</b>
At 31 March / 1 April 2014				
- Accumulated amortisation	-	605	170	775
- Accumulated impairment loss	197	-	89	286
	197	605	259	1,061
Amortisation for the year	-	149	90	239
Written off	-	(708)	-	(708)
At 31 March 2015				
- Accumulated amortisation	-	46	260	306
- Accumulated impairment loss	197	-	89	286
	197	46	349	592
<b>Carrying amounts</b>				
At 1 April 2013	6,220	683	326	7,229
At 31 March/1 April 2014	6,080	531	295	6,906
At 31 March 2015	6,053	8	205	6,266

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.

**7. BIOLOGICAL ASSETS**

	<b>Group</b>	
	<b>2015 RM'000</b>	<b>2014 RM'000</b>
<b>At cost:</b>		
<b>Non-current</b>		
Plantation development expenditure	117,014	111,844
<b>Current</b>		
Livestock	88,899	80,562
	205,913	192,406

In prior year, included in non-current biological assets was depreciation charge of RM1,155,000 (Note 3.1).

## 8. INVESTMENT IN SUBSIDIARIES

	Company	
	2015 RM'000	2014 RM'000
Unquoted shares, at cost	665,456	655,456

During the financial year, the Company increased its investments in subsidiaries by RM10,000,000 (2014: RM236,939,000) via capitalisation of debts (2014: RM235,440,000).

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

### Non-controlling interests in subsidiaries

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

	2015					Total RM'000
	QL Endau Marine Products Sdn. Bhd. and its subsidiaries RM'000	QL Ansan Poultry Farm Sdn. Bhd. and its subsidiaries RM'000	PT Pipit Mutiarah Indah RM'000	Kembang Subur Sdn. Bhd. and its subsidiaries RM'000	Other individually immaterial subsidiaries RM'000	
<b>NCI percentage of ownership interest and voting interest</b>						
Carrying amount of NCI	29.41%	9.23%	25.50%	36.67%		
	39,935	9,071	(1,771)	12,022	13,610	72,867
<b>Total comprehensive income/(expense) allocated to NCI</b>						
	5,954	2,015	(7,936)	241	5,774	6,048

### Summarised financial information before intra-group elimination

#### As at 31 March

Non-current assets	120,468	121,943	183,580	28,202
Current assets	53,462	63,796	7,427	19,690
Non-current liabilities	(25,912)	(19,672)	(1,728)	(9,353)
Current liabilities	(12,231)	(67,790)	(196,224)	(5,755)
<b>Net assets</b>	<b>135,787</b>	<b>98,277</b>	<b>(6,945)</b>	<b>32,784</b>

## 8. INVESTMENT IN SUBSIDIARIES (CONTINUED)

## Non-controlling interests in subsidiaries (continued)

	2015			
	QL Endau Marine Products Sdn. Bhd. and its subsidiaries RM'000	QL Ansan Poultry Farm Sdn. Bhd. and its subsidiaries RM'000	PT Pipit Mutiarah Indah RM'000	Kembang Subur Sdn. Bhd. and its subsidiaries RM'000
<b>Year ended 31 March</b>				
Revenue	147,949	126,482	40,107	6,714
Total comprehensive income/(expense)	20,245	17,664	(31,120)	657
Cash flows from operating activities	43,153	2,757	9,565	(2,592)
Cash flows used in investing activities	(27,391)	(34,867)	(9,378)	(969)
Cash flows (used in)/from financing activities	(13,455)	37,151	(1,981)	10,410
	2,307	5,041	(1,794)	6,849
Dividends paid to NCI	(3,118)	(671)	-	-

	2014				
	QL Endau Marine Products Sdn. Bhd. and its subsidiaries RM'000	QL Ansan Poultry Farm Sdn. Bhd. and its subsidiaries RM'000	PT Pipit Mutiarah Indah RM'000	Other individually immaterial subsidiaries RM'000	Total RM'000
<b>NCI percentage of ownership interest and voting interest</b>	29.41%	15.00%	25.50%		
Carrying amount of NCI	37,099	5,724	6,165	10,959	59,947
Total comprehensive income/(expense) allocated to NCI	7,222	1,468	(7,161)	(1,597)	(68)

## Summarised financial information before intra-group elimination

## As at 31 March

Non-current assets	102,501	51,988	180,587
Current assets	64,649	29,734	14,702
Non-current liabilities	(25,523)	(8,147)	(1,671)
Current liabilities	(15,484)	(35,418)	(169,443)
Net assets	126,143	38,157	24,175

## 8. INVESTMENT IN SUBSIDIARIES (CONTINUED)

### Non-controlling interests in subsidiaries (continued)

	2014		
	QL Endau Marine Products Sdn. Bhd. and its subsidiaries RM'000	QL Ansan Poultry Farm Sdn. Bhd. and its subsidiaries RM'000	PT Pipit Mutiar Indah RM'000
<b>Year ended 31 March</b>	29.41%	15.00%	25.50%
Revenue	139,414	98,272	21,566
Total comprehensive income/(expense)	24,557	9,784	(28,083)
Cash flows from operating activities	14,972	11,364	4,507
Cash flows used in investing activities	(12,906)	(4,170)	(12,542)
Cash flows (used in)/from financing activities	(11,274)	(6,313)	10,110
Net (decrease)/increase in cash and cash equivalents	(9,208)	881	2,075
Dividends paid to NCI	(6,549)	(732)	-

## 9. INVESTMENT IN ASSOCIATES

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
At cost:				
Unquoted shares	2,594	2,496	-	-
Quoted shares in Malaysia	54,107	73,195	-	25,223
Share of post-acquisition reserve	37,960	25,663	-	-
	94,661	101,354	-	25,223
Market value:				
Quoted shares in Malaysia	312,508	332,687	-	23,920

Details of the associates are as follows:

Name of Company	Country of Incorporation	Principal activities	Effective Ownership Interest and Voting Interest	
			2015 %	2014 %
Indahgrains Logistics Sdn. Bhd.*	Malaysia	Operating of warehouse and warehouse management	29.87	29.87
Boilermech Holdings Berhad*	Malaysia	Manufacturing, repairing and servicing of boilers	41.48	40.71
Lay Hong Berhad**	Malaysia	Integrated livestock farming	-	26.40
AB Hatchery Sdn. Bhd.*	Malaysia	Hatchery and aqua culturing of shrimps and fishes	31.03	-

\* Equity accounted based on management accounts.

\*\* Investment in Lay Hong Berhad was equity accounted for in prior year. The investment was reclassified to other investments upon loss of significant influence during the financial year.

**9. INVESTMENT IN ASSOCIATES (CONTINUED)**

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.

Group	2015		Total RM'000
	Boilermech Holdings Berhad RM'000	Other individually immaterial associates RM'000	
<b>Summarised financial information</b>			
<b>As at 31 March</b>			
Non-current assets	76,011		
Current assets	153,192		
Current liabilities	(97,931)		
Net assets	131,272		
<b>Year ended 31 March</b>			
Total comprehensive income	34,226		
<i>Included in the total comprehensive income is:</i>			
Revenue	277,275		
<b>Reconciliation of net assets to carrying amount</b>			
<b>As at 31 March</b>			
Group's share of net assets	54,439	3,308	57,747
Goodwill	36,866	48	36,914
Carrying amount in the statements of financial position	91,305	3,356	94,661
<b>Group's share of results</b>			
<b>Year ended 31 March</b>			
Group's share of results	16,023	7,249	23,272
<b>Other information</b>			
Dividends received	3,149	1,668	



## 9. INVESTMENT IN ASSOCIATES (CONTINUED)

Group	2014		Total RM'000
	Boilermech Holdings Berhad RM'000	Other individually immaterial associates RM'000	
<b>Summarised financial information</b>			
<b>As at 31 March</b>			
Non-current assets	42,755		
Current assets	171,400		
Current liabilities	(108,846)		
Net assets	105,309		
<b>Year ended 31 March</b>			
Total comprehensive income	31,757		
<i>Included in the total comprehensive income is:</i>			
Revenue	242,020		
<b>Reconciliation of net assets to carrying amount</b>			
<b>As at 31 March</b>			
Group's share of net assets	42,871	26,471	69,342
Goodwill	31,964	48	32,012
Carrying amount in the statements of financial position	74,835	26,519	101,354
<b>Group's share of results</b>			
<b>Year ended 31 March</b>			
Group's share of results	12,529	2,096	14,625
<b>Other information</b>			
Dividends received	2,020	627	

## 10. OTHER INVESTMENTS

		Group and Company	
		2015	2014
	Note	RM'000	RM'000
<b>Non-current</b>			
Available-for-sale financial assets	10.1	61,560	-
Market value of quoted investments		61,560	-

### 10.1 Available-for-sale financial assets

The available-for-sale financial assets at the end of the reporting period comprises the Group's and the Company's equity interest of 39.09% in Lay Hong Berhad, a company incorporated in Malaysia and listed on the Main Market of Bursa Malaysia Securities Berhad. The Group and the Company do not regard the investment as an associate because the Group and the Company do not have significant influence over the policy making processes of the investee.

## 11. DEFERRED TAX ASSETS/(LIABILITIES)

### Recognised deferred tax assets/(liabilities)

Deferred tax assets and liabilities are attributable to the following:

Group	Assets		Liabilities		Net	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Property, plant and equipment	-	-	(70,944)	(63,877)	(70,944)	(63,877)
Biological assets	-	-	(2,063)	(2,063)	(2,063)	(2,063)
Tax loss carry forwards	123	107	-	-	123	107
Unabsorbed capital allowances	1,725	1,206	-	-	1,725	1,206
Other temporary differences	1,188	962	(1,005)	(907)	183	55
Tax assets/(liabilities)	3,036	2,275	(74,012)	(66,847)	(70,976)	(64,572)
Set-off of tax	(1,954)	(1,152)	1,954	1,152	-	-
Net tax assets/(liabilities)	1,082	1,123	(72,058)	(65,695)	(70,976)	(64,572)

### Movement in temporary differences during the year

Group	Recognised in profit or loss		At 31.3.2014/ 1.4.2014 RM'000	Recognised in profit or loss		At 31.3.2015 RM'000
	At 1.4.2013 RM'000	(Note 24) RM'000		(Note 24) RM'000	Arising from business combinations (Note 34) RM'000	
Property, plant and equipment	(58,156)	(5,721)	(63,877)	(6,267)	(800)	(70,944)
Biological assets	(2,001)	(62)	(2,063)	-	-	(2,063)
Tax loss carry forwards	548	(441)	107	16	-	123
Unabsorbed capital allowances	1,014	192	1,206	483	36	1,725
Other temporary differences	(657)	712	55	128	-	183
	(59,252)	(5,320)	(64,572)	(5,640)	(764)	(70,976)

## 11. DEFERRED TAX ASSETS/(LIABILITIES)(CONTINUED)

### Unrecognised deferred tax

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

	<b>Group</b>	
	<b>2015</b>	<b>2014</b>
	<b>RM'000</b>	<b>RM'000</b>
Property, plant and equipment	5,190	5,834
Tax loss carry forwards	12,843	(7,330)
Unabsorbed capital allowances	(20,643)	(6,138)
	<u>(2,610)</u>	<u>(7,634)</u>

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

The tax loss carry-forwards do not expire under current tax legislation, except for tax losses of a subsidiary in Vietnam of RM10,050,000 (2014: RM5,581,000) which expire over a 3 years period and tax losses of subsidiaries in Indonesia of RM146,736,000 (2014: RM70,848,322) which expire over a 5 years period.

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

## 12. TRADE AND OTHER RECEIVABLES

		<b>Group</b>		<b>Company</b>	
	<b>Note</b>	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
		<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Non-current</b>					
Subsidiaries	12.1	-	-	360,466	128,970
Other receivables	12.2	5,190	3,966	-	-
		<u>5,190</u>	<u>3,966</u>	<u>360,466</u>	<u>128,970</u>
<b>Current</b>					
<b>Trade</b>					
Trade receivables	12.3	239,844	224,831	-	-
Less: Allowance for impairment loss	12.4	(8,189)	(8,029)	-	-
		<u>231,655</u>	<u>216,802</u>	<u>-</u>	<u>-</u>
<b>Non-trade</b>					
Subsidiaries	12.1	-	-	61,108	174,981
Other receivables	12.2	75,193	55,632	-	91
		<u>75,193</u>	<u>55,632</u>	<u>61,108</u>	<u>175,072</u>
		<u>306,848</u>	<u>272,434</u>	<u>61,108</u>	<u>175,072</u>
		<u>312,038</u>	<u>276,400</u>	<u>421,574</u>	<u>304,042</u>

**12. TRADE AND OTHER RECEIVABLES (CONTINUED)****12.1 Amounts due from subsidiaries and associates****Subsidiaries**

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

- i) RM218,682,000 (2014: RM108,184,000) which is unsecured, subject to fixed interest rate from 3.05% to 5.19% (2014: 3.05% to 5.19%) per annum with fixed terms of repayment over a period of 1 to 5 years (2014: 1 to 5 years).
- ii) RM32,933,000 (2014: RM104,194,000) which is unsecured, subject to fixed interest rate from 4.29% to 6.50% (2014: 4.29% to 6.50%) per annum and is repayable on demand.
- iii) RM130,812,000 (2014: RM19,986,000) which is subject to the Company's weighted cost of funds ("COF") plus 0.50% (2014: COF plus 0.50%) per annum with fixed terms of repayment over a period of 1 to 5 years (2014: 1 to 5 years); and
- iv) RM25,256,000 (2014: RM58,394,000) which is subject to Company's COF plus 0.50% (2014: COF plus 0.50%) per annum and is repayable on demand.

**12.2 Other receivables**

- (i) Included in non-current other receivables of the Group are advances for plasma plantation projects in Indonesia amounting to RM5,190,000 (2014: RM3,966,000).

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

- (ii) Included in current other receivables of the Group are advances made to suppliers of certain subsidiaries amounting to RM37,409,000 (2014: RM39,899,000) to secure the constant source of raw material supplies for the manufacturing activities. The amount is net of impairment loss on advances to suppliers debts, unsecured, interest free and repayment is substantially made through the supply of raw materials.

## 12. TRADE AND OTHER RECEIVABLES (CONTINUED)

### 12.3 Trade receivables

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

	<b>Group</b>	
	<b>2015</b>	<b>2014</b>
	<b>RM'000</b>	<b>RM'000</b>
A person connected with a Director of a subsidiary	275	252
Companies in which certain Directors of the subsidiaries have interests	9,636	5,689
	<b>9,911</b>	<b>5,941</b>

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

### 12.4 Allowance for impairment loss

During the year, impairment loss on receivables written off against the receivables previously provided for by the Group amounted to RM868,000 (2014: RM230,000).

## 13. INVENTORIES

	<b>Group</b>	
	<b>2015</b>	<b>2014</b>
	<b>RM'000</b>	<b>RM'000</b>
At cost:		
Raw materials	82,471	60,841
Manufactured and trading inventories	252,095	166,281
	<b>334,566</b>	<b>227,122</b>
At net realisable value:		
Manufactured and trading inventories	42	1,875
	<b>334,608</b>	<b>228,997</b>

## 14. PREPAYMENTS AND OTHER ASSETS

		<b>Group</b>		<b>Company</b>	
	<b>Note</b>	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
		<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Deposits	14.1	19,089	29,533	1,616	250
Prepayments		13,358	8,060	187	177
		<b>32,447</b>	<b>37,593</b>	<b>1,803</b>	<b>427</b>

**14. PREPAYMENTS AND OTHER ASSETS (CONTINUED)****14.1 Deposits**

Included in deposits of the Group are:

- i) deposits paid for purchase of property, plant and equipment amounting to RM10,130,000 (2014 : RM20,238,000); and
- ii) deposits paid for the purpose of entering into futures contracts and options amounting to RM344,000 (2014 : RM187,000).

**15. DERIVATIVE FINANCIAL ASSETS/(LIABILITIES)**

	<b>Group</b>		<b>Company</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Financial assets at fair value through profit or loss:				
Held for trading, which relates to forward foreign exchange contract ("FFEC")	4,690	2,169	4,682	1,907
Financial liabilities at fair value through profit or loss:				
Held for trading, which relates to forward foreign exchange contract ("FFEC")	(3,149)	(3)	-	-

**16. CASH AND CASH EQUIVALENTS**

	<b>Group</b>		<b>Company</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Cash and bank balances	183,189	167,781	23,226	21,072
Deposits with licensed banks	7,136	25,100	580	580
Liquid investments	10,408	60,276	91	60,152
	200,733	253,157	23,897	81,804

## 17. CAPITAL AND RESERVES

### 17.1 Share capital

	Group and Company			
	Amount 2015 RM'000	Number of shares 2015 '000	Amount 2014 RM'000	Number of shares 2014 '000
Authorised:				
Ordinary shares of RM0.25	500,000	2,000,000	500,000	2,000,000
Issued and fully paid up:				
Ordinary shares of RM0.25				
At 1 April 2014/2013	312,007	1,248,030	208,005	832,020
- Bonus issue	-	-	62,401	249,606
- Rights issue	-	-	41,601	166,404
At 31 March	312,007	1,248,030	312,007	1,248,030

#### (a) Bonus issue

In prior year, the Company issued 249,605,886 new ordinary shares of RM0.25 each pursuant to the bonus issue on the basis of three (3) ordinary shares for every ten (10) ordinary shares of RM0.25 each by way of capitalisation of share premium. The bonus issue exercise was completed on 17 February 2014 following the listing and quotation of the 249,605,886 bonus shares on the Main Market of Bursa Malaysia Securities Berhad.

#### (b) Rights issue

In prior year, the Company issued 166,403,924 new ordinary shares of RM0.25 each at an issue price of RM1.80 per share pursuant to the rights issue on the basis of two (2) ordinary shares for every ten (10) existing ordinary shares of RM0.25 each for a total consideration of RM299,527,000. The acceptance and payment for the rights issue was closed on 5 March 2014.

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

### 17.2 Share premium

Share premium comprises the premium paid on subscription of shares in the Company over and above the par value of the shares.

### 17.3 Translation reserve

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

### 17.4 Fair value reserve

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



**17. CAPITAL AND RESERVES (CONTINUED)****17.5 Hedging reserve**

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

**17.6 Retained earnings**

The Company may distribute single tier dividends to its shareholders out of its entire retained earnings.

**18. LOANS AND BORROWINGS**

	<b>Group</b>		<b>Company</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Non-current:</b>				
Term loans				
- Conventional- unsecured	107,814	145,652	84,098	121,857
- Islamic-unsecured	217,217	115,490	217,217	115,490
Islamic Commercial				
Papers-unsecured	-	6,414	-	6,414
Finance lease liabilities	997	657	-	-
	<b>326,028</b>	<b>268,213</b>	<b>301,315</b>	<b>243,761</b>
<b>Current:</b>				
Term loans				
- Conventional- unsecured	58,830	38,428	39,174	22,932
- Conventional- secured	1,409	-	-	-
- Islamic-unsecured	29,283	30,000	29,283	30,000
Bank overdrafts	25,542	20,481	-	-
Islamic Commercial				
Papers-unsecured	-	8,750	-	8,750
Bills payable				
- Conventional- secured	224,948	247,082	-	-
- Islamic-unsecured	57,581	17,805	-	-
Revolving credit				
-unsecured	33,000	23,026	15,000	23,026
Finance lease liabilities	370	491	-	-
	<b>430,963</b>	<b>386,063</b>	<b>83,457</b>	<b>84,708</b>
	<b>756,991</b>	<b>654,276</b>	<b>384,772</b>	<b>328,469</b>

**18.1 Interest/Profit rate****Group****Term loans**

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

- i) At an interest ranging from 3.91% to 6.90% (2014: 3.91% to 6.90%) per annum;

## 18. LOANS AND BORROWINGS (CONTINUED)

### 18.1 Interest/Profit rate (continued)

#### *Group (continued)*

#### **Term loans**

- ii) 3 months Kuala Lumpur Interbank Offered Rate ("KLIBOR") plus 0.66% to 1.35% (2014: 0.70% to 1.35%) per annum;
- iii) 1 month Cost of Fund ("COF") plus 1.20% (2014: 1.20%) per annum;
- iv) 3 months COF plus 1.50% (2014: 3 months COF plus 1.50%) per annum; and
- v) Kuala Lumpur Islamic Reference Rate ("KLIRR") plus 1.25% (2014: 1.25%) per annum.

The term loans for the Group are repayable in equal monthly, quarterly and half yearly instalments over periods ranging from 1 to 5 years (2014: 1 to 5 years).

#### **Bank overdrafts**

The bank overdrafts are subject to interest ranging from 0.50% to 1.75% (2014: 0.50% to 1.75%) above Base Lending Rate ("BLR") per annum.

#### **Bills payable**

The unsecured bills payable are subject to interest ranging from 0.20% to 1.50% (2014: 0.20% to 1.50%) above COF per annum.

#### **Revolving credit**

The revolving credit is subject to interest of monthly COF plus 0.85% to 1.25% (2014: 0.85% to 1.25%).

#### **Finance lease liabilities**

Finance lease liabilities are payable as follows:

	Future minimum lease payments 2015 RM'000	Interest 2015 RM'000	Present value of minimum lease payments 2015 RM'000	Future minimum lease payments 2014 RM'000	Interest 2014 RM'000	Present value of minimum lease payments 2014 RM'000
Less than one year	388	(18)	370	511	(20)	491
Between one and five years	1,093	(96)	997	713	(56)	657
	1,481	(114)	1,367	1,224	(76)	1,148

Finance lease liabilities bear interest rates at 2.50% to 5.80% (2014: 2.50% to 5.80%) per annum.

#### *Group and Company*

#### **Islamic Commercial Papers**

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

**18. LOANS AND BORROWINGS (CONTINUED)****18.1 Interest/Profit rate (continued)***Group and Company (continued)***Islamic Commercial Papers (continued)**

Salient features of the Programme were as follows:

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

*Company***Term loans**

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

- i) At an interest of 4.50% (2014: 4.50%) per annum;
- ii) 3 months KLIBOR plus 0.66% to 1.35% (2014: 0.70% to 1.35%) per annum;
- iii) 1 month COF plus 1.20% (2014: 1.20%) per annum; and
- iv) KLIRR plus 1.25% (2014: 1.25%) per annum.

The term loans for the Company are repayable in equal monthly instalments over periods ranging from 1 to 5 years (2014: 1 to 5 years).

**Revolving credit**

The revolving credit is subject to interest of 0.85% to 1.25% (2014: 0.85% to 1.25%) per annum.

**18.2 Security***Group***Term loans, bank overdrafts, bills payable and revolving credit***Unsecured*

The term loans are supported by way of:

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

## 18. LOANS AND BORROWINGS (CONTINUED)

### 18.2 Security (continued)

#### *Group (continued)*

*Significant covenants for certain term loans, bank overdrafts and bills payable granted to the Group and the Company:*

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

#### *Company*

##### **Term loans**

##### *Unsecured*

The term loans are supported by way of a negative pledge over the assets of the Company.

##### **Islamic Commercial Papers**

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

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

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

## 19. EMPLOYEE BENEFITS

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

	<b>Group</b>	
	<b>2015</b>	<b>2014</b>
	<b>RM'000</b>	<b>RM'000</b>
• <b>Expense recognised in profit or loss</b>		
Current service cost	439	370
Interest on obligation	96	86
Net benefit expense	535	456
• <b>Present value of defined benefit obligations</b>		
Present value of defined benefit obligations	1,644	1,056
Unrealised actuarial gain	22	95
Net benefit expense	1,666	1,151

**19. EMPLOYEE BENEFITS (CONTINUED)**

	<b>Group</b>	
	<b>2015</b>	<b>2014</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Present value of defined benefit obligation</b>		
Defined benefit obligations at 1 April 2014/2013	1,151	769
Current service cost and interest	536	456
Payment during the year	(21)	(74)
Defined benefit obligations at 31 March	1,666	1,151

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% (2014: 7% - 10%)
Annual discount rate	:	8% (2014: 8.7%)
Mortality level	:	Indonesian Mortality Table ("TMI") 3
Disability level	:	10% from mortality level (2014: 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 2015 is sufficient to meet the requirements of the law in Indonesia.

**20. TRADE AND OTHER PAYABLES**

	<b>Note</b>	<b>Group</b>		<b>Company</b>	
		<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
		<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Current</b>					
Subsidiaries	20.1	-	-	5,717	10,779
Trade payables	20.2	127,494	86,463	-	-
Associate - trade	20.3	1,721	-	-	-
Other payables	20.4	79,187	61,346	27	256
Accrued expenses		29,900	20,200	3,212	74
		238,302	168,009	8,956	11,109

**20.1 Amounts due to subsidiaries**

The amounts due to subsidiaries are non-trade in nature, subject to an interest of 3.55% (2014: 3.55%) per annum, unsecured and repayable on demand.

## 20. TRADE AND OTHER PAYABLES (CONTINUED)

### 20.2 Trade payables

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

	<b>Group</b>	
	<b>2015</b>	<b>2014</b>
	<b>RM'000</b>	<b>RM'000</b>
Companies in which certain Directors of subsidiaries have interest	1,413	1,652

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

### 20.3 Amount due to associate

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

### 20.4 Other payables

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

	<b>Group</b>	
	<b>2015</b>	<b>2014</b>
	<b>RM'000</b>	<b>RM'000</b>
Companies in which certain Directors have interests	-	24
Amount due to non-controlling interests and its related parties	48,231	45,733
	48,231	45,757

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

## 21. RESULTS FROM OPERATING ACTIVITIES

	<b>Group</b>		<b>Company</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Results from operating activities is arrived at after charging:</b>				
Auditors' remuneration				
- Audit fees				
KPMG Malaysia				
- current year	879	810	159	63
- prior years	18	43	-	-
Overseas affiliates of KPMG Malaysia				
- current	184	88	-	-
Other auditors	220	194	-	-
- Non-audit fees				
- KPMG Malaysia	119	138	-	138
Allowance for slow moving inventories	70	288	-	-
Amortisation of investment properties	634	613	-	-
Amortisation of intangible assets	239	183	-	-
Amortisation of prepaid lease payments	1,232	1,166	-	-
Bad debts written off	190	976	-	-

**21. RESULTS FROM OPERATING ACTIVITIES (CONTINUED)**

	<b>Group</b>		<b>Company</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Results from operating activities is arrived at after charging (continued)</b>				
Derivative loss	2,091	-	-	-
Depreciation of property, plant and equipment	86,436	76,256	114	136
Hire of plant and machinery	78	115	-	-
Impairment loss on receivables	1,517	2,175	-	-
Intangible assets written off	374	-	-	-
Loss on foreign exchange				
- realised	5,119	1,458	-	-
Personnel expenses				
(including key management personnel):				
- wages, salaries and others	123,665	115,478	-	1,569
- contribution to state plans	8,576	7,768	-	106
- expenses related to defined benefit plans	536	456	-	-
Property, plant and equipment written off	2,666	1,486	-	-
Rental of land and buildings and office premises	4,243	2,849	-	113
Rental of plant, machinery, equipment and motor vehicle	44	89	-	17
<b>and after crediting:</b>				
Bad debts recovered	113	323	-	-
Dividend income from:				
Subsidiaries				
- single tier	-	-	67,268	154,870
Associate				
- single tier	-	-	862	-
Other investments				
- liquid investment	855	280	595	112
Derivative gain	-	359	-	-
Gain on foreign exchange				
- realised	365	-	-	186
- unrealised	1,778	68	20,578	2,353
Gain on disposal of assets held for sale	-	4,396	-	-
Gain on deemed disposal of investment in associate	8,347	-	12,215	-
Gain on disposal of liquid investment				
- unrealised	21	-	-	-
Gain on disposal of property, plant and equipment	2,104	72	-	17
Gain on disposal of investment properties	-	8,290	-	-
Rental of equipment	72	47	-	-
Rental of premises	1,161	888	-	-
Reversal of impairment loss:				
- advances to suppliers	70	-	-	-
- trade and other receivables	489	310	-	-



## 22. FINANCE COSTS

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Interest expense of financial liabilities that are not at fair value through profit or loss:				
- term loans and ICP	17,236	20,074	15,935	17,151
- bank overdrafts	1,484	1,195	-	-
- bills payable	8,889	9,726	-	-
- finance lease liabilities	144	54	-	-
- banker's acceptance	2,643	-	-	-
- revolving credit	2,632	3,271	2,570	3,191
- subsidiaries	-	-	933	1,693
	33,028	34,320	19,438	22,035
Other finance costs	2,540	799	-	-
	35,568	35,119	19,438	22,035

## 23. FINANCE INCOME

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Interest income of financial assets that are not at fair value through profit or loss:				
- Deposits placed with licensed banks	5,242	1,874	1,944	183
- Subsidiaries	-	-	17,627	11,166
- Others	622	650	-	-
	5,864	2,524	19,571	11,349

## 24. TAX EXPENSE

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Tax expense on operations	50,035	37,013	1,317	237
Share of tax of equity-accounted associates	7,847	3,889	-	-
Total tax expense	57,882	40,902	1,317	237
<b>Current tax expense</b>				
- current year	44,125	34,003	1,306	237
- under/(over) provision in prior years	270	(2,310)	11	-
	44,395	31,693	1,317	237
<b>Deferred tax expense</b>				
- origination and reversal of temporary differences	9,956	5,121	-	-
- (over)/under provision in prior years	(4,316)	199	-	-
	5,640	5,320	-	-
Share of tax of equity-accounted associates	7,847	3,889	-	-
Total tax expense	57,882	40,902	1,317	237

**24. TAX EXPENSE (CONTINUED)**

	<b>Group</b>		<b>Company</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Reconciliation of tax expense</b>				
Profit for the year	195,940	166,754	96,315	143,179
Total income tax expense	57,882	40,902	1,317	237
Profit excluding tax	253,822	207,656	97,632	143,416
Income tax calculated using Malaysian tax rate of 25%	63,455	51,914	24,408	35,854
Effect of change in tax rate*	(721)	-	-	-
Effect of tax rates in foreign jurisdictions	651	63	-	-
Non-deductible expenses	13,591	10,652	804	3,733
Tax exempt income	(1,309)	(3,293)	(23,906)	(39,350)
Tax incentives	(11,818)	(16,446)	-	-
Effect of temporary differences not recognised	(1,935)	186	-	-
Crystallisation of deferred tax liabilities arising from revaluation reserve	(164)	(164)	-	-
Over provision in prior years	(4,046)	(2,111)	11	-
Others	178	101	-	-
Tax expense	57,882	40,902	1,317	237

\* In the Malaysian Budget 2014, it was announced that corporate income tax rate will be reduced to 24% for the year assessment 2016 ("YA2016") onwards. Consequently, any temporary differences are expected to be reversed in YA2016 onwards are measured using this rate.

**25. EARNINGS PER ORDINARY SHARE****Basic earnings per ordinary share**

The calculation of basic earnings per ordinary share is based on the profit attributable to the owners of the Company of RM191,400,000 (2014: RM159,929,000) and the weighted average number of ordinary shares in issue during the year.

	<b>2015</b>	<b>2014</b>
	<b>RM'000</b>	<b>RM'000</b>
Issued ordinary shares at beginning of the year	1,248,030	832,020
Effect of Bonus issue	-	249,606
Effect of Rights issue	-	77,921
Weighted average number of ordinary shares	1,248,030	1,159,547
Basic earnings per ordinary share	sen 15	sen 14

**Diluted earnings per ordinary share**

The Group has no dilution in its earnings per ordinary share at 31 March 2015 and 31 March 2014.

## 26. DIVIDENDS

Dividends recognised by the Company:

	Sen per share	Total amount RM'000	Date of payment
<b>2015</b>			
Final 2014	3.50	<u>43,681</u>	12 September 2014
<b>2014</b>			
Final 2013	4.50	<u>37,441</u>	13 September 2013

The Directors recommend a final single tier dividend of 4.25 sen per ordinary share of RM0.25 each in respect of the financial year ended 31 March 2015 subject to the approval of the shareholders at the forthcoming general meeting. Based on the issued and paid-up capital of the Company at the end of the reporting period, the final dividend would amount to approximately RM53,041,000.

## 27. OPERATING SEGMENTS

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

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

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

### Business segments

The Group comprises the following main business segments:

Marine-products manufacturing	Deep-sea fishing, manufacture and sale of fishmeal, surimi and surimi based products.
Palm oil and biomass energy activities	Plantation, crude palm oil milling and downstream palm biomass technology.
Integrated livestock farming	Distribution of animal feed raw materials, food related products and livestock farming.

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

### Geographical segments

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

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

## 27. OPERATING SEGMENTS (CONTINUED)

	Marine-products manufacturing		Palm oil and biomass energy activities		Integrated livestock farming		Consolidated	
	2015	2014	2015	2014	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Business segments</b>								
Revenue from external customers	732,545	618,524	345,106	334,743	1,630,116	1,503,919	2,707,767	2,457,186
Segment profit before taxation	127,222	109,198	14,791	9,542	103,962	85,027	245,975	203,767
<i>Included in the measurement of segment profit before taxation are:</i>								
Inter-segment revenue	111,471	91,707	2,190	2,669	4,535	3,719	118,196	98,095
Finance costs	(6,915)	(7,619)	(6,486)	(6,334)	(22,167)	(21,166)	(35,568)	(35,119)
Finance income	1,652	540	691	126	3,521	1,858	5,864	2,524
Depreciation and amortisation	(45,155)	(29,822)	(4,457)	(13,503)	(38,929)	(34,893)	(88,541)	(78,218)
Share of profit of associates, net of tax	162	-	16,022	12,529	7,088	2,096	23,272	14,625
<i>Not included in the measurement of segment profit before taxation but provided to Managing Director:</i>								
Tax expense	(26,063)	(14,977)	(908)	(1,993)	(23,064)	(20,043)	(50,035)	(37,013)

## 27. OPERATING SEGMENTS (CONTINUED)

	Marine-products manufacturing		Palm oil and biomass energy activities		Integrated livestock farming		Consolidated	
	2015	2014	2015	2014	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Segment assets</b>	795,695	630,083	408,254	418,338	1,381,319	1,193,204	2,585,268	2,241,625
<b>Segment liabilities</b>	114,565	80,593	111,578	128,704	859,675	686,613	1,085,818	895,910
<i>Included in the measurement of segment assets are:</i>								
Investment in associates	508	-	91,305	74,835	2,848	26,519	94,661	101,354
Additions to non-current assets other than financial instruments and deferred tax assets	149,269	82,163	14,197	3,801	105,150	105,009	268,616	190,973

	Malaysia		Indonesia		Vietnam		Other countries		Consolidated	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Geographical segments</b>										
Revenue from external customers	2,422,198	2,231,159	229,649	181,460	51,221	41,086	4,699	3,481	2,707,767	2,457,186
Non-current assets other than deferred tax asset	1,167,581	973,523	366,026	328,338	73,034	53,477	4,097	4,225	1,610,738	1,359,563

## 28. FINANCIAL INSTRUMENTS

### 28.1 Categories of financial instruments

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

- (i) Loans and receivables ("L&R");
- (ii) Fair value through profit or loss ("FVTPL");
  - Held for trading ("HFT"); and
- (iii) Financial liabilities measured at amortised cost ("FL").

	Carrying amount RM'000	L&R/ (FL) RM'000	FVTPL -HFT RM'000	Derivatives used for hedging RM'000
<b>2015</b>				
<b>Financial assets</b>				
<b>Group</b>				
Other investments	61,560	-	61,560	-
Derivative financial assets	4,690	-	-	4,690
Trade and other receivables, excluding advances to suppliers	274,629	274,629	-	-
Cash and cash equivalents	200,733	200,733	-	-
	541,612	475,362	61,560	4,690
<b>Company</b>				
Other investments	61,560	-	61,560	-
Derivative financial assets	4,682	-	-	4,682
Trade and other receivables	421,574	421,574	-	-
Cash and cash equivalents	23,897	23,897	-	-
	511,713	445,471	61,560	4,682
<b>Financial liabilities</b>				
<b>Group</b>				
Loans and borrowings	(756,991)	(756,991)	-	-
Derivative financial liabilities	(3,149)	-	-	(3,149)
Trade and other payables	(238,302)	(238,302)	-	-
	(998,442)	(995,293)	-	(3,149)
<b>Company</b>				
Loans and borrowings	(384,772)	(384,772)	-	-
Trade and other payables	(8,956)	(8,956)	-	-
	(393,728)	(393,728)	-	-

## 28. FINANCIAL INSTRUMENTS (CONTINUED)

### 28.1 Categories of financial instruments (continued)

	Carrying amount RM'000	L&R/ (FL) RM'000	FVTPL -HFT RM'000	Derivatives used for hedging RM'000
<b>2014</b>				
<b>Financial assets</b>				
<b>Group</b>				
Derivative financial assets	2,169	-	259	1,910
Trade and other receivables, excluding advances to suppliers	236,501	236,501	-	-
Cash and cash equivalents	253,157	253,157	-	-
	491,827	489,658	259	1,910
<b>Company</b>				
Derivative financial assets	1,907	-	-	1,907
Trade and other receivables	304,042	304,042	-	-
Cash and cash equivalents	81,804	81,804	-	-
	387,753	385,846	-	1,907
<b>Financial liabilities</b>				
<b>Group</b>				
Loans and borrowings	(654,276)	(654,276)	-	-
Derivative financial liabilities	(3)	-	-	(3)
Trade and other payables	(168,009)	(168,009)	-	-
	(822,288)	(822,285)	-	(3)
<b>Company</b>				
Loans and borrowings	(328,469)	(328,469)	-	-
Trade and other payables	(11,109)	(11,109)	-	-
	(339,578)	(339,578)	-	-

**28. FINANCIAL INSTRUMENTS (CONTINUED)****28.2 Net (losses) and gains arising from financial instruments**

	<b>Group</b>		<b>Company</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Net (losses)/gains arising on:				
Fair value through profit or loss:				
- Held for trading	(2,218)	374	-	-
Derivatives designated as				
hedging instrument:				
- recognised in other	(2,985)	387	(625)	261
comprehensive income	127	(15)	-	-
- recognised in profit or loss				
	(2,858)	372	(625)	261
Loans and receivables	6,000	286	20,166	11,461
Available-for-sale financial assets:				
- recognise in other				
comprehensive income	1,584	-	1,584	-
Financial liabilities measured at				
amortised cost	(38,909)	(36,509)	1,140	(19,496)
	(36,401)	(35,477)	22,265	(7,774)

**28.3 Financial risk management**

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

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

- Credit risk
- Liquidity risk
- Market risk

**28.4 Credit risk****Receivables**

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

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

Credit risk is controlled by the application of credit approvals, limits and monitoring procedures. Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis.



## 28. FINANCIAL INSTRUMENTS (CONTINUED)

### 28.4 Credit risk (continued)

#### Receivables (continued)

##### *Risk management objectives, policies and processes for managing the risk (cont'd)*

Credit evaluations are performed on all customers requiring credit over a certain amount. The Group and the Company do not have any significant exposure to any individual counterparty. The Group and the Company have credit policy in place to ensure that transactions are conducted with creditworthy counterparty.

##### *Exposure to credit risk, credit quality and collateral*

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

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

##### *Impairment losses*

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

	<b>Gross</b>	<b>Individual</b>	<b>Net</b>
<b>Group</b>	<b>RM'000</b>	<b>impairment</b>	<b>RM'000</b>
		<b>RM'000</b>	
<b>2015</b>			
Not past due	166,303	-	166,303
Past due 1-120 days	94,399	(562)	93,837
Past due more than 120 days	22,116	(7,627)	14,489
	<b>282,818</b>	<b>(8,189)</b>	<b>274,629</b>
<b>2014</b>			
Not past due	169,305	-	169,305
Past due 1-120 days	64,690	(739)	63,951
Past due more than 120 days	10,535	(7,290)	3,245
	<b>244,530</b>	<b>(8,029)</b>	<b>236,501</b>

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

	<b>Group</b>	
	<b>2015</b>	<b>2014</b>
	<b>RM'000</b>	<b>RM'000</b>
At 1 April 2014/2013	8,029	6,394
Impairment loss recognised	1,517	2,175
Impairment loss reversed	(489)	(310)
Impairment loss written off	(868)	(230)
At 31 March	<b>8,189</b>	<b>8,029</b>

## 28. FINANCIAL INSTRUMENTS (CONTINUED)

### 28.4 Credit risk (continued)

#### Financial guarantees

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

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

##### *Exposure to credit risk, credit quality and collateral*

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

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

#### Inter-company balances

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

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

##### *Exposure to credit risk, credit quality and collateral*

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

##### *Impairment losses*

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

### 28.5 Liquidity risk

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

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

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

## 28. FINANCIAL INSTRUMENTS (CONTINUED)

### 28.5 Liquidity risk (continued)

#### Maturity analysis

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

	Carrying amount RM'000	Contractual interest rate %	Contractual cash flow RM'000	Under 1 year RM'000	1 - 2 years RM'000	2 - 5 years RM'000
<b>Group 2015</b>						
<i>Non-derivative financial liabilities</i>						
Revolving credit	33,000	4.23 - 4.58	34,454	34,454	-	-
Bank overdrafts	25,542	7.10 - 8.35	27,515	27,515	-	-
Bills payable	282,529	3.23 - 5.28	294,551	294,551	-	-
Term loans	414,553	3.91 - 6.90	454,375	94,247	97,447	262,681
Finance lease liabilities	1,367	2.50 - 5.80	1,481	388	1,093	-
Trade and other payables	238,302	-	238,302	238,302	-	-
	995,293		1,050,678	689,457	98,540	262,681
<i>Derivative financial liabilities</i>						
Forward exchange contracts (gross settled):						
Outflow	3,141	-	80,895	80,895	-	-
Inflow	-	-	(77,754)	(77,754)	-	-
Cross currency swap	(4,911)	-	(4,911)	(4,911)	-	-
Interest rate swap	229	-	229	229	-	-
	993,752		1,049,137	687,916	98,540	262,681

## 28. FINANCIAL INSTRUMENTS (CONTINUED)

## 28.5 Liquidity risk (continued)

*Maturity analysis (continued)*

	Carrying amount RM'000	Contractual interest rate %	Contractual cash flow RM'000	Under 1 year RM'000	1 - 2 years RM'000	2 - 5 years RM'000
<b>Group 2014</b>						
<i>Non-derivative financial liabilities</i>						
Revolving credit	23,026	4.23 - 4.58	24,042	24,042	-	-
Bank overdrafts	20,481	7.10 - 8.35	22,063	22,063	-	-
Bills payable	264,887	3.23 - 5.28	264,887	264,887	-	-
Term loans	329,570	3.91 - 6.90	359,460	71,196	89,007	199,257
Islamic Commercial Papers	15,164	4.33 - 4.57	16,137	9,139	6,998	-
Finance lease liabilities	1,148	2.50 - 5.80	1,224	511	713	-
Trade and other payables	168,009	-	168,009	168,009	-	-
	822,285		855,822	559,847	96,718	199,257
<i>Derivative financial liabilities</i>						
Forward exchange contracts (gross settled):						
Outflow	-	-	95,343	95,343	-	-
Inflow	(259)	-	(95,602)	(95,602)	-	-
Cross currency swap	(1,860)	-	(1,860)	(1,860)	-	-
Interest rate swap	(47)	-	(47)	(47)	-	-
	820,119		853,656	557,681	96,718	199,257

## 28. FINANCIAL INSTRUMENTS (CONTINUED)

### 28.5 Liquidity risk (continued)

#### Maturity analysis (continued)

<b>Company</b>	<b>Carrying amount</b>	<b>Contractual interest rate</b>	<b>Contractual cash flow</b>	<b>Under 1 year</b>	<b>1 - 2 years</b>	<b>2 - 5 years</b>
<b>2015</b>	<b>RM'000</b>	<b>%</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<i>Non-derivative financial liabilities</i>						
Revolving credit	15,000	4.23 - 4.58	15,661	15,661	-	-
Term loans	369,772	3.91 - 6.90	420,833	72,157	77,449	271,227
Trade and other payables	8,956	3.55	9,159	9,159	-	-
Financial guarantee	-	-	744,741	744,741	-	-
	393,728		1,190,394	841,718	77,449	271,227
<i>Derivative financial liabilities</i>						
Cross currency swap	(4,911)	-	(4,911)	(4,911)	-	-
Interest rate swap	229	-	229	229	-	-
	389,046		1,185,712	837,036	77,449	271,227
<b>2014</b>						
<i>Non-derivative financial liabilities</i>						
Revolving credit	23,026	4.23 - 4.58	24,042	24,042	-	-
Term loans	290,279	3.91 - 4.56	318,804	55,044	78,852	184,908
Islamic Commercial Papers	15,164	4.33 - 4.57	16,137	9,139	6,998	-
Trade and other payables	11,109	3.55	11,492	11,492	-	-
Financial guarantee	-	-	728,539	728,539	-	-
	339,578		1,009,014	828,256	85,850	184,908
<i>Derivative financial liabilities</i>						
Cross currency swap	(1,860)	-	(1,860)	(1,860)	-	-
Interest rate swap	(47)	-	(47)	(47)	-	-
	337,671		1,097,107	826,349	85,850	184,908

**28. FINANCIAL INSTRUMENTS (CONTINUED)****28.6 Market risk**

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

**28.6.1 Currency risk**

The Group is exposed to foreign currency risk arising from transactions that are denominated in a currency other than the respective functional currencies of 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 foreign exchange management policies are to minimise exposures arising from currency movements. The Group monitors currency movements closely and may enter into foreign currency swaps, forward foreign currency contracts and options to limit its exposure when the needs arise.

*Exposure to foreign currency risk*

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

	Denominated in USD	
	2015	2014
Group	RM'000	RM'000
Trade receivables	43,663	43,933
Unsecured bank loans	(8,858)	(16,233)
Trade payables	(3,578)	(3,764)
Forward exchange contracts	(19,819)	(21,014)
Cash and cash equivalents	4,765	3,537
<b>Net exposure</b>	<b>16,173</b>	<b>6,459</b>

*Currency risk sensitivity analysis*

A 1.50% (2014: 1.50%) strengthening of RM against USD at the end of the reporting period would have increased (decreased) equity and post-tax profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remained constant and ignores any impact of forecasted sales and purchases.

	2015		2014	
	Equity RM'000	Profit or (loss) RM'000	Equity RM'000	Profit or (loss) RM'000
Group				
USD	-	(182)	-	(73)

## 28. FINANCIAL INSTRUMENTS (CONTINUED)

### 28.6 Market risk (continued)

#### 28.6.1 Currency risk (continued)

##### *Currency risk sensitivity analysis (continued)*

A 1.50% (2014: 1.50%) weakening of RM against USD at the end of the reporting period would have had equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remained constant.

#### 28.6.2 Interest rate risk

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

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

In managing interest rate risk, the Group and the Company maintains 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:

	<b>Group</b>		<b>Company</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Fixed rate instruments</b>				
Financial assets	7,136	25,100	580	580
Financial liabilities	(416,896)	(389,369)	(115,000)	(123,334)
	(409,760)	(364,269)	(114,420)	(122,754)
<b>Floating rate instruments</b>				
Financial assets	183,189	167,781	23,226	320,157
Financial liabilities	(340,095)	(264,907)	(275,489)	(215,914)
	(156,906)	(97,126)	(252,263)	104,243

##### *Interest rate risk sensitivity analysis*

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

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

**28. FINANCIAL INSTRUMENTS (CONTINUED)****28.6 Market risk (continued)****28.6.2 Interest rate risk (continued)***Interest rate risk sensitivity analysis (continued)**(b) Cash flow sensitivity analysis for variable rate instruments*

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

	Profit or (loss)			
	50 bp increase 2015 RM'000	50 bp decrease 2015 RM'000	50 bp increase 2014 RM'000	50 bp decrease 2014 RM'000
<b>Group</b>				
Floating rate instruments	(588)	588	(364)	364
<b>Company</b>				
Floating rate instruments	635	(635)	391	(391)

**28.6.3 Other price risk**

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

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

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

*Equity price risk sensitivity analysis*

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

**28.7 Hedging activities****28.7.1 Cash flow hedge**

The Group and the Company has entered into forward exchange contract to hedge the cash flow risk in relation to the potential change in foreign exchange rates totalling RM79,180,000 (2014: RM95,602,000). The forward exchange contract has the same nominal value of RM79,180,000 (2014: RM95,602,000) and is to be settled in full upon maturity. The Group and the Company has also entered into cross currency swap, interest rate swap and commodity options to hedge against cash flow risk in relation to loans in foreign currency, changes in interest rates and commodity prices respectively.



## 28. FINANCIAL INSTRUMENTS (CONTINUED)

### 28.7 Hedging activities (continued)

#### 28.7.1 Cash flow hedge (continued)

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

	Carrying amount RM'000	Expected cash flows RM'000	Under 1 year RM'000
<b>Group</b>			
<b>2015</b>			
<b>Financial liabilities</b>			
Forward exchange contracts			
Outflow	3,141	80,895	80,895
Inflow	-	(77,754)	(77,754)
Cross currency swap	(4,911)	(4,911)	(4,911)
Interest rate swap	229	229	229
<b>2014</b>			
<b>Financial liabilities</b>			
Forward exchange contracts			
Outflow	-	95,343	95,343
Inflow	(259)	(95,602)	(95,602)
Cross currency swap	(1,860)	(1,860)	(1,860)
Interest rate swap	(47)	(47)	(47)
<b>Company</b>			
<b>2015</b>			
<b>Financial liabilities</b>			
Cross currency swap	(4,911)	(4,911)	(4,911)
Interest rate swap	229	229	229
<b>2014</b>			
<b>Financial liabilities</b>			
Cross currency swap	(1,860)	(1,860)	(1,860)
Interest rate swap	(47)	(47)	(47)

During the year, the Group and the Company had recognised net loss of RM2,985,000 and RM625,000 (2014: net gain of RM386,000 and RM261,000) respectively in other comprehensive income.

Ineffectiveness loss amounting to RM17,000 (2014: RM15,000) was recognised by the Group in profit or loss in respect of the hedge. There was no ineffectiveness gain or loss being recognised by the Company.

### 28.8 Fair value 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.

**28. FINANCIAL INSTRUMENTS (CONTINUED)****28.8 Fair value information (continued)**

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 RM'000	Carrying amount RM'000
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000		
<b>Group</b>										
<b>2015</b>										
<b>Financial assets</b>										
Cross currency swap	-	-	4,911	4,911	-	-	-	-	4,911	4,911
Interest rate swap	-	-	(229)	(229)	-	-	-	-	(229)	(229)
Forward exchange contracts	-	(3,141)	-	(3,141)	-	-	-	-	(3,141)	(3,141)
	-	(3,141)	4,682	1,541	-	-	-	-	1,541	1,541
<b>Financial liabilities</b>										
Unsecured fixed rate term loans	-	-	-	-	-	-	(99,067)	(99,067)	(99,067)	(100,320)
Finance lease liabilities	-	-	-	-	-	-	(1,165)	(1,165)	(1,165)	(1,367)
	-	-	-	-	-	-	(100,232)	(100,232)	(100,232)	(101,687)

## 28. FINANCIAL INSTRUMENTS (CONTINUED)

### 28.8 Fair value information (continued)

Group 2014	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value RM'000	Carrying amount RM'000
	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		
<b>Financial assets</b>										
Cross currency swap	-	-	1,860	1,860	-	-	-	-	1,860	1,860
Interest rate swap	-	-	47	47	-	-	-	-	47	47
Forward exchange contracts	-	259	-	259	-	-	-	-	259	259
	-	259	1,907	2,166	-	-	-	-	2,166	2,166
<b>Financial liabilities</b>										
Unsecured fixed rate term loans	-	-	-	-	-	-	(99,376)	(99,376)	(99,376)	(100,308)
Finance lease liabilities	-	-	-	-	-	-	(1,165)	(1,165)	(1,165)	(1,148)
	-	-	-	-	-	-	(100,541)	(100,541)	(100,541)	(101,456)

## 28. FINANCIAL INSTRUMENTS (CONTINUED)

## 28.8 Fair value information (continued)

Company	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value RM'000	Carrying amount RM'000
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000		
2015										
Financial assets										
Gross currency swap	-	-	4,911	4,911	-	-	-	-	4,911	4,911
Interest rate swap	-	-	(229)	(229)	-	-	-	-	(229)	(229)
	-	-	4,682	4,682	-	-	-	-	4,682	4,682
Financial liabilities										
Unsecured fixed rate term loans	-	-	-	-	-	-	(99,067)	(99,067)	(99,067)	(100,320)
2014										
Financial assets										
Gross currency swap	-	-	1,860	1,860	-	-	-	-	1,860	1,860
Interest rate swap	-	-	47	47	-	-	-	-	47	47
	-	-	1,907	1,907	-	-	-	-	1,907	1,907
Financial liabilities										
Unsecured fixed rate term loans	-	-	-	-	-	-	(99,376)	(99,376)	(99,376)	(100,308)

## 28. FINANCIAL INSTRUMENTS (CONTINUED)

### 28.8 Fair value information (continued)

#### Policy on transfer between levels

The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

#### Level 1 fair value

Level 1 fair value is derived from quoted price (unadjusted) in active markets for identical financial assets or liabilities that the entity can access at the measurement date.

#### Level 2 fair value

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the financial assets or liabilities, either directly or indirectly.

#### Derivatives

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

#### 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 (2014: no transfer in either directions).

#### Level 3 fair value

Level 3 fair value is estimated using unobservable inputs for the financial assets and liabilities.

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

	2015 RM'000	2014 RM'000
<b>Group/Company</b>		
Balance at 1 April 2014/2013	1,907	(3,775)
<b>Gains recognised in profit or loss</b>		
Other income - realised	3,400	5,421
<b>Gains recognised in other comprehensive income</b>		
Cash flow hedge	(625)	261
Balance at 31 March	4,682	1,907

**28. FINANCIAL INSTRUMENTS (CONTINUED)****28.8 Fair value information (continued)****Level 3 fair value (continued)**

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.

Type	Valuation Technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
(a) Financial instruments carried at fair value			
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 (2015: 3-5%; 2014: 3-5%)	The estimated fair value would increase (decrease) if the interest rate were higher (lower).
(b) Financial instruments not carried at fair value			
Term loans and finance lease liabilities	Discounted cash flows	Discount rate (2015: 4.99%; 2014: 4.99%)	The estimated fair value would increase (decrease) if the interest rate were lower (higher).

**29. CAPITAL AND OTHER COMMITMENTS**

	<b>Group</b>	
	<b>2015</b>	<b>2014</b>
	<b>RM'000</b>	<b>RM'000</b>
Capital commitments:		
<i>Property, plant and equipment</i>		
Authorised but not contracted for	156,918	206,667
Contracted but not provided for in the financial statements	43,790	88,295

**30. CAPITAL MANAGEMENT**

The Group and the Company defines 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 monitors debts to equity ratio to ensure compliance with management policies as well as maintaining shareholders' confidence in the management.

### 31. OPERATING LEASES

Non-cancellable operating leases are as follows:

	Group	
	2015 RM'000	2014 RM'000
Less than one year	154	547
Between one and five years	162	869
More than five years	386	386
	702	1,802

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

### 32. RELATED PARTIES

#### *Identity of related parties*

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

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

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

**32. RELATED PARTIES (CONTINUED)****Significant related party transactions**

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

	<b>Group</b>	
	<b>2015</b>	<b>2014</b>
	<b>RM'000</b>	<b>RM'000</b>
With companies in which Dr Ng Siew Thiam, Chia Song Kun, Chia Song Phuan, Chia Teow Guan, Cheah Yaw Song, Cheah Juw Teck, Chia Song Pou, Chia Seong Fatt, Chia Song Swa, Chia Song Kooi, Heng Hup Peng and Sim Chin Swee, Directors of certain subsidiaries have interests		
Success Portfolio Sdn. Bhd.		
Sales	(5,387)	(3,786)
Fusipim Sdn. Bhd.:		
Sales	(1,240)	(611)
MB Agriculture (Sandakan) Sdn. Bhd.		
Sales	(6,200)	(4,806)
Purchases	947	389
MB Agriculture (Sabah) Sdn. Bhd.:		
Sales	(13,412)	(12,177)
Arena Dijaya Sdn. Bhd.:		
Sales	(4,021)	(3,448)
Keang Huat Trading Sdn. Bhd.:		
Purchases	3,892	3,311
Perikanan Sri Tanjung Sdn. Bhd.:		
Purchases	920	1,086
Visible Triumph Sdn. Bhd.		
Sales	(1,638)	(2,240)
RubyTech Resources Sdn. Bhd.		
Sale of land	-	(10,000)
Green Breeder Sdn. Bhd.:		
Sales	(17,972)	(10,909)
Timurikan Trengganu Marine Products Sdn. Bhd.:		
Sales	(150)	(439)
Purchases	629	885
C Care Enterprise Sdn. Bhd.:		
Sales	(3,345)	(4,038)
Purchases	149	-
Sin Teow Fatt Trading Co.:		
Purchases	614	508
E Koon Plastic Trading:		
Purchases	1,539	864
Haï Hong Fishery Sdn. Bhd.:		
Purchases	479	-
Leisure Junction Sdn. Bhd.:		
Sale of land	-	(18,482)
With a person connected to Cheah Yaw Song and Cheah Juw Teck, Directors of certain subsidiaries have interests		
Cheah Joo Kiang:		
Sales	(2,933)	(3,048)
Associates		
Gross dividends received	(4,817)	(2,647)
Warehousing services	8,424	6,385
Sales of feed	(38,061)	(42,610)



## 32. RELATED PARTIES (CONTINUED)

### Significant related party transactions (continued)

	Company	
	2015 RM'000	2014 RM'000
Subsidiaries		
Administrative charges	-	(723)
Finance income	(17,627)	(11,166)
Finance costs	933	1,693
Management fee income	-	(38)
Net dividend received	(67,268)	(154,870)
Rental expenses	-	130

The key management personnel compensation are as follows:

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Directors of the Company				
- Fees	1,279	1,134	867	714
- Remuneration	9,468	8,680	11	321
- Other short-term employee benefits (including estimated monetary value of benefits-in-kind)	117	127	-	28
	10,864	9,941	878	1,063
Directors of subsidiaries				
- Fees	351	350	24	24
- Remuneration	8,907	8,537	-	141
- Other short-term employee benefits (including estimated monetary value of benefits-in-kind)	104	46	-	-
	9,362	8,933	24	165
Other key management personnel				
- Remuneration	1,231	1,738	-	311
- Other short-term employee benefits (including estimated monetary value of benefits-in-kind)	-	7	-	2
	1,231	1,745	-	313
	21,457	20,619	902	1,541

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

### 33. SUBSIDIARIES

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

Name of Company	Principal activities	Effective ownership interest (%)	
		2015	2014
QL Feedingstuffs Sdn. Bhd. and its subsidiaries	Investment holding, provision of management services, and distribution of animal feeds, raw materials and food grain	100	100
QL Agrofood Sdn. Bhd.	Processing and sale of animal feeds, trading of raw materials for animal feeds, lubricants and foodstuffs	100	100
QL Agroventures Sdn. Bhd.	Layer and broiler farming	100	100
QL Agrobio Sdn. Bhd.	Commercial production and supply of biologically digested feeding raw materials	51	51
QL KK Properties Sdn. Bhd.	Property holding	100	100
Maxincome Resources Sdn. Bhd.	Provision of management services	100	100
Chingsan Development Sdn. Bhd.	Property holding	100	100
QL Tawau Feedmill Sdn. Bhd.	Manufacture and sale of animal feeds and providing chicken parts processing service	100	100
QL Feed Sdn. Bhd.	Marketing and distribution of animal feed raw material and food grain	100	100
QL Realty Sdn. Bhd. and its subsidiaries	Investment holding	100	100
PT QL Trimitra**	Integrated broiler farming and its related activities	80	80
PT QL Agrofood**	Layer farming and poultry feed manufacturing	100	100
Pacific Vet Group (M) Sdn. Bhd. and its subsidiary	Investment holding	90	90
QL Pacific Vet Group Sdn. Bhd.	Trading of feed supplement, animal health food and agricultural products	90	90
QL AgroResources Sdn. Bhd. and its subsidiaries	Investment holding, feed milling, selling and distribution of animal feeds, raw materials and other related products	95	95
QL Livestock Farming Sdn. Bhd.	Poultry farming, feed milling as well as selling and distribution of animal feeds, poultry and related products	95	95

### 33. SUBSIDIARIES (CONTINUED)

Name of Company	Principal activities	Effective ownership interest (%)	
		2015	2014
Gelombang Elit (M) Sdn. Bhd.	Property holding	95	95
QL TP Fertilizer Sdn. Bhd.	Producing and selling organic fertilizer and food grain	48.45	48.45
QL Farms Sdn. Bhd. and its subsidiaries	Investment holding, layer and broiler farming, wholesale of frozen chicken parts, manufacturing and sales of organic fertilizer	100	100
Adequate Triumph Sdn. Bhd.	Property holding	100	100
QL Inter-Food Sdn. Bhd.	Trading of goods	100	100
QL Breeder Farm Sdn. Bhd.	Poultry breeding and farming	100	100
Merkaya Sdn. Bhd.	Dormant	100	100
QL Ansan Poultry Farm Sdn. Bhd. and its subsidiaries	Investment holding and poultry farming	90.77	85
QL Rawang Poultry Farm Sdn. Bhd.	Property holding	90.77	85
QL Poultry Farms Sdn. Bhd.#	Layer farming	90.77	100
Hybrid Figures Sdn. Bhd.	Dormant	90.77	85
QL Vietnam AgroResources Liability Limited Company***	Poultry farming	100	100
QL International Pte. Ltd.****	Dormant	100	100
PT QL Feed Indonesia**	Dormant	100	100
QL Oil Sdn. Bhd. and its subsidiaries	Investment holding	100	100
QL Plantation Sdn. Bhd. and its subsidiary	Investment holding, oil palm cultivation, processing and marketing of oil palm products	100	100
QL Tawau Biogas Sdn. Bhd.	Operating a biogas power plant	100	100
QL BioEnergy Sdn. Bhd.	Dormant	100	100
QL Mutiara (S) Pte. Ltd.* and its subsidiary	Investment holding	78.42	78.42
PT Pipit Mutiara Indah **	Oil palm plantation and crude palm oil milling	74.50	74.50
QL Fishery Sdn. Bhd. and its subsidiaries	Investment holding	100	100
QL Marine Products Sdn. Bhd. and its subsidiaries	Investment holding, manufacturing of surimi, surimi-based products and fishmeal as well as processing and sale of frozen seafood	100	100
Icon Blitz Sdn. Bhd.	Dormant	100	100

**33. SUBSIDIARIES (CONTINUED)**

Name of Company	Principal activities	Effective ownership interest (%)	
		2015	2014
QL Deep Sea Fishing Sdn. Bhd.	Deep sea fishing and sale of subsidised diesel to fishermen	100	100
QL Foods Sdn. Bhd. and its subsidiaries	Investment holding, manufacturing of surimi and surimi-based products	100	100
QL Aquaculture Sdn. Bhd.	Dormant	100	100
QL Aquamarine Sdn. Bhd.	Aqua-farming	100	100
QL Fishmeal Sdn. Bhd. and its subsidiary	Investment holding, manufacturing and trading of fishmeal	100	100
PT QL Hasil Laut**	Manufacturing of surimi and fishmeal	99.97	99.97
QL Endau Marine Products Sdn. Bhd. and its subsidiaries	Investment holding and manufacturing of surimi	70.59	70.59
QL Endau Deep Sea Fishing Sdn. Bhd.	Deep sea fishing	70.59	70.59
QL Endau Fishmeal Sdn. Bhd.	Manufacturing and trading of fishmeal	70.59	70.59
Pilihan Mahir Sdn. Bhd.	Dormant	70.59	70.59
Rikawawasan Sdn. Bhd.	Deep sea fishing	70.59	70.59
QL Figo Foods Sdn. Bhd.	Investment holding, manufacturing and sale of "halal" food products	100	100
QL Figo (Johor) Sdn. Bhd. (f.k.a. QL Fujiya Pastry Sdn. Bhd.)#	Manufacturing and sale of "halal" food products	100	60
QL Fresh Choice Seafood Sdn. Bhd.	Coastal fish trawling and wholesale of marine products	100	100
QL Lian Hoe Sdn. Bhd.	Manufacturing and sale of surimi-based products	82	82
QL Lian Hoe (S) Pte. Ltd.* and its subsidiary	Investment holding	100	100
Zhongshan True Taste Food Industrial Co. Ltd.*****	Manufacturing and sale of food products	100	100
Kuala Kedah Fish Meal Sendirian Berhad	Property investment	100	-
Kembang Subur Sdn. Bhd. and its subsidiaries*****	Hatchery and aqua culturing of prawn, shrimps and fishes	63.33	-
KS Galah Sdn. Bhd. *****	Dormant	63.33	-
KS Monodon Sdn. Bhd. *****	Dormant	63.33	-
Kembang Subur (Perak) Sdn. Bhd. *****	Hatchery and aqua culturing of prawn, shrimps and fishes.	34.83	-
Kembang Subur International Ltd. and its subsidiary*****	Investment holding	32.30	-

### 33. SUBSIDIARIES (CONTINUED)

Name of Company	Principal activities	Effective ownership interest (%)	
		2015	2014
Nam Duong Vietnam Aquatic Hatchery Company. Limited*****	Production and sales of aquatic breeds	32.30	-
QL Green Resources Sdn. Bhd. and its subsidiaries	Investment holding	100	100
QL Green Energy Sdn. Bhd.	Investment holding	100	97.75
QL Tawau Palm Pellet Sdn. Bhd.#	Operating a palm pellet plant	100	98.85
QL NatureCo Sdn. Bhd. and its subsidiary	Investment holding	100	84.99
QL Palm Pellet Sdn. Bhd.	Development and marketing of "Palm Pelletising System" to produce pellet sized fuel cells called palm pellets	100	84.99
QL ESCO Sdn. Bhd.	Supply of biomass	100	100
QL Carbon Sdn. Bhd.	Dormant	100	100
Leisure Pyramid Sdn. Bhd.	Manufacturing of wood pellet	66.67	66.67
QL IPC Sdn. Bhd.	Dormant	100	100
QL Corporate Services Sdn. Bhd.	Provision of management services	100	100

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

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

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

\*\*\*\* Subsidiary incorporated in Labuan and consolidated based on management accounts.

\*\*\*\*\* Subsidiary incorporated in China, audited by another firm of accountants and consolidated based on management accounts.

\*\*\*\*\* Subsidiaries incorporated in Malaysia, audited by another firm of accountants and consolidated based on management accounts.

\*\*\*\*\* Subsidiaries incorporated in Vietnam, audited by another firm of accountants and consolidated based on management accounts.

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

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

**33. SUBSIDIARIES (CONTINUED)**

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

	Number of ordinary shares of RM1.00 each			
	At 1.4.2014	Bought	Sold	At 31.3.2015
Interest in non-wholly owned subsidiaries via QL Feedingstuffs Sdn. Bhd.				
Pacific Vet Group (M) Sdn. Bhd. and its subsidiary QL Pacific Vet Group Sdn. Bhd.	2,736,000	-	-	2,736,000
QL AgroResources Sdn. Bhd. and its subsidiaries QL Livestock Farming Sdn. Bhd.	2,000,000	-	-	2,000,000
QL TP Fertilizer Sdn. Bhd.	10,070,000	-	-	10,070,000
QL Ansan Poultry Farm Sdn. Bhd. and its subsidiaries QL Rawang Poultry Farm Sdn. Bhd.	20,000,000	-	-	20,000,000
Hybrid Figures Sdn. Bhd.	352,600	-	-	352,600
QL Poultry Farm Sdn. Bhd.	255,000	-	-	255,000
QL Agrobio Sdn. Bhd.	17,000,000	15,500,000	(275,000)	32,225,000
PT QL Trimitra ##	4,400,000	-	-	4,400,000
	2	-	-	2
	-	18,000,000	-	18,000,000
	510,000	-	-	510,000
	1,200,000	-	-	1,200,000
Interest in non-wholly owned subsidiaries via QL Oil Sdn. Bhd.				
QL Mutiara (S) Pte. Ltd. ## and its subsidiary PT Pipit Mutiara Indah^	11,919,998	-	-	11,919,998
	2,983,000	-	-	2,983,000
Interest in non-wholly owned subsidiaries via QL Fishery Sdn. Bhd.				
PT QL Hasil Laut ##	2,999,000	-	-	2,999,000
QL Endau Marine Products Sdn. Bhd. and its subsidiaries QL Endau Deep Sea Fishing Sdn. Bhd.	6,723,960	-	-	6,723,960
QL Endau Fishmeal Sdn. Bhd.	43,800,000	-	-	43,800,000
Pilihan Mahir Sdn. Bhd.	20,100,000	-	-	20,100,000
Rikawawasan Sdn. Bhd.	10,000	-	-	10,000
QL Lian Hoe Sdn. Bhd.	10,000,000	-	-	10,000,000
	8,200,000	-	-	8,200,000
Interest in non-wholly owned subsidiaries via QL Green Resources Sdn. Bhd.				
Leisure Pyramid Sdn. Bhd.	800,000	-	-	800,000

## Ordinary shares of USD1.00 each

^ Ordinary shares of RP50,000 each

## 34. ACQUISITION OF SUBSIDIARIES AND NON-CONTROLLING INTEREST

### 34.1 Acquisition of subsidiaries

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

- 100% equity interest in Kuala Kedah Fish Meal Sendirian Berhad ("KKFM") for a cash consideration of RM2,700,000; and
- 63.33% equity interest in Kembang Subur Sdn. Bhd. ("KSSB") for a cash consideration of RM20,910,000.

KKFM is principally engagement in property investment. KSSB principal activities involve the business of marine shrimp hatchery operation for the production and sale of SPF nauplii and post larvae, as well as shrimp grow-out farming, whilst the principal activities of its subsidiaries are as disclosed in Note 33 of the financial statements.

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

	Pre-acquisition carrying amount RM'000	Fair value adjustments RM'000	Recognised values on acquisition RM'000
Property, plant and equipment	26,906	3,373	30,279
Cash and cash equivalents	14,564	-	14,564
Inventories	812	-	812
Biological assets	1,348	-	1,348
Investment in associate	346	-	346
Trade and other receivables	6,726	-	6,726
Trade and other payables	(8,326)	-	(8,326)
Loans and borrowings	(9,484)	-	(9,484)
Non-controlling interest	(11,717)	-	(11,717)
Deferred tax liabilities	(764)	-	(764)
Provision for taxation	(174)	-	(174)
	20,237	3,373	23,610

Fair value adjustments:

- The fair value of KKFM's leasehold land is valued by independent valuer using the comparison and cost model.
- The fair value of KSSB's freehold land has been determined provisionally pending completion of an independent valuation.

Other than the above, the value of other assets and liabilities recognised on acquisition are their estimated fair values.

**34. ACQUISITION OF SUBSIDIARIES AND NON-CONTROLLING INTEREST (CONTINUED)****34.1 Acquisition of subsidiaries (continued)**

<b>Net cash outflow arising from acquisition of subsidiaries</b>	<b>RM'000</b>
Purchase consideration settled in cash and cash equivalents	(23,610)
Cash and cash equivalents acquired	14,564
	<u>(9,046)</u>

**34.2 Acquisition of non-controlling interest**

34.2.1 In August 2014, the Group, via its wholly-owned subsidiary, QL Figo Sdn. Bhd. ("QL Figo") acquired the remaining 40% equity interest in QL Figo (Johor) Sdn. Bhd. (f.k.a. QL Fujiya Pastry Sdn. Bhd.) ("QLFJ") for RM2,633,424 in cash, increasing its ownership from 60% to 100%.

Subsequently, QL Figo disposed QLFJ to its holding company, QL Fishery Sdn. Bhd. in October 2014.

34.2.2 In February 2015, the Group, via its wholly-owned subsidiary, QL Green Resources Sdn. Bhd. ("QLGR") acquired the remaining 15.01% equity interest in QL NatureCo Sdn. Bhd. ("QLNC") for RM2 in cash, increasing its ownership from 84.99% to 100%.

Consequently, the effective interest of the Group in QL Palm Pellet Sdn. Bhd, QL Green Energy Sdn. Bhd. and QL Tawau Palm Pellet Sdn. Bhd., the subsidiaries of QLNC, had increased correspondingly.

**34.3 Disposal of non-controlling interest**

In December 2014, QL Ansan Poultry Farms Sdn. Bhd. ("QLAN") increased its paid up share capital by 17,000,000 to 32,500,000 where QL Feedingstuffs ("QLFS") acquired 15,500,000 ordinary shares of RM1.00 each representing 6.55%, increasing its ownership from 85% to 91.55%. The non-controlling interest did not participate in the exercise.

In January 2015, the Group, via its wholly-owned subsidiary, QLFS, disposed off 275,000 equity interest in QLAN for RM1,004,000 in cash, decreasing its ownership from 91.55% to 90.77%.



### 35. SUPPLEMENTARY FINANCIAL INFORMATION ON THE BREAKDOWN OF REALISED AND UNREALISED PROFITS OR LOSSES

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

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Total retained earnings of the Company and its subsidiaries:				
- realised	1,005,120	851,217	142,916	108,507
- unrealised	(68,750)	(64,145)	20,578	2,353
	936,370	787,072	163,494	110,860
Total share of retained earnings of associates				
- realised	37,960	25,663	-	-
	974,330	812,735	163,494	110,860
Less: Consolidation adjustments	(104,628)	(89,932)	-	-
Total retained earnings	869,702	722,803	163,494	110,860

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



## STATEMENT BY DIRECTORS

pursuant to Section 169(15) of the Companies Act, 1965

In the opinion of the Directors, the financial statements set out on pages 52 to 144 are drawn up in accordance with Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 March 2015 and of their financial performance and cash flows for the financial year then ended.

In the opinion of the Directors, the information set out in Note 35 in page 145 to the financial statements has been compiled in accordance with the Guidance on Special Matter No.1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants, and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

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

**Chia Song Kun**

**Chia Mak Hooi**

Shah Alam,

Date: 9 July 2015

## STATUTORY DECLARATION

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

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I, **Chia Mak Hooi**, the Director primarily responsible for the financial management of QL Resources Berhad, do solemnly and sincerely declare that the financial statements set out on pages 52 to 145 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the above named in Klang, in the state of Selangor, on 9 July 2015.

**Chia Mak Hooi**

Before me:

**Goh Cheng Teak**

Commissioner for Oaths

Klang, Selangor



# INDEPENDENT AUDITORS' REPORT

to the members of QL Resources Berhad

## REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of QL Resources Berhad, which comprise the statements of financial position as at 31 March 2015 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 52 to 144.

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

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

### *Auditors' Responsibility*

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

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

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

### *Opinion*

In our opinion, these financial statements give a true and fair view of the financial position of the Group and of the Company as of 31 March 2015 and of their financial performance and cash flows for the year then ended in accordance with Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

### **Report on Other Legal and Regulatory Requirements**

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

- a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.
- b) We have considered the accounts and the auditors' reports of the subsidiaries of which we have not acted as auditors, which are indicated in Note 33 to the financial statements.

- c) We are satisfied that the accounts of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.
- d) The audit reports on the accounts of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

#### **Other Reporting Responsibilities**

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The information set out in Note 35 on page 145 to the financial statements has been compiled by the Company as required by the Bursa Malaysia Securities Berhad Listing Requirements and is not required by the Financial Reporting Standards. We have extended our audit procedures to report on the process of compilation of such information. In our opinion, the information has been properly compiled, in all material respects, in accordance with the Guidance of Special Matter No.1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants, and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

#### **Other Matters**

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

#### **KPMG**

Firm Number: AF 0758  
Chartered Accountants

Petaling Jaya, Selangor

Date: 9 July 2015

#### **Wee Beng Chuan**

Approval Number: 2677/12/16(J)  
Chartered Accountant

# LIST OF PROPERTIES

As at 31 March 2015

Owner Company	Particulars of property	Date of revaluation or (date of acquisition)	Tenure
PT. Pipit Mutiara Indah	Desa Sekatak Buji, Kecamatan Sekatak, Kabupaten Bulungan, Provinsi Kalimantan Timur	Dec 2009 (date obtained Hak Guna Usaha)	Leasehold to: 30.12.2044
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
QL Foods Sdn. Bhd.	GM 1033, Lot 3315 GM1149A, Lot 3316 GM1128, Lot 3317 GM750, Lot 3318 GM717, Lot 3319 Mukim of Hutan Melintang District of Hilir Perak, Perak	(08.02.2012)	Freehold
Gelombang Elit (M) Sdn. Bhd. QL Livestock Farming Sdn. Bhd.	Lot 8157, Block 59, Muara Tuang Land District	(07.10.2011)	Leasehold to: 02.11.2060
QL Foods Sdn. Bhd.	Lot 3300 & 3301 held under GM514A & GM1517 Mukim of Hutan Melintang District of Hilir Perak, Perak	(05.03.2008)	Freehold
QL Feedingstuffs Sdn. Bhd.	PT76108, GRN 104808 Lot 76108 (Fasa D9) ,Persiaran Balairong, Bukit Jelutong (TK-Pejabat Korporat) Shah Alam, 40150 Shah Alam	(June 2011)	Freehold
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
QL Endau Fishmeal Sdn. Bhd.	H.S.(M) 1763, PTD 4159 Jalan Tg. Merit, Mukim Padang Endau, District of Mersing, Johor	(02.01.2009)	Leasehold to: 25.11.2061
QL Plantation Sdn. Bhd.	CL105355977 Mile 42, alongside Tawau-Kunak Highway, District of Tawau, Sabah	December 1998	Leasehold to: 31.12.2076
QL BioEnergy Sdn. Bhd.	Lot 13 & 13A POIC Phase 1 Lahad Datu	(28.08.2006)	Leasehold to: 31.12.2104

Existing use	Land & Build-up area	Net Book Value (RM'000)	Age of building (years)
Oil Palm Estate together with palm oil mill & building thereon	14,157 ha Build-up area 20.0 ha	145,462	6
Surimi , Fishmeal & Frozen Seafood Plant	26 acres  3 acres Build-up area 21,448 sq. m.	3,006  213 <u>17,204</u> <u>20,423</u>	11
One unit of Snack Foods Factory (WIP)	Gross build-up area of 7,792 sq.m.  4.4895 ha	18,800	1
Slaughter House	1.49 ha	159	N/A
Slaughter House	Build-up area 4,968 sq.m.	<u>17,327</u> <u>17,486</u>	1
Boiler House, Warehouse & Surimi based products factory building	Gross build-up area of 12,335 sq.m.  2.2611 ha	17,123	7
Industrial land	2.72 acres	16,496	N/A
Fishmeal factory, warehouse cum office	Gross build-up area of 7,544 sq. m.  4.365 ha	11,676	11
Fishmeal factory Warehouse Office	1.3152 ha Build-up area 6,131 sq. m.	10,208	6 6 5
Agricultural land planted with oil palm together with Palm Oil Mill & Building thereon	81.06 ha  Build-up area 31.00 ha	10,170	17
Industrial Land	871,200 sq. ft.	9,920	N/A

# SHAREHOLDERS' ANALYSIS REPORT

as at 30 June 2015

<b>Authorised share capital</b>	<b>: RM500,000,000.00</b>
<b>Issued and paid-up capital</b>	<b>: RM312,007,357.50</b>
<b>Type of shares</b>	<b>: Ordinary shares of RM0.25 each</b>
<b>Voting rights</b>	<b>: One vote per ordinary share</b>

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

No. of Holders	Holdings	Total Holdings	%
163	less than 100	4,490	0.00
617	100 to 1,000	351,055	0.03
2,968	1,001 to 10,000	13,621,742	1.09
2,101	10,001 to 100,000	64,618,858	5.18
601	100,001 to less than 5% of issued shares	546,389,383	43.78
3	5% and above of issued shares	623,043,902	49.92
6,453		1,248,029,430	100.00

## Directors' Shareholdings

Name of directors	Direct	No. of shares held		% ^
		% ^	Indirect	
YM Tengku Dato' Zainal Rashid				
Bin Tengku Mahmood	3,870,000	0.31	-	-
Chia Song Kun	675,000	0.05	537,919,566*	43.10
Chia Seong Pow	2,200,000	0.18	155,174,070#	12.43
Chia Song Kooi	870,000	0.07	529,528,322**	42.43
Chia Seong Fatt	486,000	0.04	153,536,210##	12.30
Chia Song Swa	567,000	0.05	528,187,522**	42.32
Chia Mak Hooi	1,068,000	0.09	533,394,572@	42.74
Cheah Juw Teck	2,265,350	0.18	7,309,700+	0.59
Chieng Ing Huong, Eddy	-	-	-	-
Tan Bun Poo, Robert	-	-	-	-

### Notes:

- \* Deemed interest via his and his spouse's interest in CBG Holdings Sdn. Bhd. ("CBG"), Attractive Features Sdn. Bhd., his and his spouse's indirect interest in Ruby Technique Sdn. Bhd. ("RT") as well as his spouse's, children's and their spouse's shares in QL.
- \*\* Deemed interest via his interest in CBG and indirect interest in RT and his spouse's shares in QL.
- # Deemed interest via his and his spouse's beneficial shareholding in Farsathy Holdings Sdn. Bhd. ("FH"), his and his spouse's indirect interest in RT, his spouse's, children's and their spouse's shares in QL.
- ## Deemed interest via his and his spouse's beneficial shareholding in FH, his and his spouse's indirect interest in RT and his children's shares in QL.
- @ Deemed interest via his and his father's interest in CBG, his and his father's indirect interest in RT and his father's and his spouse's shares in QL.
- + Deemed interest via his spouse's and his parent's shares in QL.
- ^ Based on the issued and paid-up share capital of the Company comprising 1,248,029,430 ordinary shares.



## Substantial Shareholders

	Name of Shareholders	Direct	%	Indirect	%
1	CBG Holdings Sdn. Bhd.	525,041,822	42.07	-	-
2	Farsathy Holdings Sdn. Bhd.	150,734,510	12.08	-	-
3	Chia Song Kun	675,000	0.05	537,919,566	43.10
4	Chia Seong Pow	2,200,000	0.18	155,174,070	12.43
5	Chia Song Kooi	870,000	0.07	529,528,322	42.43
6	Chia Seong Fatt	486,000	0.04	153,536,210	12.30
7	Chia Song Swa	567,000	0.05	528,187,522	42.32
8	Chia Mak Hooi	1,068,000	0.09	533,394,572	42.74

## List of 30 Largest Shareholders

	Name of Shareholders	Shareholdings	%
1	CBG HOLDINGS SDN BHD	409,001,822	32.77
2	FARSATHY HOLDINGS SDN BHD	124,642,080	9.99
3	AMSEC NOMINEES (TEMPATAN) SDN BHD BENEFICIARY : PLEDGED SECURITIES ACCOUNT - AMBANK ISLAMIC BERHAD FOR CBG HOLDINGS SDN BHD	89,400,000	7.16
4	AMSEC NOMINEES (TEMPATAN) SDN BHD BENEFICIARY : PLEDGED SECURITIES ACCOUNT - AMBANK (M) BERHAD FOR CBG HOLDINGS SDN BHD	25,950,000	2.08
5	AMSEC NOMINEES (TEMPATAN) SDN BHD BENEFICIARY : PLEDGED SECURITIES ACCOUNT - AMBANK ISLAMIC BERHAD FOR FARSATHY HOLDINGS SDN BHD	25,400,000	2.04
6	CARTABAN NOMINEES (TEMPATAN) SDN BHD BENEFICIARY : EXEMPT AN FOR EASTSPRING INVESTMENTS BERHAD	19,434,578	1.56
7	HSBC NOMINEES (ASING) SDN BHD BENEFICIARY : TNTC FOR MONDRIAN EMERGING MARKETS SMALL CAP EQUITY FUND, L.P.	14,069,100	1.13
8	CITIGROUP NOMINEES (TEMPATAN) SDN BHD BENEFICIARY : EMPLOYEES PROVIDENT FUND BOARD (AFFIN-HWG)	12,337,200	0.99
9	HSBC NOMINEES (ASING) SDN BHD BENEFICIARY : EXEMPT AN FOR THE BANK OF NEW YORK MELLON (MELLON ACCT)	8,971,700	0.72
10	MAYBANK NOMINEES (TEMPATAN) SDN BHD BENEFICIARY : ETIQA TAKAFUL BERHAD (FAMILY PRF EQ)	8,920,370	0.71
11	AMANAHRAYA TRUSTEES BERHAD BENEFICIARY : AMANAH SAHAM WAWASAN 2020	7,039,402	0.56
12	AMANAHRAYA TRUSTEES BERHAD BENEFICIARY : AMANAH SAHAM NASIONAL 2	6,779,100	0.54
13	HSBC NOMINEES (TEMPATAN) SDN BHD BENEFICIARY : HSBC (M) TRUSTEE BHD FOR AFFIN HWANG SELECT OPPORTUNITY FUND (3969)	6,661,420	0.53

**List of 30 Largest Shareholders (continued)**

	<b>Name of Shareholders</b>	<b>Shareholdings</b>	<b>%</b>
14	AMANAHRAYA TRUSTEES BERHAD BENEFICIARY : PUBLIC ITTIKAL SEQUEL FUND	6,246,000	0.50
15	AMANAHRAYA TRUSTEES BERHAD BENEFICIARY : PB ISLAMIC EQUITY FUND	6,152,350	0.49
16	TOKIO MARINE LIFE INSURANCE MALAYSIA BHD BENEFICIARY : AS BENEFICIAL OWNER (PF)	6,115,850	0.49
17	AMANAHRAYA TRUSTEES BERHAD BENEFICIARY : AMANAH SAHAM NASIONAL 3 IMBANG	6,102,500	0.49
18	LIU SIN	6,012,240	0.48
19	CHIA TEOW GUAN	5,860,050	0.47
20	CITIGROUP NOMINEES (TEMPATAN) SDN BHD BENEFICIARY : EMPLOYEES PROVIDENT FUND BOARD (AMUNDI)	5,500,000	0.44
21	AMANAHRAYA TRUSTEES BERHAD	5,282,500	0.42
22	MALACCA EQUITY NOMINEES (TEMPATAN) SDN BHD BENEFICIARY : EXEMPT AN FOR PHILLIP CAPITAL MANAGEMENT SDN BHD (EPF)	5,113,090	0.41
23	HLIB NOMINEES (TEMPATAN) SDN BHD BENEFICIARY : PLEDGED SECURITIES ACCOUNT FOR NG SAI BEE @ NG SAU BEE (CCTS)	4,986,100	0.40
24	KUMPULAN WANG PERSARAAN (DIPERBADANKAN)	4,828,300	0.39
25	CHIA SIANG ENG	4,764,465	0.38
26	HSBC NOMINEES (ASING) SDN BHD BENEFICIARY : EXEMPT AN FOR JPMORGAN CHASE BANK, NATIONAL ASSOCIATION (U.S.A.)	4,645,489	0.37
27	LIU FUI MOY	4,591,200	0.37
28	ATTRACTIVE FEATURES SDN. BHD.	4,545,000	0.36
29	CITIGROUP NOMINEES (TEMPATAN) SDN BHD BENEFICIARY : BANK NEGARA MALAYSIA NATIONAL TRUST FUND (HWANG)	4,490,290	0.36
30	HSBC NOMINEES (TEMPATAN) SDN BHD BENEFICIARY : HSBC (M) TRUSTEE BHD FOR AFFIN HWANG AII MAN GROWTH FUND (4207)	4,419,600	0.35
		<b>848,261,796</b>	<b>67.97</b>

# NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 18th Annual General Meeting has been scheduled on Thursday, 27 August 2015 at 10.00 a.m. to be held at Glenmarie Ballroom, Holiday Inn Kuala Lumpur Glenmarie, 1 Jalan Usahawan U1/8, 40250 Shah Alam, Selangor Darul Ehsan.

## AGENDA

### As Ordinary Business:

- |  |   |
|--|---|
| (1) To receive the Audited Financial Statements for the financial year ended 31 March 2015 together with the Directors' and Auditors' Report thereon.                                | <b>Refer to<br/>Explanatory<br/>Notes 1</b> |
| (2) To approve the payment of a final single tier dividend of 4.25 sen per ordinary share of RM0.25 each in respect of the financial year ended 31 March 2015.                       | <b>Ordinary<br/>Resolution 1</b>            |
| (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: |   |
| <b>Chia Song Kun</b>   | <b>Ordinary<br/>Resolution 2</b>            |
| <b>Chia Seong Pow</b>  | <b>Ordinary<br/>Resolution 3</b>            |
| <b>Chia Seong Fatt</b>   | <b>Ordinary<br/>Resolution 4</b>            |
| (4) To approve the Directors' fees for the financial year ended 31 March 2015.   | <b>Ordinary<br/>Resolution 5</b>            |
| (5) To re-appoint Messrs. KPMG as the auditors of the Company and to authorise the Directors to fix their remuneration.  | <b>Ordinary<br/>Resolution 6</b>            |

### As Special Business:

To consider and if thought fit, pass the following resolutions:-

- |   |                                   |
|---|-----------------------------------|
| (6) "THAT YM Tengku Dato' Zainal Rashid Bin Tengku Mahmood, retiring pursuant to Section 129(6) of the Companies Act, 1965, be and is hereby re-appointed a Director of the Company and to hold office until the next annual general meeting."  | <b>Ordinary<br/>Resolution 7</b>  |
| (7) <b>Retention of Independent Non-Executive Directors</b>   |                                   |
| "THAT approval be and is hereby given to YM Tengku Dato' Zainal Rashid Bin Tengku Mahmood who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than fifteen (15) years, to continue to act as an Independent Non-Executive Director of the Company in accordance with the Malaysian Code on Corporate Governance 2012." | <b>Ordinary<br/>Resolution 8</b>  |
| "THAT approval be and is hereby given to Chieng Ing Huong, Eddy who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than thirteen (13) years, to continue to act as an Independent Non-Executive Director of the Company in accordance with the Malaysian Code on Corporate Governance 2012."                          | <b>Ordinary<br/>Resolution 9</b>  |
| (8) <b>Authority to Directors to allot and issue shares pursuant to Section 132D of the Companies Act, 1965</b>   | <b>Ordinary<br/>Resolution 10</b> |
| "THAT pursuant to Section 132D of the Companies Act, 1965, and subject to the approval of all relevant authorities being obtained, the Directors be and are hereby empowered to issue shares  |                                   |

in the Company at any time and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion deem fit, provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the issued capital of the Company for the time being and that the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on the Bursa Malaysia Securities Berhad and that such authority shall continue in force until the conclusion of the next annual general meeting of the Company."

**(9) 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 Securities such number of ordinary shares of RM0.25 each in the Company ("Shares") and/or retain such Shares so purchased as treasury shares ("Treasury Shares") as may be determined by the Directors of the Company upon such terms and conditions as the Directors may deem fit and expedient in the best interests of the Company provided that the aggregate number of Shares purchased and/or retained as Treasury Shares shall not exceed ten percent (10%) of the issued and paid-up share capital of the Company at the time of purchase ("Proposed Share Buy Back");

THAT the maximum amount of funds to be utilised for the purpose of the Proposed Share Buy Back shall not exceed the Company's aggregate retained profits and share premium account;

THAT upon the purchase by the Company of its own Shares, the Directors of the Company be and are hereby authorised to:-

- (a) cancel all or part of the Shares so purchased; and/or
- (b) retain all or part of the Shares so purchased as Treasury Shares; and/or
- (c) distribute the Treasury Shares as share dividends to the Company's shareholders for the time being and/or to resell the Treasury Shares on Bursa Securities;

THAT such authority from shareholders of the Company will be effective immediately upon passing of this ordinary resolution and will continue to be in force until:-

- (i) the conclusion of the next Annual General Meeting ("AGM") of the Company at which time the authority shall lapse unless by ordinary resolution passed at that meeting the authority is renewed either unconditionally or subject to conditions; or
- (ii) the expiration of the period within which the next AGM is required by law to be held; or
- (iii) revoked or varied by ordinary resolution passed by the shareholders of the Company in a general meeting;

whichever occurs first, but not so as to prejudice the completion of purchase(s) by the Company before the aforesaid expiry date and in any event, in accordance with the provisions of the guidelines issued by Bursa Securities or any other relevant authority;

AND THAT authority be and is hereby given to the Directors of the Company to take all such steps as are necessary, including the opening and maintaining of a central depositories account(s) and entering into all other agreements, arrangements and guarantees with any party or parties to implement, finalise and give full effect to and to implement the Proposed Share Buy Back 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 Section 2.2.4 of the Circular to Shareholders dated 30 July 2015 with the related parties described therein which are necessary for the Group's day to day operations, carried out in the normal course of business, at arm's length, on normal commercial terms, not more favourable to the related parties than those generally available to the public and are not detriment of the minority shareholders;

THAT such approval shall continue to be in force until:-

- (i) the conclusion of the next annual general meeting of the Company following the general meeting at which such mandate was passed, at which time it will lapse, unless by a resolution passed at the meeting, the authority is renewed; or
- (ii) the expiration of the period within which the next annual general meeting after the date it is required to be held pursuant to Section 143(1) of the Companies Act, 1965 ("CA") (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the CA); 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) To transact any other business for which due notice shall have been given in accordance with the Company's Articles of Association and the Companies Act, 1965.

**Notice of Dividend Entitlement and Payment**

**NOTICE IS ALSO HEREBY GIVEN** that the final dividend, if approved, will be paid on 15 September 2015 to shareholders whose names appear in the Record of Depositors of the Company at the close of business on 2 September 2015.

A Depositor shall qualify for entitlement only in respect of:

- (a) Shares transferred into the Depositor's Securities Account before 4.00 p.m. on 2 September 2015 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**  
**30 July 2015**

**NOTES:-**

**PROXY:**

1. A member of the Company entitled to attend and vote at the Meeting may appoint up to two proxies to attend and vote in his place. Where a member appoints two proxies, he shall specify the proportion of his shareholdings to be represented by each proxy. A proxy can be any person and there shall be no restriction as to the qualification of the proxy and paragraphs (a), (b) and (d) of Section 149(1) of the Companies Act, 1965 shall not apply.
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 19 August 2015 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.

**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 169(1) of the Companies Act, 1965 does not require a formal approval of the shareholders for the Audited Financial Statements. Hence, this Agenda item is not put forward for voting.

**2. Ordinary Resolution 7**

The re-appointment of YM Tengku Dato' Zainal Rashid Bin Tengku Mahmood, a person over the age of seventy (70) years as Director of the Company to hold office until the conclusion of the next AGM of the Company shall take effect if the proposed Ordinary Resolution 7 has been passed by a majority of not less than three-fourths (3/4) of such members as being entitled to vote in person or, where proxies are allowed, by proxy, at the 18th AGM.

**3. Ordinary Resolution 8**

YM Tengku Dato' Zainal Rashid Bin Tengku Mahmood was appointed as an Independent Non-Executive Director of the Company on 3 January 2000, and has, therefore served the Company for more than fifteen (15) years. He met the criteria of an Independent Director as defined in Chapter 1 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. He has performed his duty diligently and in the best interest of the Company and has provided independent judgement and broader views and balanced assessments to the proposals from the Management with his diverse experience and expertise. The Board, therefore recommends that he should be retained as an Independent Non-Executive Director.

**4. Ordinary Resolution 9**

Mr Chiang Ing Huong, Eddy was appointed as an Independent Non-Executive Director of the Company on 24 December 2001, and has, therefore served the Company for more than thirteen (13) years. He met the criteria of an Independent Director as defined in Chapter 1 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. He has performed his duty diligently and in the best interest of the Company and has provided independent judgement and broader views and balanced assessments to the proposals from the Management with his diverse experience and expertise. The Board, therefore recommends that he should be retained as an Independent Non-Executive Director.

**5. Ordinary Resolution 10**

The proposed resolution is a renewal of the general authority for the Directors to issue shares pursuant to Section 132D of the Companies Act, 1965. If passed will empower the Directors from the date of the above Annual General Meeting until the next Annual General Meeting to allot and issue shares in the Company up to an amount not exceeding in total 10% of the issued share capital of the Company for the time being for such purposes as the Directors consider would be in the interests of the Company. This authority, unless revoked or varied at a general meeting, will expire at the next Annual General Meeting.

The Company has not issued any new shares pursuant to Section 132D of the Companies Act, 1965 under the general mandate which was approved at the 17th AGM of the Company held on 22 August 2014 and which will lapse at the conclusion of the 18th AGM. A renewal of this authority is being sought at the 18th 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.

**6. Ordinary Resolution 11**

The proposed resolutions, if passed, will empower the Company to purchase and/or hold up to 10% of the issued and paid-up share capital of the Company. This authority unless revoked or varied by the Company at a General Meeting will expire at the next Annual General Meeting of the Company. For further information, please refer to the Circular dated 30 July 2015.

**7. Ordinary Resolution 12**

The proposed resolutions are shareholders' mandate required under Part E, Chapter 10.09 and Chapter 10.02 of the Listing Requirements of the Bursa Malaysia Securities Berhad. The said Proposed Renewal 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 Section 2.2.2 of the Circular dated 30 July 2015. The mandate is subject to annual renewal and disclosure is made in the annual report of the aggregate value of transactions conducted pursuant to the shareholders' mandate during the financial year. The interested director, interested major shareholder or interested person connected with a director or major shareholder; and where it involves the interest of an interested person connected with a director or major shareholder, such director or major shareholder, must not vote on the resolutions approving the transactions. An interested director or interested major shareholder must ensure that persons connected to him abstain from voting on the resolutions approving the transactions.

# RECURRENT RELATED PARTY TRANSACTIONS

of Revenue or Trading Nature of QL Resources Berhad Group

## EXISTING RRPT

	Nature of Transaction	Related Parties	Estimated Value from the date of the forthcoming AGM to the next AGM *	Mandate obtained from last year's AGM	Actual transacted value for the period from 23 August 2014 to 30 June 2015
			(RM'000)	(RM'000)	(RM'000)
1	Sale of animal feed by QL Livestock Farming Sdn. Bhd. ("QLLF")	Green Breeder Sdn. Bhd.	24,000	15,000	18,539@
2	Sale of animal feed by QLLF	Success Portfolio Sdn. Bhd.	6,000	6,000	5,156
3	Purchase of fish by QL Foods Sdn. Bhd. ("QL Foods")	Sin Teow Fatt Trading Co.	800	800	471
4	Sale of surimi by QL Group	Fusipim Sdn. Bhd.	1,800	1,800	1,087
5	Sale of surimi-based product by QL Foods	Mr Cheah Joo Kiang	4,260	3,650	2,772
6	Purchase of spare part by Endau Group	Keang Huat Trading Sdn. Bhd.	3,000	3,500	3,164
7	Purchase of fish by Endau Group	Perikanan Sri Tanjung Sdn. Bhd.	1,500	1,500	654
8	Trading of fish by Endau Group	Timurikan Trengganu Marine Products Sdn. Bhd.	1,500	2,000	294
9	Sale of animal feed by QL Agrofood Sdn. Bhd.	M.B. Agriculture (Sabah) Sdn. Bhd.	15,000	15,000	12,022
10	Sale of egg, broiler and surimi-based product by QL Agroventures Sdn. Bhd.	C Care Enterprise Sdn. Bhd. ("C Care")	3,000	3,000	562
11	Sale of surimi-based product by QL Foods		1,200	1,000	737
12	Trading of chicken part, sale of egg and purchase of meat/other frozen product by QL Farms Group		1,500	2,165	816
13	Sale of animal feed by QL Tawau Feedmill Sdn. Bhd. ("QLTF")	Arena Dijaya Sdn. Bhd. ("Arena Dijaya")	5,000	4,500	4,061

## RECURRENT RELATED PARTY TRANSACTIONS

CONTINUED

### EXISTING RRPT (CONTINUED)

			Estimated Value from the date of the forthcoming AGM to the next AGM *	Mandate obtained from last year's AGM	Actual transacted value for the period from 23 August 2014 to 30 June 2015
	Nature of Transaction	Related Parties	(RM'000)	(RM'000)	(RM'000)
14	Purchase of packing material and sale of organic fertilizer by QL Farms Group	Arena Dijaya Sdn. Bhd.	20	21	-
15	Sales of animal feed by QLTF	M.B. Agriculture (Sandakan) Sdn. Bhd. ("MBAS")	6,000	5,500	5,354
16	Purchase of fresh fruit bunch by QL Plantation Sdn. Bhd. ("QLP")		1,200	2,000	645
17	Purchase of raw material and packing material as well as sale of chicken part, egg and sundries by QL Farms Group		300	252	211
18	Purchase of packing material by QL Group	E Koon Plastics Trading	2,050	1,750	1,265

The following RRPT will be sought on aggregated basis as per item no. 4 and no. 18 in the abovementioned table

			Estimated Value from the date of the forthcoming AGM to the next AGM *	Mandate obtained from last year's AGM	Actual transacted value for the period from 23 August 2014 to 30 June 2015
	Nature of Transaction	Related Parties	(RM'000)	(RM'000)	(RM'000)
	Sale of surimi by QL Foods	Fusipim Sdn. Bhd.	800	800	553
	Sale of surimi by Endau Group	Fusipim Sdn. Bhd.	1,000	1,000	534
	Purchase of packing material by QL Foods	E Koon Plastics Trading	1,800	1,500	1,186
	Purchase of packing material by Endau Group	E Koon Plastics Trading	250	250	79



## NEW RRPT

Nature of Transaction	Related Parties	Estimated Value from the date of the forthcoming AGM to the next AGM * (RM'000)
Purchase of fresh fruit bunch by QLP	} Highglobal Properties Sdn. Bhd.	200
Sale of organic fertilizer by QL Farms Group		60
Trading of fish by Endau Group	Perikanan Hap Huat Sdn. Bhd.	100
Purchase of fish by Endau Group	Hai Hong Fishery Sdn. Bhd.	600
Sale of frozen fish by QL Marine Products Sdn. Bhd.	C Care	1,000
Purchase of ERP fertilizer by QLP	} MBAS	40
Sale of broiler, meat/frozen food and organic fertilizer by QL Farms Group		180
Purchase of packing material by QL Fishmeal Sdn. Bhd.	E Koon Plastics Trading	50
Sale of flour-based product by QL Figo Foods Sdn. Bhd.	Fusipim	700

### Notes:

- \* 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 2015 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.
- @ This transaction had exceeded the estimated value by 10% or more mainly due to the increased in feed price, increased in livestock production volume in Green Breeder Sdn. Bhd. and higher total bill after imposition of 6% Goods & Services Tax. Announcement was made to Bursa Securities on 6 July 2015.

### Classes of Related Parties

The Proposed Renewal of and New RRPT Mandate will apply to the following Related Parties:

- (i) Green Breeder Sdn. Bhd. is a company involved in livestock breeding. The directors are Dr Ng Siew Thiam ("Dr Ng") and his spouse, Chew Ching Kwang. The major shareholder (87.5%) is May Hoo Trading Sdn. Bhd., a company owned by Dr Ng and his spouse. Dr Ng is a Director of QL Livestock Farming Sdn. Bhd. ("QLLF") and QL AgroResources Sdn. Bhd. ("QLAR"). Dr Ng and his spouse combined shareholding in QLAR is 5%. QLAR is 95% owned by QL and the holding company of QLLF.
- (ii) C Care Enterprise Sdn. Bhd. ("C Care") is a retail shop. 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 Sdn. Bhd. ("QL Foods") and member of the Chia Family whereas Mr Chia Mak Hooi is a director and major shareholder of QL.
- (iii) Fusipim Sdn. Bhd. ("Fusipim") is a company involved in food processing and distribution. The directors and shareholders of Fusipim are Madam Chia Kah Chuan and her spouse Mr Eng Seng Poo. Madam Chia Kah Chuan is a member of the Chia Family.
- (iv) 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.

## RECURRENT RELATED PARTY TRANSACTIONS

### CONTINUED

- (v) Sin Teow Fatt Trading Co. is a partnership involved in fish wholesale and it is owned by Mr Chia Teow Guan, Mr Chia Song Pou, Mr Cheah Yaw Song and Mr Chia Song Phuan, who are also directors of QL Foods and members of the Chia Family.
- (vi) Keang Huat Trading Sdn. Bhd. ("KH") is a trading company of all kinds of hardware, marine engines and fishing equipment. Mr Lim Kwan Cheang, Mr Sim Chin Swee and Mr Chua Lee Guan are directors and substantial shareholders of KH. KH is a major shareholder (10.88%) of QL Endau Marine Products Sdn. Bhd. ("QLEMP"). Mr Sim Chin Swee is also a director of Endau Group and shareholder of QLEMP. QLEMP is 70.59% owned by QL.
- (vii) Perikanan Sri Tanjung Sdn. Bhd. ("PST") is into deep sea fishing, diesel and transportation services. Mr Lim Kwan Cheang, Mr Sim Chin Swee, Mr Heng Hup Peng, Mr Heng Chai Khoon, Mr Chua Lee Guan, Mr Loh Yoo Ming and Mr Heng Seng See are major shareholders of PST. They are also shareholders of QLEMP holding 13.35% in total. Mr Sim Chin Swee and Mr Heng Hup Peng are directors of PST and Endau Group.
- (viii) Timurikan Trengganu Marine Products Sdn. Bhd. ("TTMP") is a company engaged in the business as marine products manufacturing, trading of edible fishes, frozen fishes and other aquatic animals. Mr Lim Kwan Cheang, Mr Sim Chin Swee, Mr Heng Hup Peng, Mr Heng Chai Khoon, Mr Chua Lee Guan, Mr Loh Yoo Ming and Mr Heng Seng See are major shareholders of TTMP. They are also shareholders of QLEMP holding 13.35% in total. Mr Sim Chin Swee and Mr Heng Hup Peng are directors of TTMP and Endau Group.
- (ix) Success Portfolio Sdn. Bhd. ("SP") is a company engaged in livestock farming which Dr Ng Siew Thiam has interest. Dr Ng Siew Thiam is a director and shareholder in QL AgroResources Sdn. Bhd., a 95% owned subsidiary of QL and the holding company of QL Livestock Farming Sdn. Bhd.. SP is 75% owned by Ruby Technique Sdn. Bhd. ("RT") which in turn is 77.67% and 22.33% owned by CBG Holdings Sdn. Bhd. ("CBG") and Farsathy Holdings Sdn. Bhd. ("Farsathy") respectively. CBG and Farsathy are the major shareholders of QL.
- (x) M.B. Agriculture (Sabah) Sdn. Bhd. ("MB (Sabah)") is engaged in livestock farming and is wholly-owned by RT which in turn is 77.67% and 22.33% owned by CBG Holdings Sdn. Bhd. ("CBG") and Farsathy Holdings Sdn. Bhd. ("Farsathy") respectively. CBG and Farsathy are the major shareholders of QL.
- (xi) 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 Holdings Sdn. Bhd. ("CBG") and Farsathy Holdings Sdn. Bhd. ("Farsathy") respectively. CBG and Farsathy are the major shareholders of QL. Mr Liu Sin is a director and shareholder of MB (Sandakan) as well as director of QL Farms Group and a shareholder of QL.
- (xii) Arena Dijaya Sdn. Bhd. ("Arena") is engaged in livestock farming and is 90% owned by RT which in turn is 77.67% and 22.33% owned by CBG Holdings Sdn. Bhd. ("CBG") and Farsathy Holdings Sdn. Bhd. ("Farsathy") respectively. CBG and Farsathy are the major shareholders of QL. Mr Liu Sin is a director and shareholder of Arena as well as director of QL Farms Group and a shareholder of QL.
- (xiii) E Koon Plastics Trading ("E Koon") is a sole proprietor company 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. Mr Chia Song Kun and Mr Chia Song Kang are brothers of Mr Cheah Yaw Song, i.e. part of the Chia Family.
- (xiv) Highglobal Properties Sdn. Bhd. ("HP") is an investment holding company and an associate of M.B. Agriculture (Sandakan) Sdn. Bhd., of which Farsathy Holdings Sdn. Bhd. is the ultimate holding company. Mr Chia Seong Fatt is the director of QL Plantation Sdn. Bhd. ("QLP"), Highglobal Properties Sdn. Bhd. and Farsathy Holdings Sdn. Bhd. He has deemed interest in HP by virtue of his beneficial interests in Farsathy Holdings Sdn. Bhd.
- (xv) Hai Hong Fishery Sdn. Bhd. ("HHF") is engaged in trading in fish, all types of fishery and seafood products. Mr Heng Hup Peng is a director and shareholder in HHF as well as a director and shareholder of QLEMP.
- (xvi) Perikanan Hap Huat Sdn Bhd ("PHH") is engaged in manufacturing, wholesaler, trade of edible fishes and other aquatic animal, post process of aquatic products and rendering of transportation services. Mr Heng Hup Peng and Mr Sim Chin Swee are the directors and shareholders in PHH. They are also the directors and shareholders of QLEMP.

## FORM OF PROXY

No. of ordinary shares held	
CDS Account No.	
Tel/Handphone No.	

I/We .....  
 (FULL NAME IN BLOCK LETTERS)

of .....  
 (FULL ADDRESS)

being a member of **QL RESOURCES BERHAD**, hereby appoint..... (Proxy 1)  
 (FULL NAME)

of .....  
 (FULL ADDRESS)

or failing him, ..... (Proxy 2)

of .....

as my/our proxy/proxies to vote for me/us on my/our behalf at the 18th Annual General Meeting of the Company, to be held at Glenmarie Ballroom, Holiday Inn Kuala Lumpur Glenmarie, 1 Jalan Usahawan U1/8, 40250 Shah Alam, Selangor Darul Ehsan on Thursday, 27 August 2015 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		

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 18th Annual General Meeting. If you do not do so, the proxy will vote or abstain from voting at his/her discretion.

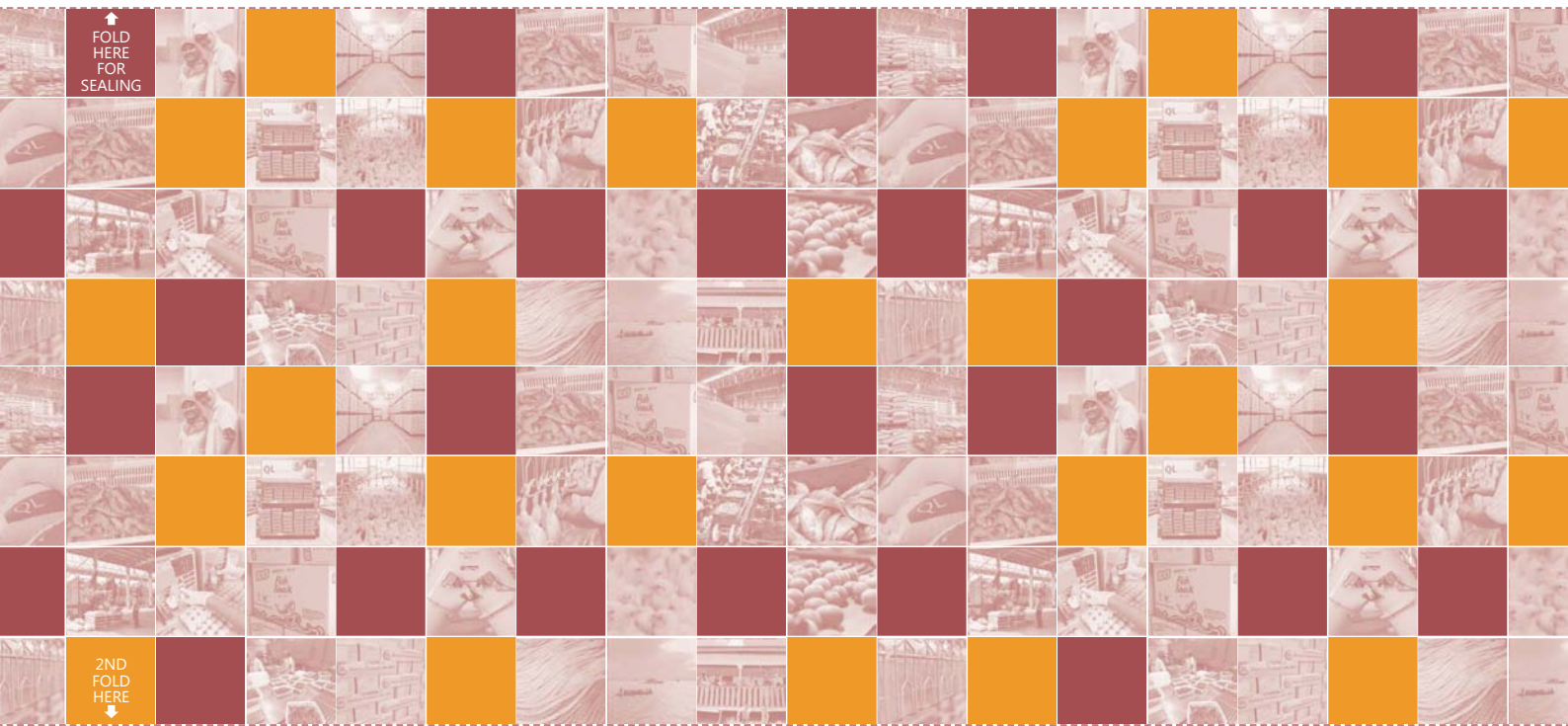
Dated this..... day of..... 2015

.....  
 Signature of Shareholder

For appointment of two (2) proxies, percentage of shareholding to be represented by the proxies:		
	No. of Shares	Percentage
Proxy 1		
Proxy 2		
Total		

### Notes:-

1. A member of the Company entitled to attend and vote at the Meeting may appoint up to two proxies to attend and vote in his place. Where a member appoints two proxies, he shall specify the proportion of his shareholdings to be represented by each proxy. A proxy can be any person and there shall be no restriction as to the qualification of the proxy and paragraphs (a), (b) and (d) of Section 149(1) of the Companies Act, 1965 shall not apply.
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 19 August 2015 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.



Affix  
Stamp

**The Company Secretary**

**QL RESOURCES BERHAD (428915-X)**

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

↑  
1ST  
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## Notes:

## Notes:



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