全利資源有限公司
QL Resources Berhad

Advancing Through Storms

annual report | 2016

Cover Rationale

The theme of QL Resources' annual report for FY2016 is 'Advancing Through Storms'. Over the course of the financial year our Group has weathered many challenges; from unpredictable El-Nino and foreign exchange patterns to the introduction of GST and minimum wage legislation in Malaysia. Many companies on the Bursa Stock Exchange have been buffeted by these challenges. QL is no different, yet we have advanced onwards, strengthening our value chains with determination and perseverance.

Contents

Principal Activities

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

MARINE PRODUCTS MANUFACTURING ACTIVITIES

Marine Products Manufacturing consists of upstream and downstream activities including deep-sea fishing, aquaculture farming, surimi and fishmeal production and consumer foods. Through the use of innovative technology and quality practices, QL has achieved industry leadership positions including being Malaysia's largest fishmeal manufacturer and producer of surimi-products, and 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 4.6 million eggs per day. Approximately 40 million Day Old Chicks (DOC) and 20 million broilers are produced annually across poultry farms in Malaysia and Indonesia. In Malaysia, QL trades over 900,000 metric tonnes of animal feed raw materials annually.

PALM OIL ACTIVITIES

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

Vision

To be the preferred global
agro based enterprise

Mission

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

Personality

Progressive
Trustworthy
Initiative
Humility

Values

Integrity
Win-win
Team work
Innovative


JHFA248T

GROUP CORPORATE STRUCTURE

As at 30 June 2016

全利資源有限公司
QL Resources Berhad

INTEGRATED LIVESTOCK FARMING

QL FEEDINGSTUFFS SDN. BHD. - 100%

- 100% Chingsan Development 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. 0.50%
- 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% 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
  - 1%
- 100% QL Vietnam AgroResources Liability Limited Company
- 100% QL International Pte. Ltd.
- 99% PT. QL Feed Indonesia 1%
- 90% QL Palm Pellet Sdn. Bhd.
- 100% QL Feedingstuffs Vietnam Limited Liability Company

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.
- 63.33% Kembang Subur Sdn. Bhd.
  - 100% KS Galah Sdn. Bhd.
  - 100% KS Monodon Sdn. Bhd.
  - 100% KS Pekan Hatchery Sdn. Bhd. (FKA: Cargill Aquaculture Resources Sdn. Bhd.)
  - 55% Kembang Subur (Perak) Sdn. Bhd.
  - 51% Kembang Subur International Ltd.
    - 100% Nam Duong Vietnam Aquatic Hatchery Co., Ltd.

Group Corporate Structure

As at 30 June 2016 (Cont'd.)

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.

BIOMASS ENERGY BUSINESS

QL GREEN RESOURCES SDN. BHD. - 100%

- 100% QL Green Energy Sdn. Bhd.
- 100% QL Tawau Palm Pellet Sdn. Bhd.
- 100% QL NatureCo Sdn. Bhd.
- 66.67% Leisure Pyramid Sdn. Bhd.
- 100% QL ESCO Sdn. Bhd.

QL IPC SDN. BHD. - 100%

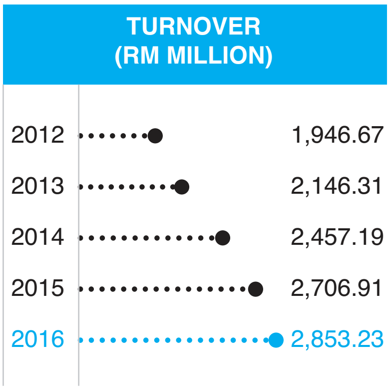
QL CORPORATE SERVICES SDN. BHD. - 100%

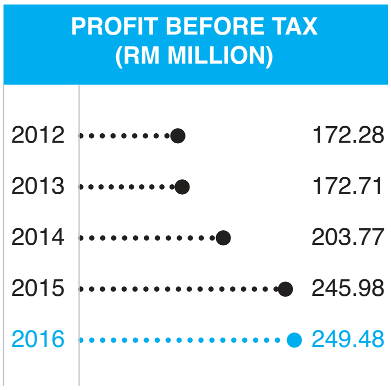
QL CARBON SDN. BHD. - 100%

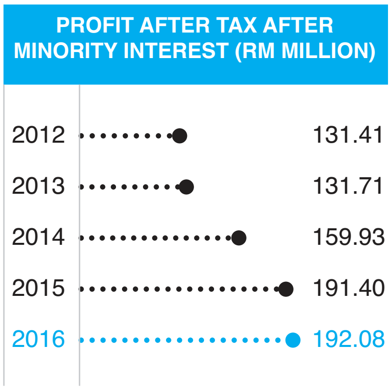
- 100% Maxincome Resources Sdn. Bhd.

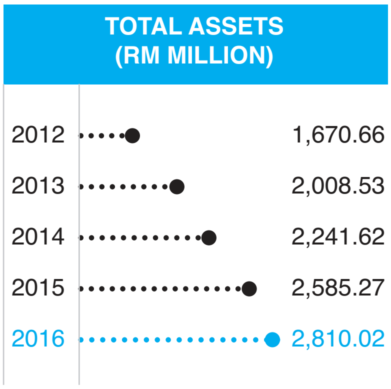
5 YEARS FINANCIAL SUMMARY

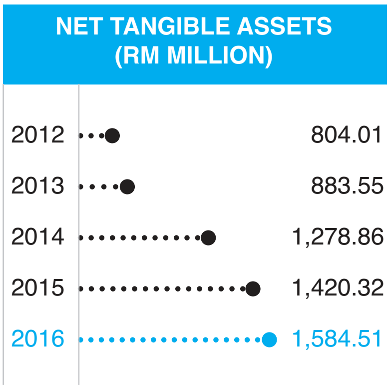
	2012 RM MIL	2013 RM MIL	2014 RM MIL	2015 RM MIL	2016 RM MIL
Turnover	1,946.67	2,146.31	2,457.19	2,706.91	2,853.23
Profit Before Tax	172.28	172.71	203.77	245.98	249.48
Profit After Tax After Minority Interest	131.41	131.71	159.93	191.40	192.08
Total Assets	1,670.66	2,008.53	2,241.62	2,585.27	2,810.02
Net Tangible Assets	804.01	883.55	1,278.86	1,420.32	1,584.51
Profit as % of Turnover					
Before Tax	8.85	8.05	8.29	9.09	8.74
After Tax	6.75	6.14	6.51	7.07	6.73
Earnings Per Share (sen) - Basic #	11	11	14	15	15
Net Tangible Assets Per Share (sen)	96.63	106.19	102.47	113.80	126.96
Paid-up share Capital	208.00	208.00	312.01	312.01	312.01
No. of shares in Issue (million)	832.00	832.02	1,248.03	1,248.03	1,248.03











Adjusted for bonus issue and rights issue in February 2014

CORPORATE INFORMATION

BOARD OF DIRECTORS

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

Dr. Chia Song Kun
Group Managing Director

Mr. Chia Seong Pow
Executive Director

Mr. Chia Seong Fatt
Executive Director

Mr. Chia Song Kooi
Executive Director

Mr. Chia Song Swa
Executive Director

Mr. Chia Mak Hooi
Executive Director

Mr. Cheah Juw Teck
Executive Director

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

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

Prof. Datin Paduka Dr Aini Binti Ideris
Independent Non-Executive Director
(Appointed on 1 January 2016)

COMPANY SECRETARY

Ms. 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

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

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

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

REMUNERATION COMMITTEE

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

Mr. Chia Song Kun
Group Managing Director

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

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

NOMINATING COMMITTEE

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

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

Mr. Tan Bun Poo, Robert
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

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

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

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

STOCK EXCHANGE LISTING

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

INVESTOR RELATION

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

BOARD OF DIRECTORS

From left to right:
Mr. Cheah Juw Teck, Mr. Chia Seong Pow, Mr. Robert Tan Bun Poo, Mr. Eddy Chieng Ing Huong and Professor Datin Paduka Dr Aini Binti Ideris.

Board Of Directors
(Cont'd.)

From left to right:
YM Tengku Dato' Zainal Rashid Bin Tengku Mahmood, Dr. Chia Song Kun, Mr. Chia Song Kooi, Mr. Chia Seong Fatt, Mr. Chia Song Swa and Mr. Chia Mak Hooi

BOARD OF DIRECTORS' PROFILE

YM TENGKU DATO' ZAINAL RASHID BIN TENGKU MAHMOOD

YM Tengku Dato' Zainal Rashid Bin Tengku Mahmood, aged 77, male, 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 Hononary 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 five years, other than traffic offences (if any).

Board Of Directors' Profile
(Cont'd.)

DR. CHIA SONG KUN

Dr. Chia Song Kun, aged 66, male, 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 Boilermech Holdings Berhad, a company listed on the ACE Market of Bursa Malaysia Securities Berhad on 5 May 2011, which then transferred to the Main Market on 4 December 2014.

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

Dr. Chia Song Kun is the brother of Mr Chia Song Swa and Mr Chia Song Kooi. He is 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 five years, other than traffic offences (if any).

Board Of Directors' Profile
(Cont'd.)

CHIA SEONG POW

Mr. Chia Seong Pow, aged 60, male, 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 five years, other than traffic offences (if any).

CHIA SEONG FATT

Mr. Chia Seong Fatt, aged 60, male, Malaysian, was appointed as an Executive Director of the Company on 3 January 2000.

He obtained his B.Sc. Honours degree in chemistry from University of London in 1979. He practised as an industrial chemist for 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.

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 five years, other than traffic offences (if any).

Board Of Directors' Profile
(Cont'd.)

CHIA SONG KOOI

Mr. Chia Song Kooi, aged 56, male, 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 five years, other than traffic offences (if any).

CHIA SONG SWA

Mr. Chia Song Swa, aged 56, male, 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 five years, other than traffic offences (if any).

Board Of Directors' Profile
(Cont'd.)

CHIA MAK HOOI

Mr. Chia Mak Hooi, aged 51, male, 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 five years, other than traffic offences (if any).

CHEAH JUW TECK

Mr. Cheah Juw Teck, aged 47, male, Malaysian, was appointed as an Executive Director of the Company on 1 June 2011.

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

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

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

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

Board Of Directors' Profile
(Cont'd.)

CHIENG ING HUONG

Mr. Chieng Ing Huong, Eddy, aged 58, male, 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 five years, other than traffic offences (if any).

TAN BUN POO

Mr. Tan Bun Poo, Robert, aged 66, male, Malaysian, was appointed as an Independent Non-Executive Director of the Company on 1 June 2011. He is also a member of the Audit, Nominating and Remuneration Committees.

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

Mr. Tan Bun Poo, a practicing accountant, has more than 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, AmCorp Properties Berhad, RCE Capital Berhad, AmMetLife Takaful Berhad and AmInvestment 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 five years, other than traffic offences (if any).

Board Of Directors' Profile
(Cont'd.)

PROFESSOR DATIN PADUKA DR AINI BINTI IDERIS

Professor Datin Paduka Dr Aini Binti Ideris, aged 63, female, Malaysian, was appointed as an Independent Non-Executive Director of the Company on 1 January 2016. She is also a member of the Audit Committee.

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

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

At UPM, she give lectures, conduct practical classes and provides clinical training. She is also an external examiner for Masters and PhD theses at several universities, including University of Queensland, Australia.

She is actively involved in research, studies on development of conventional and genetically engineered vaccines as well as in professional associations. A wide experience in publications, editorial work, consultation on avian health services to poultry farmers all over Malaysia, keynote or plenary speaker and successfully organised a number of national and international workshops and conferences, as Chairman or Committee member. She is also involved in voluntary services.

Currently, she is the Vice-Chancellor for Universiti Putra Malaysia (UPM) and the first Director for Corporate Strategy & Communications Office (CoSComm), UPM. Also the Coordinator for the National Centre of Excellence for Swiftlets, under MOA, Deputy President of World Federation of World Peace Malaysia, member of Investigating Tribunal Panel for the Advocates and Solicitors Disciplinary Board of the Bar Council, Malaysia and Vice President of World Veterinary Poultry Association (2015-2019).

Since her appointment, she attended the only one board of directors' meetings held for the financial year.

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

CHAIRMAN'S STATEMENT

Dear Shareholders,

QL Resources Berhad celebrates our 16th year as a public listed company this year and it is once again my honour to report another year of profitable performance.

For the financial year ended 31 March 2016, the group returned a profit before tax (PBT) of RM249.5 million on the back of RM2.853 billion revenue.

Comparatively, FY2016 group performance marked an increase of 5.4% and 1.4% in revenue and PBT respectively against the financial year ended 31 March 2015. With this result, QL has retained our uninterrupted growth performance, albeit on a muted note under a very challenging business environment during which, the group weathered storms ranging from El-Nino weather effects to fluctuating currency and poor CPO prices.

The three-pronged strategy that QL embarked on five years ago is in full implementation swing. We have continued to strengthen and expand our value chain via continuous investment into expansion and new facilities both regionally and domestically, as well as reinforcing existing operational efficiency.

The business models that have proven profitable are being replicated, not just across the region but also domestically, especially for poultry egg farms and marine downstream processing activities.

With our products being a staple for consumers, the consumer foods sector and brand building is being given a priority. The building of brand awareness, recognition and top-of-mind recall will stand QL in good stead as we progress into the next phase to grow the business further. This will provide clear focus and enable QL to step up our game in value-added activities, in particular for our downstream consumer products.

Chairman's Statement
(Cont'd.)

To this end, the venture into the opening of the first FamilyMart convenience-chain store by the end of 2016 supports QL's downstream expansion plan and provides a natural progression into another revenue stream. QL's long term aspiration is to multiply the revenue streams to sustain the momentum of growth.

As QL continues to build the business, appreciation of loyal shareholders is a practice we have upheld since our listing in the year 2000. We have rewarded our shareholders in the past through dividends, bonus issues and share price appreciation. For FY2016, the board recommends a single tier final dividend of 4.25 sen per ordinary share. This represents a pay-out ratio of 27.6%, similar to the 27.7% pay-out ratio last year.

During the financial year, our market capitalisation rose from RM4.9 billion to RM5.4 billion as at 31 March 2016. On 15 January 2016, QL was ranked No. 48 with a market capitalisation of RM5.74 billion, just inside the Top 50 companies on Bursa Malaysia, and this represented a milestone for QL.

Recognitions

Five months after winning the Malaysian leg, QL emerged ASEAN Winner under the category of Priority Integration Sector – Fisheries Award at the 6th ASEAN Business Awards. The award was particularly meaningful as the selection process was rigorous and involved judges from each Southeast Asian nation. QL received the award from the Honourable Prime Minister of Malaysia, Dato' Sri Najib Tun Abdul Razak at the ASEAN Business and Investment Summit in Kuala Lumpur, Malaysia in November 2015.

In terms of performance in the capital markets, QL was noted for giving the highest return to shareholders over three years and was awarded the Best Performing Stock under Consumer Products Sector for this, in The Edge Billion Ringgit Club 2015 corporate awards.

Corporate Governance

The cornerstones of QL business are integrity and doing business the ethical way. These two values have seen QL grown from strength to strength in the last 29 years of being in business. As we approach our 30th anniversary, QL is even more cognisant than before of the need to be accountable and uncompromising in our approach. The trust earned over the years is an asset that is invaluable and we will continue to uphold the pursuit of prudence, stringent monitoring and control of our business practices across all divisions and subsidiaries.

To assist QL in upholding the highest standards in business processes and practices, I am very pleased to welcome a new board member, Professor Datin Paduka Dr. Aini Ideris, a renowned scientist with vast knowledge and experience in research related to poultry diseases and development of poultry vaccines. The research by Professor Datin Paduka Dr. Aini, who is currently the Vice-Chancellor of Universiti Putra Malaysia, has led to the commercialisation of the 'Newcastle' vaccine in 1995 and 'fowl pox' culture tissues in 1996. Topping her innumerable achievements and the many feathers in her cap is her induction as an inaugural member of the World Veterinary Poultry Association's Hall of Honour. Read more about her on page 18.

The appointment of Professor Datin Paduka Dr. Aini improves QL's Board diversity and I believe her experience and credentials will be unrivalled contribution to QL's business.

Our corporate governance statement and reports are on pages 35 to 47.

Appreciation

I have been privileged to journey with QL throughout its public listed story and I am well aware that it is the foresight and hard work of the directors, management and employees of the group that have enabled a report of positive performance throughout the years. My commendation goes to the QL team for their commitment and relentless efforts.

My appreciation goes out to all loyal shareholders and stakeholders for their unwavering belief in QL, and the directors and management to drive the group to the next level of growth, and also to all customers who have continued to put their trust in the QL brand.

Looking forward, I am confident that QL will continue to maintain our market position as the leading egg producer and surimi manufacturer in Asia as we build a presence in the sustainable palm oil sector. We are cautiously optimistic of maintaining our record of uninterrupted earnings growth since inception despite the anticipated challenging market situation and uncertainties surrounding the aftermath of the United Kingdom referendum to exit from European Union or 'Brexit'.

YM TENGKU DATO' ZAINAL RASHID BIN TENGKU MAHMOOD
CHAIRMAN

GROUP MANAGING DIRECTOR'S REPORT

GROUP STRATEGY AND OBJECTIVE

For the financial year under review, QL Resources Berhad contended with market conditions that tested our strategy and resilience. From the full impact of Goods and Services Tax, weak Ringgit, low crude palm oil (CPO) prices to labour shortage and the El-Nino weather effect, the situations were at times both a boon and a bane simultaneously.

Notwithstanding these factors, cash flow was again strong this year. Net debt ratio at financial year-end improved from 37.1% to 31.3%. With the group's cash generating ability, the lower net debt and the committed borrowing facilities available, we have the capacity to meet our growth objective.

For FY2016, we continue to focus on our three-pronged strategy embarked on five years ago with the objective to produce double digit earnings CAGR (compounded annual growth rate) up to year 2020.

The essence of QL's three-pronged strategy are:

- Regional replication

  Replicate core activities and value chain in major Southeast Asian markets such as Indonesia and Vietnam.

- Strengthening value chain

  Continue to grow through adjacency in core value chains via upward and downward integration to strengthen competitive position; areas identified include aquaculture, commercial feed milling and broiler integration activities.

- Downstream integration in consumer food

  Focus on consumer food business expansion, to become a consumer food company and increase consumer brand position and channel access. The move to expand downstream into FamilyMart convenience store chain is a strategic step into another long-term, scalable business supported by growing consumer and social trends. This is an extension of QL's food business.

Group Managing Director's Report
(Cont'd.)

FINANCIAL PERFORMANCE REVIEW

With a FY2016 top line that grew RM146.3 million (5.4%) to RM2.853 billion, Profit Before Tax (PBT) came in at RM249.5 million, an improvement of RM3.5 million (1.4%) in comparison to the previous financial year. PBT margin depressed slightly from 9.1% to 8.7% in the face of challenging factors on the operations front, in particular labour shortage, increasing wages, and CPO prices that fell to a seven-year low.

Against these headwinds, QL saw the regional expansion efforts paying off. For FY2016, revenue at each of our five overseas operation bases in Indonesia and Vietnam improved, translating to a collective increase of RM197.1 million to enhance regional operations revenue to RM478.0 million. This amount accounted for 16.8% of our group revenue, up from the RM280.90 million or 10.4% regional revenue contribution in FY2015.

Likewise, this increase also reflected a healthier adjusted Earnings before Interest and Tax (EBIT) margin of 7.4% on the regional operation bases in Indonesia and Vietnam. This was a growth from the 6.9% margin posted in FY2015 despite the similar challenges in economic, climate and efficiency faced by our operations in these regional countries.

Of the three main revenue pillars, the Marine Products Manufacturing (MPM) and Integrated Livestock Farming (ILF) divisions recorded improved year-on-year revenue results, while the performance of the Palm Oil Activities (POA) division was undermined by the poor CPO prices that tumbled to as low as RM1,947 per metric tonne in September 2015.

Sales at the MPM division grew RM108.4 million or 14.8% from RM732.5 million in FY2015 to RM840.9 million in FY2016, courtesy of El-Nino which helped gave the upstream activities of MPM a year of good catch and the MPM operations in Sabah which grew substantially. Profitability rose in tandem and MPM turned in a robust year, increasing 31.1% in PBT from RM127.2 million in FY2015 to RM166.8 million this financial year. For the financial year under review, MPM also experienced increase in export due to favourable foreign exchange arising from weaker Ringgit.

The ILF division too saw revenue rising, albeit at a moderated pace of 4.6% or RM74.9 million to increase to RM1.705 billion in FY2016 on the back of higher volume of feed raw material traded and higher contribution from the Indonesia feed mill. The financial year under review was also one where this division had to fend off blows of lower egg prices due to market consolidation, higher farming costs, low farm efficiency and hence, recorded a full year PBT of RM71.0 million, a drop of 31.7% when compared year on year.

Cumulatively, the POA division did a PBT of RM11.6 million on the back of RM308.0 million revenue. The decrease of 10.7% in revenue and 21.4% in PBT compared to FY2015 POA division revenue and PBT respectively were due to poor CPO prices, low fresh fruit bunch (FFB) yield and lower FFB processed by the Sabah palm oil unit as well as lower contribution from associate company, Boilermech Holdings Berhad.

REVIEW OF OPERATION

QL believes in focusing and building on our core businesses where we are strongest. To continuously grow our business, QL piled our foundation deep into our business pillars and concurrently spread our operation wings into neighbouring countries for ease of management and control. We are constantly on the lookout to grow the business organically as well as looking for acquisition opportunities to accelerate growth.

Prudent financial management has given us a strong balance sheet, allowing us the latitude to capitalise on any opportunity as they arise. Among these opportunities are the expansions of our business pillars. The capital expenditure earmarked to increase our production capacity was approximately RM300 million for FY2017.

Marine Products Manufacturing Activities (MPM)

Marine Products Manufacturing consists of upstream and downstream activities including deep-sea fishing, aquaculture farming, surimi and fishmeal production and consumer foods.

For the financial year under review, annual production of surimi, fishmeal, frozen fish and surimi-based products is about 140,000 metric tonnes.

Group Managing Director's Report
(Cont'd.)

MPM Key Developments

The activities at the MPM division are branching into two clear groups; upstream and downstream activities. As the operations at the MPM division continue to pick up steam with the continuous investments into capacity enlargement and productivity improvement, this division will see a divergence into MPM Upstream and Food divisions.

Supporting these developments are multiple projects which are at various stages of planning and completion.

Phase 1 of the new plant specialising in frozen surimi-based products in Kulai has been completed and operations are being migrated from its current factory in Johor Bahru. Development are still taking place at the Kulai plant and its full operations is slated to take two years.

Ramping up our MPM downstream activities, a new RM40-million chilled surimi-based products plant is being built in Hutan Melintang. Upon commissioning in two years' time, this new state-of-the-art facility will more than double the current annual capacity of 12,000 metric tonnes to 25,000 metric tonnes. At the same time, plans are also in place to commence construction of a new third frozen products factory at an estimated capital expenditure budget of RM40 million.

Further shoring up our MPM activities is a new frozen marine products processing plant which is being constructed in Tuaran, Sabah with a capital allocation of RM25 million.

Over in Surabaya, the completion of the land reclamation works next to our existing factory has enabled us to progress to the next stage i.e. the plan to start manufacturing surimi-based products in Indonesia which we aspire to see fruition in three years' time. In the meantime, there are low hanging fruits to harvest and to do so, QL is planning to set up a distribution centre in Indonesia to provide the immediate channel to market our surimi-based products from the plants in Hutan Melintang and Johor Bahru.

For the upstream activities, QL is growing our current 21 fish fleet in Endau to 24 by the next financial year to bolster our deep-sea fishing capabilities.

Meanwhile over in Sabah, our investment into ensuring resource sustainability and over the long term, securing our supply chain for marine products is breeding well despite some initial challenges. The prawn aquaculture activity in Kudat underwent a bumpy learning curve where we found the balance and formula that enhanced productivity. This is a significant achievement in our strategy of building sustainability in an industry that depends on the natural resource of the sea.

The MPM division with its unique business activities that span both upstream and downstream is on solid footing, with projects progressing as expected.

Group Managing Director's Report
(Cont'd.)

MPM Outlook Moving Forward

Prospects for export hopefully will continue to grow for QL's products through new capacity expansion, innovative new product range, new market, brand and price leadership as well as weak Ringgit.

On the domestic market, we will continue to grow our market share through continuous investment in modern processing technology, research and development, quality of products as well as efficient cost of production.

We remain optimistic for MPM's FY2017 outlook.

Integrated Livestock Farming Activities (ILF)

Integrated livestock farming activities comprise animal feed raw material trade, layer farming, broiler integration activities and commercial feed milling.

For the financial year under review, the group production rate was about 4.6 million eggs per day. Approximately 40 million Day Old Chicks (DOC) and 20 million broilers were produced annually across poultry farms in Malaysia and Indonesia. In Malaysia, QL traded over 900,000 metric tonnes of animal feed raw materials during the financial year.

ILF Key Developments

To be successful in ILF, not only is know-how required, unrelenting watchfulness and operational excellence in managing the farms are the non-negotiables. To achieve the thrust of operational excellence, QL Poultry Centre of Excellence initiated various programmes to improve efficiency at all fronts, from raw material, feed mill, broiler farming to eggs production to raise productivity and manage operating cost.

The same weather condition that benefited MPM was less kind on the ILF division. In FY2016, El-Nino brought heat stress, causing farm productivity to drop. QL implemented a number of mitigating factors to ensure good livestock health when the extreme heat enveloped the nations we operate in.

Group Managing Director's Report
(Cont'd.)

The nature of QL's business especially ILF, is one where we have to be always vigilant and cautious in our approach. In managing risks, QL took proactive measures in our disease control and will continue to be alert on our biosecurity measures. Due to challenging farming environment conditions such as loose authority guidance on disease control measures and densely populated farming areas which make disease control a more challenging task in the Indonesia unit, we therefore have decided to review our expansion programme of layer farming in this country.

The impact of the weak Ringgit on farming cost was lessened when commodity prices fell. The ILF division was also confronted by a major egg price correction in Peninsular Malaysia after a strong egg price in the previous financial year.

On a positive note, expansion of the ILF division is being planned and undertaken strategically to support the business chain and operations. QL will be building our capacity for raw material trade regionally in Indonesia and Vietnam. At the same time, a commercial feed mill is in the books for Indonesia to support QL's own needs and to supply to other farms. Meanwhile, a new feed mill cum warehouse is under construction in Kuching with a capacity to produce 10,000 metric tonnes per 12-hour shift to support the ILF activities in East Malaysia.

The broiler integration business in East Malaysia and Indonesia will be strengthened due to significant breakthrough in our broiler farm productivity. We are looking forward to the completion of the construction of the new third broiler farm in Kota Kinabalu which has a capacity of 50,000 birds per month. Also in the pipeline is the new poultry downstream processing plant in Kota Kinabalu which is awaiting its halal certification. We are also planning to construct a new poultry processing plant in Tawau by the end of FY2017 and when ready in 2 years' time, it will be able to process 4,000 birds per hour.

Meanwhile, layer farms will be further developed in Peninsular Malaysia and Vietnam. Work has started on the integrated layer farm in Raub, Pahang which has received the 10-year Pioneer Status investment incentive under the East Coast Economic Region initiative. When Phase 1 of this project is completed in two years' time, this new layer farm will be outputting 500,000 eggs per day. The full project which cost RM50 million is scheduled for completion by 2019.

QL is also in the process of acquiring land in Vietnam, Johor and Perak to ramp up ILF production capacity.

We will continue to put more resources in our egg branding and marketing in Malaysia and Indonesia. To-date, more than 40% of our eggs sold in Indonesia is branded under 'QL Eggs'. Eggs are sold to modern chain stores as well as to McDonald's in Jakarta and Bandung. In Malaysia, volume sold under the branded category has improved significantly.

These new operations that are underway will reinforce QL's strength as one of the leading ILF company in Southeast Asia.

ILF Outlook Moving Forward

Our new commercial feed mill in Indonesia has contributed positively in FY2016 and we hope to have greater feed mill quantity in FY2017.

Broiler farming efficiency has also improved significantly in FY2016 and we hope to continue to do so in FY2017.

After a year of price consolidation in FY2016, the Peninsular Malaysia egg prices are projected to normalise in FY2017. Improvement in Vietnam's operation is on the table as we work hard to increase production output.

Higher farming cost is expected for the 2nd half of FY2017 due to the recovery of commodity grain prices as well as weak Ringgit.

We expect our feed raw material trading unit margin to maintain in FY2017, and trading volume to increase in FY2017 as we expand our regional trade in Indonesia and Vietnam.

Overall, going forward, we remain optimistic for ILF's FY2017 outlook.

Palm Oil Activities (POA)

Under Palm Oil Activities, QL has two independent Crude Palm Oil (CPO) mills servicing small and medium sized estates in the Tawau and Kunak regions of Sabah, East Malaysia, and one CPO mill in Eastern Kalimantan, Indonesia. QL also owns a 1,200-hectare mature palm oil estate in Sabah, as well as 15,000 hectares of plantation (9,000 hectares mature) in Eastern Kalimantan, Indonesia. This division also has approximately 42% equity interest in Boilermech Holdings Berhad, which is one of Southeast Asia's largest biomass boiler manufacturers.

POA Key Developments

The weather phenomenon experienced cut both ways depending on the core activity. El-Nino which had a positive effect on the MPM division where fish catch improved, conversely caused a lower production of FFB in the palm oil activities division.

This in turn had a domino effect on the downstream activities which then faced shortage of FFB for processing. Adding on to the stress of decreased FFB production and lack of processing activity, was the lower CPO prices which fluctuated between RM1,947 and RM2,472 per metric tonne during the financial year under review.

Collectively, these also adversely affected the performance of QL's associate company in POA, Boilermech Holdings Berhad, where its earnings are mainly derived from plantation industries. Earnings contributed by this company fell 20.1%.

On a brighter note, our plantations are increasing in maturity profile, making it ripe time for harvesting the years of sowing. The timing of this increase in FFB production taken together with a stabilising CPO price put this division on a contribution growth path.

Group Managing Director's Report
(Cont'd.)

With a total of 10,200 planted hectares of oil palm plantation in Indonesia and Sabah, the upstream production of FFB is anticipated to rise from the current 80,000 metric tonnes a year to 120,000 metric tonnes in one year's time.

POA Outlook Moving Forward

Maturing palm from Indonesia plantation will provide positive contribution in the coming financial year. We forecast CPO prices to recover in the coming financial year and to be between RM2,400 to RM2,600 per metric tonne. This will be positive for our plantation unit.

However, we anticipate that the El-Nino effect will continue to adversely affect our Sabah palm oil unit in the first half of FY2017. Contribution from our associate Boilermech Holdings Berhad is expected to normalise in FY2017 as a result of improvement in CPO price.

Overall, POA's FY2017 outlook is promising.

EXPANDING BEYOND DOWNSTREAM ACTIVITIES

Expanding beyond downstream activities came in the form of the opportunity to partner with the second largest convenience store chain in the world, FamilyMart. As a worldwide leader in convenience store business, the FamilyMart brand of convenience stores focuses on retailing convenience products, with emphasis on ready-to-eat food and beverages, and providing convenience to consumers. This positioning fits perfectly into the growth plan that we are charting for QL for the long term.

FamilyMart is a brand that has successfully penetrated every new market it entered by guiding local partners and helping to offer the same values synonymous with the brand in its home base of Japan. QL is confident that this long term strategy, with a name such as FamilyMart will provide a new chapter of both excitement and growth for the Group.

Group Managing Director's Report
(Cont'd.)

OUTLOOK AND PROSPECTS

Globally, the forecast for the 2016 economy has been downgraded by the World Bank and is sluggish with performances of emerging economies weakening. Earlier this year, the Malaysia Government trimmed the country's expected GDP growth rate down to 4%-4.5% in 2016, and consumption is expected to moderate to a much slower pace. With the recent outcome of the United Kingdom referendum to exit the European Union or 'Brexit', the cloudy outlook appears more grey.

For the coming period, the Ringgit which depreciated 18% in 2015 looks to continue its fluctuating path and is expected to be volatile. Meanwhile, prices of commodities such as palm oil, soybean, corn and brent crude are still on a choppy rebounding trend.

In FY2016, the weak Ringgit benefited QL in terms of repatriated revenue but took a heavy toll on the commodities that we imported which was fortunately lessened by lower commodity grain prices. As Ringgit remains weak against the greenback and if commodity grain prices were to increase, the cost of imports may surge.

Rising price of commodities grain means feed cost will increase accordingly, translating to higher farming cost. The livestock industry as a whole is bracing for the impact of the cost of farming which is expected to rise substantially in the second half of FY2017. The silver lining for this industry is that the prices of eggs are expected to normalise and remain stable after a year of price consolidation in the financial year under review.

The hot weather effect will continue to affect FFB production. QL anticipates that this challenge will be cushioned by the price of CPO which is expected to stabilise upwards.

With domestic consumer sentiments that remain bearish and a lethargic economic growth for Malaysia and other economies, FY2017 will continue to be a challenging year, amid continuing uncertainties of 'Brexit' effect.

Despite all these, we remain confident of returning another year of profitable performance and in view of the developments, we are overall still cautiously optimistic to deliver a respectable growth.

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
Mr. Chieng Ing Huong, Eddy	Member/Independent Non-Executive Director
Mr. Tan Bun Poo, Robert	Member/Independent Non-Executive Director
Prof. Datin Paduka Dr. Aini Ideris*	Member/Independent Non-Executive Director

*Joined as member on 1st January 2016.

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
Prof. Datin Paduka Dr. Aini Ideris*	1/1

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

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 Reports, 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 group's designated Risk Management Manager, are tasked to provide assurance to the Audit Committee and the Board on the adequacy and effectiveness of the internal control systems and risk management processes in the Company and its subsidiary companies. 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 reports to the Audit Committee detailing the findings from the systems review and compliance test including recommendations for improvements;
- Identified, understand and managed risks 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 priotizing 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 RM250,000.

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 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 control 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.

Audit Committee Report
(Cont'd.)

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 service; 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, plan, manning and organisation for internal auditing are communicated down through the Company.

Specially:
(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 methodology 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 re-appointment, 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 re-appointment, 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 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.

(12) To review and approve when applicable, significant use of the External Auditors and assist them in preserving their independence.

(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 term 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.

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.

Audit Committee Report
(Cont'd.)

(e) The Committee shall cause minutes to be duly entered in books provided for the following purpose:-

- of all appointments of member;
- of the names of members and invitees such as others Directors, and employees present at all meetings of the Committee;
- 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
- 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, delivering sustainable value, 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.

The Board delegates and confers some of the Board's authorities and discretion on the Group Managing Director as well as on properly constituted Board Committees comprising Non-Executive Directors.

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

The principal responsibilities of the Board include 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.

The Board in line with the good governance practices and to enhance transparency, accountability and timely disclosure of material information, put in place the following policies and procedures which are made available at the Company's website at http://www.ql.com.my:-

a) Board Charter
b) QL Non-Audit Policy
c) QL Board Diversity Policy
d) QL Code of Conduct and Whistleblower Policy
e) QL Corporate Disclosure Policy

Corporate Governance Statement
(Cont'd.)

The Directors have a duty to declare immediately to the Board should they have any transactions to be entered into directly/indirectly with the Group. An interested Director is required to abstain from deliberation and decisions by the Board on the transaction and he/she does not exercise any influence over the Board in respect of the transaction.

Ethical Standards through a Directors' Code of Conduct and Employees' Code of Conduct

The Directors' Code of Conduct, which form part of the Charter, sets out the Board's standard of conduct and basic principles to guide the Board in carrying out their duties and responsibilities to the highest standards of personal and corporate integrity.

The Group has recently put in place the Employees' Code of Conduct which encompass all aspects of its day to day business operations.

Directors and employees of the Group are expected to observe high standards of integrity in dealings in relation to distributors, employees, customers, business contact and society within the Group's operation to ensure compliance with all applicable law, rules and regulations to which the Group is bound to observe in the performance of its duties.

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 pages 53 to 54 of this Annual Report.

Access to Information and Advice

The minutes of Board meeting are circulated to all Directors for their perusal prior to confirmation of the minutes at the commencement of the following Board meeting. The minutes will be signed by the Chairman of the meeting as a correct record of the proceeding of the meeting.

A record of submissions, papers and material presented to the Board is maintained and kept by the Company Secretary, including 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/Group Managing Director 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 Directors have ready and unrestricted access to the advice and services of the Company Secretary to enable them to discharge their duties effectively.

The primary responsibilities of the Company Secretary include:

- ensuring that Board procedures and applicable rules are observed;
- maintaining records of the Board and ensuring effective management of the Company's records;
- preparing comprehensive minutes to document Board proceedings and ensure conclusions are accurately recorded; and
- carrying out other functions as deemed appropriate by the Board from time to time.

The Board is regularly updated and informed of any relevant regulations and guidelines issued by the regulatory authorities. The Company Secretary gives clear and sound advice on the measures to be taken and requirements to be observed by the Company and the Directors arising from new requirements issued by the regulatory authorities. The Company Secretary briefs the Board on proposed contents and timing of material announcements to be made to Bursa Malaysia. She also serves notices to the Directors and Principal Officers on the closed periods for trading in the Company's shares, in accordance with the black-out periods for dealing in the Company's securities pursuant to the Main Market Listing Requirements.

The Company Secretary attends and ensures that all Board meetings are properly convened, and that accurate and proper records of the proceedings and resolutions passed are maintained in the minutes book at the registered office of the Company. The Company Secretary is also responsible for the operations of the secretariat functions, including lodgement with relevant statutory and regulatory bodies, the administration of Board and Board Committee meetings.

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 includes the list of matters reserved for collective decision 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 Charter will be periodically reviewed and updated as and when deemed necessary and upon any new regulations that may have impact on the discharge of the Board's responsibilities.

The Board Charter covers the following key areas:-

- Roles of the Board, Individual Director, Executive and Non-Executive Director, Senior Independent Director, Chairman and Group Managing Director;
- Board Committees;
- Company Secretary;
- Composition and Board balance;
- Board process including Directors' Code of Conduct.

The Board has recently established a Whistleblower Policy aimed to encourage employees or any parties to disclose any malpractice or misconduct of which they have become aware of and to provide protection for the reporting of such alleged malpractice or misconduct.

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 and attendance during the year were:

	No. of meeting attended
YM Tengku Dato' Zainal Rashid Bin Tengku Mahmood - Chairman, Independent Non-Executive Director	2/3
Mr. Chieng Ing Huong, Eddy - Senior Independent Non-Executive Director	3/3
Mr. Tan Bun Poo, Robert *(Appointed on 1 January 2016)* - Independent Non-Executive Director	1/1

Corporate Governance Statement
(Cont'd.)

The Nominating Committee has oversee matters relating to the nomination of new Directors, annually reviews the required size and 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 performance, commitment, ability and 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 progress;
- Directors' Performance;
- Board effectiveness;
- Committees' Evaluation;
- Directors' Skill Set;
- the independence of its Independent Directors;
- training needs of each Directors;
- boardroom diversity; and
- appointing additional Board member and members of the Nominating Committee and Remuneration Committee.

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 Nominating Committee considers and recommends to the Board, nominee(s) for directorship and Board Committee membership upon assessing the fitness and propriety of the nominee(s) to act as Director/Board Committee member.

During the financial year ended 31 March 2016, the search for potential candidate(s) with relevant experience/skill sets has been ongoing in meeting the current and future needs of the Company. In January 2016, Professor Datin Paduka Dr Aini Binti Ideris was appointed as an Independent Non-Executive Director of the Company based on her vast working experience in the field of veterinary medicine. It is her first directorship in a listed company.

The Company ensures that an induction program is in place for newly appoint Directors. The induction program aims at communicating to the newly appoint Director, the Company's vision and mission, its philosophy and nature of business, current issues within the Group, the corporate strategy and expectation of the Group concerning input from Directors.

The Board had on 25 February 2016 established a Board Diversity Policy, formalising its approach to boardroom diversity. 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 on company Boards and also as professionals in their respective fields of expertise.

In discharging its responsibility on succession planning, the Nominating Committee receives succession planning updates on the competency framework for the Group. The assessment is focused on competencies and leadership attributes as well as a pre-assessment work in a case study format. The same exercise is to be rolled-down to the senior management and middle management. The main objective of the assessment is to assess individual performance against the pre-defined competency of their level.

Each year, the Board, through the Nominating Committee, reviews the Board and Board Committee's effectiveness. These assessments are used to facilitate the Nominating Committee's evaluation of performance of the Board as a whole, its Committees and the contribution of each individual Director.

The Nominating Committee upon its annual assessment carried out for financial year 2016, was satisfied that:

- the size and composition of the Board is optimum with an appropriate mix of knowledge, skills, attributes and core competencies;
- the Board has been able to discharge its duties professionally and effectively in consideration of the scale and breadth of the Company's operations;
- all the Directors continue to uphold the highest governance standards in their conduct and that of the Board;
- all the members of the Board are well qualified to hold their positions as Directors of the Company in view of their respective depth of knowledge, skills and experience and their personal qualities;
- the Independent Directors comply with the definition of Independent Director as defined in the Main Market Listing Requirements;
- the Directors are able to devote sufficient time commitment to their roles and responsibilities as Directors of the Company as reflected by their attendance at the Board meetings and Board Committee meetings.

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 ¾ 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.

The Terms of Reference for the Nominating Committee is available in the Board Charter which can be assessable from the Company's website.

Remuneration Policies and Procedures

The members and attendance of the Remuneration Committee during the year were:

	No. of meeting attended
YM Tengku Dato' Zainal Rashid Bin Tengku Mahmood - Chairman, Independent Non-Executive Director	1/2
Chieng Ing Huong, Eddy - Senior Independent Non-Executive Director	2/2
Chia Song Kun - Group Managing Director	2/2
Tan Bun Poo, Robert *(Appointed on 1 January 2016)* - Independent Non-Executive Director	1/1

The policy on Directors' remuneration practiced by the Company is to provide the remuneration packages necessary to attract, retain and motivate Directors of the quality required to manage the business of the Company. The remuneration packages of the Executive Director are structured to commensurate with the experience, knowledge and professional skills of the Executive Director and are also structured so as to link rewards with corporate and individual performance in the case of the Executive Director.

The Company takes into consideration information by independent consultants (where applicable) and survey results on the remuneration practices of comparable companies, including its financial performance in determining the remuneration packages of its Directors.

Corporate Governance Statement
(Cont'd.)

The Nominating and Remuneration Committee recommendations to the Board the remuneration framework and the remuneration packages for the Executive Directors. None of the Executive Directors participated in any way, in determining their individual remuneration. The Board as a whole determines the remuneration of Non-Executive Directors, with individual Directors abstaining from making decisions in respect of their individual remuneration. The Directors' fees are approved by the Company's shareholders at the Annual General Meeting of the Company. The Company reimburses reasonable expenses incurred by the Directors in the course of their duties as Directors.

The Directors are paid monthly fees and additionally for Non-Executive Director, an attendance allowance of RM500.00 per day for meetings that they have attended.

The aggregate remuneration of directors of the Company and of the Group are as follows:

	QL Resources Berhad		QL Group	
Subject	**Executive Directors**	**Non-Executive Directors**	**Executive Directors**	**Non-Executive Directors**
Aggregate Remuneration	RM	RM	RM	RM
• Directors' fees	552,000	301,500	998,852	301,500
• Salaries	-	-	4,553,418	-
• Allowance	-	7,500	6,000	7,500
• Bonuses	-	-	5,765,818	-
• Benefits in kind based on an estimated money value	-	-	111,238	-
Total	**552,000**	**309,000**	**11,435,326**	**309,000**

	QL Resources Berhad	
Band (RM)	**Executive Directors No. of Directors**	**Non-Executive Directors No. of Directors**
10,001 – 50,000	-	1
50,001 – 100,000	-	2
100,001 – 150,000	-	1
1,100,001 – 1,150,000	1	-
1,150,001 – 1,200,000	1	-
1,250,001 – 1,300,000	1	-
1,400,001 – 1,450,000	1	-
1,500,001 – 1,550,000	1	-
1,600,001 – 1,650,000	1	-
3,250,001 – 3,300,000	1	-

Audit Committee

The Terms of Reference for the Audit Committee is available in the Board Charter and is accessable from the Company's website. Further information on the Audit Committee are outlined in pages 30 to 34 of this Annual Report.

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 has received confirmation in writing from all the Independent Directors of their independence based on the criterias in line with the definition of "Independent Director" prescribed by the MMLR. The Board is satisfied with the level of independence of the Independent Non-Executive Director.

Tenure of an Independent Director

The Board is of the view that the length of service of Directors does not affect the Directors in excising their objective and independent judgement to discharge their duties and responsibilities. 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 16 years and Mr Eddy Chieng, who has served on the Board for 14 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. The Board is led by YM Tengku Dato' Zainal Rashid Bin Tengku Mahmood, the Independent Non-Executive Chairman and Executive Management is led by the GMD, Dr Chia Song Kun. 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 eleven members; comprising one Independent Non-Executive Chairman, one GMD, six Executive Directors and three 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 ⅓ 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 ⅓ is used. The Company's Articles of Association allows a minimum of 2 and maximum of 15 Directors.

Corporate Governance Statement
(Cont'd.)

A brief profile of each Director is presented on pages 12 to 18 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

Board meetings for the ensuing financial year are scheduled in advance before the end of the current financial year so that the Directors are able to plan ahead and pencil the following year's Board meetings into their respective meeting schedules.

During the financial year ended 31 March 2016, the Board met on five (5) occasions and 17 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. Special Board meetings may be convened as and when necessary to consider urgent proposals or matters that require the Board's expectations review or consideration.

To facilitate productive and meaningful deliberations, the proceedings of the Board meetings are conducted in accordance with a structured agenda. The agenda together with comprehensive management reports and proposal papers are furnished to the Directors at least 7 days before the Board meeting, or a shorter period where unavailable, prior to the meeting. 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
Dr. Chia Song Kun	Group Managing Director	5/5
Mr. Chia Seong Pow	Executive Director	5/5
Mr. Chia Seong Fatt	Executive Director	5/5
Mr. Chia Song Swa	Executive Director	5/5
Mr. Chia Song Kooi	Executive Director	5/5
Mr. Chia Mak Hooi	Executive Director	5/5
Mr. Cheah Juw Teck	Executive Director	5/5
Mr. Chieng Ing Huong, Eddy	Senior Independent Non-Executive Director	5/5
Mr. Tan Bun Poo, Robert	Independent Non-Executive Director	5/5
Prof. Datin Paduka Dr Aini Binti Ideris *(Appointed on 1 January 2016)*	Independent Non-Executive Director	1/1

Directors shall devote sufficient time to carry out their responsibilities. This would be reflected by their attendance at the Board meetings and Board Committee meetings. 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.

All of the Board members serve as directors in no more than five boards of listed companies to ensure they devote sufficient time to carry out their responsibilities.

Continuing Education Programmes

Prof. Datin Paduka Dr Aini Binti Ideris, the newly appointed Director has undergone the mandatory accreditation programme under the requirements of Bursa Malaysia.

Corporate Governance Statement
(Cont'd.)

The Board, through the Nominating Committee, reviews 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 developments pertaining to the oversight function of Directors as well as updates on technical matters, for example financial reporting standards, tax budgets, etc.

The Secretariat facilitates the coordination of the training programmes and Directors' attendance of external seminars and programmes, and compiles records of the training received by the Directors.

The Training Programmes, Seminar and Briefings attended by Directors during the financial year ended 31 March 2016 are as follows:-

Name	Seminar/Course	Organiser
Dr. Chia Song Kun	Scenarios to Strategy	CDC Consulting Sdn. Bhd.
	Advocacy Sessions on Management Discussion & Analysis for Chief Executive Officers and Chief Financial Officers of Listed Issuers	Bursa Malaysia Berhad
	Council Members' Brainstorming Workshop for year 2015-2018	The Chinese Chamber of Commerce and Industry of Kuala Lumpur and Selangor
	The Global Sustainability and Impact Investing Forum	Bursa Malaysia Berhad
	Bloomberg Breakfast Series powered by Dematic - Malaysian Market Outlook 2016	Bloomberg TV Malaysia & Dematic
	Bank Negara Malaysia's 2015 Annual Report / Financial Stability and Payment Systems Report Briefing	Bank Negara Malaysia
Mr. Chia Seong Pow	Livestock Asia 2015 - Layer Seminar - Challenges in Managing Layer Production with Evaporative Cooling System (closed house) in Tropical Zone	UBM Malaysia
	Corporate Directors Advanced Programme - Financial Language in the Boardroom	MINDA
Mr. Chia Seong Fatt	The 10th China International Oils and Oilseeds Conference	Dalian Commodity Exchange
	POC 2016 - Palm & Lauric Oils (Price Outlook Conference & Exhibition)	Bursa Malaysia & CME Group
Mr. Chia Song Kooi	Layer Division Conference	QL in-house training
Mr. Chia Song Swa	Financial Communications and Effective Media Management	Bursatra Sdn. Bhd.
	Global Grain Asia 2016	Global Grain Events Euromoney Trading Limited

Corporate Governance Statement
(Cont'd.)

Name	Seminar/Course	Organiser
Mr. Chia Mak Hooi	Broiler Conference	QL in-house training
	Layer Seminar	QL in-house training
	Layer Division Conference	QL in-house training
	Breeder Division Conference	QL in-house training
Mr. Cheah Juw Teck	Knowing How to Detect, Prevent & Report Financial Irregularities & Scandalous Activities	Bursatra Sdn. Bhd.
YM Tengku Dato' Zainal Rashid Bin Tengku Mahmood	Malaysian Corporate Law & Case Law on Protection for Minority Shareholders	SSM-COMTRAC
Mr. Chieng Ing Huong, Eddy	Focus Group to Strengthen CG Disclosures	Bursa Malaysia Berhad
	YPO Insights Asean Summit 2015 - Jakarta	Young Presidents' Organization
Mr. Tan Bun Poo, Robert	Impact of the New Accounting Standard on Directors should be aware of	FIDE/MASB
	Directors Corporate Governance Series	CA Australia/Bursa Malaysia
	Capital Market Directors program	Securities Commission
	Khazanah Megatrends Forum 2015: Harnessing Creative Disruption	Khazanah
	Beyond Compliance to Growth: Board's Strategy in Cultivating Real Growth within a Conducive Governance Environment	FIDE
	CG Breakfast Series with Directors - Future of Auditor Reporting - The Game Changer for Boardroom	Bursa Malaysia/MIA-MICPA
	Building Capabilities and Competencies	UEM Group
	Capital Markets Development Programme: Doing Business in a Responsible Way	SIDC
	Anti-Money Laundering Compliance Culture/Foreign Exchange Administration Rules	AmBank
	Briefing on Competition Law	AmBank
	FIDE Forum - Insurance Takaful and Reinsurance Business	FIDE
	Risk and Vulnerability of Global Markets: Reinforcing Resilience in Emerging Markets	SIDC
Prof. Datin Paduka Dr Aini Binti Ideris *(Appointed on 1 January 2016)*	Mandatory Accreditation Programme	Bursatra Sdn. Bhd.

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, Head of Financial Reporting and Investor Relations, Risk Management 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 2016 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 48 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 30 to 34 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.

Corporate Governance Statement
(Cont'd.)

The Board is assisted by the Risk Management Committee in the oversight and its management of all identified risks. The Risk Management Committee meets quarterly to ensure that the accountability for managing identified significant risks are addressed, managed and mitigated on an ongoing basis.

The Statement on Risk Management and Internal Control furnished on pages 49 to 52 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 30 to 31 of this Annual Report.

PRINCIPLE 7: ENSURE TIMELY AND HIGH QUALITY DISCLOSURE

Corporate Disclosure Policy

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 at 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: STRENGHTHEN 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

In line with the MMLR, all resolutions set out in the notice of general meetings shall be voted by poll.

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 27 August 2015.

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 27 August 2015.

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

(c) Audit fees and non-audit fees

The amount of audit fees and non-audit fees of the external auditors, for the financial year ended 31 March 2016 were as follows:-

	← Audit fees →		← Non-audit fees →	
	Group	**Company**	**Group**	**Company**
KPMG Malaysia	RM1,041,000	RM181,000	RM146,000	RM146,000
Overseas affiliates of KPMG Malaysia	RM46,000	-	RM152,000	-
Other auditors	RM230,000	-	-	-

The Board has deliberated, reviewed and approved the Corporate Governance Statement on 1 July 2016.

ADDITIONAL COMPLIANCE INFORMATION

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

During the financial year under review, there were no:

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

STATEMENT OF DIRECTORS' RESPONSIBILITY

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

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

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

MANAGEMENT'S RESPONSIBILITES

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

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

The RMC of QL Resources Berhad comprises Executive Committee, Head of Financial Reporting and Investor Relations and Group Risk Management Manager and is chaired by the Group Managing Director.

RISK MANAGEMENT

The Group adopts an Enterprise Risk Management ("ERM") framework, in accordance with the Malaysian Code on Corporate Governance 2012, which projects the Group's desire to identify, evaluate and manage significant business risks. The Group's ERM framework aims to facilitate the execution of strategic business action to achieve the Group's vision of being the preferred global agro based enterprise, by implementing mitigating controls or translating the principal risks of the business into upside opportunities.

The Board has formalised the ERM framework into the Group's Risk Management Policies and Procedures. The ERM framework enhances risk oversight, facilitates in continuously identifying significant risks of the Group and ensuring instituted controls are consistently applied by Management to maintain an acceptable level of exposure to risks. The ERM framework was developed based on established enterprise risk management principles.

Statement on Risk Management and Internal Control (Cont'd.)

The Group has a Risk Management Department ("RM"), led by the Group Risk Management Manager, that acts as a central contact and guide for ERM issues within the Group. The RM facilitates and supervises implementation of the ERM framework and processes with the respective business units. The RM reports functionally to the RMC and Audit Committee.

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

- Operating Risk

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

- Financial Risk

  The Group is exposed to various financial risks relating to foreign currency risks, credit risks, interest rate risks, liquidity risks and commodity prices. These financial risks are mitigated through internal control process and constant monitoring.

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

- Emerging and existing risks are identified and reviewed by each business function/activity and are classified based on assessment of probability of occurrence and impact magnitude. The level of residual risk is determined after identifying and evaluating the effectiveness of existing controls/mitigating action plans.

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

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

- On a quarterly basis, the RMC meets to review the status of risk reviews, the high and significant risks identified and the progress of the implementation action plans. Consequently, a risk management report summarising the high and significant risks and/or status of action plans are presented to the Audit Committee for review, deliberation and recommendation for endorsement by the Board of Directors.

Enterprise Risk Management refresher trainings were conducted by third party facilitator during the past financial year as part of the ERM awareness enhancement activity. Going forward, the RMC is embarking on the following to further strengthen the existing risk management controls within the Group:

- Refining the Delegation and Limits of Authority Matrix to further facilitate operational efficiency and accountability within the Risk Management Framework.

- Further aligning the Group's Risk Appetite Policy with strategic business directions.

- Utilising ERM Software System for more effective and objective assessment and management of risks.

INTERNAL CONTROL PROCESS

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

- The Board, RMC and Audit Committee meet on a quarterly basis and on an ad-hoc basis when there is a need arise to discuss matters raised by the Management, on strategic and operational matters inclusive of potential risks and control issues.
- The Board has delegated the responsibilities to several committees and to the Management of the Company to implement and monitor designated tasks.
- Delegation of authority including authorisation limits at various levels of Management. The delegation of authority distinguishes certain matters that require the Board's approval, which is designed to ensure accountability and responsibility. The authorisation limits are documented as part of the Standard Operating Procedures.
- Standard Operating Procedures are reviewed and revised to meet change of business needs, operational requirements and statutory reporting needs.
- Performance reports are provided to the Executive Committee and the Board to facilitate review and monitoring of financial performance.
- Business units present their strategies, annual budgets, including financial and operating targets and capital expenditure proposals to the Executive Committee and Board.
- A half yearly review of the strategy and annual budget is undertaken by Management to identify and to revise if necessary.

INTERNAL AUDIT

Internal audit function is 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 under review. The internal audit team highlights and discusses, on a quarterly basis, their findings and recommendations for control improvements to the executive and operational management. The internal audit reports, summarising the observations of control weaknesses, recommendations for improvement and Management responses, were presented to the Audit Committee. These were deliberated with Management at the Audit Committee Meetings. The Audit Committee assesses the overall adequacy and effectiveness of the system of internal controls of the Group and reports to the Board of Directors, in particular, the matters relating to significant risks and the necessary recommendations for changes.

For the financial year under review, the internal audit's scope covered:

- revenue control management, involving credit and cash sales, and inventory;
- cost control management, involving procurement, asset and human resource cost, and cash and bank; and
- operational and compliance control management involving production and industrial compliance, and recurrent related party transaction.

Statement on Risk Management and Internal Control (Cont'd.)

CONCLUSION

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

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

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

This Statement on Risk Management and Internal Control was approved by the Board on 1st July 2016.

CORPORATE SOCIAL RESPONSIBILITY AT QL

Corporate Social Responsibility (CSR) 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 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 across 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

Back in 2014, QL expanded its fisheries sector activities through the commencement of marine prawn aquaculture, which is a noted component industry of the Malaysian government's Economic Transformation Programme. Traditional marine prawn aquaculture activities are often associated with environmental degradation, particularly in regards to waste water run-off. QL has invested heavily in environmental protection measures, utilising advanced reservoir and sedimentation technology in its aquaculture site in Kudat, Sabah, to ensure a high level of protection.

Other measures employed include a seawater intake system that screens and filters incoming water to minimise aquatic diseases, while a holistic effluent management process treats discharge water as it flows through nine consecutive trenches, and 2 large retention ponds with fish culture which act as biological filter ensuring it is fit for release back into the environment.

QL's voluntary environmental management system ensures that minimum organic load in the discharge water is released into the environment which is able to meet the best aquaculture practice. Beneficiaries of these measures are the environment, local communities downstream of our aquaculture site and surrounding shrimp 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 of 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 shoals are. 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 RM35 million.

Workplace

First established in 2009, the QL Poultry Centre of Excellence (or QLPCOE) is an internal training facility that develops the proficiency of employees in our poultry sector. The staff members who pass through QLPCOE are trained with skills that are highly sought after in the poultry industry, which increases their employability. QL also opens the doors of QLPCOE to university and college students, which gives them exposure to real-world scenarios in a leading technological environment.

Corporate Social Responsibility at QL
(Cont'd.)

In addition to the academy training format, internal and external subject matter experts are brought in to present on topical subjects and give technical overviews to employees. The open sharing of knowledge between farms and management has been critical to the success of QLPCOE. As a major employer in the poultry industry, we believe that investment in training and development grows our knowledge bank and leads to gains in market share, while benefitting the wider economy.

Marketplace

QL has been publishing a food and cooking blog on the internet under the brand QL Kitchen for the past 15 months. Significant investment has been made into producing recipes that are freely available for view and download by all. Recipes cover categories from breakfast and main meals to baking and party treats.

QL Kitchen's Facebook page has over 120,000 fans while the website has had over 2 million page views. The objective of the page is to offer a service to QL's customers and the public at large, providing wholesome recipes that demonstrate imaginative ways to use the products that QL sells, across its range of consumer food brands.

As QL proactively reaches out to consumers, providing complimentary service such as QL Kitchen, we are cognisant that our share of the consumer foods market is still relatively small despite QL having surpassed RM5 billion in market capitalisation. 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 (IJN Foundation) helped us work toward this objective while benefiting a very worthwhile organisation. Good Heart Campaign is QL's three-year commitment to IJN Foundation from 2014 – 2016. QL Good Heart Campaign achieved the overall three-year pledge of RM150,000 contribution within a two-year period. The proceeds raised were for treatment costs for poor and needy patients, including heart surgeries and purchases of devices.

QL has built the group over the years on the principle of triple bottom line, a practice that we will continue to pursue in every of our decisions.

Financial Statements

DIRECTORS' REPORT
For the year ended 31 March 2016

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 2016.

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	192,079	113,186
Non-controlling interests	9,682	-
	201,761	113,186

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 paid a final single tier dividend of 4.25 sen per ordinary share of RM0.25 each totalling approximately RM53,041,000 in respect of the financial year ended 31 March 2015 on 15 September 2015.

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 2016 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
Dr. Chia Song Kun
Mr. Chia Seong Pow
Mr. Chia Seong Fatt
Mr. Chia Song Kooi
Mr. Chia Song Swa
Mr. Chia Mak Hooi
Mr. Cheah Juw Teck
Mr. Chieng Ing Huong
Mr. Tan Bun Poo
Professor Datin Paduka Dr. Aini Binti Ideris (Appointed on 1 January 2016)

Directors' Report
For the year ended 31 March 2016 (Cont'd)

Directors' interests in shares

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

	Number of ordinary shares of RM0.25 each			
	At 1.4.2015	Bought	Sold	At 31.3.2016
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	2,200,000	-	-	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	1,068,000	108,900	-	1,176,900
Cheah Juw Teck	2,295,350	159,600	(259,000)	2,195,950
Shareholdings in the Company which Directors have indirect interests:				
Chia Song Kun	537,914,566	186,700	(656,600)	537,444,666
Chia Seong Pow	155,209,070	16,300	(691,600)	154,533,770
Chia Seong Fatt	153,536,210	-	(656,600)	152,879,610
Chia Song Kooi	529,528,322	-	(656,600)	528,871,722
Chia Song Swa	528,187,522	-	(656,600)	527,530,922
Chia Mak Hooi	533,394,572	-	(756,600)	532,637,972
Cheah Juw Teck	7,339,700	10,000	(30,000)	7,319,700

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, Tan Bun Poo and Professor Datin Paduka Dr. Aini Binti Ideris holding office at 31 March 2016 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.

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.

Directors' Report
For the year ended 31 March 2016 (Cont'd)

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 27 August 2015, 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.

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 2016 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.

Event subsequent to the end of the reporting period

The event subsequent to the end of the reporting period is disclosed in Note 35 of the financial statements.

Auditors

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

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

Chia Song Kun

Chia Mak Hooi

Shah Alam,

Date: 1 July 2016

STATEMENTS OF FINANCIAL POSITION
As at 31 March 2016

	Note	Group 2016 RM'000	Group 2015 RM'000	Company 2016 RM'000	Company 2015 RM'000
Assets					
Property, plant and equipment	3	1,372,661	1,239,388	265	322
Investment properties	4	31,033	29,151	-	-
Prepaid lease payments	5	58,342	57,508	-	-
Intangible assets	6	7,146	6,266	-	-
Biological assets	7	129,106	117,014	-	-
Investment in subsidiaries	8	-	-	667,256	665,456
Investment in associates	9	109,079	94,661	-	-
Other investments	10	-	61,560	-	61,560
Deferred tax assets	11	2,980	1,082	-	-
Other receivables	12	6,422	5,190	430,345	360,466
Total non-current assets		1,716,769	1,611,820	1,097,866	1,087,804
Biological assets	7	89,346	88,899	-	-
Inventories	13	375,251	334,608	-	-
Current tax assets		10,586	5,223	-	-
Trade and other receivables	12	338,801	306,848	102,038	61,108
Prepayments and other assets	14	24,453	32,447	1,360	1,803
Derivative financial assets	15	4,942	4,690	3,550	4,682
Cash and cash equivalents	16	249,874	200,733	17,817	23,897
Total current assets		1,093,253	973,448	124,765	91,490
Total assets		2,810,022	2,585,268	1,222,631	1,179,294
Equity					
Share capital		312,007	312,007	312,007	312,007
Share premium		308,018	308,018	308,018	308,018
Reserves		971,628	806,558	219,823	164,779
Equity attributable to owners of the Company		1,591,653	1,426,583	839,848	784,804
Non-controlling interests		79,241	72,867	-	-
Total equity	17	1,670,894	1,499,450	839,848	784,804
Liabilities					
Loans and borrowings	18	303,737	326,028	282,177	301,315
Employee benefits	19	2,304	1,666	-	-
Deferred tax liabilities	11	76,983	72,058	-	-
Total non-current liabilities		383,024	399,752	282,177	301,315
Loans and borrowings	18	469,798	430,963	97,054	83,457
Trade and other payables	20	271,566	238,302	3,390	8,956
Derivative financial liabilities	15	1,306	3,149	-	-
Current tax liabilities		13,434	13,652	162	762
Total current liabilities		756,104	686,066	100,606	93,175
Total liabilities		1,139,128	1,085,818	382,783	394,490
Total equity and liabilities		2,810,022	2,585,268	1,222,631	1,179,294

The notes on pages 69 to 145 are an integral part of these financial statements.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2016

	Note	Group 2016 RM'000	Group 2015 RM'000	Company 2016 RM'000	Company 2015 RM'000
Revenue					
- sale of goods		2,853,234	2,706,912	-	-
- dividend income		690	855	102,031	68,725
		2,853,924	2,707,767	102,031	68,725
Cost of sales		(2,332,336)	(2,240,284)	-	-
Gross profit		521,588	467,483	102,031	68,725
Administrative expenses		(186,404)	(154,642)	(4,100)	(4,217)
Distribution costs		(62,974)	(60,850)	-	-
Other expenses		(33,382)	(27,642)	-	-
Other income		30,420	28,058	9,768	32,991
Results from operating activities	21	269,248	252,407	107,699	97,499
Finance costs	22	(38,376)	(35,568)	(18,995)	(19,438)
Finance income	23	5,671	5,864	24,882	19,571
Share of profits of equity-accounted associates, net of tax		12,938	23,272	-	-
Profit before tax		249,481	245,975	113,586	97,632
Tax expense	24	(47,720)	(50,035)	(400)	(1,317)
Profit for the year		201,761	195,940	113,186	96,315
Other comprehensive income/(expenses), net of tax					
Items that are or may be reclassified subsequently to profit or loss					
Foreign currency translation differences for foreign operations		26,393	(3,183)	-	-
Fair value of available-for-sale financial assets		(1,584)	1,584	(1,584)	1,584
Share on gain/(loss) of equity-accounted associates		3,628	(2,013)	-	-
Cash flow hedge		(3,053)	(964)	(3,517)	(625)
Total other comprehensive income/(expense) for the year, net of tax		25,384	(4,576)	(5,101)	959
Total comprehensive income for the year		227,145	191,364	108,085	97,274

Statements of Profit or Loss and Other Comprehensive Income
For the year ended 31 March 2016 (Cont'd.)

	Note	Group 2016 RM'000	Group 2015 RM'000	Company 2016 RM'000	Company 2015 RM'000
Profit attributable to:					
Owners of the Company		192,079	191,400	113,186	96,315
Non-controlling interests		9,682	4,540	-	-
Profit for the year		201,761	195,940	113,186	96,315
Total comprehensive income attributable to:					
Owners of the Company		218,111	185,316	108,085	97,274
Non-controlling interests		9,034	6,048	-	-
Total comprehensive income for the year		227,145	191,364	108,085	97,274
Basic/Diluted earnings per ordinary share (sen)	25	15	15		

The notes on pages 69 to 145 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2016

		Attributable to owners of the Company								
		Non-distributable				Distributable				
	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
Group										
At 1 April 2014		312,007	308,018	(57,442)	-	382	722,803	1,285,768	59,947	1,345,715
Foreign currency translation differences for foreign operations		-	-	(4,683)	-	-	-	(4,683)	1,500	(3,183)
Fair value of available-for-sale financial assets		-	-	-	1,584	-	-	1,584	-	1,584
Share on loss of equity-accounted associates		-	-	-	-	(2,013)	-	(2,013)	-	(2,013)
Cash flow hedge		-	-	-	-	(972)	-	(972)	8	(964)
Total other comprehensive (expenses)/income for the year		-	-	(4,683)	1,584	(2,985)	-	(6,084)	1,508	(4,576)
Profit for the year		-	-	-	-	-	191,400	191,400	4,540	195,940
Total comprehensive (expenses)/income for the year		-	-	(4,683)	1,584	(2,985)	191,400	185,316	6,048	191,364
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		-	-	-	-	-	-	-	11,717	11,717
Total transactions with owners of the Company		-	-	-	-	-	(44,501)	(44,501)	6,872	(37,629)
At 31 March/1 April 2015		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				

Consolidated Statement of Changes in Equity
For the year ended 31 March 2016 (Cont'd.)

	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
		Attributable to owners of the Company								
		Non-distributable					Distributable			
Group										
At 31 March/1 April 2015		312,007	308,018	(62,125)	1,584	(2,603)	869,702	1,426,583	72,867	1,499,450
Foreign currency translation differences for foreign operations		-	-	27,041	-	-	-	27,041	(648)	26,393
Fair value of available-for-sale financial assets		-	-	-	(1,584)	-	-	(1,584)	-	(1,584)
Share on gain of equity-accounted associates		-	-	-	-	3,628	-	3,628	-	3,628
Cash flow hedge		-	-	-	-	(3,053)	-	(3,053)	-	(3,053)
Total other comprehensive income/(expenses) for the year		-	-	27,041	(1,584)	575	-	26,032	(648)	25,384
Profit for the year		-	-	-	-	-	192,079	192,079	9,682	201,761
Total comprehensive income/(expenses) for the year		-	-	27,041	(1,584)	575	192,079	218,111	9,034	227,145
Contributions by and distributions to owners of the Company										
- Dividend to owners of the Company	26	-	-	-	-	-	(53,041)	(53,041)	-	(53,041)
- Dividends to non-controlling interests		-	-	-	-	-	-	-	(4,715)	(4,715)
- Subscription of shares in a subsidiary by non-controlling interests		-	-	-	-	-	-	-	955	955
- Fair value adjustment of subsidiary acquired in prior year		-	-	-	-	-	-	-	1,100	1,100
Total transactions with owners of the Company		-	-	-	-	-	(53,041)	(53,041)	(2,660)	(55,701)
At 31 March 2016		312,007	308,018	(35,084)	-	(2,028)	1,008,740	1,591,653	79,241	1,670,894
		Note 17.1	Note 17.2	Note 17.3	Note 17.4	Note 17.5				

The notes on pages 69 to 145 are an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2016

	Note	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
		← Attributable to owners of the Company →					
		← Non-distributable →				Distributable	
Company							
At 1 April 2014		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/(expense) for the year		-	-	1,584	(625)	-	959
Profit for the year		-	-	-	-	96,315	96,315
Total comprehensive income/(expense) for the year		-	-	1,584	(625)	96,315	97,274
Distributions to owners of the Company							
- Dividend to owners of the Company	26	-	-	-	-	(43,681)	(43,681)
Total transactions with owners of the Company		-	-	-	-	(43,681)	(43,681)
At 31 March/1 April 2015		312,007	308,018	1,584	(299)	163,494	784,804
Fair value of available-for-sale financial assets		-	-	(1,584)	-	-	(1,584)
Cash flow hedge		-	-	-	(3,517)	-	(3,517)
Total other comprehensive expense for the year		-	-	(1,584)	(3,517)	-	(5,101)
Profit for the year		-	-	-	-	113,186	113,186
Total comprehensive (expense)/income for the year		-	-	(1,584)	(3,517)	113,186	108,085
Distributions to owners of the Company							
- Dividend to owners of the Company	26	-	-	-	-	(53,041)	(53,041)
Total transactions with owners of the Company		-	-	-	-	(53,041)	(53,041)
At 31 March 2016		312,007	308,018	-	(3,816)	223,639	839,848
		Note 17.1	Note 17.2	Note 17.4	Note 17.5	Note 17.6	

The notes on pages 69 to 145 are an integral part of these financial statements.

STATEMENTS OF CASH FLOWS

For the year ended 31 March 2016

	Note	Group 2016 RM'000	Group 2015 RM'000	Company 2016 RM'000	Company 2015 RM'000
Cash flows from operating activities					
Profit before tax		249,481	245,975	113,586	97,632
Adjustments for:					
Amortisation of investment properties		606	634	-	-
Amortisation of intangible assets		92	239	-	-
Amortisation of prepaid lease payments		1,705	1,232	-	-
Depreciation of property, plant and equipment		96,407	86,436	57	114
Derivative (gain)/loss		(1,280)	2,091	-	-
Dividends from subsidiaries		-	-	(101,831)	(67,268)
Dividends from liquid investments		(200)	(855)	(200)	(595)
Dividends from associate		-	-	-	(862)
Finance costs		38,376	35,568	18,995	19,438
Finance income		(5,671)	(5,864)	(24,882)	(19,571)
Gain on deemed disposal of investment in associate		-	(8,347)	-	(12,215)
Gain on disposal of other investment		(377)	-	(377)	-
Loss/(Gain) on disposal of property, plant and equipment		639	(2,104)	-	-
Gain on disposal of investment property		(4)	-	-	-
Gain on foreign exchange – unrealised		(5,375)	(1,778)	(9,280)	(20,578)
Intangible assets written off		-	374	-	-
Property, plant and equipment written off		2,059	2,666	-	-
Share of associates' profits		(12,938)	(23,272)	-	-
Negative goodwill		(1,187)	-	-	-
Operating profit/(loss) before changes in working capital		362,333	332,995	(3,932)	(3,905)
Changes in working capital:					
Biological assets		(12,539)	(5,170)	-	-
Inventories		(40,621)	(71,630)	-	-
Trade and other receivables and other financial assets		(19,658)	(30,508)	7,338	(4,675)
Employee benefits		638	515	-	-
Trade and other payables, including derivatives		53,010	21,809	(5,566)	(2,153)
Bills payable		(37,122)	17,642	-	-
Cash generated from/(used in) operations		306,041	265,653	(2,160)	(10,733)
Dividends from liquid investments		200	855	200	595
Income taxes (paid)/refunded		(50,274)	(36,889)	(1,000)	939
Interest paid		(10,263)	(10,373)	-	-
Interest received		5,671	5,864	24,882	19,571
Net cash generated from operating activities		251,375	225,110	21,922	10,372

Statements of Cash Flows

For the year ended 31 March 2016 (Cont'd.)

	Note	Group 2016 RM'000	Group 2015 RM'000	Company 2016 RM'000	Company 2015 RM'000
Cash flows from investing activities					
Acquisition of subsidiaries,net of cash acquired		(1,076)	(9,046)	(1,800)	-
Acquisition of other investment		(237)	-	(237)	-
Acquisition of investment properties		(2,713)	(350)	-	-
Acquisition of property, plant and equipment	(i)	(238,108)	(261,943)	-	-
Acquisition of prepaid lease payments		(2,426)	-	-	-
Proceed from disposal of investment property		229	-	-	-
Proceeds from disposal of other investments		60,590	-	60,590	-
Proceeds from disposal of property, plant and equipment		9,985	17,241	-	-
Dividends received from subsidiaries		-	-	101,831	67,268
Dividends received from associates		5,132	4,817	-	862
Increase in investment in associates		(2,362)	(28,148)	-	(22,538)
Net cash (used in)/generated from investing activities		(170,986)	(277,429)	160,384	45,592
Cash flows from financing activities					
Advances to subsidiaries		-	-	(110,809)	(107,055)
Acquisition of non-controlling interests		-	(2,633)	-	-
Subscription of shares by non-controlling interests		955	1,004	-	-
Dividends paid to non-controlling interests		(4,715)	(4,036)	-	-
Dividends paid to owners of the Company		(53,041)	(43,681)	(53,041)	(43,681)
Interest paid		(28,113)	(25,195)	(18,995)	(19,438)
Repayment of finance lease liabilities		(745)	(934)	-	-
Proceeds from/(Repayment of) loans and other borrowings		60,465	70,309	(5,541)	56,303
Net cash used in financing activities		(25,194)	(5,166)	(188,386)	(113,871)
Net increase/(decrease) in cash and cash equivalents		55,195	(57,485)	(6,080)	(57,907)
Cash and cash equivalents at beginning of the year		175,191	232,676	23,897	81,804
Cash and cash equivalents at end of the year	(ii)	230,386	175,191	17,817	23,897

Statements of Cash Flows
For the year ended 31 March 2016 (Cont'd)

Notes to the statements of cash flows

i) Acquisition of property, plant and equipment

During the financial year, the Group acquired property, plant and equipment with an aggregate cost of RM238,178,000 (2015: RM263,096,000), of which RM70,000 (2015: RM1,153,000) were acquired by means of finance leases.

ii) Cash and cash equivalents

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

	Note	Group 2016 RM'000	Group 2015 RM'000	Company 2016 RM'000	Company 2015 RM'000
Cash and bank balances		203,093	183,189	17,145	23,226
Deposits placed with licensed banks		24,910	7,136	580	580
Liquid investments		21,871	10,408	92	91
	16	249,874	200,733	17,817	23,897
Bank overdrafts	18	(19,488)	(25,542)	-	-
		230,386	175,191	17,817	23,897

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 2016 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 2016 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 1 July 2016.

1. Basis of preparation

(a) Statement of compliance

The financial statements of the Group and of the Company have been prepared in accordance with Financial Reporting Standards ("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 January 2016
- FRS 14, *Regulatory Deferral Accounts*
- 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)*
- Amendments to FRS 10, *Consolidated Financial Statements*, FRS 12, *Disclosure of Interests in Other Entities* and 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*
- Amendments to FRS 101, *Presentation of Financial Statements – Disclosure Initiative*
- Amendments to FRS 116, *Property, Plant and Equipment* and 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 2017
- Amendments to FRS 107, *Statement of Cash Flows – Disclosure Initiative*
- Amendments to FRS 112, *Income Taxes – Recognition of Deferred Tax Assets for Unrealised Losses*

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2018
- FRS 9, *Financial Instruments (2014)*

FRSs, Interpretations and amendments effective for a date yet to be confirmed
- Amendments to FRS 10, *Consolidated Financial Statements* and FRS 128, *Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

Notes to the Financial Statements
(Cont'd.)

1. Basis of preparation (Cont'd)

(a) Statement of compliance (Cont'd)

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

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

- from the annual period beginning on 1 April 2017 for those accounting standards, amendments or interpretations that are effective for annual periods beginning on or after 1 January 2017.

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

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

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

(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.

(ii) Business combinations

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

Acquisitions on or after 1 April 2011

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

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

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

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

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

Acquisitions between 1 April 2006 and 31 March 2011

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

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

2. Significant accounting policies (Cont'd)

(a) Basis of consolidation (Cont'd)

(ii) Business combinations (Cont'd)

Acquisitions prior to 31 March 2006

For acquisitions prior to 31 March 2006, goodwill represents the excess of the cost of the acquisition over the Group's interest in the fair values of the net identifiable assets and liabilities.

(iii) Acquisitions of non-controlling interests

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

(iv) 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.

2. Significant accounting policies (Cont'd)

(a) Basis of consolidation (Cont'd)

(vi) Non-controlling interests

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

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

(vii) Transactions eliminated on consolidation

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

Unrealised gains arising from transactions with equity-accounted 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 foreign currency translation reserve ("FCTR") in equity.

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

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

Notes to the Financial Statements
(Cont'd.)

2. Significant accounting policies (Cont'd)

(b) Foreign currency (Cont'd)

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

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

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

(c) Financial instruments

(i) Initial recognition and measurement

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

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

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

(ii) Financial instrument categories and subsequent measurement

The Group and the Company categorise financial instruments as follows:

Financial assets

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

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

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

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

(b) Loans and receivables

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

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

2. Significant accounting policies (Cont'd)

(c) Financial instruments (Cont'd)

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

Financial assets (Cont'd)

(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), contingent consideration in a business combination or financial liabilities that are specifically designated into this category upon initial recognition.

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

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

(iii) Financial guarantee contracts

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

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.

Notes to the Financial Statements
(Cont'd.)

2. Significant accounting policies (Cont'd)

(c) Financial instruments (Cont'd)

(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.

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.

2. Significant accounting policies (Cont'd)

(c) Financial instruments (Cont'd)

(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

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.

(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.

Notes to the Financial Statements
(Cont'd.)

2. Significant accounting policies (Cont'd)

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

(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.

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.

2. Significant accounting policies (Cont'd)

(e) Leased assets (Cont'd)

(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.

(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.

2. Significant accounting policies (Cont'd)

(f) Intangible assets (Cont'd)

(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, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

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

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

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

(ii) Reclassification to/from investment properties

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

2. Significant accounting policies (Cont'd)

(h) Biological assets

(i) Plantation development expenditure

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

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

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

(ii) Livestock

Layer farms

Pullets and layers are measured at the lower of amortised cost and net realisable value. Cost of layers includes cost of 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.

Shrimp farms

Shrimp livestock are measured at lower of cost and net realisable value. Cost of shrimp livestock includes costs of larvae and nauplii plus all attributable costs in breeding the shrimp livestock to saleable condition. For broodstock, cost consists of the original purchase price less any impairment losses. The costs of the broodstock are amortised over the expected reproductive lifespan which are estimated to be approximately 6 months.

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

Notes to the Financial Statements
(Cont'd.)

2. Significant accounting policies (Cont'd)

(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 (Cont'd)**

(k) **Impairment (Cont'd)**

(i) **Financial assets (Cont'd)**

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

(ii) **Other assets**

The carrying amounts of other assets (except for inventories, deferred tax assets and non-current assets (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 (Cont'd)

(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.

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

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

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

2. Significant accounting policies (Cont'd)

(m) Employee benefits (Cont'd)

(iii) Defined benefit plans (Cont'd)

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

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

(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.

(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.

Notes to the Financial Statements
(Cont'd.)

2. Significant accounting policies (Cont'd)

(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. Deferred tax assets and liabilities are not discounted.

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

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

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

(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.

2. Significant accounting policies (Cont'd)

(r) Earnings per ordinary share (Cont'd)

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.

(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.

(u) Fair value measurements

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

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

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

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

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

Notes to the Financial Statements
(Cont'd.)

3. Property, plant and equipment

	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
Group											
Cost											
At 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 subsidiaries	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
At 31 March/1 April 2015	103,580	56,483	230,910	257,043	56,706	80,817	706,519	2,475	86,838	152,971	1,734,342
Additions	10,164	2,048	23,555	52,170	3,942	10,334	64,500	219	9,757	61,489	238,178
Disposals	(200)	(554)	(3,029)	(595)	(1,625)	(911)	(6,137)	(301)	(1,902)	(1,373)	(16,627)
Written off	-	-	(393)	(1,397)	-	(952)	(3,139)	(304)	(4)	-	(6,189)
Transfer in/(out)	-	17,774	49,466	40,116	4,855	2,109	42,128	-	1,546	(157,994)	-
Acquisition of a subsidiary	-	-	1,495	-	-	-	-	-	-	-	1,495
Fair value adjustment of subsidiary acquired in prior year	2,324	-	-	-	-	-	-	-	-	-	2,324
Effect of movements in exchange rates	128	(1,962)	(198)	1,675	-	2,331	1,517	(2)	321	(1,814)	1,996
At 31 March 2016	115,996	73,789	301,806	349,012	63,878	93,728	805,388	2,087	96,556	53,279	1,955,519

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

	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
Group											
Depreciation											
At 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 subsidiaries	-	20	824	-	-	176	531	119	598	-	2,268
Effect of movements in exchange rates	-	85	(14)	(119)	-	594	(773)	(22)	(24)	-	(273)
At 31 March/1 April 2015	-	7,196	41,034	65,232	16,652	34,897	277,451	1,083	51,409	-	494,954
Depreciation for the year	-	559	9,499	14,520	3,221	10,929	47,746	160	9,773	-	96,407
Disposals	-	(113)	(738)	(393)	(585)	(693)	(2,035)	(119)	(1,327)	-	(6,003)
Written off	-	-	(274)	(1,152)	-	(774)	(1,689)	(237)	(4)	-	(4,130)
Acquisition of a subsidiary	-	-	195	-	-	-	-	-	-	-	195
Effect of movements in exchange rates	-	(584)	37	(41)	-	938	886	-	199	-	1,435
At 31 March 2016	-	7,058	49,753	78,166	19,288	45,297	322,359	887	60,050	-	582,858
Carrying amounts											
At 1 April 2014	64,040	55,825	157,889	159,767	33,283	35,761	388,230	732	33,132	114,499	1,043,158
At 31 March/1 April 2015	103,580	49,287	189,876	191,811	40,054	45,920	429,068	1,392	35,429	152,971	1,239,388
At 31 March 2016	115,996	66,731	252,053	270,846	44,590	48,431	483,029	1,200	36,506	53,279	1,372,661

Notes to the Financial Statements
(Cont'd.)

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

	Motor vehicles RM'000	Total RM'000
Company		
Cost		
At 1 April 2014/31 March 2015/1 April 2015/31 March 2016	751	751
Accumulated depreciation		
At 1 April 2014	315	315
Depreciation for the year	114	114
At 31 March/1 April 2015	429	429
Depreciation for the year	57	57
At 31 March 2016	486	486
Carrying amounts		
At 1 April 2014	436	436
At 31 March/1 April 2015	322	322
At 31 March 2016	265	265

3.1 Assets under finance lease

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

	Group	
	2016 RM'000	2015 RM'000
Motor vehicles	1,298	1,606

3.2 Capital work-in-progress

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

Notes to the Financial Statements
(Cont'd.)

4. Investment properties

	Group RM'000
Cost	
At 1 April 2014	37,549
Additions	350
Transfer to property, plant and equipment	(4,206)
At 31 March/1 April 2015	33,693
Additions	2,713
Disposals	(229)
At 31 March 2016	36,177
Amortisation and impairment loss	
At 1 April 2014	
- Accumulated amortisation	2,687
- Accumulated impairment loss	1,221
	3,908
Amortisation for the year	634
At 31 March/1 April 2015	
- Accumulated amortisation	3,321
- Accumulated impairment loss	1,221
	4,542
Amortisation for the year	606
Disposal for the year	(4)
At 31 March 2016	
- Accumulated amortisation	3,923
- Accumulated impairment loss	1,221
	5,144
Carrying amount	
At 1 April 2014	33,641
At 31 March/1 April 2015	29,151
At 31 March 2016	31,033
Fair value	
At 1 April 2014	79,788
At 31 March/1 April 2015	68,080
At 31 March 2016	79,706

Notes to the Financial Statements
(Cont'd.)

4. Investment properties (Cont'd)

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

	2016 RM'000	2015 RM'000
Rental income	2,532	1,134
Direct operating expenses:		
- income generating investment properties	(872)	(578)
- non-income generating investment properties	(82)	(57)

Fair value information
Fair value of investment properties are categorised as follows:

	Level 3	
	2016 RM'000	2015 RM'000
Group		
Land	54,895	50,689
Building	24,811	17,391
	79,706	68,080

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

	Short-term leasehold land* RM'000
Group	
Cost	
At 1 April 2014	65,811
Effect of movements in exchange rates	46
At 31 March/1 April 2015	65,857
Additions	2,426
Effect of movements in exchange rates	78
At 31 March 2016	68,361

5. Prepaid lease payments (Cont'd)

	Short-term leasehold land* RM'000
Group	
Amortisation	
At 1 April 2014	7,117
Amortisation for the year	1,232
At 31 March/1 April 2015	8,349
Amortisation for the year	1,705
Effect of movements in exchange rate	(35)
At 31 March 2016	10,019
Carrying amounts	
At 1 April 2014	58,694
At 31 March/1 April 2015	57,508
At 31 March 2016	58,342

* Unexpired period less than 50 years.

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

The approval for the land utilisation rights measuring 14,177 hectares were granted in 2010 for a period of 35 years, out of which title to 10,159 hectares were issued. The cultivation right title is extendable under Indonesian Land Ordinance. The Group's Indonesian partners are required to obtain additional land 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).

Notes to the Financial Statements
(Cont'd.)

6. Intangible assets

	Note	Goodwill RM'000	Development costs RM'000	Patents and trademarks RM'000	Total RM'000
Group					
Cost					
At 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/1 April 2015		6,250	54	554	6,858
Additions	34	896	-	-	896
Effect of movements in exchange rates		76	-	-	76
At 31 March 2016		7,222	54	554	7,830
Amortisation and impairment loss					
At 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/1 April 2015					
- Accumulated amortisation		-	46	260	306
- Accumulated impairment loss		197	-	89	286
		197	46	349	592
Amortisation for the year		-	3	89	92
At 31 March 2016					
- Accumulated amortisation		-	49	349	398
- Accumulated impairment loss		197	-	89	286
		197	49	438	684
Carrying amounts					
At 1 April 2014		6,080	531	295	6,906
At 31 March/1 April 2015		6,053	8	205	6,266
At 31 March 2016		7,025	5	116	7,146

6. Intangible assets (Cont'd)

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

	Group	
	2016	**2015**
	RM'000	**RM'000**
At cost:		
Non-current		
Plantation development expenditure	129,106	117,014
Current		
Livestock	89,346	88,899
	218,452	205,913

8. Investment in subsidiaries

	Company	
	2016	**2015**
	RM'000	**RM'000**
Unquoted shares, at cost	667,256	665,456

During the financial year, the Company increased its investments in subsidiaries by RM1,800,000 (2015: RM10,000,000).

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

Notes to the Financial Statements
(Cont'd.)

8. Investment in subsidiaries (Cont'd)

Non-controlling interests in subsidiaries

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

	2016					
	QL Endau Marine Products Sdn. Bhd. and its subsidiaries RM'000	QL Ansan Poultry Farm Sdn. Bhd. and its subsidiaries RM'000	PT. Pipit Mutiara Indah RM'000	Kembang Subur Sdn. Bhd. and its subsidiaries RM'000	Other individually immaterial subsidiaries RM'000	Total RM'000
NCI percentage of ownership interest and voting interest	29.41%	10.00%	25.50%	36.67%		
Carrying amount of NCI	47,290	9,343	67	11,153	11,388	79,241
Total comprehensive income/ (expense) allocated to NCI	10,259	542	1,838	91	(3,696)	9,034
Summarised financial information before intra-group elimination						
As at 31 March						
Non-current assets	127,465	136,599	198,596	33,463		
Current assets	74,996	81,415	13,270	10,417		
Non-current liabilities	(25,305)	(12,970)	(711)	(8,362)		
Current liabilities	(16,362)	(111,609)	(210,893)	(5,104)		
Net assets	160,794	93,435	262	30,414		

	2016			
	QL Endau Marine Products Sdn. Bhd. and its subsidiaries RM'000	QL Ansan Poultry Farm Sdn. Bhd. and its subsidiaries RM'000	PT. Pipit Mutiara Indah RM'000	Kembang Subur Sdn. Bhd. and its subsidiaries RM'000
Year ended 31 March				
Revenue	166,133	194,109	57,717	23,657
Total comprehensive income	34,881	5,427	7,207	247
Cash flows from/(used in) operating activities	37,037	(16,152)	10,022	(110)
Cash flows used in investing activities	(18,076)	(23,542)	(9,787)	(7,933)
Cash flows (used in)/from financing activities	(3,014)	35,655	(2,067)	8,121
	15,947	(4,039)	(1,832)	78
Dividends paid to NCI	(2,904)	(949)	-	(564)

8. Investment in subsidiaries (Cont'd)

Non-controlling interests in subsidiaries (Cont'd)

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

	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 Mutiara Indah RM'000**	**Kembang Subur Sdn. Bhd. and its subsidiaries RM'000**	**Other individually immaterial subsidiaries RM'000**	**Total RM'000**
NCI percentage of ownership interest and voting interest	29.41%	9.23%	25.50%	36.67%		
Carrying amount of NCI	39,935	9,071	(1,771)	12,022	13,610	72,867
Total comprehensive income/ (expense) allocated to NCI	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)		
Net assets	135,787	98,277	(6,945)	32,784		

	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 Mutiara Indah RM'000**	**Kembang Subur Sdn. Bhd. and its subsidiaries RM'000**
Year ended 31 March				
Revenue	147,949	126,482	40,107	6,714
Total comprehensive income/(expense)	20,245	17,664	(31,120)	657
Cash flows from/(used in) 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)	-	-

Notes to the Financial Statements
(Cont'd.)

9. Investment in associates

	Group 2016 RM'000	Group 2015 RM'000
At cost:		
Unquoted shares	3,151	2,594
Quoted shares in Malaysia	55,912	54,107
Share of post-acquisition reserve	50,016	37,960
	109,079	94,661
Market value:		
Quoted shares in Malaysia	220,147	312,508

Details of the associates are as follows:

Name of Company	Country of incorporation	Principal activities	Effective ownership interest and voting interest 2016 %	Effective ownership interest and voting interest 2015 %
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	41.83	41.48
AB Hatchery Sdn. Bhd.*	Malaysia	Hatchery and aqua culturing of shrimps and fishes	31.03	31.03

* Equity accounted based on management accounts.
\# Audited by another firm of accountants.

9. Investment in associates (Cont'd)

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

	2016		
	Boilermech Holdings Berhad RM'000	**Other individually immaterial associates RM'000**	**Total RM'000**
Group			
Summarised financial information			
As at 31 March			
Non-current assets	94,291		
Current assets	204,698		
Non-current liabilities	(7,518)		
Current liabilities	(121,848)		
Net assets	169,623		
Less: Non-controlling interest	(7,973)		
	161,650		
Year ended 31 March			
Total comprehensive income of the material associate	39,562		
Included in the total comprehensive income of the material associate are:			
Revenue of the material associate	260,109		
Reconciliation of net assets to carrying amount			
As at 31 March			
Group's share of net assets	67,618	3,261	70,879
Goodwill	38,152	48	38,200
Carrying amount in the statements of financial position	105,770	3,309	109,079
Group's share of results for year ended 31 March			
Group's share of profit or loss	12,804	134	12,938
Group's share of other comprehensive income	3,628	-	3,628
Group's share of total comprehensive income	16,432	134	16,566
Other information			
Dividends received	3,746	1,386	

Notes to the Financial Statements
(Cont'd.)

9. Investment in associates (Cont'd)

	2015		
	Boilermech Holdings Berhad RM'000	Other individually immaterial associates RM'000	Total RM'000
Group			
Summarised financial information			
As at 31 March			
Non-current assets	76,011		
Current assets	153,192		
Current liabilities	(97,931)		
Net assets	131,272		
Year ended 31 March			
Total comprehensive income of the material associate	34,226		
Included in the total comprehensive income of the material associate are:			
Revenue of the material associate	277,275		
Reconciliation of net assets to carrying amount			
As at 31 March			
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
Group's share of results for year ended 31 March			
Group's share of profit or loss	16,023	7,249	23,272
Group's share of other comprehensive income	(2,013)	-	(2,013)
Group's share of total comprehensive income	14,010	7,249	21,259
Other information			
Dividends received	3,149	1,668	

10. Other investments

	Group	
	2016 RM'000	2015 RM'000
Non-current		
Available-for-sale financial assets	-	61,560
Market value of quoted investments	-	61,560

11. Deferred tax assets/(liabilities)

Recognised deferred tax assets/(liabilities)

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Group						
Property, plant and equipment	-	-	(77,856)	(70,944)	(77,856)	(70,944)
Biological assets	-	-	(1,979)	(2,063)	(1,979)	(2,063)
Tax loss carry-forwards	1,254	123	-	-	1,254	123
Unabsorbed capital allowances	4,120	1,725	-	-	4,120	1,725
Other temporary differences	1,627	1,188	(1,169)	(1,005)	458	183
Tax assets/(liabilities)	7,001	3,036	(81,004)	(74,012)	(74,003)	(70,976)
Set-off of tax	(4,021)	(1,954)	4,021	1,954	-	-
Net tax assets/(liabilities)	2,980	1,082	(76,983)	(72,058)	(74,003)	(70,976)

Movement in temporary differences during the year

	At 1.4.2014 RM'000	Recognised in profit or loss (Note 24) RM'000	Arising from business combinations RM'000	At 31.3.2015/ 1.4.2015 RM'000	Recognised in profit or loss (Note 24) RM'000	At 31.3.2016 RM'000
Group						
Property, plant and equipment	(63,877)	(6,267)	(800)	(70,944)	(6,912)	(77,856)
Biological assets	(2,063)	-	-	(2,063)	84	(1,979)
Tax loss carry-forwards	107	16	-	123	1,131	1,254
Unabsorbed capital allowances	1,206	483	36	1,725	2,395	4,120
Other temporary differences	55	128	-	183	275	458
	(64,572)	(5,640)	(764)	(70,976)	(3,027)	(74,003)

Unrecognised deferred tax

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

	Group	
	2016 RM'000	2015 RM'000
Property, plant and equipment	7,108	5,190
Tax loss carry-forwards	(182,671)	(151,811)
Unabsorbed capital allowances	(11,894)	(20,643)
	(187,457)	(167,264)

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 crystalised within the tax incentive period.

Notes to the Financial Statements
(Cont'd.)

11. Deferred tax assets/(liabilities) (Cont'd)

Unrecognised deferred tax (Cont'd)

The tax loss carry-forwards do not expire under current tax legislation, except for tax losses of a subsidiary in Vietnam of RM804,000 (2015: RM2,282,000) which expire over a 4 years period and tax losses of subsidiaries in Indonesia of RM177,774,000 (2015: RM146,736,000) 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

	Note	Group 2016 RM'000	Group 2015 RM'000	Company 2016 RM'000	Company 2015 RM'000
Non-current					
Subsidiaries	12.1	-	-	430,345	360,466
Other receivables	12.2	6,422	5,190	-	-
		6,422	5,190	430,345	360,466
Current					
Trade					
Trade receivables	12.3	277,242	231,655	-	-
Non-trade					
Subsidiaries	12.1	-	-	102,038	61,108
Other receivables	12.2	61,559	75,193	-	-
		61,559	75,193	102,038	61,108
		338,801	306,848	102,038	61,108
		345,223	312,038	532,383	421,574

12.1 Amounts due from subsidiaries

Subsidiaries

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

i) RM252,912,000 (2015: RM218,682,000) which is unsecured, subject to fixed interest rate from 4.60% to 6.00% (2015: 3.05% to 5.19%) per annum with fixed terms of repayment over a period of 1 to 5 years (2015: 1 to 5 years);

ii) RM18,283,000 (2015: RM32,933,000) which is unsecured, subject to fixed interest rate from 5.50% to 6.00% (2015: 4.29% to 6.50%) per annum and is repayable on demand;

iii) RM177,433,000 (2015: RM130,812,000) which is subject to the Company's weighted cost of funds ("COF") plus 0.50% (2015: COF plus 0.50%) per annum with fixed terms of repayment over a period of 1 to 6 years (2015: 1 to 5 years); and

iv) RM79,240,000 (2015: RM25,256,000) which is subject to Company's COF plus 0.50% (2015: COF plus 0.50%) per annum and is repayable on demand.

12. Trade and other receivables (Cont'd)

12.2 Other receivables

i) Included in non-current other receivables of the Group are advances for plasma plantation projects in Indonesia amounting to RM6,422,000 (2015: RM5,190,000).

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 RM32,534,000 (2015: RM37,409,000) 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.

12.3 Trade receivables

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

	Group	
	2016 RM'000	2015 RM'000
A person connected with a Director of a subsidiary	294	275
Companies in which certain Directors of the subsidiaries have interests	10,315	9,636
	10,609	9,911

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

13. Inventories

	Group	
	2016 RM'000	2015 RM'000
At cost:		
Raw materials	97,297	82,471
Manufactured and trading inventories	276,470	252,095
	373,767	334,566
At net realisable value:		
Manufactured and trading inventories	1,484	42
	375,251	334,608

Notes to the Financial Statements
(Cont'd.)

14. Prepayments and other assets

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Deposits	8,135	19,089	185	1,616
Prepayments	16,318	13,358	1,175	187
	24,453	32,447	1,360	1,803

15. Derivative financial assets/(liabilities)

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Derivatives assets used for hedging, which relates to forward foreign exchange contract ("FFEC") and interest rate swap	4,942	4,690	3,550	4,682
Derivatives liabilities used for hedging, which relates to forward foreign exchange contract ("FFEC") and interest rate swap	(1,306)	(3,149)	-	-

16. Cash and cash equivalents

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Cash and bank balances	203,093	183,189	17,145	23,226
Deposits with licensed banks	24,910	7,136	580	580
Liquid investments	21,871	10,408	92	91
	249,874	200,733	17,817	23,897

17. Capital and reserves

17.1 Share capital

	Group and Company			
	Amount 2016 RM'000	Number of shares 2016 '000	Amount 2015 RM'000	Number of shares 2015 '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 31 March	312,007	1,248,030	312,007	1,248,030

17. Capital and reserves (Cont'd)

17.1 Share capital (Cont'd)

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 as well as the exchange differences arising from monetary items that in substance form the Company's net investments in subsidiaries.

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.

17.5 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

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Non-current:				
Term loans				
- Conventional - unsecured	54,703	107,814	33,340	84,098
- Islamic - unsecured	248,837	217,217	248,837	217,217
Finance lease liabilities	197	997	-	-
	303,737	326,028	282,177	301,315
Current:				
Term loans				
- Conventional - unsecured	123,772	58,830	45,610	39,174
- Conventional - secured	1,475	1,409	-	-
- Islamic - unsecured	35,444	29,283	35,444	29,283
Bank overdrafts	19,488	25,542	-	-
Bills payable				
- Conventional - unsecured	192,777	224,948	-	-
- Islamic - unsecured	52,630	57,581	-	-
Revolving credit				
- unsecured	43,787	33,000	16,000	15,000
Finance lease liabilities	425	370	-	-
	469,798	430,963	97,054	83,457
	773,535	756,991	379,231	384,772

Notes to the Financial Statements
(Cont'd.)

18. Loans and borrowings

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 3.75% to 6.50% (2015: 3.91% to 6.90%) per annum;

ii) 3 months Kuala Lumpur Interbank Offered Rate ("KLIBOR") plus 0.70% to 1.35% (2015: 0.66% to 1.35%) per annum;

iii) 1 month Cost of Fund ("COF") plus 1.20% (2015: COF plus 1.20%) per annum;

iv) 3 months COF plus 1.50% (2015: 3 months COF plus 1.50%) per annum; and

v) Kuala Lumpur Islamic Reference Rate ("KLIRR") plus 1.25% (2015: 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 (2015: 1 to 5 years).

Bank overdrafts

The bank overdrafts are subject to interest ranging from 1.00% to 1.50% (2015: 0.50% to 1.75%) above Base Rate ("BR") per annum.

Bills payable

The unsecured bills payable are subject to the following:

i) At an interest ranging from 0.25% to 0.75% (2015: 0.20% to 1.50%) above COF per annum; and

ii) At an interest ranging from 3.87% to 4.37% per annum (2015: Nil).

Revolving credit

The revolving credit is subject to interest of monthly COF plus 0.85% to 1.25% (2015: 0.85% to 1.25%).

Finance lease liabilities

Finance lease liabilities are payable as follows:

	Future minimum lease payments 2016 RM'000	Interest 2016 RM'000	Present value of minimum lease payments 2016 RM'000	Future minimum lease payments 2015 RM'000	Interest 2015 RM'000	Present value of minimum lease payments 2015 RM'000
Less than one year	493	(68)	425	388	(18)	370
Between one and five years	222	(25)	197	1,093	(96)	997
	715	(93)	622	1,481	(114)	1,367

Finance lease liabilities bear interest rates at 2.50% to 5.80% (2015: 2.50% to 5.80%) per annum.

18. Loans and borrowings (Cont'd)

18.1 Interest/Profit rate (Cont'd)

Company

Term loans

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

i) At an interest of 4.50% (2015: 4.50%) per annum;

ii) 3 months KLIBOR plus 0.70% to 1.35% (2015: 0.66% to 1.35%) per annum; and

iii) KLIRR plus 1.25% (2015: 1.25%) per annum.

The term loans for the Company are repayable in equal monthly instalments over periods ranging from 1 to 5 years (2015: 1 to 5 years).

Revolving credit

The revolving credit is subject to interest of monthly COF plus 0.85% or KLIBOR plus 1.25% (2015: 0.85% to 1.25%).

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.

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.

Notes to the Financial Statements
(Cont'd.)

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.

	Group 2016 RM'000	Group 2015 RM'000
• Expense recognised in profit or loss		
Current service cost	703	439
Interest on obligation	141	96
Net benefit expense	844	535
• Present value of defined benefit obligations		
Present value of defined benefit obligations	2,304	1,644
Unrealised actuarial gain	-	22
Net benefit expense	2,304	1,666
Present value of defined benefit obligation		
Defined benefit obligations at 1 April 2015/2014	1,666	1,151
Current service cost and interest	844	536
Payment during the year	(206)	(21)
Defined benefit obligations at 31 March	2,304	1,666

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% (2015: 7% - 10.2%)
Annual discount rate	:	8.38% (2015: 8%)
Mortality level	:	Indonesian Mortality Table ("TMI") 3
Disability level	:	10% from mortality level (2015: 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 2016 is sufficient to meet the requirements of the law in Indonesia.

20. Trade and other payables

	Note	Group 2016 RM'000	Group 2015 RM'000	Company 2016 RM'000	Company 2015 RM'000
Current					
Trade payables	20.1	153,481	127,494	-	-
Associate - trade	20.2	1,868	1,721	-	-
Subsidiaries		-	-	-	5,717
Other payables	20.3	85,240	79,187	28	27
Accrued expenses		30,977	29,900	3,362	3,212
		271,566	238,302	3,390	8,956

20. Trade and other payables

20.1 Trade payables

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

	Group	
	2016 RM'000	2015 RM'000
Companies in which certain Directors of subsidiaries have interests	444	1,413

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

20.2 Amount due to associate

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

20.3 Other payables

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

	Group	
	2016 RM'000	2015 RM'000
Companies in which certain Directors have interests	185	-
Amount due to non-controlling interests and its related parties	47,843	48,231
	48,028	48,231

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

21. Results from operating activities

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Results from operating activities is arrived at after charging:				
Auditors' remuneration				
- Audit fees				
KPMG Malaysia				
- current year	1,041	879	181	159
- prior years	54	18	-	-
Overseas affiliates of KPMG Malaysia	46	43	-	-
Other auditors	230	220	-	-
- Non-audit fees				
- KPMG Malaysia	146	119	146	-
- Overseas affiliates of KPMG Malaysia	152	141	-	-
Allowance for slow moving inventories	-	70	-	-
Amortisation of investment properties	606	634	-	-
Amortisation of intangible assets	92	239	-	-

Notes to the Financial Statements
(Cont'd.)

21. Results from operating activities (Cont'd)

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Results from operating activities is arrived at after charging: (Cont'd)				
Amortisation of prepaid lease payments	1,705	1,232	-	-
Bad debts written off	317	190	-	-
Derivative loss	-	2,091	-	-
Depreciation of property, plant and equipment	96,407	86,436	57	114
Hire of plant and machinery	50	78	-	-
Impairment loss on receivables	1,395	1,517	-	-
Intangible assets written off	-	374	-	-
Loss on disposal of property, plant and equipment	639	-	-	-
Loss on foreign exchange				
- realised	-	5,119	-	-
Personnel expenses (including key management personnel):				
- wages, salaries and others	132,509	123,665	-	-
- contributions to state plans	9,467	8,576	-	-
- expenses related to defined benefit plans	844	535	-	-
Property, plant and equipment written off	2,059	2,666	-	-
Rental of land and buildings and office premises	5,537	4,243	-	-
Rental of plant, machinery, equipment and motor vehicles	34	44	-	-
and after crediting:				
Bad debts recovered	-	113	-	-
Dividend income from:				
Subsidiaries	-	-	101,831	67,268
Associate	-	-	-	862
Other investments				
- liquid investments	200	855	200	595
Derivative gain	1,280	-	-	-
Gain on foreign exchange				
- realised	7,448	365	431	198
- unrealised	5,375	1,778	9,280	20,578
Gain on deemed disposal of investment in an associate	-	8,347	-	12,215
Gain on liquid investment				
- unrealised	119	21	-	-
Gain on disposal of other investments	377	-	377	-
Gain on disposal of investment property	4	-	-	-
Gain on disposal of property, plant and equipment	-	2,104	-	-
Negative goodwill	1,187	-	-	-
Rental of equipment	666	72	-	-
Rental of premises	3,021	1,161	-	-
Reversal of impairment loss:				
- advances to suppliers	-	70	-	-
- trade and other receivables	592	489	-	-

22. Finance costs

	Group 2016 RM'000	Group 2015 RM'000	Company 2016 RM'000	Company 2015 RM'000
Interest expense of financial liabilities that are not at fair value through profit or loss:				
- term loans	22,137	17,236	18,256	15,935
- bank overdrafts	1,765	1,484	-	-
- bills payable	8,498	8,889	-	-
- finance lease liabilities	90	144	-	-
- banker's acceptances	1,680	2,643	-	-
- revolving credit	1,742	2,632	739	2,570
- subsidiaries	-	-	-	933
	35,912	33,028	18,995	19,438
Other finance costs	2,464	2,540	-	-
	38,376	35,568	18,995	19,438

23. Finance income

	Group 2016 RM'000	Group 2015 RM'000	Company 2016 RM'000	Company 2015 RM'000
Interest income of financial assets that are not at fair value through profit or loss:				
- deposits placed with licensed banks	4,396	5,242	571	1,944
- subsidiaries	-	-	24,311	17,627
- others	1,275	622	-	-
	5,671	5,864	24,882	19,571

24. Tax expense

	Group 2016 RM'000	Group 2015 RM'000	Company 2016 RM'000	Company 2015 RM'000
Tax expense on continuing operations	47,720	50,035	400	1,317
Share of tax of equity - accounted associates	3,284	7,847	-	-
Total tax expense	51,004	57,882	400	1,317

24. Tax expense (Cont'd)

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Current tax expense				
- current year	43,186	44,125	830	1,306
- under/(over) provision in prior years	1,507	270	(430)	11
	44,693	44,395	400	1,317
Deferred tax expense				
- origination and reversal of temporary differences	6,935	9,956	-	-
- over provision in prior years	(3,908)	(4,316)	-	-
	3,027	5,640	-	-
Share of tax of equity - accounted associates	3,284	7,847	-	-
Total tax expense	51,004	57,882	400	1,317
Reconciliation of tax expense				
Profit for the year	201,761	195,940	113,186	96,315
Total income tax expense	51,004	57,882	400	1,317
Profit excluding tax	252,765	253,822	113,586	97,632
Income tax calculated using Malaysian tax rate of 24% (2015: 25%)	60,664	63,455	27,261	24,408
Effect of change in tax rate*	-	(721)	-	-
Effect of tax rates in foreign jurisdictions	(489)	651	-	-
Non-deductible expenses	14,892	13,591	387	804
Tax exempt income	(5,327)	(1,309)	(26,818)	(23,906)
Tax incentives	(14,759)	(11,818)	-	-
Effect of temporary differences not recognised	(1,524)	(1,935)	-	-
Crystalisation of deferred tax liabilities arising from revaluation reserve	(164)	(164)	-	-
(Over)/Under provision in prior years	(2,401)	(4,046)	(430)	11
Others	112	178	-	-
Tax expense	51,004	57,882	400	1,317

* 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 RM192,079,000 (2015: RM191,400,000) and the weighted average number of ordinary shares in issue during the year.

	2016 '000	2015 '000
Weighted average number of ordinary shares at 31 March	1,248,030	1,248,030
Basic/diluted earnings per ordinary share (sen)	15	15

Diluted earnings per ordinary share

The Group has no dilution in its earnings per ordinary share at 31 March 2016 and 31 March 2015.

26. Dividends

Dividends recognised by the Company:

	Sen per share	Total amount RM'000	Date of payment
2016			
Final 2015	4.25	53,041	15 September 2015
2015			
Final 2014	3.50	43,681	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 2016 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.

Notes to the Financial Statements
(Cont'd.)

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 costs incurred during the period to acquire property, plant and equipment, investment properties, prepaid lease payments and intangible assets other than goodwill.

Business segments

The Group comprises the following main business segments:

Marine-products manufacturing	Deep-sea fishing, manufacture and sale of fishmeal, surimi and surimi-based products.
Palm oil and biomass energy 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 geographical areas: Malaysia, Indonesia, Vietnam, China and Singapore.

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

27. Operating segments (Cont'd)

	Marine-products manufacturing		Palm oil and biomass energy activities		Integrated livestock farming		Consolidated	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Business segments								
Revenue from external customers	840,881	732,545	308,064	345,106	1,704,979	1,630,116	2,853,924	2,707,767
Segment profit before taxation	166,843	127,222	11,625	14,791	71,013	103,962	249,481	245,975
Included in the measurement of segment profit before taxation are:								
Inter-segment revenue	125,805	111,471	1,716	2,190	4,038	4,535	131,559	118,196
Finance costs	(6,610)	(6,915)	(5,078)	(6,486)	(26,688)	(22,167)	(38,376)	(35,568)
Finance income	1,756	1,652	308	691	3,607	3,521	5,671	5,864
Depreciation and amortisation	(40,054)	(45,155)	(12,937)	(4,457)	(45,819)	(38,929)	(98,810)	(88,541)
Share of profit of associates, net of tax	(540)	162	12,804	16,022	674	7,088	12,938	23,272
Not included in the measurement of segment profit before taxation but provided to Managing Director:								
Tax expense	(33,362)	(26,063)	1,813	(908)	(16,171)	(23,064)	(47,720)	(50,035)

Notes to the Financial Statements
(Cont'd.)

27. Operating segments (Cont'd)

	Marine-products manufacturing		Palm oil and biomass energy activities		Integrated livestock farming		Consolidated	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Segment assets	913,872	795,695	433,238	408,254	1,462,912	1,381,319	2,810,022	2,585,268
Segment liabilities	122,060	114,565	108,217	111,578	908,851	859,675	1,139,128	1,085,818
Included in the measurement of segment assets are:								
Investment in associates	654	508	105,770	91,305	2,655	2,848	109,079	94,661
Additions to non-current assets other than financial instruments and deferred tax assets	113,417	149,269	26,872	14,197	118,340	105,150	258,629	268,616

	Malaysia		Indonesia		Vietnam		Other countries		Consolidated	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Geographical segments										
Revenue from external customers	2,371,407	2,422,198	406,784	229,649	71,256	51,221	4,477	4,699	2,853,924	2,707,767
Non-current assets other than deferred tax assets	1,195,104	1,167,581	437,106	366,026	77,062	73,034	4,517	4,097	1,713,789	1,610,738

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) Available-for-sale financial assets ("AFS"); and
iii) Financial liabilities measured at amortised cost ("FL").

	Carrying amount RM'000	L&R/ (FL) RM'000	Derivatives used for hedging RM'000
2016			
Financial assets			
Group			
Derivative financial assets	4,942	-	4,942
Trade and other receivables, excluding advances to suppliers	312,689	312,689	-
Cash and cash equivalents	249,874	249,874	-
	567,505	562,563	4,942
Company			
Derivative financial assets	3,550	-	3,550
Trade and other receivables	532,383	532,383	-
Cash and cash equivalents	17,817	17,817	-
	553,750	550,200	3,550
Financial liabilities			
Group			
Loans and borrowings	(773,535)	(773,535)	-
Derivative financial liabilities	(1,306)	-	(1,306)
Trade and other payables	(271,566)	(271,566)	-
	(1,046,407)	(1,045,101)	(1,306)
Company			
Loans and borrowings	(379,231)	(379,231)	-
Trade and other payables	(3,390)	(3,390)	-
	(382,621)	(382,621)	-

Notes to the Financial Statements
(Cont'd.)

28. Financial instruments (Cont'd)

28.1 Categories of financial instruments (Cont'd)

	Carrying amount RM'000	L&R/ (FL) RM'000	AFS RM'000	Derivatives used for hedging RM'000
2015				
Financial assets				
Group				
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
Company				
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
Financial liabilities				
Group				
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)
Company				
Loans and borrowings	(384,772)	(384,772)	-	-
Trade and other payables	(8,956)	(8,956)	-	-
	(393,728)	(393,728)	-	-

28. Financial instruments (Cont'd)

28.2 Net (losses) and gains arising from financial instruments

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Net (losses)/gains arising on:				
Derivatives designated as hedging instrument:				
- recognised in other comprehensive income	(3,053)	(2,985)	(3,517)	(625)
- recognised in profit or loss	1,280	(2,091)	-	-
	(1,773)	(5,076)	(3,517)	(625)
Loans and receivables	5,428	6,000	25,578	20,166
Available-for-sale financial assets:				
- recognised in other comprehensive income	(1,584)	1,584	(1,584)	1,584
Financial liabilities measured at amortised cost	(25,554)	(38,909)	(9,715)	1,140
	(23,483)	(36,401)	10,762	22,265

28.3 Financial risk management

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

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

- Credit risk
- Liquidity risk
- Market risk

28.4 Credit risk

Receivables

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

Risk management objectives, policies and processes for managing the risk

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

28. Financial instruments (Cont'd)

28.4 Credit risk (Cont'd)

Receivables (Cont'd)

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:

	Gross RM'000	Individual impairment RM'000	Net RM'000
Group			
2016			
Not past due	206,352	-	206,352
Past due 1-120 days	86,217	(68)	86,149
Past due more than 120 days	28,962	(8,774)	20,188
	321,531	(8,842)	312,689
2015			
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
	282,818	(8,189)	274,629

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

	Group 2016 RM'000	Group 2015 RM'000
At 1 April 2015/2014	8,189	8,029
Impairment loss recognised	1,395	1,517
Impairment loss reversed	(592)	(489)
Impairment loss written off	(150)	(868)
At 31 March	8,842	8,189

28. Financial instruments (Cont'd)

28.4 Credit risk (Cont'd)

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

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

28. Financial instruments (Cont'd)

28.5 Liquidity risk (Cont'd)

Maturity analysis

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

	Carrying amount RM'000	Contractual interest/ profit rate %	Contractual cash flows RM'000	Under 1 year RM'000	1 – 2 years RM'000	2 – 5 years RM'000
Group						
2016						
Non-derivative financial liabilities						
Revolving credit	43,787	4.23 - 4.58	45,716	45,716	-	-
Bank overdrafts	19,488	7.10 - 8.35	20,993	20,993	-	-
Bills payable	245,407	3.23 - 5.28	255,849	255,849	-	-
Term loans	464,231	3.75 - 6.50	513,956	168,477	89,830	255,649
Finance lease liabilities	622	2.50 - 5.80	715	493	222	-
Trade and other payables	271,566	-	271,566	271,566	-	-
	1,045,101		1,108,795	763,094	90,052	255,649
Derivative financial liabilities						
Forward exchange contracts (gross settled):						
Outflow	-	-	63,635	63,635	-	-
Inflow	(86)	-	(63,721)	(63,721)	-	-
Cross currency swap	(3,777)	-	(3,777)	(3,777)	-	-
Interest rate swap	227	-	282	136	92	54
	1,041,465		1,105,214	759,367	90,144	255,703

28. Financial instruments (Cont'd)

28.5 Liquidity risk (Cont'd)

Maturity analysis (Cont'd)

	Carrying amount RM'000	Contractual interest/ profit rate %	Contractual cash flows RM'000	Under 1 year RM'000	1 – 2 years RM'000	2 – 5 years RM'000
Group						
2015						
Non-derivative financial liabilities						
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
Derivative financial liabilities						
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

Notes to the Financial Statements
(Cont'd.)

28. Financial instruments (Cont'd)

28.5 Liquidity risk (Cont'd)

Maturity analysis (Cont'd)

	Carrying amount RM'000	Contractual interest/ profit rate %	Contractual cash flows RM'000	Under 1 year RM'000	1 – 2 years RM'000	2 – 5 years RM'000
Company						
2016						
Non-derivative financial liabilities						
Revolving credit	16,000	4.49 - 4.55	16,723	16,723	-	-
Term loans	363,231	3.69 - 6.00	406,579	84,981	74,573	247,025
Trade and other payables	3,390	-	3,390	3,390	-	-
	382,621		426,692	105,094	74,573	247,025
Derivative financial liabilities						
Cross currency swap	(3,777)	-	(3,777)	(3,777)	-	-
Interest rate swap	227	-	282	118	110	54
	379,071		423,197	101,435	74,683	247,079
2015						
Non-derivative financial liabilities						
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
Derivative financial liabilities						
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

28. Financial instruments (continued)

28.6 Market risk

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

28.6.1 Currency risk

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

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

Risk management objectives, policies and processes for managing the risk

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

Exposure to foreign currency risk

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

	Denominated in USD	
	2016	**2015**
	RM'000	**RM'000**
Group		
Trade receivables	24,265	43,663
Unsecured bank loans	(9,787)	(8,858)
Trade payables	(9,554)	(3,578)
Forward exchange contracts	(34,101)	(19,819)
Cross currency swap	12,280	21,490
Cash and cash equivalents	20,499	4,765
Net exposure	3,602	37,663
Company		
Advances to subsidiaries	205,579	149,015
Unsecured bank loans	(15,676)	(25,935)
Cross currency swap	12,280	21,490
Net exposure	202,183	144,570

28. Financial instruments (Cont'd)

28.6 Market risk (Cont'd)

28.6.1 Currency risk (Cont'd)

Currency risk sensitivity analysis

A 1.50% (2015: 1.50%) strengthening of RM against USD at the end of the reporting period would have increased equity and post-tax profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remained constant and ignores any impact of forecasted sales and purchases.

	2016 Profit or (loss) RM'000	2015 Profit or (loss) RM'000
Group		
USD	41	424
Company		
USD	2,305	1,626

A 1.50% (2015: 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 maintain a balanced portfolio of fixed and floating rate instruments. All interest rate exposures are monitored and managed by the Group and the Company on a regular basis.

28. Financial instruments (Cont'd)

28.6 Market risk (Cont'd)

28.6.2 Interest rate risk (Cont'd)

Exposure to interest rate risk

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

	Group		Company	
	2016 RM'000	**2015 RM'000**	**2016 RM'000**	**2015 RM'000**
Fixed rate instruments				
Financial assets	24,910	7,136	271,775	252,195
Financial liabilities	(356,657)	(416,896)	(82,841)	(115,000)
	(331,747)	(409,760)	188,934	137,195
Floating rate instruments				
Financial assets	203,093	183,189	273,910	179,294
Financial liabilities	(416,878)	(340,095)	(296,390)	(275,489)
	(213,785)	(156,906)	(22,480)	(96,195)

Interest rate risk sensitivity analysis

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

The Group and the Company do not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the Group 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.

(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 2016 RM'000	**50 bp decrease 2016 RM'000**	**50 bp increase 2015 RM'000**	**50 bp decrease 2015 RM'000**
Group				
Floating rate instruments	(646)	646	(596)	596
Company				
Floating rate instruments	(85)	85	(366)	366

Notes to the Financial Statements
(Cont'd.)

28. Financial instruments (Cont'd)

28.7 Hedging activities

28.7.1 Cash flow hedge

The Group and the Company have entered into forward exchange contracts to hedge the cash flow risk in relation to the potential change in foreign exchange rates totalling RM54,058,000 (2015: RM79,180,000). The forward exchange contracts have the same nominal value of RM54,058,000 (2015: RM79,180,000) and is to be settled in full upon maturity. The Group and the Company have also entered into cross currency swap and interest rate swap to hedge against cash flow risk in relation to loans in foreign currency and changes in interest rates respectively.

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	1 – 2 years RM'000	2 – 5 years RM'000
Group					
2016					
Financial liabilities					
Forward exchange contracts					
Outflow	-	63,635	63,635	-	-
Inflow	(86)	(63,721)	(63,721)	-	-
Cross currency swap	(3,777)	(3,777)	(3,777)	-	-
Interest rate swap	227	282	118	110	54
2015					
Financial liabilities					
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	-	-
Company					
2016					
Financial liabilities					
Cross currency swap	(3,777)	(3,777)	(3,777)	-	-
Interest rate swap	227	282	118	110	54
2015					
Financial liabilities					
Cross currency swap	(4,911)	(4,911)	(4,911)	-	-
Interest rate swap	229	229	229	-	-

During the year, the Group and the Company had recognised net loss of RM3,053,000 and RM3,517,000 (2015: net loss of RM972,000 and RM625,000) respectively in other comprehensive income.

Ineffectiveness loss amounting to RM56,000 (2015: RM17,000) 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. Financial instruments (Cont'd)

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.

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

	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value	Carrying amount
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	RM'000	RM'000
2016										
Group										
Financial assets										
Cross currency swap	-	-	3,777	3,777	-	-	-	-	3,777	3,777
Interest rate swap	-	-	(227)	(227)	-	-	-	-	(227)	(227)
Forward exchange contracts	-	86	-	86	-	-	-	-	86	86
	-	86	3,550	3,636	-	-	-	-	3,636	3,636
Financial liabilities										
Unsecured fixed rate term loans	-	-	-	-	-	-	(66,585)	(66,585)	(66,585)	(66,841)
Finance lease liabilities	-	-	-	-	-	-	(629)	(629)	(629)	(622)
	-	-	-	-	-	-	(67,214)	(67,214)	(67,214)	(67,463)

28. Financial instruments (Cont'd)

28.8 Fair value information (Cont'd)

	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value	Carrying amount
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	RM'000	RM'000
2015										
Group										
Financial assets										
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
Financial liabilities										
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 (Cont'd)

28.8 Fair value information (Cont'd)

	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value	Carrying amount
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	RM'000	RM'000
2016										
Company										
Financial assets										
Cross currency swap	-	-	3,777	3,777	-	-	-	-	3,777	3,777
Interest rate swap	-	-	(227)	(227)	-	-	-	-	(227)	(227)
	-	-	3,550	3,550	-	-	-	-	3,550	3,550
Financial liabilities										
Unsecured fixed rate term loans	-	-	-	-	-	-	(66,585)	(66,585)	(66,585)	(66,841)
2015										
Company										
Financial assets										
Cross 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)

Notes to the Financial Statements
(Cont'd.)

28. Financial instruments (Cont'd)

28.8 Fair value information (Cont'd)

Transfers between Level 1 and Level 2 fair values

There has been no transfer between Level 1 and 2 fair values during the financial year (2015: no transfer in either directions).

Level 2 fair value

Derivatives

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

Level 3 fair value

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

	2016 RM'000	2015 RM'000
Group/Company		
Balance at 1 April 2015/2014	4,682	1,907
Gains recognised in profit or loss		
Other income - realised	2,385	3,400
Gains recognised in other comprehensive income		
Cash flow hedge	(3,517)	(625)
Balance at 31 March	3,550	4,682

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 Interest rate (2016: 3-5%; 2015: 3-5%)	The estimated fair value would increase (decrease) if the foreign currency rate were strengthen (weaken). The estimated fair value would increase (decrease) if the interest rate were higher (lower).

28. Financial instruments (Cont'd)

28.8 Fair value information (Cont'd)

Type	Valuation Technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
(b) Financial instruments not carried at fair value			
Term loans and finance lease liabilities	Discounted cash flows	Discount rate (2016: 4.99%; 2015: 4.99%)	The estimated fair value would increase (decrease) if the interest rate were lower (higher).

29. Capital and other commitments

	Group 2016 RM'000	Group 2015 RM'000
Capital commitments:		
Property, plant and equipment		
Authorised but not contracted for	290,296	156,918
Contracted but not provided for in the financial statements	11,694	43,790

30. Capital management

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

31. Operating leases

Non-cancellable operating leases are as follows:

	Group 2016 RM'000	Group 2015 RM'000
Less than one year	211	154
Between one and five years	282	162
More than five years	340	386
	833	702

The subsidiaries lease land and hostel 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 hostel, the leases typically run for an initial period of two years with an option to renew the leases after the expiry date.

Notes to the Financial Statements
(Cont'd.)

32. Related parties

Identity of related parties

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

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

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

Significant related party transactions

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

	Group	
	2016	**2015**
	RM'000	**RM'000**
With companies in which Dr. Ng Siew Thiam, Chia Song Kun, Chia Song Phuan, Chia Teow Guan, Cheah Yaw Song, Cheah Juw Teck, Chia Song Pou, Chia Seong Fatt, Chia Song Swa, Chia Song Kooi, Heng Hup Peng and Sim Chin Swee, Directors of certain subsidiaries have interests		
Success Portfolio Sdn. Bhd.:		
Sales	(4,802)	(5,387)
MB Agriculture (Sandakan) Sdn. Bhd.:		
Sales	(7,037)	(6,200)
Purchases	775	947
MB Agriculture (Sabah) Sdn. Bhd.:		
Sales	(16,882)	(13,412)
Arena Dijaya Sdn. Bhd.:		
Sales	(5,369)	(4,021)
Keang Huat Trading Sdn. Bhd.:		
Purchases	3,184	3,892
Perikanan Sri Tanjung Sdn. Bhd.:		
Purchases	751	920
Visible Triumph Sdn. Bhd.:		
Sales	-	(1,638)
Green Breeder Sdn. Bhd.:		
Sales	(21,332)	(17,972)
Timurikan Trengganu Marine Products Sdn. Bhd.:		
Sales	(131)	(150)
Purchases	83	629
C-Care Enterprise Sdn. Bhd.:		
Sales	(728)	(3,345)
Purchases	-	149
Sin Teow Fatt Trading Co.:		
Purchases	778	614
Hai Hong Fishery Sdn. Bhd.:		
Purchases	445	479

32. Related parties (Cont'd)

Significant related party transactions (Cont'd)

	Group 2016 RM'000	Group 2015 RM'000
With a person connected to Cheah Yaw Song and Cheah Juw Teck, Directors of certain subsidiaries have interests		
Cheah Joo Kiang Enterprise:		
Sales	(3,239)	(2,933)
E Koon Plastic Trading:		
Purchases	1,608	1,539
With a person connected to Chia Song Kun, Chia Song Phuan, Chia Teow Guan, Chia Song Pou, Chia Yaw Song, Chia Song Kooi, Chia Song Swa, Directors of certain subsidiaries have interests		
Fusipim Sdn. Bhd.:		
Sales	(1,688)	(1,240)
Associates		
Gross dividends received	(5,132)	(4,817)
Warehousing services	8,662	8,424
Sales of feed	-	(38,061)

	Company 2016 RM'000	Company 2015 RM'000
Subsidiaries		
Finance income	(24,311)	(17,627)
Finance costs	-	933
Dividend received	(101,831)	(67,268)
Associate		
Dividend received	-	(862)

32. Related parties (Cont'd)

Significant related party transactions (Cont'd)

The key management personnel compensation are as follows:

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Directors of the Company				
- Fees	1,300	1,279	854	867
- Remuneration	11,055	9,468	7	11
- Other short-term employee benefits (including estimated monetary value of benefits-in-kind)	111	117	-	-
	12,466	10,864	861	878
Directors of subsidiaries				
- Fees	477	351	24	24
- Remuneration	9,998	8,907	-	-
- Other short-term employee benefits (including estimated monetary value of benefits-in-kind)	184	104	-	-
	10,659	9,362	24	24
	23,125	20,226	885	902

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 2016 %	Effective ownership interest 2015 %
QL Feedingstuffs Sdn. Bhd. and its subsidiaries	Investment holding, provision of management services	100	100
QL Agrofood Sdn. Bhd.	Processing and sale of animal feeds, trading of raw materials for animal feeds, lubricants and foodstuffs	100	100
QL Agroventures Sdn. Bhd.	Layer and broiler farming	100	100
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
Chingsan Development Sdn. Bhd.	Property holding	100	100

Notes to the Financial Statements
(Cont'd.)

33. Subsidiaries (Cont'd)

Name of company	Principal activities	Effective ownership interest 2016 %	2015 %
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[(b)]	Integrated broiler farming and its related activities	80	80
PT. QL Agrofood[(b)]	Layer farming and poultry feed manufacturing	100	100
Pacific Vet Group (M) Sdn. Bhd. and its subsidiary	Investment holding	90	90
QL Pacific Vet Group Sdn. Bhd.	Trading of feed supplement, animal health food and agricultural products	90	90
QL AgroResources Sdn. Bhd. and its subsidiaries	Investment holding, feed milling, selling and distribution of animal feeds, raw materials and other related products	95	95
QL Livestock Farming Sdn. Bhd.	Poultry farming, feed milling as well as selling and distribution of animal feeds, poultry and related products	95	95
Gelombang Elit (M) Sdn. Bhd.	Property holding	95	95
QL TP Fertilizer Sdn. Bhd.	Producing and selling organic fertilizer	48.45	48.45
QL Farms Sdn. Bhd. and its subsidiaries	Investment holding, layer and broiler farming, wholesale of frozen chicken parts, manufacturing and sales of organic fertilizer	100	100
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	90.77
QL Rawang Poultry Farm Sdn. Bhd.	Property holding	90	90.77

Notes to the Financial Statements
(Cont'd.)

33. Subsidiaries (Cont'd)

Name of company	Principal activities	Effective ownership interest 2016 %	Effective ownership interest 2015 %
QL Poultry Farms Sdn. Bhd.	Layer farming	90	90.77
Hybrid Figures Sdn. Bhd.	Dormant	90	90.77
QL Vietnam AgroResources Liability Limited Company[c]	Poultry farming	100	100
QL International Pte. Ltd.	Marketing and trading of animal raw materials	100	100
PT. QL Feed Indonesia[b]	Dormant	100	100
QL Palm Pellet Sdn. Bhd.#	The Company is principally engaged in the development and marketing of a "Palm Pelletising System" to produce pellet sized fuel cells called palm pellets. The Company ceased its business operations during the financial year and remained dormant since then.	90	100
QL Feedingstuffs Vietnam Limited Liability Company[e]	Dormant	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.[a] and its subsidiary	Investment holding	78.42	78.42
PT. Pipit Mutiara Indah[b]	Oil palm plantation and crude palm oil milling	74.50	74.50
QL Fishery Sdn. Bhd. and its subsidiaries	Investment holding	100	100
QL Marine Products Sdn. Bhd. and its subsidiaries	Investment holding, manufacturing of surimi, surimi-based products and fishmeal as well as processing and sale of frozen seafood	100	100
Icon Blitz Sdn. Bhd.	Dormant	100	100
QL Deep Sea Fishing Sdn. Bhd.	Deep sea fishing and sale of subsidised diesel to fishermen	100	100
QL Foods Sdn. Bhd. and its subsidiaries	Investment holding, manufacturing of surimi and surimi-based products	100	100

33. Subsidiaries (Cont'd)

Name of company	Principal activities	Effective ownership interest 2016 %	2015 %
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[(b)]	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.	Manufacturing and sale of "halal" food products	100	100
QL Figo (Johor) Sdn. Bhd.	Manufacturing and sale of "halal" food products	100	100
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.[(a)] and its subsidiary	Investment holding	100	100
Zhongshan True Taste Food Industrial Co. Ltd.[(d)]	Manufacturing and sale of food products	100	100
Kuala Kedah Fish Meal Sendirian Berhad	Property investment	100	100
Kembang Subur Sdn. Bhd. and its subsidiaries	Hatchering and aqua-culturing of prawn, shrimps and fishes	63.33	63.33
KS Galah Sdn. Bhd.	Dormant	63.33	63.33
KS Monodon Sdn. Bhd.	Dormant	63.33	63.33

Notes to the Financial Statements
(Cont'd.)

33. Subsidiaries (Cont'd)

Name of company	Principal activities	Effective ownership interest 2016 %	2015 %
Kembang Subur (Perak) Sdn. Bhd.	Hatchering and aqua-culturing of prawn, shrimps and fishes	34.83	34.83
KS Pekan Hatchery Sdn. Bhd. (formerly known as Cargill Aquaculture Resources Sdn. Bhd.)	Breeding, genetic selection and hatchery operation for the production of aquatic species	63.33	-
Kembang Subur International Ltd.(f) and its subsidiary	Investment holding	32.30	32.30
Nam Duong Vietnam Aquatic Hatchery Company Limited(e)	Production and sales of aquatic breeds	32.30	32.30
QL Green Resources Sdn. Bhd. and its subsidiaries	Investment holding	100	100
QL Green Energy Sdn. Bhd.	Investment holding	100	100
QL Tawau Palm Pellet Sdn. Bhd.	Operating a palm pellet plant	100	100
QL NatureCo Sdn. Bhd.	Investment holding	100	100
QL ESCO Sdn. Bhd.	Supply of biomass	100	100
Leisure Pyramid Sdn. Bhd.	Manufacturing of wood pellet	66.67	66.67
QL IPC Sdn. Bhd.	Dormant	100	100
QL Carbon Sdn. Bhd.# and its subsidiary	Dormant	100	100
Maxincome Resources Sdn. Bhd.#	Provision of management services	100	100
QL Corporate Services Sdn. Bhd.	Provision of management services	100	100

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

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

(c) Subsidiary incorporated in Vietnam and audited by a member firm of KPMG.

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

(e) Subsidiaries incorporated in Vietnam and consolidated based on management accounts.

(f) Subsidiary incorporated in Labuan 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 (Cont'd)

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

	Number of ordinary shares of RM1.00 each, unless otherwise stated			
	At 1.4.2015	**Bought**	**Sold**	**At 31.3.2016**
Interest in non-wholly owned subsidiaries via QL Feedingstuffs Sdn. Bhd.				
Pacific Vet Group (M) Sdn. Bhd. and its subsidiary	2,736,000	-	-	2,736,000
QL Pacific Vet Group Sdn. Bhd.	2,000,000	-	-	2,000,000
QL AgroResources Sdn. Bhd. and its subsidiaries	10,070,000	4,750,000	-	14,820,000
QL Livestock Farming Sdn. Bhd.	20,000,000	-	-	20,000,000
Gelombang Elit (M) Sdn. Bhd.	352,600	-	-	352,600
QL TP Fertilizer Sdn. Bhd.	255,000	-	-	255,000
QL Ansan Poultry Farm Sdn. Bhd. and its subsidiaries	32,225,000	-	(275,000)	31,950,000
QL Rawang Poultry Farm Sdn. Bhd.	4,400,000	-	-	4,400,000
Hybrid Figures Sdn. Bhd.	2	-	-	2
QL Poultry Farm Sdn. Bhd.	18,000,000	-	-	18,000,000
QL Agrobio Sdn. Bhd.	510,000	-	-	510,000
PT. QL Trimitra##	1,200,000	-	-	1,200,000
QL Palm Pellet Sdn. Bhd.	-	3,870,000	-	3,870,000
Interest in non-wholly owned subsidiaries via QL Oil Sdn. Bhd.				
QL Mutiara (S) Pte. Ltd. and its subsidiary	11,919,998	-	-	11,919,998
PT. Pipit Mutiara Indah^	2,983,000	-	-	2,983,000

Notes to the Financial Statements
(Cont'd.)

33. Subsidiaries (Cont'd)

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

	Number of ordinary shares of RM1.00 each, unless otherwise stated			
	At 1.4.2015	**Bought**	**Sold**	**At 31.3.2016**
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	6,723,960	-	-	6,723,960
QL Endau Deep Sea Fishing Sdn. Bhd.	43,800,000	-	-	43,800,000
QL Endau Fishmeal Sdn. Bhd.	20,100,000	-	-	20,100,000
Pilihan Mahir Sdn. Bhd.	10,000	-	-	10,000
Rikawawasan Sdn. Bhd.	10,000,000	-	-	10,000,000
QL Lian Hoe Sdn. Bhd.	8,200,000	-	-	8,200,000
Kembang Subur Sdn. Bhd. and its subsidiaries	5,700,000	-	-	5,700,000
KS Galah Sdn. Bhd.	2	-	-	2
KS Monodon Sdn. Bhd.	2	-	-	2
Kembang Subur International Ltd.##	51	-	-	51
Kembang Subur (Perak) Sdn. Bhd.	275,000	-	-	275,000
KS Pekan Hatchery Sdn. Bhd. (formerly known as Cargill Aquaculture Resources Sdn. Bhd.)	4,000,000	-	-	4,000,000
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

Acquisition of subsidiary in 2016

The Group, via its subsidiary, Kembang Subur Sdn. Bhd., acquired 100% equity interest in KS Pekan Hatchery Sdn. Bhd. ("KSPH") (formerly known as Cargill Aquaculture Resources Sdn. Bhd.) for a cash consideration of RM1,300,000. KSPH is principally engaged in the breeding, genetic selection and hatchery operation for the production of aquatic species. The acquisition had the following effect on the Group's assets and liabilities on acquisition date:

	Recognised values on acquisition RM'000
Cash and cash equivalents	224
Inventories	22
Trade and other receivables	158
	404
Goodwill on acquisition	896
Total purchase consideration	1,300

Net cash outflow arising from acquisition of subsidiary:

	RM'000
Purchase consideration settled in cash and cash equivalents	(1,300)
Cash and cash equivalents acquired	224
	(1,076)

Acquisitions of subsidiaries in 2015

In the previous 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") and its subsidiaries, namely KS Galah Sdn. Bhd., KS Monodon Sdn. Bhd., Kembang Subur (Perak) Sdn. Bhd. and KS International Ltd., for a cash consideration of RM20,910,000.

KKFM is principally engaged 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.

Notes to the Financial Statements
(Cont'd.)

34. Acquisition of subsidiaries (Cont'd)

Acquisitions of subsidiaries in 2015 (Cont'd)

In 2015, the fair value adjustment of KSSB's freehold land has been determined provisionally. The fair value exercise and purchase price allocation in respect of the above acquisitions was completed in 2016. The effect of the fair adjustment were as follows:

	Provisional fair value as reported in FY2015 RM'000	Fair value adjustments RM'000	Final fair value adjustments RM'000
Property, plant and equipment	30,279	2,324	32,603
Cash and cash equivalents	14,564	-	14,564
Inventories	812	-	812
Biological assets	1,348	-	1,348
Investment in an 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 interests	(11,717)	(1,100)	(12,817)
Deferred tax liabilities	(764)	(37)	(801)
Provision for taxation	(174)	-	(174)
Negative goodwill	-	(1,187)	(1,187)
	23,610	-	23,610

The fair value adjustments have not been retrospectively adjusted as the effects are not material in the context of the Group's financial statements.

Net cash outflow arising from acquisition of subsidiaries:

	RM'000
Purchase consideration settled in cash and cash equivalents	(23,610)
Cash and cash equivalents acquired	14,564
	(9,046)

35. Subsequent event

In April 2016, the Group, via its wholly-owned subsidiary, Maxincome Resources Sdn. Bhd. ("Maxincome") had entered into an Area Franchise Agreement ("AFA") with FamilyMart Co. Ltd. for the development and operation of FamilyMart convenience stores in Malaysia.

The salient points of the AFA are as follows:

i) 20 years - Renewable for subsequent periods of 20 years each at the Maxincome's option; and
ii) The agreement is conditional upon successful franchisee registration of Maxincome with Ministry of Domestic Trade, Co-operatives and Consumerism.

The expansion into the convenience store chain business with the established FamilyMart brand will not only open up bigger growth opportunities, but it is also a strategic downstream expansion of QL's existing food manufacturing and distribution businesses that creates synergistic effect for the group.

36. 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	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Total retained earnings of the Company and its subsidiaries:				
- realised	1,152,134	1,005,120	214,359	142,916
- unrealised	(67,138)	(68,750)	9,280	20,578
	1,084,996	936,370	223,639	163,494
Total share of retained earnings of associates				
- realised	46,139	37,960	-	-
	1,131,135	974,330	223,639	163,494
Less: consolidation adjustments	(122,395)	(104,628)	-	-
Total retained earnings	1,008,740	869,702	223,639	163,494

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 60 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 2016 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 36 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: 1 July 2016

STATUTORY DECLARATION

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

I, Chia Mak Hooi, the Director primarily responsible for the financial management of QL Resources Berhad, do solemnly and sincerely declare that the financial statements set out on pages 60 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 1 July 2016.

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 2016 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 60 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 2016 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 34 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 36 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

Wee Beng Chuan
Approval Number: 2677/12/16(J)
Chartered Accountant

Petaling Jaya, Selangor

Date: 1 July 2016

LIST OF PROPERTIES
As at 31 March 2016

No.	Owner Company	Particulars of property	Date of revaluation or (date of acquisition)	Tenure
1.	PT. Pipit Mutiara Indah	Desa Sekatak Buji, Kecamatan Sekatak, Kabupaten Bulungan, Provinsi Kalimantan Timur	Dec 2009 (date obtained Hak Guna Usaha)	Leasehold to 19.01.2045
2.	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
3.	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
4.	QL Foods Sdn. Bhd.	Lot 3300 & 3301 held under GM514A & GM1517 Mukim of Hutan Melintang District of Hilir Perak, Perak	(05.03.2008)	Freehold
5.	Gelombang Elit (M) Sdn. Bhd. QL Livestock Farming Sdn. Bhd.	Lot 8157, Block 59, Muara Tuang Land District, Sarawak	(07.10.2011)	Leasehold to 02.11.2060
6.	QL Feedingstuffs Sdn. Bhd.	PT76108, GRN 104808 Lot 76108 (Fasa D9), Persiaran Balairong, Bukit Jelutong (TK-Pejabat Korporat), Shah Alam 40150 Shah Alam, Selangor	(June 2011)	Freehold
7.	Pilihan Mahir Sdn. Bhd. QL Endau Marine Products Sdn. Bhd.	H.S.(D) 5258, PTD 4967, Mukim Padang Endau Daerah Mersing, Johor	(31.03.2010)	Leasehold to 22.11.2108
8.	QL Aquamarine Sdn. Bhd.	CL035317223 District of Kota Belud, Sabah	(15.12.2015)	Leasehold to 31.12.2089
9.	PT. QL Trimitra	Desa Cinangsi, Cikalong kulon, Cianjur, West Java, Indonesia	(28.02.2013)	Leasehold to 24.09.2043
10.	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

List of Properties
As at 31 March 2016 (Cont'd.)

Existing use	Land & Build-up area	Net Book Value (RM'000)	Age of building (years)
Oil Palm Estate together with palm oil mill & building	14,177 ha Build-up area 20.0 ha	159,054	7
Surimi, Fishmeal & Frozen Seafood Plant	26 acres 3 acres Build-up area 21,448 sq.m.	2,971 210 24,413 27,594	12
One unit of Snack Foods Factory	Gross build-up area of 7,792 sq.m. 4.4895 ha	18,322	2
Boiler House, Warehouse & Surimi based products factory building	Gross build-up area of 12,335 sq.m. 2.2611 ha	17,224	8
Slaughter House	1.49 ha	156	N/A
Slaughter House	Build-up area 4,968 sq.m.	16,893 17,049	2
Industrial land	2.72 acres	16,496	N/A
Vacant industrial land	2.544 ha	225	N/A
Coldroom	Build-up area 2,592 sq. m.	4,767	4
Factory	Build-up area 6,243 sq. m.	11,062 16,054	1
Vacant Land	364.0 ha	15,850	N/A
Poultry Farm	2.31 acres Build-up area 1.21 acres	1,451 12,930 14,381	3
Fishmeal factory, warehouse cum office	Gross build-up area of 7,544 sq.m. 4.365 ha	12,289	12

SHAREHOLDERS' ANALYSIS REPORT

As at 30 June 2016

Authorised share capital : RM500,000,000.00
Issued and paid-up capital : RM312,007,357.50
Type of shares : Ordinary shares of RM0.25 each
Voting rights : One vote per ordinary share

Shareholders by Size of Holdings, Directors' Shareholdings and Substantial Shareholders

No. of Holders	Holdings	Total Holdings	%
202	less than 100	5,655	0.00
691	100 to 1,000	421,699	0.03
2,824	1,001 to 10,000	13,028,831	1.05
1,895	10,001 to 100,000	58,004,455	4.65
557	100,001 to less than 5% of issued shares	553,524,888	44.35
3	5% and above of issued shares	623,043,902	49.92
6,172		1,248,029,430	100.00

Note:-
Based on the issued and paid-up share capital of the Company comprising 1,248,029,430 ordinary shares of RM0.25 each.

Directors' Shareholdings

	No. of shares held			
Name of directors	Direct	%^	Indirect	%^
YM Tengku Dato' Zainal Rashid Bin Tengku Mahmood	3,870,000	0.31	-	-
Chia Song Kun	675,000	0.05	537,844,666 *	43.10
Chia Seong Pow	2,200,000	0.18	154,933,770 #	12.41
Chia Song Kooi	870,000	0.07	529,271,722 **	42.41
Chia Seong Fatt	486,000	0.04	153,279,610 ##	12.28
Chia Song Swa	567,000	0.05	527,930,922 **	42.30
Chia Mak Hooi	2,176,900	0.17	529,945,972 @	42.46
Cheah Juw Teck	2,195,950	0.18	7,319,700 +	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.

Shareholders' Analysis Report
As at 30 June 2016 (Cont'd.)

Substantial Shareholders

	Name of Shareholders	Direct	%	Indirect	%
1	CBG Holdings Sdn. Bhd.	525,041,822	42.07	-	0.00
2	Farsathy Holdings Sdn. Bhd.	150,734,510	12.08	-	0.00
3	Chia Song Kun	675,000	0.05	537,844,666	43.10
4	Chia Seong Pow	2,200,000	0.18	154,933,770	12.41
5	Chia Song Kooi	870,000	0.07	529,271,722	42.41
6	Chia Seong Fatt	486,000	0.04	153,279,610	12.28
7	Chia Song Swa	567,000	0.05	527,930,922	42.30
8	Chia Mak Hooi	2,176,900	0.17	529,945,972	42.46

List of 30 Largtest 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	AMANAHRAYA TRUSTEES BERHAD BENEFICIARY : AMANAH SAHAM BUMIPUTERA	56,462,500	4.52
5	AMSEC NOMINEES (TEMPATAN) SDN BHD BENEFICIARY : PLEDGED SECURITIES ACCOUNT - AMBANK (M) BERHAD FOR CBG HOLDINGS SDN BHD	25,950,000	2.08
6	AMSEC NOMINEES (TEMPATAN) SDN BHD BENEFICIARY : PLEDGED SECURITIES ACCOUNT - AMBANK ISLAMIC BERHAD FOR FARSATHY HOLDINGS SDN BHD	25,400,000	2.04
7	CARTABAN NOMINEES (TEMPATAN) SDN BHD BENEFICIARY : EXEMPT AN FOR EASTSPRING INVESTMENTS BERHAD	20,235,778	1.62
8	HSBC NOMINEES (ASING) SDN BHD BENEFICIARY : TNTC FOR MONDRIAN EMERGING MARKETS SMALL CAP EQUITY FUND, L.P.	17,123,700	1.37
9	HSBC NOMINEES (ASING) SDN BHD BENEFICIARY : EXEMPT AN FOR THE BANK OF NEW YORK MELLON (MELLON ACCT)	9,094,950	0.73
10	AMANAHRAYA TRUSTEES BERHAD BENEFICIARY : PUBLIC ITTIKAL SEQUEL FUND	8,820,400	0.71
11	AMANAHRAYA TRUSTEES BERHAD BENEFICIARY : PB ISLAMIC EQUITY FUND	7,898,150	0.63
12	AMANAHRAYA TRUSTEES BERHAD BENEFICIARY : AMANAH SAHAM WAWASAN 2020	6,724,102	0.54

Shareholders' Analysis Report
As at 30 June 2016 (Cont'd.)

List of 30 Largtest Shareholders (Cont'd.)

Name of Shareholders		Shareholdings	%
13	HSBC NOMINEES (ASING) SDN BHD BENEFICIARY : EXEMPT AN FOR JPMORGAN CHASE BANK, NATIONAL ASSOCIATION (U.S.A.)	6,131,364	0.49
14	TOKIO MARINE LIFE INSURANCE MALAYSIA BHD BENEFICIARY : AS BENEFICIAL OWNER (PF)	6,115,850	0.49
15	LIU SIN	6,012,240	0.48
16	CITIGROUP NOMINEES (TEMPATAN) SDN BHD BENEFICIARY : EMPLOYEES PROVIDENT FUND BOARD (NOMURA)	5,379,900	0.43
17	AMANAHRAYA TRUSTEES BERHAD BENEFICIARY : PB GROWTH FUND	5,282,500	0.42
18	AMANAHRAYA TRUSTEES BERHAD BENEFICIARY : AMANAH SAHAM BUMIPUTERA 2	5,250,000	0.42
19	HLIB NOMINEES (TEMPATAN) SDN BHD BENEFICIARY : PLEDGED SECURITIES ACCOUNT FOR NG SAI BEE @ NG SAU BEE (CCTS)	4,941,100	0.40
20	LIU FUI MOY	4,591,200	0.37
21	CHIA SIANG ENG	4,564,465	0.37
22	ATTRACTIVE FEATURES SDN. BHD.	4,545,000	0.36
23	CARTABAN NOMINEES (ASING) SDN BHD BENEFICIARY : EXEMPT AN FOR STATE STREET BANK & TRUST COMPANY (WEST CLT OD67)	4,542,030	0.36
24	AMANAHRAYA TRUSTEES BERHAD BENEFICIARY : PUBLIC ISLAMIC SELECT ENTERPRISES FUND	4,145,200	0.33
25	CIMB COMMERCE TRUSTEE BERHAD BENEFICIARY : PUBLIC FOCUS SELECT FUND	4,109,100	0.33
26	MAYBANK NOMINEES (TEMPATAN) SDN BHD BENEFICIARY : ETIQA TAKAFUL BERHAD (FAMILY PRF EQ)	4,037,570	0.32
27	AMANAHRAYA TRUSTEES BERHAD BENEFICIARY : AMANAH SAHAM NASIONAL 3 IMBANG	3,820,300	0.31
28	CHEAH YAW SONG	3,750,000	0.30
29	KHOO NG HIONG	3,722,250	0.30
30	CITIGROUP NOMINEES (ASING) SDN BHD BENEFICIARY : CBNY FOR DFA EMERGING MARKETS SMALL CAP SERIES	3,699,330	0.30
		885,392,881	70.94

RECURRENT RELATED PARTY TRANSACTIONS
of Revenue or Trading Nature of QL Resources Berhad Group

Existing RRPT

No.	Nature of Transaction	Related Parties	Estimated Value from the date of the forthcoming AGM to the next AGM * (RM'000)	Mandate obtained from last year's AGM (RM'000)	Actual transacted value for the period from 28 August 2015 to 30 June 2016 (RM'000)
1.	Sale of animal feed by QL Livestock Farming Sdn. Bhd. ("QLLF")	Green Breeder Sdn. Bhd.	24,000	24,000	18,718
2.	Sale of animal feed by QLLF	Success Portfolio Sdn. Bhd.	6,000	6,000	3,712
3.	Purchase of raw fish by QL Foods Sdn. Bhd. ("QL Foods")	Sin Teow Fatt Trading Co.	800	800	691
4.	Sale of surimi and flour-based product by QL Group	Fusipim Sdn. Bhd. ("Fusipim")	2,500	2,500	1,020
5.	Sale of surimi-based product by QL Foods	Cheah Joo Kiang Enterprise	4,260	4,260	2,920
6.	Purchase of spare parts by Endau Group	Keang Huat Trading Sdn. Bhd.	5,000	3,000	3,226
7.	Purchase of fish by Endau Group	Perikanan Sri Tanjung Sdn. Bhd.	1,500	1,500	529
8.	Trading of fish by Endau Group	Timurikan Trengganu Marine Products Sdn. Bhd.	1,500	1,500	98
9.	Sale of animal feed by QL Agrofood Sdn. Bhd.	M.B. Agriculture (Sabah) Sdn. Bhd.	20,000	15,000	15,779
10.	Sale of surimi-based product by QL Foods	C-Care Enterprise Sdn. Bhd.	1,200	1,200	677
11.	Sale of animal feed by QL Tawau Feedmill Sdn. Bhd. ("QLTF")	Arena Dijaya Sdn. Bhd.	6,000	5,000	4,334
12.	Purchase of packing material and sale of organic fertilizer by QL Farms Group	Arena Dijaya Sdn. Bhd.	40	20	9
13.	Sales of animal feed by QLTF	M.B. Agriculture (Sandakan) Sdn. Bhd. ("MBAS")	7,000	6,000	5,783
14.	Purchase of fresh fruit bunch and ERP fertilizer by QL Plantation Sdn. Bhd ("QLP")	M.B. Agriculture (Sandakan) Sdn. Bhd. ("MBAS")	1,240	1,240	727
15.	Purchase of raw material and packing material as well as sale of chicken part, egg and sundries and sale of broiler, meat/frozen food and organic fertilizer by QL Farms Group	M.B. Agriculture (Sandakan) Sdn. Bhd. ("MBAS")	600	480	369

Recurrent Related Party Transactions
of Revenue or Trading Nature of QL Resources Berhad Group (Cont'd)

Existing RRPT

No.	Nature of Transaction	Related Parties	Estimated Value from the date of the forthcoming AGM to the next AGM * (RM'000)	Mandate obtained from last year's AGM (RM'000)	Actual transacted value for the period from 28 August 2015 to 30 June 2016 (RM'000)
16.	Purchase of packing material by QL Group	E Koon Plastics Trading ("E Koon")	2,570	1,850	1,415
17.	Trading of fish by Endau Group	Perikanan Hap Huat Sdn. Bhd.	100	100	51
18.	Purchase of fish by Endau Group	Hai Hong Fishery Sdn. Bhd.	600	600	338
19.	Purchase of fresh fruit bunch by QLP	Highglobal Properties Sdn. Bhd.	200	200	127
20.	Sale of organic fertilizer by QL Farms Group	Highglobal Properties Sdn. Bhd.	60	60	39

The following RRPT will be sought on aggregated basis as per item no. 4, 14, 15 and 16 in the abovementioned table

No.	Nature of Transaction	Related Parties	Estimated Value from the date of the forthcoming AGM to the next AGM * (RM'000)	Mandate obtained from last year's AGM (RM'000)	Actual transacted value for the period from 28 August 2015 to 30 June 2016 (RM'000)
1.	Sale of surimi by QL Foods	Fusipim	800	800	307
2.	Sale of surimi by Endau Group	Fusipim	1,000	1,000	426
3.	Sale of flour-based product by QL Figo Foods Sdn. Bhd.	Fusipim	700	700	287
4.	Purchase of fresh fruit bunch by QLP	MBAS	1,200	1,200	716
5.	Purchase of ERP fertilizer by QLP	MBAS	40	40	11
6.	Purchase of raw material and packing material as well as sale of chicken part, egg and sundries by QL Farms Group	MBAS	300	300	183
7.	Sale of broiler, meat/frozen food and organic fertilizer by QL Farms Group	MBAS	300	180	186
8.	Purchase of packing material by QL Foods	E Koon	2,500	1,800	1,396
9.	Purchase of packing material by QL Fishmeal Sdn. Bhd.	E Koon	70	50	39

Recurrent Related Party Transactions
of Revenue or Trading Nature of QL Resources Berhad Group (Cont'd.)

New RRPT

No.	Nature of Transaction	Related Parties	Estimated Value from the date of the forthcoming AGM to the next AGM * (RM'000)
1.	Sale of surimi-based product by QL Lian Hoe Sdn. Bhd.	Riclee Food Trading	75
2.	Sale of surimi-based/chilled/frozen product by QL Figo Foods Sdn. Bhd.	Riclee Food Trading	400
3.	Purchase of fresh fruit bunch by QLP	Total Icon Sdn. Bhd.	100
4.	Sale of organic fertilizer by QL Farms Group	Total Icon Sdn. Bhd.	40
5.	Sale of surimi and frozen fish by QL Marine Products Sdn. Bhd.	Fusipim Sdn. Bhd.	1,000

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 2016 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

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 had established a sole proprietorship under the name Cheah Joo Kiang Enterprise, which is engaged in the trading of fish ball. Mr Cheah Joo Kiang is the son of Mr Cheah Yaw Song and the brother of Mr Cheah Juw Teck. Mr Cheah Yaw Song and Mr Cheah Juw Teck are directors of QL Foods and shareholders of QL.

(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 @ Lim Kwan Cheng, 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 @ Lim Kwan Cheng, 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.

Recurrent Related Party Transactions
of Revenue or Trading Nature of QL Resources Berhad Group (Cont'd)

(viii) Timurikan Trengganu Marine Products Sdn. Bhd. ("TTMP") is a company engage in the business as marine products manufacturing, trading of edible fishes, frozen fishes and other aquatic animals. Mr Lim Kwan Cheang @ Lim Kwan Cheng, 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 has interest. Dr Ng is a director and shareholder of QLAR, a 95% owned subsidiary of QL and the holding company of QLLF. SP is 75% owned by Ruby Technique Sdn. Bhd. ("RT") which in turn is 77.67% and 22.33% owned by CBG Holdings Sdn. Bhd. ("CBG") and Farsathy Holdings Sdn. Bhd. ("Farsathy") respectively. CBG and Farsathy are the major shareholders of QL.

(x) M.B. Agriculture (Sabah) Sdn. Bhd. is engaged in livestock farming and is wholly-owned by RT which in turn is 77.67% and 22.33% owned by CBG and Farsathy respectively. CBG 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 and 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 and 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 proprietorship engaged in wholesale of household utensils and cutlery, crockery, glassware, chinaware and pottery, wholesale of other construction materials, hardware, plumbing and heating equipment and supplies N.E.C., retail sale of construction materials, hardware, paints and glass, wholesale of plastic materials in primary forms. E Koon is owned by Ms Eng Siew Yong. She is the daughter-in-law and sister-in-law of Mr Cheah Yaw Song and Mr Cheah Juw Teck respectively, who are directors of QL Foods and QL Fishmeal Sdn. Bhd. as well as shareholders of QL. 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 MB (Sandakan), of which Farsathy is the ultimate holding company. Mr Chia Seong Fatt is the director of QL Plantation Sdn. Bhd. ("QLP"), HP and Farsathy. He has deemed interest in HP by virtue of his beneficial interests in Farsathy.

(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 of 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 of PHH. They are also the directors and shareholders of QLEMP.

(xvii) Total Icon Sdn. Bhd. ("TI") is a company principally engaged in plantation business. Mr Chia Seong Fatt ("SFatt"), Mr Chia Lik Khai ("LKhai") and Mr Chia Seong Pow ("SPow") are major shareholders of TI with a total shareholding of 40% in TI. SFatt and LKhai are directors of QLP. SFatt and SPow are brothers and they are also directors and major shareholders of the Company.

(xviii) Riclee Food Trading is a sole proprietorship which is engaged in food supply and owned by Mr Lee Heng Chin. He is the son of Mr Lee Hung Hoi @ Lee Teck Wee, a director of QL Lian Hoe Sdn. Bhd., QL Figo Foods Sdn. Bhd. and QL Figo (Johor) Sdn. Bhd.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 19th Annual General Meeting has been scheduled on Thursday, 25 August 2016 at 10.00 a.m. to be held at Saujana Ballroom, Saujana Resort, Jalan Lapangan Terbang SAAS, 40150 Shah Alam, Selangor Darul Ehsan.

AGENDA

As Ordinary Business:

(1)	To receive the Audited Financial Statements for the financial year ended 31 March 2016 together with the Directors' and Auditors' Report thereon.	**Refer to Explanatory Notes 1**
(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 2016.	**Ordinary Resolution 1**
(3)	To re-elect the following Directors who retire in accordance with Article No. 97 of the Company's Articles of Association and being eligible, offers themselves for re-election:	
	Chia Song Kooi	**Ordinary Resolution 2**
	Chia Song Swa	**Ordinary Resolution 3**
	Chia Mak Hooi	**Ordinary Resolution 4**
(4)	To re-elect Professor Datin Paduka Dr Aini Binti Ideris as a Director who retire in accordance with Article No. 103 of the Company's Articles of Association and being eligible, offers herself for re-election.	**Ordinary Resolution 5**
(5)	To approve the Directors' fees of RM853,500 for the financial year ended 31 March 2016.	**Ordinary Resolution 6**
(6)	To re-appoint Messrs. KPMG as the auditors of the Company and to authorise the Directors to fix their remuneration.	**Ordinary Resolution 7**

As Special Business:

To consider and if thought fit, pass the following resolutions:-

(7)	**Re-appointment of Director pursuant to Section 129(6) of the Companies Act, 1965**	**Ordinary Resolution 8**
	"THAT YM Tengku Dato' Zainal Rashid Bin Tengku Mahmood, retiring pursuant to Section 129(2) 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."	
(8)	**Retention of Independent Non-Executive Directors**	
	"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 sixteen (16) years, to continue to act as an Independent Non-Executive Director of the Company in accordance with the Malaysian Code on Corporate Governance 2012."	**Ordinary Resolution 9**
	"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 fourteen (14) years, to continue to act as an Independent Non-Executive Director of the Company in accordance with the Malaysian Code on Corporate Governance 2012."	**Ordinary Resolution 10**

Notice of Annual General Meeting
(Cont'd.)

(9) **Authority to Directors to allot and issue shares pursuant to Section 132D of the Companies Act, 1965** **Ordinary Resolution 11**

"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."

(10) **Proposed Renewal of Share Buy Back Authority** **Ordinary Resolution 12**

"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."

(11) **Proposed Renewal and New Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature ("Proposed Renewal and New RRPT Mandate")** **Ordinary Resolution 13**

"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 28 July 2016 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 and New RRPT Mandate."

(12) To transact any other business for which due notice shall have been given in accordance with the Company's Articles of Association and the Companies Act, 1965.

Notice of Dividend Entitlement and Payment

NOTICE IS ALSO HEREBY GIVEN that the final dividend, if approved, will be paid on 15 September 2016 to shareholders whose names appear in the Record of Depositors of the Company at the close of business on 2 September 2016.

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 2016 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
28 July 2016

Notice of Annual General Meeting
(Cont'd.)

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 17 August 2016 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 8

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 8 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 19th AGM.

3. Ordinary Resolution 9

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 sixteen (16) 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 10

Mr Chieng 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 fourteen (14) 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 11

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 18th AGM of the Company held on 27 August 2015 and which will lapse at the conclusion of the 19th AGM. A renewal of this authority is being sought at the 19th 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 12

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 to Shareholders dated 28 July 2016.

7. Ordinary Resolution 13

The proposed resolutions are shareholders' mandate required under Part E, Chapter 10.09 (2) 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 to Shareholders dated 28 July 2016. 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.

全利資源有限公司
QL Resources Berhad
(Company No. 428915-X)
(Incorporated in Malaysia)

FORM OF PROXY

No. of ordinary shares held	
CDS Account No.	
Tel./Handphone No.	

I/We ………………………………………………………………………. (NRIC No./Passport No.…………………..……..................)
(FULL NAME IN BLOCK LETTERS)

of ……….…...….......……..….........
(FULL ADDRESS)

being a member of **QL RESOURCES BERHAD**, hereby appoint.………..…………………….……………......………....……....
(FULL NAME)

(NRIC No./Passport No.…………………...……..................) (Proxy 1) of ……………………...……………....…………………………
(FULL ADDRESS)

or failing him, …………………...…………….................. (NRIC No./ Passport No.……………....………………........) (Proxy 2)

of ……………………………………………………………..…………………………………………………….............................
(FULL ADDRESS)

as my/our proxy/proxies to vote for me/us on my/our behalf at the 19th Annual General Meeting of the Company, to be held at Saujana Ballroom, Saujana Resort, Jalan Lapangan Terbang SAAS, 40150 Shah Alam, Selangor Darul Ehsan on Thursday, 25 August 2016 at 10.00 a.m. or any adjournment thereof.

My/our proxy is to vote as indicated below:

Resolutions	**For**	**Against**
Ordinary Resolution No. 1		
Ordinary Resolution No. 2		
Ordinary Resolution No. 3		
Ordinary Resolution No. 4		
Ordinary Resolution No. 5		
Ordinary Resolution No. 6		
Ordinary Resolution No. 7		
Ordinary Resolution No. 8		
Ordinary Resolution No. 9		
Ordinary Resolution No. 10		
Ordinary Resolution No. 11		
Ordinary Resolution No. 12		
Ordinary Resolution No. 13		

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 19th 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 …………… 2016

………………………………………
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 17 August 2016 shall be entitled to attend the said meeting or appoint proxy(ies) to attend and/or vote on his behalf.
4. The instrument appointing a proxy must be deposited at the Registered Office of the Company at No. 16A, Jalan Astaka U8/83, Bukit Jelutong, 40150 Shah Alam, Selangor Darul Ehsan, at least 48 hours before the appointed time of holding the Meeting.
5. In the case of a corporation, the instrument appointing a proxy or proxies must be under seal or under the hand of an officer or attorney duly authorised.

Fold this flap for sealing

Then fold here

AFFIX
STAMP

The Company Secretary

QL RESOURCES BERHAD

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

1st fold here

全 利 資 源 有 限 公 司

QL RESOURCES BERHAD (428915-X)
No. 16A, Jalan Astaka U8/83, Bukit Jelutong,
40150 Shah Alam, Selangor Darul Ehsan.
Tel : 03-7801 2288
Fax : 03-7801 2228
www.ql.com.my