

---

**10. ACCOUNTANTS' REPORT**  
(Prepared for inclusion in this Prospectus)

---

KPMG  
Wisma KPMG  
Jalan Dungun, Damansara Heights  
50490 Kuala Lumpur

31 January 2000

The Board of Directors  
QL Resources Berhad  
5, Lorong Bukit Kuda  
Off Jalan Batu Tiga Lama  
41300 Klang  
Selangor Darul Ehsan

Dear Sirs

This report has been prepared for inclusion in the Prospectus to be dated 11 February 2000 in connection with the public issue of 6,160,000 new ordinary shares of RM1.00 each and Offer For Sale of 1,433,000 ordinary shares of RM1.00 each in QL Resources Berhad ("QL") at an issue/offer price of RM2.50 per ordinary share and the listing of and quotation for its entire issued and paid-up share capital on the Second Board of the Kuala Lumpur Stock Exchange ("KLSE").

**1 General Information**

**1.1 Background**

QL was incorporated as a public limited company on 25 April 1997 under the Companies Act 1965 for the purpose of the proposed acquisition of QL Feedingstuffs Sdn Bhd ("QL Feed") group of companies and its proposed listing of and quotation for its entire issued and paid up share capital on the Second Board of the KLSE.

## 10. ACCOUNTANTS' REPORT...*cont'd*

(Prepared for inclusion in this Prospectus)

### 1.2 Share Capital

1.2.1 The authorised and issued and paid up capital of QL as the date of this report are as follows:-

|                          | No. of ordinary shares of RM1.00 each | Total<br>RM |
|--------------------------|---------------------------------------|-------------|
| Authorised               | 200,000,000                           | 200,000,000 |
| Issued and fully paid up | 33,840,000                            | 33,840,000  |

| Date of allotment | No. of ordinary shares allotted | Par value (RM) | Consideration   | Issued and paid up share capital (RM) |
|-------------------|---------------------------------|----------------|---|---------------------------------------|
| 25.4.1997         | 2                               | 1.00           | Subscribers' shares   | 2                                     |
| 31.12.1999        | 29,665,013                      | 1.00           | Issued as purchase consideration for the acquisition of subsidiary companies at RM1.47 per ordinary share | 29,665,013                            |
| 12.1.2000         | 4,174,985                       | 1.00           | Rights issue at RM1.20 per share  | 4,174,985                             |
|                   |                                 |                | <b>TOTAL</b>  | <b>33,840,000</b>                     |

The issued and fully paid up share capital of QL after the proposed public issue of 6,160,000 new ordinary shares as mentioned herein would be RM40,000,000 comprising 40,000,000 ordinary shares of RM1.00 each.

### 1.3 Principal Activity

The principal activity of the Company is that of investment holding.

---

**10. ACCOUNTANTS' REPORT...cont'd**  
 (Prepared for inclusion in this Prospectus)
 

---

**1.4 Restructuring scheme**

In connection with and as part of the listing of and quotation for the entire issued and paid up share capital of QL on the Second Board of the KLSE, the QL Group undertakes the following restructuring scheme:-

- Revaluation of the landed properties and buildings of QL Feed and its subsidiary companies resulting in a revaluation surplus of RM11,689,980. The said revaluations are based on the open market values of the landed properties and buildings as appraised by CH Williams, Talhar & Wong, an independent professional valuer on an open market basis.
- Acquisition of QL Feed together with all of its subsidiary companies for a consideration of RM43,607,569 to be satisfied by the issuance of 29,665,013 new ordinary shares of RM1.00 each in QL at an issue price of RM1.47 per ordinary share.
- Rights Issue of 4,174,985 new ordinary shares of RM1.00 each for cash at an issue price of RM1.20 per share on the basis of approximately fourteen (14) new ordinary shares for every one hundred (100) ordinary shares held.
- Public Issue of 6,160,000 new ordinary shares of RM1.00 each of QL at an issue price of RM2.50 per ordinary share.
- Offer For Sale of 1,433,000 ordinary shares of RM1.00 each of QL at an issue price of RM2.50 each per ordinary share.

The above scheme was approved by the Securities Commission ("SC") on 21 October 1999.

**1.5 Subsidiary Companies**

Upon the completion of the acquisition of QL Feed by QL, the following are the subsidiary companies of QL:-

**1.5.1 Background and Share Capital****QL Feedingstuffs Sdn Bhd ("QL Feed")**

QL Feed was incorporated as a private limited company on 14 November 1985 under the name of Syarikat Jabu Plantation Sdn Bhd and changed to its present name on 24 April 1987. The present authorised share capital of QL Feed is 5,000,000 ordinary shares of RM1.00 each of which 4,100,000 are issued and fully paid.

---

**10. ACCOUNTANTS' REPORT...cont'd**  
(Prepared for inclusion in this Prospectus)

---

**Sin Chip Huat Fishmeal Sdn Bhd ("SCH")**

SCH was incorporated as a private limited company on 29 May 1984. The present authorised share capital of SCH is 5,000,000 ordinary shares of RM1.00 each of which 1,800,000 are issued and fully paid.

**QL Foods Sdn Bhd ("QL Foods")**

QL Foods was incorporated as a private limited company on 25 August 1994. The present authorised share capital of QL Foods is 5,000,000 ordinary shares of RM1.00 each of which 2,000,000 are issued and fully paid.

**Sin Hong Heng Fishmeal Sdn Bhd ("SHH")**

SHH was incorporated as a private limited company on 23 November 1973. The present authorised share capital of SHH is 2,000,000 ordinary shares of RM1.00 each of which 1,323,000 are issued and fully paid.

**QL Feedmills Sdn Bhd ("QL Feedmills")**

QL Feedmills was incorporated as a private limited company on 23 January 1995 under the name of Uniform Yield Sdn Bhd and changed to its present name on 3 November 1995. The present authorised share capital of QL Feedmills is 500,000 ordinary shares of RM1.00 each of which 500,000 are issued and fully paid.

**QL Layer Farm Sdn Bhd ("QLL")**

QLL was incorporated as a private limited company on 21 December 1990 under the name of Dragon Century Sdn Bhd and changed its name to QL Farming (K.K.) Sdn Bhd on 11 March 1991, to QL Trading Sdn Bhd on 3 August 1992 and to its present name on 4 February 1995. The present authorised share capital of QLL is 1,000,000 ordinary shares of RM1.00 each of which 500,000 are issued and fully paid.

**Tong Len Trading Sdn Bhd ("TLT")**

TLT was incorporated as a private limited company on 11 January 1985. The present authorised share capital of TLT is 5,000,000 ordinary shares of RM1.00 each of which 4,000,000 are issued and fully paid.

---

**10. ACCOUNTANTS' REPORT...*cont'd***  
(Prepared for inclusion in this Prospectus)

---

**Tong Len Plantation Sdn Bhd ("TLP")**

TLP was incorporated as a private limited company on 10 September 1979. The present authorised share capital of TLP is 5,000,000 ordinary shares of RM1.00 each of which 5,000,000 are issued and fully paid.

**Bergakau Development Sdn Bhd ("BD")**

BD was incorporated as a private limited company on 5 January 1980. The present authorised share capital of BD is 2,000,000 ordinary shares of RM1.00 each of which 1,600,048 are issued and fully paid.

**Adequate Triumph Sdn Bhd ("AT")**

AT was incorporated as a private limited company on 19 April 1995. The present authorised share capital of AT is 100,000 ordinary shares of RM1.00 each of which 100,000 are issued and fully paid.

**Tong Her Marine Products Sdn Bhd ("THM")**

THM was incorporated as a private limited company on 11 April 1981. The present authorised share capital of THM is 500,000 ordinary shares of RM1.00 each of which 336,522 are issued and fully paid.

**Tophill Corporation Sdn Bhd ("TC")**

TC was incorporated as a private limited company on 23 February 1979. The present authorised share capital of TC is 1,000,000 ordinary shares of RM1.00 each of which 500,000 are issued and fully paid.

**Bukit Wang Sdn Bhd ("BW")**

BW was incorporated as a private limited company on 27 February 1979. The present authorised share capital of BW is 100,000 ordinary shares of RM1.00 each of which 100,000 are issued and fully paid.

---

**10. ACCOUNTANTS' REPORT...cont'd**  
(Prepared for inclusion in this Prospectus)

---

**OL Properties Sdn Bhd (“OLP”)**

QLP was incorporated as a private limited company on 17 February 1995. The present authorised share capital of QLP is 500,000 ordinary shares of RM1.00 each of which 250,000 are issued and fully paid.

**OL Realty Sdn Bhd (“OLR”)**

QLR was incorporated as a private limited company on 15 February 1995. The present authorised share capital of QLR is 100,000 ordinary shares of RM1.00 each of which 50,000 are issued and fully paid.

**Chingsan Development Sdn Bhd (“CD”)**

CD was incorporated as a private limited company on 15 February 1996. The present authorised share capital of CD is 500,000 ordinary shares of RM1.00 each of which 200,000 are issued and fully paid.

**Natural Oscar Sdn Bhd (“N Oscar”)**

N Oscar was incorporated as a private limited company on 18 December 1995. The present authorised share capital of N Oscar is 500,000 ordinary shares of RM1.00 each of which 200,000 are issued and fully paid.

**Maxincome Resources Sdn Bhd (“MR”)**

MR was incorporated as a private limited company on 11 April 1996. The present authorised share capital of MR is 100,000 ordinary shares of RM1.00 each of which 10,000 are issued and fully paid.

**Wijora Sdn Bhd (“WSB”)**

WSB was incorporated as a private limited company on 19 March 1996. The authorised share capital of WSB is 100,000 ordinary shares of RM1.00 each. The issued and paid-up share capital was RM2 at 2 ordinary shares of RM1.00 each. On 20 October 1999 this was increased to RM100,000 via the issuance of 99,998 new ordinary shares of RM1.00 each for cash.

---

**10. ACCOUNTANTS' REPORT...cont'd**  
(Prepared for inclusion in this Prospectus)

---

**OL Karasaki Ika Sdn Bhd ("OLKI")**

OLKI was incorporated as a private limited company on 5 March 1996 under the name of Winning Venture Sdn Bhd and changed to its present name on 10 March 1999. The present authorised share capital of WV is 100,000 ordinary shares of RM1.00 each of which 2 are issued and fully paid.

**Banjaran Mentari Sdn Bhd ("BM")**

BM was incorporated as a private limited company on 22 November 1994. The present authorised share capital of BM is 1,000,000 ordinary shares of RM1.00 each of which 1,000,000 are issued and fully paid.

**Pacific Vet Group (M) Sdn Bhd ("PVG")**

PVG was incorporated as a private limited company on 12 September 1997 under the name of Watt Life Science Sdn Bhd and changed to its present name on 22 October 1997. The present authorised share capital of PVG is 1,000,000 ordinary shares of RM1.00 each of which 1,000,000 are issued and fully paid.

**Tri – F Corporation Sdn Bhd ("Tri-F")**

TRI-F was incorporated as a private limited company on 2 January 1997. The present authorised share capital of Tri-F is 100,000 ordinary shares of RM1.00 each of which 2 are issued and fully paid.

**Pets Wonderland Sdn Bhd ("PW")**

PW was incorporated as a private limited company on 15 November 1999 under the name of Corporate-Pacific Region (M) Sdn Bhd and changed to its present name on 22 January 2000. The present authorised share capital of PW is 100,000 ordinary shares of RM1.00 each of which 2 are issued and fully paid.

**1.5.2 Principal activities**

The principal activities and the effective interest of the subsidiary companies as at 30 September 1999 are as follows:-

| <b>Name of company</b> | <b>Principal activities</b>   | <b>Effective interests</b> |
|------------------------|---|----------------------------|
| QL Feed                | Investment holding, distribution of fishmeal and feed raw materials | 100.00%                    |
| SCH                    | Manufacturing of fishmeal   | 97.59%                     |

---

**10. ACCOUNTANTS' REPORT...cont'd**  
 (Prepared for inclusion in this Prospectus)
 

---

| <b>Name of company</b> | <b>Principal activities</b>  | <b>Effective interests</b> |
|------------------------|--|----------------------------|
| QL Foods               | Manufacturing of surimi and surimi-based products  | 97.59%                     |
| SHH                    | Manufacturing of fishmeal  | 62.32%                     |
| QL Feedmills           | Manufacturing of feed-meal   | 100.00%                    |
| QLL                    | Layer farming  | 100.00%                    |
| TLT                    | Investment holding, layer farming, distribution of feed-meal raw materials and general trading | 68.77%                     |
| TLP                    | CPO milling and oil palm related activities  | 61.89%                     |
| BD                     | Cocoa cultivation  | 68.77%                     |
| AT                     | Property holding   | 68.77%                     |
| THM                    | Property holding   | 68.77%                     |
| TC                     | Oil palm cultivation   | 68.77%                     |
| BW                     | Oil palm cultivation   | 68.77%                     |
| QLP                    | Property holding   | 100.00%                    |
| QLR                    | Property holding   | 100.00%                    |
| CD                     | Provision of warehousing services  | 100.00%                    |
| N Oscar                | Provision of warehousing services  | 100.00%                    |
| MR                     | Dormant  | 100.00%                    |
| WSB                    | Dormant  | 100.00%*                   |
| QLKI                   | Dormant  | 100.00%                    |



---

**10. ACCOUNTANTS' REPORT...cont'd**  
 (Prepared for inclusion in this Prospectus)
 

---

| <b>Name of company</b> | <b>Principal activities</b>                                       | <b>Effective interests</b> |
|------------------------|---|----------------------------|
| BM                     | Layer farming and distribution of animal feeds raw materials      | 75.00%                     |
| PVG                    | Dealing and trading in feed supplement and animal health products | 51.00%                     |
| Tri-F                  | Dormant   | 68.77%                     |

\* On 20 October 1999, the issued and paid up share capital of WSB was increased to RM100,000 by an additional issue of 99,998 ordinary shares of RM1.00 each for working capital purposes.

The additional shares were not fully subscribed by the Company. As such, the Company's equity interest in the subsidiary company was diluted from 100% to 70%.

On 3 January 2000, PVG acquired Pets Wonderland Sdn Bhd ("PW")(formerly known as Corporate-Pacific Region (M) Sdn Bhd), a company incorporated on 15 November 1999 for RM2. The present authorised share capital of PW is 100,000 ordinary shares of RM1.00 each of which 2 are issued and fully paid. At the date of the acquisition, PW is dormant with a net tangible asset of RM2.

## **1.6 Accounts and Auditors**

We have acted as the auditors of QL since its incorporation (financial period ended 31 March 1998). We are also the auditors of QL Feed and all of its subsidiary companies since the financial year ended 31 March 1997. Prior to that, the accounts of QL Feed and its subsidiary companies were audited by another firm of auditors.

The accounts of QL, QL Feed and its subsidiary companies for the respective financial years/periods as mentioned in this Report were reported on by the auditors without any qualification.

## **2 Summary of Results**

We set out below the proforma consolidated results of the QL Group for the five years ended 31 March 1995 to 31 March 1999 and the six months ended 30 September 1999 prepared based on the assumption that the acquisition has been in effect throughout the period under review as set out below and should be read in conjunction with the notes thereto:-

---

**10. ACCOUNTANTS' REPORT...cont'd**  
 (Prepared for inclusion in this Prospectus)
 

---

**2.1 The Proposed QL Group - Proforma Consolidated Results**

|  | Year ended<br>-----31 March----- |                |                |                |                  | 6 months<br>ended<br>30 September |
|--|----------------------------------|----------------|----------------|----------------|------------------|-----------------------------------|
|  | < 1995<br>RM'000                 | 1996<br>RM'000 | 1997<br>RM'000 | 1998<br>RM'000 | > 1999<br>RM'000 | 1999<br>RM'000                    |
| Turnover   | 128,039                          | 216,997        | 256,613        | 279,024        | 402,746          | 199,015                           |
| Profit before depreciation<br>and interest   | 7,364                            | 12,920         | 19,497         | 22,094         | 29,344           | 15,077                            |
| Depreciation   | (1,135)                          | (1,764)        | (2,385)        | (3,136)        | (5,392)          | (2,957)                           |
| Interest income  | 4                                | 1              | 34             | 65             | -                | 117                               |
| Interest expense   | (1,385)                          | (2,723)        | (4,771)        | (6,363)        | (9,851)          | (2,792)                           |
| Profit before taxation   | 4,844                            | 8,434          | 12,375         | 12,660         | 14,101           | 9,445                             |
| Taxation   | (1,272)                          | (2,277)        | (2,794)        | (2,950)        | (1,007)          | (2,176)                           |
| Profit after taxation  | 3,572                            | 6,157          | 9,581          | 9,710          | 13,094           | 7,269                             |
| Minority interests   | (561)                            | (723)          | (1,256)        | (1,249)        | (3,037)          | (1,651)                           |
| Extraordinary item   | (599)                            | -              | -              | -              | -                | -                                 |
| Profit after taxation  | 2,412                            | 5,434          | 8,325          | 8,461          | 10,057           | 5,618                             |
| Number of ordinary shares<br>(Based on proposed<br>enlarged share capital)<br>('000) | 29,665                           | 29,665         | 29,665         | 29,665         | 29,665           | 29,665                            |
| <b>Earnings per share<br/>(sen)</b>  |                                  |                |                |                |                  |                                   |
| Gross  | 13.70                            | 25.17          | 35.95          | 37.20          | 36.83            | *48.80                            |
| Net  | 10.15                            | 18.32          | 28.06          | 28.52          | 33.90            | *37.88                            |

\* annualised

---

**10. ACCOUNTANTS' REPORT...cont'd**  
(Prepared for inclusion in this Prospectus)

---

Note

1. The increase in turnover and operating profit before taxation from 1995 onwards was mainly due to the increase in volume of business, the increase in prices of feed-meal products and additional contributions such as layer farming, surimi and surimi based products.
2. The increase in turnover and profit before taxation in 1999 was due to contribution from TLP's oil palm mill operations which commenced during the year and from PVG and BM, subsidiary companies which commenced full operations during the year. The higher profit achieved by these three companies which have minority interests has increased the minority interests' share of the group's profit.
3. Taxation charge for the year is in respect of the provision for deferred taxation for TLP and QL Foods.

---

**10. ACCOUNTANTS' REPORT...cont'd**  
(Prepared for inclusion in this Prospectus)

---

**2.2 Notes To The Proforma Consolidated Results**

**2.2.1 Basis of consolidation**

The proforma consolidated results of the proposed QL Group are based on the audited accounts of QL, QL Feed and its subsidiary companies for the years/periods under review and have been presented on the basis that the proposed restructuring scheme as detailed in paragraph 1.4 had been in effect throughout the years/periods under review.

**2.2.2 Earnings per share**

Gross earnings per share has been calculated based on profit before taxation and extraordinary item and after minority interests. Net earnings per share has been calculated based on profit after taxation and minority interests but before extraordinary item. QL is assumed to have an issued and paid-up share capital of RM29,665,015 comprising 29,665,015 ordinary shares of RM1.00 each pursuant to the acquisition of QL Feed.

For the purpose of preparing the proforma consolidated results of QL Group for the five years ended 31 March 1995 to 31 March 1999 and the six months ended 30 September 1999, the results of QL Feed Group have been computed on the basis that the accounting year end of QL Feed Group was 31 March throughout the periods under review.

**2.2.3 Extraordinary items**

There were no extraordinary items during the financial years/periods under review except for BD's loss on disposal of a long leasehold estate land in 1995.

**QL**

No Profit and Loss Account have been prepared as the Company has not commenced operations since its incorporation on 25 April 1997 up to 30 September 1999.

**10. ACCOUNTANTS' REPORT...cont'd**  
(Prepared for inclusion in this Prospectus)

**QL Feed**

|  | Year Ended<br>-----31 March-----> |                |                |                |                | 6 months<br>ended<br>30 September<br>1999 |
|--|-----------------------------------|----------------|----------------|----------------|----------------|---|
|  | 1995<br>RM'000                    | 1996<br>RM'000 | 1997<br>RM'000 | 1998<br>RM'000 | 1999<br>RM'000 | 1999<br>RM'000                            |
| Turnover   | 121,952                           | 194,928        | 222,773        | 232,055        | 281,866        | 110,114                                   |
| Profit before<br>depreciation and<br>interest            | 4,314                             | 7,057          | 12,161         | 10,047         | 9,239          | 8,324                                     |
| Depreciation   | (483)                             | (382)          | (368)          | (515)          | (570)          | (279)                                     |
| Interest income  | -                                 | -              | 32             | 256            | 266            | 110                                       |
| Interest expense   | (1,105)                           | (2,301)        | (4,256)        | (5,231)        | (6,864)        | (1,598)                                   |
| Profit before taxation                                   | 2,726                             | 4,374          | 7,569          | 4,557          | 2,071          | 6,557                                     |
| Taxation   | (804)                             | (1,222)        | (1,849)        | (1,105)        | 28             | (114)                                     |
| Profit after taxation                                    | 1,922                             | 3,152          | 5,720          | 3,452          | 2,099          | 6,443                                     |
| Extraordinary items                                      | -                                 | -              | 650            | -              | -              | -   |
| Profit attributable to<br>shareholders of the<br>company | 1,922                             | 3,152          | 6,370          | 3,452          | 2,099          | 6,443                                     |
| Number of ordinary<br>shares in issue<br>( '000)         | 4,080                             | 4,080          | 4,100          | 4,100          | 4,100          | 4,100                                     |
| Gross EPS (RM)   | 0.67                              | 1.07           | 1.85           | 1.11           | 0.51           | *3.20                                     |
| Net EPS (RM)   | 0.47                              | 0.77           | 1.40           | 0.84           | 0.51           | *3.14                                     |

\* annualised

There were no extraordinary items during the financial years/period under review except for the extraordinary item in 1997 which relates to the gain on disposal of certain subsidiary companies.

**Note**

- The increase in the profit before taxation in 1997 was principally due to dividend income of RM2,516,000 from SCH and TLT. The lower profit in 1999 was due to increased provisions for doubtful debts in the year. The increase in the profit before taxation in 30 September 1999 was principally due to dividend income amounting from RM6,181,000 from QL Foods, SCH and TLT.

---

**10. ACCOUNTANTS' REPORT...cont'd**  
 (Prepared for inclusion in this Prospectus)
 

---

**SCH**

|  | Year ended<br><-----31 March-----> |                |                |                |                | 6 months<br>ended<br>30 September<br>1999 |
|--|------------------------------------|----------------|----------------|----------------|----------------|---|
|  | 1995<br>RM'000                     | 1996<br>RM'000 | 1997<br>RM'000 | 1998<br>RM'000 | 1999<br>RM'000 | RM'000                                    |
| Turnover                                     | 5,854                              | 6,656          | 7,754          | 8,818          | 14,424         | 3,324                                     |
| Profit before depreciation<br>and interest   | 878                                | 1,174          | 1,355          | 1,726          | 2,265          | 554                                       |
| Depreciation                                 | (242)                              | (278)          | (287)          | (337)          | (430)          | (218)                                     |
| Interest expense                             | (164)                              | (73)           | (64)           | (136)          | (98)           | (56)                                      |
| Profit before taxation                       | 472                                | 823            | 1,004          | 1,253          | 1,737          | 280                                       |
| Taxation                                     | -                                  | (259)          | (248)          | (307)          | (9)            | (54)                                      |
| Profit after taxation                        | 472                                | 564            | 756            | 946            | 1,728          | 226                                       |
| Number of ordinary shares<br>in issue ('000) | 1,800                              | 1,800          | 1,800          | 1,800          | 1,800          | 1,800                                     |
| Gross EPS (RM)                               | 0.26                               | 0.46           | 0.56           | 0.70           | 0.97           | *0.31                                     |
| Net EPS (RM)                                 | 0.26                               | 0.31           | 0.42           | 0.53           | 0.96           | *0.25                                     |

\* annualised

There were no extraordinary items during the financial years/period under review.

## Note

1. There was no taxation charge in 1995 as SCH has sufficient Reinvestment Allowances to set off against its chargeable income.

---

**10. ACCOUNTANTS' REPORT...cont'd**  
 (Prepared for inclusion in this Prospectus)
 

---

**QL Foods**

|   | <b>25.8.1994</b><br><b>(Date of</b><br><b>incorporation)</b><br><b>to 31 March</b><br><b>1995</b><br><b>RM'000</b> | <b>&lt; -----31 March----- &gt;</b><br><b>1996</b><br><b>RM'000</b> | <b>Year ended</b><br><b>1997</b><br><b>RM'000</b> | <b>1998</b><br><b>RM'000</b> | <b>1999</b><br><b>RM'000</b> | <b>6 months</b><br><b>ended</b><br><b>30 September</b><br><b>1999</b><br><b>RM'000</b> |
|---|--|---|---|------------------------------|------------------------------|--|
| Turnover  | 213  | 3,580   | 6,156   | 10,060                       | 14,546                       | 10,305   |
| (Loss)/Profit before depreciation and interest      | (9)  | 752   | 1,381   | 2,052                        | 2,658                        | 1,976  |
| Depreciation  | (1)  | (128)   | (155)   | (482)                        | (540)                        | (296)  |
| Interest expense                                    | -  | (60)  | (141)   | (118)                        | (171)                        | (86)   |
| (Loss)/Profit before taxation                       | (10)   | 564   | 1,085   | 1,452                        | 1,947                        | 1,594  |
| Taxation  | -  | (119)   | 65  | (172)                        | (425)                        | (108)  |
| (Loss)/Profit after taxation                        | (10)   | 445   | 1,150   | 1,280                        | 1,522                        | 1,486  |
| Number of ordinary shares in issue ('000)           | 750  | 1,000   | 2,000   | 2,000                        | 2,000                        | 2,000  |
| (Loss before taxation per share)/<br>Gross EPS (RM) | (0.01)   | 0.56  | 0.54  | 0.73                         | 0.97                         | *1.59  |
| (Loss after taxation per share)/<br>Net EPS (RM)    | (0.01)   | 0.45  | 0.58  | 0.64                         | 0.76                         | *1.49  |

\* annualised

There were no extraordinary items during the financial years/period under review.

---

**10. ACCOUNTANTS' REPORT...cont'd**  
 (Prepared for inclusion in this Prospectus)
 

---

**SHH**

|   | Year ended<br>< ---31 December--> |        | 15 months<br>ended<br>31 March | Year ended<br><-----31 March-----> |        | 6 months<br>ended<br>30 September |
|---|-----------------------------------|--------|--------------------------------|------------------------------------|--------|-----------------------------------|
|   | 1994                              | 1995   | 1997                           | 1998                               | 1999   | 1999                              |
|   | RM'000                            | RM'000 | RM'000                         | RM'000                             | RM'000 | RM'000                            |
| Turnover                                    | 15,300                            | 12,968 | 18,311                         | 15,372                             | 16,144 | 6,373                             |
| Profit before depreciation<br>and interest  | 1,944                             | 2,147  | 3,584                          | 3,137                              | 3,156  | 866                               |
| Depreciation                                | (352)                             | (394)  | (775)                          | (675)                              | (686)  | (345)                             |
| Interest income                             | -                                 | 1      | -                              | -                                  | -      | -                                 |
| Interest expense                            | (58)                              | (46)   | (61)                           | (128)                              | (131)  | (35)                              |
| Profit before taxation                      | 1,534                             | 1,708  | 2,748                          | 2,334                              | 2,339  | 486                               |
| Taxation                                    | (453)                             | (350)  | (880)                          | (619)                              | -      | (61)                              |
| Profit after taxation                       | 1,081                             | 1,358  | 1,868                          | 1,715                              | 2,339  | 425                               |
| Number of ordinary shares<br>in issue('000) | 1,323                             | 1,323  | 1,323                          | 1,323                              | 1,323  | 1,323                             |
| Gross EPS (RM)                              | 1.16                              | 1.29   | 2.08                           | 1.76                               | 1.77   | *0.73                             |
| Net EPS (RM)                                | 0.82                              | 1.03   | 1.41                           | 1.30                               | 1.77   | *0.64                             |

\* annualised

*Note: SHH changed its accounting year end to 31 March from 31 December effective from the financial year ended 31 March 1997 to conform with the accounting year end of QL Feed.*

There were no extraordinary items during the financial years/periods under review.



---

**10. ACCOUNTANTS' REPORT...cont'd**  
 (Prepared for inclusion in this Prospectus)
 

---

**QL Feedmills**

|   | <b>23.1.1995</b><br><b>(Date of</b><br><b>incorporation)</b><br><b>to 31 March</b><br><b>1996</b><br><b>RM'000</b> | <b>&lt; -----31 March----- &gt;</b><br><b>1997</b><br><b>RM'000</b> | <b>Year ended</b><br><b>1998</b><br><b>RM'000</b> | <b>1999</b><br><b>RM'000</b> | <b>6 months</b><br><b>ended</b><br><b>30 September</b><br><b>1999</b><br><b>RM'000</b> |
|---|--|---|---|------------------------------|--|
| Turnover                                  | 3,949  | 12,790  | 11,199  | 11,502                       | 5,781  |
| Profit before depreciation and interest   | 175  | 470   | 523   | 871                          | 635  |
| Depreciation                              | (82)   | (80)  | (51)  | (235)                        | (171)  |
| Interest expense                          | (4)  | (43)  | (32)  | (160)                        | (55)   |
| Profit before taxation                    | 89   | 347   | 440   | 476                          | 409  |
| Taxation                                  | (28)   | (112)   | (123)   | (103)                        | (127)  |
| Profit after taxation                     | 61   | 235   | 317   | 373                          | 282  |
| Number of ordinary shares in issue ('000) | *  | *   | 500   | 500                          | 500  |
| Gross EPS (RM)                            | 44,500.00  | 173,500.00  | 0.88  | 0.95                         | **1.64   |
| Net EPS (RM)                              | 30,500.00  | 117,500.00  | 0.63  | 0.75                         | **1.13   |

\*\* annualised

\* *This represents paid-up share capital of RM2 comprising 2 ordinary shares of RM1 each.*

There were no extraordinary items during the financial years/periods under review.

---

**10. ACCOUNTANTS' REPORT...cont'd**  
 (Prepared for inclusion in this Prospectus)
 

---

**QLL**

|  | Year ended<br>31 May<br>1995<br>RM'000 | 10 months<br>ended<br>31 March<br>1996<br>RM'000 | Year ended<br>< -----31 March----- ><br>1997      1998      1999<br>RM'000   RM'000   RM'000 |       |       | 6 months<br>ended<br>30 September<br>1999<br>RM'000 |
|--|--|--|--|-------|-------|---|
| Turnover   | -                                      | 450  | 4,546  | 5,350 | 5,149 | 3,419   |
| (Loss)/Profit before<br>depreciation and<br>interest | (10)                                   | (246)  | 572  | 858   | 792   | 966   |
| Depreciation   | -                                      | (69)   | (207)  | (309) | (311) | (162)   |
| Interest expense                                     | -                                      | (10)   | (41)   | (104) | (143) | (46)  |
| (Loss)/Profit before<br>taxation                     | (10)                                   | (325)  | 324  | 445   | 338   | 758   |
| Taxation   | -                                      | -  | -  | (131) | (99)  | (215)   |
| (Loss)/Profit after<br>taxation                      | (10)                                   | (325)  | 324  | 314   | 239   | 543   |
| Number of ordinary<br>shares in issue<br>( '000)     | 250                                    | 500  | 500  | 500   | 500   | 500   |
| (Loss before taxation per share)/<br>Gross EPS (RM)  | (0.04)                                 | (0.65)   | 0.65   | 0.89  | 0.68  | *3.03   |
| (Loss after taxation per share)/<br>Net EPS (RM)     | (0.04)                                 | (0.65)   | 0.65   | 0.63  | 0.48  | *2.17   |

\* annualised

*Note: QLL changed its accounting year end to 31 March from 31 May effective from the financial year ended 31 March 1996 to conform with the accounting year end of QL Feed.*

There were no extraordinary items during the financial years/periods under review.

**10. ACCOUNTANTS' REPORT...cont'd**  
(Prepared for inclusion in this Prospectus)

**TLT**

|   | Year ended<br><-----31 March-----> |                |                |                |                | 6 months<br>ended<br>30 September |
|---|------------------------------------|----------------|----------------|----------------|----------------|-----------------------------------|
|   | 1995<br>RM'000                     | 1996<br>RM'000 | 1997<br>RM'000 | 1998<br>RM'000 | 1999<br>RM'000 | 1999<br>RM'000                    |
| Turnover  | 14,538                             | 17,612         | 22,362         | 22,862         | 22,238         | 12,066                            |
| Profit before depreciation<br>and interest            | 1,114                              | 1,672          | 2,315          | 2,962          | 2,266          | 2,116                             |
| Depreciation  | (417)                              | (449)          | (551)          | (629)          | (712)          | (379)                             |
| Interest income                                       | -                                  | -              | 2              | 27             | -              | 28                                |
| Interest expense                                      | (106)                              | (215)          | (135)          | (437)          | (403)          | (139)                             |
| Profit before taxation                                | 591                                | 1,008          | 1,631          | 1,923          | 1,151          | 1,626                             |
| Taxation  | (260)                              | (299)          | (250)          | (419)          | (37)           | (470)                             |
| Profit after taxation                                 | 331                                | 709            | 1,381          | 1,504          | 1,114          | 1,156                             |
| Extraordinary items                                   | -                                  | -              | 775            | -              | -              | -                                 |
| Profit attributable to<br>shareholders of the company | 331                                | 709            | 2,156          | 1,504          | 1,114          | 1,156                             |
| Number of ordinary shares<br>in issue ('000)          | 2,146                              | 2,950          | 4,000          | 4,000          | 4,000          | 4,000                             |
| Gross EPS (RM)  | 0.28                               | 0.34           | 0.41           | 0.48           | 0.29           | *0.81                             |
| Net EPS (RM)  | 0.15                               | 0.24           | 0.35           | 0.38           | 0.28           | *0.58                             |

\* annualised

There were no extraordinary items during the financial years/period under review except for the extraordinary item in 1997 which relates to the gain on disposal of a subsidiary company.

---

**10. ACCOUNTANTS' REPORT...cont'd**  
 (Prepared for inclusion in this Prospectus)
 

---

**TLP**

|   | Year ended<br>30 September<br>1995<br>RM'000 | 6 months<br>ended<br>31 March<<br>1996<br>RM'000 | Year ended<br>31 March-----<br>1997<br>RM'000 | Year ended<br>31 March-----<br>1998<br>RM'000 | 1999<br>RM'000 | 6 months<br>ended<br>> 30 September<br>1999<br>RM'000 |
|---|--|--|---|---|----------------|---|
| Turnover  | 529  | 321  | 579   | 403   | 84,607         | 45,413  |
| Profit before depreciation<br>and interest                      | 68   | 26   | 254   | 142   | 4,888          | 4,296   |
| Depreciation  | (24)   | (19)   | (23)  | (20)  | (1,308)        | (713)   |
| Interest expense  | (26)   | (8)  | (26)  | (2)   | (1,217)        | (450)   |
| Profit/(Loss) before<br>taxation                                | 18   | (1)  | 205   | 120   | 2,363          | 3,133   |
| Taxation  | -  | -  | -   | -   | (345)          | (780)   |
| Profit after taxation   | 18   | (1)  | 205   | 120   | 2,018          | 2,353   |
| Extraordinary items   | -  | (63)   | -   | -   | -              | -   |
| Profit/(Loss) attributable<br>to shareholders of the<br>company | 18   | (64)   | 205   | 120   | 2,018          | 2,353   |
| Number of ordinary shares<br>in issue ('000)                    | 2,100  | 2,100  | 5,000   | 5,000   | 5,000          | 5,000   |
| Gross EPS (RM)  | 0.01   | 0.00   | 0.04  | 0.02  | 0.47           | *1.25   |
| Net EPS (RM)  | 0.01   | 0.00   | 0.04  | 0.02  | 0.40           | *0.94   |

\* annualised

*Note: The company changed its year end to 31 March 1996 to conform with the accounting year end of QL Feed.*

There were no extraordinary items during the financial years/period under review except for the extraordinary item in 1996 which relates to the loss on disposal of its subsidiary company and associated companies.

---

**10. ACCOUNTANTS' REPORT...*cont'd***  
(Prepared for inclusion in this Prospectus)

---

Note

1. The increase in turnover and profit before taxation in 1999 was due to the commencement of TLP's oil palm operations.
2. The taxation charge in 1999 is in respect of deferred taxation.

---

**10. ACCOUNTANTS' REPORT...cont'd**  
 (Prepared for inclusion in this Prospectus)
 

---

**BD**

|   | Year ended<br>30 September<br>1995<br>RM'000 | 6 months<br>ended<br>31 March<br>1996<br>RM'000 | Year ended<br>31 March < -----<br>1997<br>RM'000 | Year ended<br>31 March -----><br>1998<br>RM'000 | 1999<br>RM'000 | 6 months<br>ended<br>30 September<br>1999<br>RM'000 |
|---|--|---|--|---|----------------|---|
| Turnover  | 284  | 149   | 197  | 184   | 354            | 95  |
| (Loss) /Profit before<br>depreciation and interest              | (165)  | (4)   | 44   | 57  | 87             | 56  |
| Depreciation  | (12)   | (7)   | (30)   | (30)  | (29)           | (14)  |
| Interest expense  | -  | -   | (1)  | (5)   | (2)            | -   |
| (Loss)/Profit before<br>taxation                                | (177)  | (11)  | 13   | 22  | 56             | 42  |
| Taxation  | -  | -   | -  | -   | -              | -   |
| Extraordinary items   | (871)  | -   | -  | -   | -              | -   |
| (Loss)/Profit attributable<br>to shareholders of the<br>company | (1,048)                                      | (11)  | 13   | 22  | 56             | 42  |
| Number of ordinary shares<br>in issue ('000)                    | 1,600  | 1,600   | 1,600  | 1,600   | 1,600          | 1,600   |
| (Loss before taxation per share)/<br>Gross EPS (RM)             | (0.11)                                       | (0.01)  | 0.01   | 0.01  | 0.04           | *0.05   |
| (Loss after taxation per share)/<br>Net EPS (RM)                | (0.11)                                       | (0.01)  | 0.01   | 0.01  | 0.04           | *0.05   |

\* annualised

*Note: The company changed its year end to 31 March 1996 to conform with the accounting year end of QL Feed.*

There were no extraordinary items during the financial years/periods under review except for the extraordinary item in 1995 which relates to the loss on disposal of a long leasehold estate land.

---

**10. ACCOUNTANTS' REPORT...cont'd**  
 (Prepared for inclusion in this Prospectus)
 

---

**AT**

|   | <b>19.4.1995</b><br><b>(Date of</b><br><b>incorporation)</b><br><b>to 31 March</b><br><b>1996</b><br><b>RM'000</b> | <b>Year ended</b><br><b>&lt; -----31 March----- &gt;</b><br><b>1997</b><br><b>1998</b><br><b>1999</b><br><b>RM'000</b> |      |      | <b>6 months</b><br><b>ended</b><br><b>30 September</b><br><b>1999</b><br><b>RM'000</b> |
|---|--|--|------|------|--|
| Turnover  | -  | -  | 39   | 30   | 15   |
| (Loss)/Profit before<br>depreciation and interest | (1)  | (15)   | 33   | 27   | 12   |
| Depreciation                                      | -  | -  | -    | (1)  | (1)  |
| Interest expense                                  | (14)   | (43)   | (40) | (36) | (13)   |
| Loss before taxation                              | (15)   | (58)   | (7)  | (10) | (2)  |
| Taxation  | -  | -  | (4)  | -    | -  |
| Loss after taxation                               | (15)   | (58)   | (11) | (10) | (2)  |
| Number of ordinary shares<br>in issue ('000)      | 100  | 100  | 100  | 100  | 100  |
| Loss before taxation per share (RM)               | 0.15   | 0.58   | 0.07 | 0.10 | *0.04  |
| Loss after taxation per share (RM)                | 0.15   | 0.58   | 0.11 | 0.10 | *0.04  |

\* annualised

There were no extraordinary items during the financial years/periods under review.

**10. ACCOUNTANTS' REPORT...cont'd**  
(Prepared for inclusion in this Prospectus)

**THM**

|   | Year<br>ended<br>30 September<br>1995<br>RM'000 | 6 months<br>ended<br>31 March<br>1996<br>RM'000 | Year ended<br><-----31 March-----><br>1997<br>RM'000 | Year ended<br>31 March<br>1998<br>RM'000 | 1999<br>RM'000 | 6 months<br>ended<br>30 September<br>1999<br>RM'000 |
|---|---|---|--|--|----------------|---|
| Turnover  | -   | -   | -  | 22                                       | 24             | 12  |
| Profit/(Loss) before<br>depreciation and interest   | (8)   | (10)  | (17)   | 10                                       | 16             | 8   |
| Depreciation  | (5)   | (4)   | (5)  | (3)                                      | (4)            | (2)   |
| (Loss)/Profit before<br>taxation                    | (13)  | (14)  | (22)   | 7  | 12             | 6   |
| Taxation  | -   | -   | -  | (5)                                      | -              | -   |
| (Loss)/Profit after<br>taxation                     | (13)  | (14)  | (22)   | 2  | 12             | 6   |
| Number of ordinary shares<br>in issue ('000)        | 336   | 336   | 336  | 336                                      | 336            | 336   |
| (Loss before taxation per share)/<br>Gross EPS (RM) | (0.04)  | (0.04)  | (0.07)   | 0.02                                     | 0.04           | *0.04   |
| (Loss after taxation per share)/<br>Net EPS (RM)    | (0.04)  | (0.04)  | (0.07)   | 0.01                                     | 0.04           | *0.04   |

\* annualised

*Note: The company changed its year end to 31 March 1998 to conform with the accounting year end of QL Feed.*

There were no extraordinary items during the financial years/periods under review.



**10. ACCOUNTANTS' REPORT...cont'd**  
(Prepared for inclusion in this Prospectus)

**QLP**

|   | <b>17.2.1995<br/>(Date of<br/>incorporation)<br/>to 31 March<br/>1996<br/>RM'000</b> | <b>Year ended<br/>&lt; -----31 March----- &gt;<br/>1997<br/>RM'000</b> | <b>1998<br/>RM'000</b> | <b>1999<br/>RM'000</b> | <b>6 months<br/>ended<br/>30 September<br/>1999<br/>RM'000</b> |
|---|--|--|------------------------|------------------------|--|
| Turnover  | -  | -  | 120                    | 120                    | 60   |
| (Loss)/Profit before depreciation<br>and interest   | (14)   | (7)  | 117                    | 111                    | 56   |
| Depreciation  | -  | -  | (20)                   | (29)                   | (15)   |
| Interest expense                                    | (3)  | (3)  | (82)                   | (80)                   | (30)   |
| (Loss)/Profit before taxation                       | (17)   | (10)   | 15                     | 2                      | 11   |
| Taxation  | -  | -  | (10)                   | -                      | (7)  |
| (Loss)/Profit after taxation                        | (17)   | (10)   | 5                      | 2                      | 4  |
| Number of ordinary shares in issue<br>( '000)       | 250  | 250  | 250                    | 250                    | 250  |
| (Loss before taxation per share)/<br>Gross EPS (RM) | (0.07)   | (0.04)   | 0.06                   | 0.01                   | *0.09  |
| (Loss after taxation per share)/<br>Net EPS(RM)     | (0.07)   | (0.04)   | 0.02                   | 0.01                   | *0.03  |

\* annualised

There were no extraordinary items during the financial years/periods under review.

---

**10. ACCOUNTANTS' REPORT...cont'd**  
 (Prepared for inclusion in this Prospectus)
 

---

**QLR**

|   | <b>15.2.1995</b>       |               | <b>Year ended</b>    |                      | <b>6 months</b>     |
|---|------------------------|---------------|----------------------|----------------------|---------------------|
|   | <b>(Date of</b>        |               | <b>ended</b>         |                      | <b>ended</b>        |
|   | <b>incorporation</b>   |               | <b>31 March-----</b> | <b>31 March-----</b> | <b>30 September</b> |
|   | <b>to 31 March&lt;</b> | <b>1996</b>   | <b>1997</b>          | <b>1998</b>          | <b>1999</b>         |
|   | <b>RM'000</b>          | <b>RM'000</b> | <b>RM'000</b>        | <b>RM'000</b>        | <b>RM'000</b>       |
| Turnover                                  | -                      | -             | -                    | 30                   | -                   |
| Loss before depreciation and interest     | (3)                    | (2)           | (2)                  | 29                   | -                   |
| Interest expense                          | -                      | -             | -                    | (56)                 | (21)                |
| Loss before taxation                      | (3)                    | (2)           | (2)                  | (27)                 | (21)                |
| Taxation                                  | -                      | -             | -                    | -                    | -                   |
| Loss after taxation                       | (3)                    | (2)           | (2)                  | (27)                 | (21)                |
| Number of ordinary shares in issue ('000) | 50                     | 50            | 50                   | 50                   | 50                  |
| Loss before taxation per share (RM)       | 0.06                   | 0.04          | 0.04                 | 0.54                 | *0.84               |
| Loss after taxation per share (RM)        | 0.06                   | 0.04          | 0.04                 | 0.54                 | *0.84               |

\* annualised

There were no extraordinary items during the financial years/periods under review.

---

**10. ACCOUNTANTS' REPORT...cont'd**  
 (Prepared for inclusion in this Prospectus)
 

---

**CD**

|   | <b>Year ended<br/>31 March<br/>1999<br/>RM'000</b> | <b>6 months<br/>ended<br/>30 September<br/>1999<br/>RM'000</b> |
|---|--|--|
| Turnover                                  | -  | -  |
| Loss before depreciation and interest     | (33)   | -  |
| Depreciation                              | (12)   | (6)  |
| Interest expense                          | (89)   | (34)   |
| Loss before taxation                      | (134)  | (40)   |
| Taxation                                  | -  | -  |
| Loss after taxation                       | (134)  | (40)   |
| Number of ordinary shares in issue ('000) | 200  | 200  |
| Loss before taxation per share (RM)       | 0.67   | *0.40  |
| Loss after taxation per share (RM)        | 0.67   | *0.40  |

\* annualised

No Profit and Loss Account was prepared since its incorporation on 15 February 1996 to the years ended 31 March 1998 as the Company has not commenced operations.

There were no extraordinary items during the financial years/periods under review.

---

**10. ACCOUNTANTS' REPORT...cont'd**  
 (Prepared for inclusion in this Prospectus)
 

---

**N Oscar**

|   | <b>Year ended<br/>31 March<br/>1999<br/>RM'000</b> | <b>6 months<br/>ended<br/>30 September<br/>1999<br/>RM'000</b> |
|---|--|--|
| Turnover                                  | -  | -  |
| Loss before depreciation and interest     | (14)   | (1)  |
| Depreciation                              | (9)  | (4)  |
| Interest expense                          | (64)   | (23)   |
| Loss before taxation                      | (87)   | (28)   |
| Taxation                                  | -  | -  |
| Loss after taxation                       | (87)   | (28)   |
| Number of ordinary shares in issue ('000) | 200  | 200  |
| Loss before taxation per share (RM)       | 0.44   | *0.28  |
| Loss after taxation per share (RM)        | 0.44   | *0.28  |

\* annualised

No Profit and Loss Account was prepared since its incorporation on 18 December 1995 to the years ended 31 March 1998 as the Company has not commenced operations.

There were no extraordinary items during the financial years/periods under review.

---

**10. ACCOUNTANTS' REPORT...cont'd**  
 (Prepared for inclusion in this Prospectus)
 

---

**BM**

|   | <b>Year ended<br/>31 March<br/>1999<br/>RM'000</b> | <b>6 months<br/>ended<br/>30 September<br/>1999<br/>RM'000</b> |
|---|--|--|
| Turnover  | 17,976   | 13,543   |
| Profit before depreciation and interest             | 430  | 936  |
| Depreciation  | (353)  | (270)  |
| Interest expense                                    | (164)  | (104)  |
| (Loss)/Profit before taxation                       | (87)   | 562  |
| Taxation  | (54)   | (170)  |
| (Loss)/Profit after taxation                        | (141)  | 392  |
| Number of ordinary shares in issue ('000)           | 1,000  | 1,000  |
| (Loss before taxation per share)/<br>Gross EPS (RM) | (0.09)   | *1.12  |
| (Loss after taxation per share)/<br>Net EPS (RM)    | (0.14)   | *0.78  |

\* annualised

No Profit and Loss Account was prepared since its incorporation on 22 November 1994 to the years ended 31 March 1998 as the Company was still in the development stage of setting up its layer farm operations.

There were no extraordinary items during the financial year/periods under review.

---

**10. ACCOUNTANTS' REPORT...cont'd**  
 (Prepared for inclusion in this Prospectus)
 

---

**PVG**

|  | <b>12.9.1997<br/>(Date of<br/>incorporation)<br/>to 31 March<br/>1998<br/>RM'000</b> | <b>Year ended<br/>31 March<br/>1999<br/>RM'000</b> | <b>6 months<br/>ended<br/>30 September<br/>1999<br/>RM'000</b> |
|--|--|--|--|
| Turnover                                     | 4,828  | 20,253   | 9,999  |
| Profit before depreciation and interest      | 296  | 2,377  | 458  |
| Depreciation                                 | (65)   | (163)  | (83)   |
| Interest expense                             | (83)   | (244)  | (144)  |
| Profit before taxation                       | 148  | 1,970  | 231  |
| Taxation                                     | (56)   | 36   | (84)   |
| Profit after taxation                        | 92   | 2,006  | 147  |
| Number of ordinary shares<br>in issue ('000) | 200  | 200  | 1,000  |
| Gross EPS (RM)                               | 0.74   | 9.85   | *0.46  |
| Net EPS (RM)                                 | 0.46   | 10.03  | *0.29  |

\* annualised

There were no extraordinary items during the financial year/periods under review.

**Note**

- The increase in profit before taxation for the year ended 31 March 1999 was due to insurance claims on damaged stocks received amounting to RM1,957,000. The lower profit before taxation for the period ended 30 September 1999 was due to lower demand for animal health products.

---

**10. ACCOUNTANTS' REPORT...cont'd**  
(Prepared for inclusion in this Prospectus)

---

**TC**

No Profit and Loss Account was prepared as the Company has not commenced operations since its incorporation on 23 February 1979.

**BW**

No Profit and Loss Account was prepared as the Company has not commenced operations since its incorporation on 27 February 1979.

**QLKI**

No Profit and Loss Account was prepared as the Company has not commenced operations since its incorporation on 5 March 1996.

**MR**

No Profit and Loss Account was prepared as the Company has not commenced operations since its incorporation on 11 April 1996.

**WSB**

No Profit and Loss Account was prepared as the Company has not commenced operations since its incorporation on 19 March 1996.

**Tri-F**

No Profit and Loss Account was prepared as the Company has not commenced operations since its incorporation on 2 January 1997.

**PW**

No Profit and Loss Account was prepared as the Company has not commenced operations since its incorporation on 15 November 1999.

---

**10. ACCOUNTANTS' REPORT...cont'd**  
 (Prepared for inclusion in this Prospectus)
 

---

**3 Dividends****3.1 QL Resources Berhad**

QL has not declared or paid any dividends since its incorporation on 25 April 1997.

**3.2 Subsidiary Companies**

No dividends had been paid or declared by the subsidiary companies since the financial year ended 31 March 1995 or their dates of incorporation whichever is later except for QL Feed, SCH, QL Foods and TLT.

**QL Feed**

For the financial year ended 31 March 1997, QL Feed paid a first interim dividend of 75% net of tax on 4,080,000 ordinary shares of RM1.00 each amounting to RM2,142,000 in respect of the financial year ended 31 March 1997. A second interim dividend of 20% tax exempt on 4,080,000 ordinary shares of RM1.00 each amounting to RM816,000 was paid for the financial year ended 31 March 1997. No final dividend was declared for the financial year ended 31 March 1997.

For the financial year ended 31 March 1999, QL Feed paid an interim dividend of 10% net of tax on 4,100,000 ordinary shares of RM1.00 each amounting to RM295,200 in respect of the financial year ended 31 March 1999. No final dividend was declared for the financial year ended 31 March 1999.

For the financial period ended 30 September 1999, QL Feed declared a first interim dividend of 243% net of tax on 4,100,000 ordinary shares of RM1.00 each amounting to RM10,000,000 in respect of the financial year ending 31 March 2000. On 6 January 2000, upon obtaining approval from the SC, QL Feed declared a second interim dividend of 122% net of tax on 4,100,000 ordinary shares of RM1.00 each amounting to RM5,000,000 in respect of the year ending 31 March 2000.

**SCH**

For the financial year ended 31 March 1997, SCH paid an interim dividend of 52.5% tax exempt on 1,800,000 ordinary shares of RM1.00 each amounting to RM945,000 in respect of the financial year ended 31 March 1997. No final dividend was declared for the financial year ended 31 March 1997.

For the financial period ended 30 September 1999, SCH declared a first interim tax exempt dividend of 167% on 1,800,000 ordinary shares of RM1.00 each amounting to RM3,000,000 in respect of the financial year ending 31 March 2000.



---

**10. ACCOUNTANTS' REPORT...cont'd**  
(Prepared for inclusion in this Prospectus)

---

**QL Foods**

For the financial period ended 30 September 1999, QL Foods paid a first interim tax exempt dividend of 50% on 2,000,000 ordinary shares of RM1.00 each amounting to RM1,000,000 in respect of the financial year ending 31 March 2000. QL Foods also declared a second interim tax exempt dividend of 100% on 2,000,000 ordinary shares of RM1.00 each amounting to RM2,000,000 in respect of the financial year ending 31 March 2000.

**TLT**

For the financial year ended 31 March 1997, TLT paid an interim dividend of 75% net of tax on 2,950,000 ordinary shares of RM1.00 each amounting to RM1,548,750 in respect of the financial year ended 31 March 1997. No final dividend was declared for the financial year ended 31 March 1997.

For the financial period ended 30 September 1999, TLT declared a first interim tax exempt dividend of 10% on 4,000,000 ordinary shares of RM1.00 each amounting to RM400,000 in respect of the financial year ending 31 March 2000.

**QL Feedmills**

For the financial period ended 30 September 1999, QLF declared a first interim tax exempt dividend of 10% on 500,000 ordinary shares of RM1.00 each amounting to RM50,000 in respect of the financial year ending 31 March 2000.

---

**10. ACCOUNTANTS' REPORT...cont'd**  
 (Prepared for inclusion in this Prospectus)
 

---

**4 Summarised Balance Sheets**

We set out below the summarised balance sheets of QL, QL Feed and its subsidiary companies for the relevant years/periods based on the audited accounts of the respective companies.

**QL**

|                                   | As at<br>< -----31 March----- ><br>1998                      1999<br>RM'000                      RM'000 |         | As at<br>30 September<br>1999<br>RM'000 |
|-----------------------------------|---|---------|---|
| <b>Current asset</b>              |   |         |   |
| Cash in hand                      | *   | *       | *                                       |
| <b>Current liabilities</b>        |   |         |   |
| Other creditors                   | 5   | 6       | 7                                       |
| Net current liabilities           | (5)   | (6)     | (7)                                     |
| Expenditure carried forward       | 5   | 6       | 7                                       |
|                                   | *   | *       | *                                       |
| Financed by:                      |   |         |   |
| Share capital                     | *   | *       | *                                       |
| Net Tangible Assets               | (5)   | (6)     | (7)                                     |
| Net Tangible Assets per share(RM) | (2,500)   | (3,000) | (3,500)                                 |

\* The current asset consists of cash in hand of RM2 and the share capital represents paid-up share capital of RM2 comprising 2 ordinary shares of RM1 each.

*Note: The company was incorporated on 25 April 1997 and its first set of audited accounts was from the date of incorporation to 31 March 1998. The company has not commenced operations since its date of incorporation.*

**10. ACCOUNTANTS' REPORT...cont'd**  
(Prepared for inclusion in this Prospectus)

**QL Feed**

|   | As at<br><-----31 March-----> |        |        |        |        |        | As at<br>30 September |
|---|-------------------------------|--------|--------|--------|--------|--------|-----------------------|
|   | 1994                          | 1995   | 1996   | 1997   | 1998   | 1999   | 1999                  |
|   | RM'000                        | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000                |
| Fixed assets                            | 3,501                         | 3,918  | 2,166  | 2,206  | 3,206  | 2,688  | 2,755                 |
| Subsidiary companies                    | 4,166                         | 6,098  | 8,407  | 15,984 | 16,586 | 16,436 | 16,436                |
| Associated company                      | 548                           | 1,847  | 1,847  | -      | -      | -      | -                     |
| Investments                             | 159                           | 159    | 221    | 221    | 1,121  | 962    | 962                   |
| <b>Current assets</b>                   |                               |        |        |        |        |        |                       |
| Stocks                                  | 2,862                         | 6,996  | 19,958 | 10,212 | 15,612 | 15,861 | 9,307                 |
| Trade debtors                           | 19,236                        | 22,151 | 42,090 | 39,055 | 50,870 | 41,906 | 41,754                |
| Other debtors, deposits<br>and advances | 252                           | 420    | 1,424  | 985    | 3,178  | 2,789  | 2,420                 |
| Related company<br>balances             | -                             | 1,115  | 5,317  | 6,630  | 19,966 | 29,385 | 26,450                |
| Cash and bank balances                  | 15                            | 739    | 2,752  | 6,944  | 1,538  | 6,552  | 4,483                 |
|   | 22,365                        | 31,421 | 71,541 | 63,826 | 91,164 | 96,493 | 84,414                |
| <b>Current liabilities</b>              |                               |        |        |        |        |        |                       |
| Trade creditors                         | 10,868                        | 9,801  | 9,561  | 9,732  | 14,408 | 17,989 | 3,884                 |
| Other creditors                         | 279                           | 106    | 171    | 484    | 2,762  | 673    | 1,949                 |
| Related company<br>balances             | -                             | 1,532  | 2,718  | 1,164  | 4,184  | 5,074  | 3,971                 |
| Hire purchase and lease<br>creditors    | 204                           | 154    | 69     | 106    | 206    | 92     | 12                    |
| Bank borrowings                         | 8,702                         | 18,918 | 55,109 | 49,708 | 65,692 | 68,182 | 64,164                |
| Provision for taxation                  | 896                           | 1,214  | 1,918  | 2,414  | 2,639  | 721    | 246                   |
| Proposed dividend                       | -                             | -      | -      | -      | -      | -      | 10,000                |
|   | 20,949                        | 31,725 | 69,546 | 63,608 | 89,891 | 92,731 | 84,226                |
| Net current<br>assets/(liabilities)     | 1,416                         | (304)  | 1,995  | 218    | 1,273  | 3,762  | 188                   |
|   | 9,790                         | 11,718 | 14,636 | 18,629 | 22,186 | 23,848 | 20,341                |

**10. ACCOUNTANTS' REPORT...cont'd**  
(Prepared for inclusion in this Prospectus)

|                                    | As at<br><-----31 March-----> |                |                |                |                |                | As at<br>30 September<br>1999 |
|------------------------------------|-------------------------------|----------------|----------------|----------------|----------------|----------------|-------------------------------|
|                                    | 1994<br>RM'000                | 1995<br>RM'000 | 1996<br>RM'000 | 1997<br>RM'000 | 1998<br>RM'000 | 1999<br>RM'000 | RM'000                        |
| Financed by :                      |                               |                |                |                |                |                |                               |
| Share capital                      | 4,080                         | 4,080          | 4,080          | 4,100          | 4,100          | 4,100          | 4,100                         |
| Share premium account              | 1,320                         | 1,320          | 1,320          | 1,840          | 1,840          | 1,840          | 1,840                         |
| Unappropriated profit              | 4,046                         | 5,968          | 9,120          | 12,532         | 15,984         | 17,788         | 14,231                        |
| <i>Shareholders' funds</i>         | 9,446                         | 11,368         | 14,520         | 18,472         | 21,924         | 23,728         | 20,171                        |
| Hire purchase and lease creditors  | 58                            | 82             | 32             | 46             | 94             | -              | -                             |
| Term loan                          | 35                            | 8              | -              | -              | -              | -              | -                             |
| Deferred taxation                  | 251                           | 260            | 84             | 111            | 168            | 120            | 170                           |
|                                    | 9,790                         | 11,718         | 14,636         | 18,629         | 22,186         | 23,848         | 20,341                        |
| Net Tangible Assets (RM'000)       | 9,446                         | 11,368         | 14,520         | 18,472         | 21,924         | 23,728         | 20,171                        |
| Net Tangible Assets per share (RM) | 2.32                          | 2.79           | 3.56           | 4.51           | 5.35           | 5.79           | 4.92                          |

Note

- For the financial period ended 30 September 1999, QL Feed declared an interim dividend of 243% net of tax on 4,100,000 ordinary shares of RM1.00 each amounting RM10,000,000 in respect of the financial year ending 31 March 2000.

**10. ACCOUNTANTS' REPORT...cont'd**  
(Prepared for inclusion in this Prospectus)

**SCH**

|                                      | As at<br><-----31 March-----> |        |        |        |        |        | As at<br>30 September |
|--------------------------------------|-------------------------------|--------|--------|--------|--------|--------|-----------------------|
|                                      | 1994                          | 1995   | 1996   | 1997   | 1998   | 1999   | 1999                  |
|                                      | RM'000                        | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000                |
| Fixed assets                         | 1,810                         | 2,449  | 2,677  | 2,904  | 3,016  | 3,786  | 3,673                 |
| Goodwill - at cost                   | 10                            | 10     | 10     | -      | -      | -      | -                     |
| <b>Current assets</b>                |                               |        |        |        |        |        |                       |
| Stocks                               | 143                           | 366    | 182    | 405    | 989    | 598    | 550                   |
| Other debtors, deposits and advances | 2,208                         | 1,808  | 1,703  | 2,085  | 3,049  | 3,124  | 3,866                 |
| Related company balances             | -                             | 817    | 1,268  | 85     | 470    | 1,398  | 946                   |
| Fixed deposits with licenced banks   | 40                            | 60     | 74     | 74     | 50     | 60     | 60                    |
| Cash at bank                         | 10                            | 24     | 108    | 119    | 37     | 32     | 131                   |
|                                      | 2,401                         | 3,075  | 3,335  | 2,768  | 4,595  | 5,212  | 5,553                 |
| <b>Current liabilities</b>           |                               |        |        |        |        |        |                       |
| Trade creditors                      | 81                            | 216    | 131    | 181    | 203    | 126    | 102                   |
| Other creditors                      | 112                           | 116    | 116    | 12     | 13     | 144    | 153                   |
| Related company balances             | 72                            | 3      | 11     | 118    | 29     | 265    | 62                    |
| Hire purchase creditors              | 249                           | 200    | 233    | 148    | 68     | 12     | -                     |
| Bank borrowings                      | 655                           | 281    | 220    | 132    | 864    | 553    | 565                   |
| Provision for taxation               | -                             | -      | 129    | 346    | 423    | 214    | 104                   |
| Proposed dividend                    | -                             | -      | -      | -      | -      | -      | 3,000                 |
|                                      | 1,169                         | 816    | 840    | 937    | 1,600  | 1,314  | 3,986                 |
| Net current assets                   | 1,232                         | 2,259  | 2,495  | 1,831  | 2,995  | 3,898  | 1,567                 |
|                                      | 3,052                         | 4,718  | 5,182  | 4,735  | 6,011  | 7,684  | 5,240                 |
| Financed by :                        |                               |        |        |        |        |        |                       |
| Share capital                        | 1,400                         | 1,800  | 1,800  | 1,800  | 1,800  | 1,800  | 1,800                 |
| Share premium account                | 400                           | 1,040  | 1,040  | 1,040  | 1,040  | 1,040  | 1,040                 |
| Unappropriated profit                | 848                           | 1,320  | 1,885  | 1,696  | 2,642  | 4,370  | 1,596                 |
| <i>Shareholders' funds</i>           | 2,648                         | 4,160  | 4,725  | 4,536  | 5,482  | 7,210  | 4,436                 |
| Hire purchase creditors              | 34                            | 294    | 171    | 24     | 14     | -      | -                     |
| Term loan                            | 370                           | 264    | 167    | 25     | 326    | 276    | 606                   |
| Deferred taxation                    | -                             | -      | 119    | 150    | 189    | 198    | 198                   |
|                                      | 3,052                         | 4,718  | 5,182  | 4,735  | 6,011  | 7,684  | 5,240                 |
| Net Tangible Assets (RM'000)         | 2,638                         | 4,150  | 4,715  | 4,536  | 5,482  | 7,210  | 4,436                 |
| Net Tangible Assets per share (RM)   | 1.88                          | 2.31   | 2.62   | 2.52   | 3.05   | 4.01   | 2.46                  |

**10. ACCOUNTANTS' REPORT...cont'd**  
(Prepared for inclusion in this Prospectus)

**QL Foods**

|  | As at<br><----- 31 March-----> |                |                |                | As at<br>>30 September |                |
|--|--------------------------------|----------------|----------------|----------------|------------------------|----------------|
|  | 1995<br>RM'000                 | 1996<br>RM'000 | 1997<br>RM'000 | 1998<br>RM'000 | 1999<br>RM'000         | 1999<br>RM'000 |
| Fixed assets                             | 949                            | 1,627          | 4,766          | 5,168          | 5,592                  | 6,377          |
| <b>Current assets</b>                    |                                |                |                |                |                        |                |
| Stocks                                   | 26                             | 266            | 373            | 638            | 501                    | 1,573          |
| Trade debtors                            | 73                             | 483            | 778            | 1,292          | 1,681                  | 1,837          |
| Other debtors, deposits and advances     | 61                             | 16             | 122            | 421            | 703                    | 694            |
| Related company balances                 | 3                              | -              | -              | 29             | 266                    | 132            |
| Fixed deposit with a licensed bank       | -                              | -              | 40             | 30             | 46                     | 46             |
| Cash at bank                             | 4                              | 241            | 26             | 7              | 51                     | 11             |
|  | 167                            | 1,006          | 1,339          | 2,417          | 3,248                  | 4,293          |
| <b>Current liabilities</b>               |                                |                |                |                |                        |                |
| Trade creditors                          | 128                            | 301            | 560            | 488            | 677                    | 742            |
| Other creditors                          | 3                              | 16             | 30             | 21             | 32                     | 127            |
| Related company balances                 | 173                            | 89             | 85             | 10             | 7                      | 60             |
| Hire purchase creditors                  | 19                             | 19             | 28             | 52             | -                      | 281            |
| Bank borrowings                          | 34                             | 268            | 731            | 1,131          | 408                    | 1,141          |
| Provision for taxation                   | -                              | 24             | 54             | 165            | 144                    | 238            |
| Proposed dividend                        | -                              | -              | -              | -              | -                      | 2,000          |
|  | 357                            | 717            | 1,488          | 1,867          | 1,268                  | 4,589          |
| Net current (liabilities)/assets         | (190)                          | 289            | (149)          | 550            | 1,980                  | (296)          |
|  | 759                            | 1,916          | 4,617          | 5,718          | 7,572                  | 6,081          |
| Financed by :                            |                                |                |                |                |                        |                |
| Share Capital                            | 750                            | 1,000          | 2,000          | 2,000          | 2,000                  | 2,000          |
| (Accumulated loss)/Unappropriated profit | (10)                           | 435            | 1,585          | 2,866          | 4,388                  | 2,874          |
| <i>Shareholders' funds</i>               | 740                            | 1,435          | 3,585          | 4,866          | 6,388                  | 4,874          |
| Hire purchase creditors                  | 19                             | -              | 23             | 7              | -                      | 146            |
| Term loan                                | -                              | 385            | 1,009          | 784            | 698                    | 575            |
| Deferred taxation                        | -                              | 96             | -              | 61             | 486                    | 486            |
|  | 759                            | 1,916          | 4,617          | 5,718          | 7,572                  | 6,081          |
| Net Tangible Assets (RM'000)             | 740                            | 1,435          | 3,585          | 4,866          | 6,388                  | 4,874          |
| Net Tangible Assets per share (RM)       | 0.99                           | 1.44           | 1.79           | 2.43           | 3.19                   | 2.44           |

**10. ACCOUNTANTS' REPORT...cont'd**  
(Prepared for inclusion in this Prospectus)

**SHH**

|                                      | As at<br><-----31 December-----> |                |                | As at<br><-----31 March-----> |                |                | As at<br>30 September |
|--------------------------------------|----------------------------------|----------------|----------------|-------------------------------|----------------|----------------|-----------------------|
|                                      | 1993<br>RM'000                   | 1994<br>RM'000 | 1995<br>RM'000 | 1997<br>RM'000                | 1998<br>RM'000 | 1999<br>RM'000 | 1999<br>RM'000        |
| Fixed assets                         | 2,912                            | 3,357          | 3,730          | 3,324                         | 3,972          | 4,061          | 3,905                 |
| <b>Current assets</b>                |                                  |                |                |                               |                |                |                       |
| Stocks                               | 476                              | 365            | 932            | 222                           | 266            | 965            | 1,735                 |
| Trade debtors                        | -                                | -              | -              | 175                           | 102            | 5              | -                     |
| Other debtors, deposits and advances | 3,078                            | 3,675          | 4,567          | 5,088                         | 6,430          | 6,299          | 5,817                 |
| Related company balances             | 816                              | 632            | 841            | 1,164                         | 3,759          | 3,578          | 3,864                 |
| Cash at bank                         | 98                               | 164            | 143            | 811                           | 65             | 247            | 79                    |
|                                      | 4,468                            | 4,836          | 6,483          | 7,460                         | 10,622         | 11,094         | 11,495                |
| <b>Current liabilities</b>           |                                  |                |                |                               |                |                |                       |
| Trade creditors                      | 605                              | 741            | 520            | 176                           | 139            | 319            | 290                   |
| Other creditors                      | 138                              | 197            | 202            | 175                           | 237            | 417            | 425                   |
| Related company balances             | -                                | -              | -              | -                             | 52             | 8              | -                     |
| Hire purchase creditors              | 174                              | 47             | 35             | 12                            | 162            | 127            | 50                    |
| Bank borrowings                      | 1,129                            | 525            | 1,462          | 167                           | 1,734          | 189            | 273                   |
| Provision for taxation               | 228                              | 440            | 395            | 802                           | 990            | 602            | 444                   |
|                                      | 2,274                            | 1,950          | 2,614          | 1,332                         | 3,314          | 1,662          | 1,482                 |
| Net current assets                   | 2,194                            | 2,886          | 3,869          | 6,128                         | 7,308          | 9,432          | 10,013                |
|                                      | 5,106                            | 6,243          | 7,599          | 9,452                         | 11,280         | 13,493         | 13,918                |
| Financed by :                        |                                  |                |                |                               |                |                |                       |
| Share Capital                        | 1,323                            | 1,323          | 1,323          | 1,323                         | 1,323          | 1,323          | 1,323                 |
| Unappropriated profit                | 3,354                            | 4,435          | 5,793          | 7,661                         | 9,376          | 11,716         | 12,141                |
| <i>Shareholders' funds</i>           | 4,677                            | 5,758          | 7,116          | 8,984                         | 10,699         | 13,039         | 13,464                |
| Hire purchase creditors              | 21                               | 65             | 29             | 14                            | 127            | -              | -                     |
| Deferred taxation                    | 408                              | 420            | 454            | 454                           | 454            | 454            | 454                   |
|                                      | 5,106                            | 6,243          | 7,599          | 9,452                         | 11,280         | 13,493         | 13,918                |
| Net Tangible Assets (RM'000)         | 4,677                            | 5,758          | 7,116          | 8,984                         | 10,699         | 13,039         | 13,464                |
| Net Tangible Assets per share (RM)   | 3.54                             | 4.35           | 5.38           | 6.79                          | 8.09           | 9.86           | 10.18                 |

*Note SHH changed its accounting year end to 31 March from 31 December effective from the financial period ended 31 March 1997 to conform with the accounting year end of QL Feed.*

**10. ACCOUNTANTS' REPORT...cont'd**  
(Prepared for inclusion in this Prospectus)

**QL Feedmills**

|                                      | As at<br><-----31 March-----> |                |                |                | As at<br>30 September |
|--------------------------------------|-------------------------------|----------------|----------------|----------------|-----------------------|
|                                      | 1996<br>RM'000                | 1997<br>RM'000 | 1998<br>RM'000 | 1999<br>RM'000 | 1999<br>RM'000        |
| Fixed assets                         | 954                           | 679            | 3,285          | 3,820          | 3,766                 |
| <b>Current assets</b>                |                               |                |                |                |                       |
| Stocks                               | 677                           | 851            | 1,077          | 782            | 611                   |
| Trade debtors                        | -                             | 1,440          | 1,349          | 1,155          | 1,318                 |
| Other debtors, deposits and advances | -                             | 226            | 2              | 31             | 33                    |
| Related company balances             | 1,727                         | 1,098          | 776            | 700            | 776                   |
| Cash at bank                         | -                             | -              | 1              | 1              | 1                     |
|                                      | 2,404                         | 3,615          | 3,205          | 2,669          | 2,739                 |
| <b>Current liabilities</b>           |                               |                |                |                |                       |
| Trade creditors                      | 19                            | -              | 569            | 23             | 17                    |
| Other creditors                      | 4                             | 8              | 22             | 19             | 9                     |
| Related company balances             | 2,772                         | 3,472          | 2,877          | 3,143          | 3,502                 |
| Bank borrowings                      | 294                           | 233            | 1,012          | 731            | 162                   |
| Provision for taxation               | 30                            | 138            | 268            | 112            | 161                   |
| Proposed dividend                    | -                             | -              | -              | -              | 36                    |
|                                      | 3,119                         | 3,851          | 4,748          | 4,028          | 3,887                 |
| Net current liabilities              | (715)                         | (236)          | (1,543)        | (1,359)        | (1,148)               |
|                                      | 239                           | 443            | 1,742          | 2,461          | 2,618                 |
| Financed by :                        |                               |                |                |                |                       |
| Share capital                        | *                             | *              | 500            | 500            | 500                   |
| Unappropriated profit                | 61                            | 296            | 613            | 986            | 1,232                 |
| <i>Shareholders' fund</i>            | 61                            | 296            | 1,113          | 1,486          | 1,732                 |
| Term loan                            | 152                           | 117            | 606            | 858            | 769                   |
| Deferred taxation                    | 26                            | 30             | 23             | 117            | 117                   |
|                                      | 239                           | 443            | 1,742          | 2,461          | 2,618                 |
| Net Tangible Assets                  | 61                            | 296            | 1,113          | 1,486          | 1,732                 |
| Net Tangible Assets per share (RM)   | 30,500                        | 148,000        | 2.23           | 2.97           | 3.46                  |

\* This represents RM2.00 paid up capital.



**10. ACCOUNTANTS' REPORT...cont'd**  
(Prepared for inclusion in this Prospectus)

**QLL**

|                                      | As at<br>< -- 31 May -- > |        | As at<br><-----31 March-----> |         |         |         | As at<br>>30 September |
|--------------------------------------|---------------------------|--------|-------------------------------|---------|---------|---------|------------------------|
|                                      | 1994                      | 1995   | 1996                          | 1997    | 1998    | 1999    | 1999                   |
|                                      | RM'000                    | RM'000 | RM'000                        | RM'000  | RM'000  | RM'000  | RM'000                 |
| Fixed assets                         | -                         | 705    | 2,177                         | 2,969   | 3,773   | 3,470   | 3,576                  |
| Expenditure carried forward          | 5                         | 5      | 5                             | -       | -       | -       | -                      |
| <b>Current assets</b>                |                           |        |                               |         |         |         |                        |
| Stocks                               | -                         | -      | 472                           | 850     | 1,052   | 939     | 1,227                  |
| Trade debtors                        | -                         | -      | 28                            | 504     | 518     | 357     | 203                    |
| Other debtors, deposits and advances | -                         | -      | 1                             | 1       | 7       | 96      | 148                    |
| Related company balances             | -                         | -      | 324                           | 3       | -       | -       | -                      |
| Cash at bank                         | 5                         | 5      | 5                             | 5       | 5       | 43      | 3                      |
|                                      | 5                         | 5      | 830                           | 1,363   | 1,582   | 1,435   | 1,581                  |
| <b>Current liabilities</b>           |                           |        |                               |         |         |         |                        |
| Trade creditors                      | -                         | -      | 270                           | 52      | 32      | 47      | 39                     |
| Other creditors                      | 5                         | 179    | 11                            | 37      | 48      | 40      | 18                     |
| Related company balances             | -                         | 296    | 859                           | 1,812   | 2,163   | 2,045   | 1,760                  |
| Hire purchase creditors              | -                         | -      | 30                            | 16      | -       | -       | -                      |
| Bank Borrowings                      | -                         | -      | 489                           | 642     | 729     | 400     | 401                    |
| Provision for taxation               | -                         | -      | -                             | -       | -       | -       | 123                    |
|                                      | 5                         | 475    | 1,659                         | 2,559   | 2,972   | 2,532   | 2,341                  |
| Net current liabilities              | -                         | (470)  | (829)                         | (1,196) | (1,390) | (1,097) | (760)                  |
|                                      | 5                         | 240    | 1,353                         | 1,773   | 2,383   | 2,373   | 2,816                  |
| Financed by :                        |                           |        |                               |         |         |         |                        |
| Share capital                        | 5                         | 250    | 500                           | 500     | 500     | 500     | 500                    |
| (Accumulated losses)/                |                           |        |                               |         |         |         |                        |
| Unappropriated profit                | -                         | (10)   | (334)                         | (10)    | 304     | 543     | 1,086                  |
| Shareholders' funds                  | 5                         | 240    | 166                           | 490     | 804     | 1,043   | 1,586                  |
| Hire purchase creditors              | -                         | -      | 16                            | -       | -       | -       | -                      |
| Term loan                            | -                         | -      | 1,171                         | 1,283   | 1,448   | 1,100   | 909                    |
| Deferred taxation                    | -                         | -      | -                             | -       | 131     | 230     | 322                    |
|                                      | 5                         | 240    | 1,353                         | 1,773   | 2,383   | 2,373   | 2,816                  |
| Net Tangible Assets                  | -                         | 235    | 161                           | 490     | 804     | 1,043   | 1,586                  |
| Net Tangible Assets per share (RM)   | -                         | 0.94   | 0.32                          | 0.98    | 1.61    | 2.09    | 3.17                   |

*Note: QLL changed its accounting year end to 31 March from 31 May effective from the financial period ended 31 March 1996 to conform with the accounting year end of QL Feed.*

**10. ACCOUNTANTS' REPORT...cont'd**  
(Prepared for inclusion in this Prospectus)

**TLT**

|                                      | As at<br>30 September<br>1994<br>RM'000 | <-----<br>1995<br>RM'000 | 1996<br>RM'000 | As at<br>31 March<br>1997<br>RM'000 | 1998<br>RM'000 | 1999<br>RM'000 | As at<br>30 September<br>1999<br>RM'000 |
|--------------------------------------|---|--------------------------|----------------|-------------------------------------|----------------|----------------|---|
| Fixed assets                         | 2,318                                   | 4,308                    | 4,652          | 5,047                               | 6,083          | 6,083          | 6,213                                   |
| Goodwill                             | 89                                      | 89                       | -              | -                                   | -              | -              | -                                       |
| Interest in subsidiary companies     | 225                                     | 225                      | 4,109          | 8,424                               | 8,424          | 8,624          | 8,624                                   |
| <b>Current assets</b>                |   |                          |                |                                     |                |                |   |
| Stocks                               | 1,463                                   | 2,504                    | 4,081          | 4,340                               | 5,568          | 3,380          | 4,487                                   |
| Trade debtors                        | 1,190                                   | 1,884                    | 2,275          | 2,674                               | 2,431          | 2,353          | 2,454                                   |
| Other debtors, deposits and advances | 201                                     | 25                       | 89             | 25                                  | 70             | 110            | 132                                     |
| Related company balances             | 327                                     | -                        | -              | -                                   | 426            | -              | -                                       |
| Cash and Bank balances               | 9                                       | 6                        | 917            | 22                                  | 31             | 217            | 74                                      |
|                                      |   |                          | 41             |                                     |                |                |   |
|                                      | 3,190                                   | 4,419                    | 7,403          | 7,061                               | 8,526          | 6,060          | 7,147                                   |
| <b>Current liabilities</b>           |   |                          |                |                                     |                |                |   |
| Trade creditors                      | 601                                     | 1,067                    | 881            | 1,058                               | 980            | 1,424          | 1,088                                   |
| Other creditors                      | 67                                      | 62                       | 47             | 19                                  | 74             | 26             | 117                                     |
| Related company balances             | 106                                     | 1,213                    | 4,604          | 5,002                               | 4,046          | 1,880          | 715                                     |
| Hire purchase creditors              | 132                                     | 210                      | 167            | 151                                 | 277            | 253            | 332                                     |
| Bank borrowings                      | 808                                     | 873                      | 2,677          | 1,938                               | 2,575          | 1,263          | 2,515                                   |
| Provision for taxation               | 28                                      | 270                      | 341            | 336                                 | 405            | 288            | 618                                     |
| Proposed dividend                    | -                                       | -                        | -              | -                                   | -              | -              | 400                                     |
|                                      | 1,742                                   | 3,695                    | 8,717          | 8,504                               | 8,357          | 5,134          | 5,785                                   |
| Net current assets/(liabilities)     | 1,448                                   | 724                      | (1,314)        | (1,443)                             | 169            | 926            | 1,362                                   |
|                                      | 4,080                                   | 5,346                    | 7,447          | 12,028                              | 14,676         | 15,633         | 16,199                                  |
| <b>Financed by :</b>                 |   |                          |                |                                     |                |                |   |
| Share capital                        | 2,416                                   | 2,416                    | 2,950          | 4,000                               | 4,000          | 4,000          | 4,000                                   |
| Share premium                        | 90                                      | 90                       | 1,158          | 4,519                               | 4,519          | 4,519          | 4,519                                   |
| Unappropriated profit                | 974                                     | 1,305                    | 2,014          | 2,621                               | 4,125          | 5,239          | 5,995                                   |
| <i>Shareholders' funds</i>           | 3,480                                   | 3,811                    | 6,122          | 11,140                              | 12,644         | 13,758         | 14,514                                  |
| Hire purchase creditors              | 52                                      | 220                      | 68             | 150                                 | 425            | 158            | 48                                      |
| Term loan                            | 442                                     | 1,218                    | 1,091          | 572                                 | 1,287          | 1,360          | 1,280                                   |
| Deferred taxation                    | 106                                     | 97                       | 166            | 166                                 | 320            | 357            | 357                                     |
|                                      | 4,080                                   | 5,346                    | 7,447          | 12,028                              | 14,676         | 15,633         | 16,199                                  |
| Net Tangible Assets (RM'000)         | 3,391                                   | 3,722                    | 6,122          | 11,140                              | 12,644         | 13,758         | 14,514                                  |
| Net Tangible Assets per share (RM)   | 1.41                                    | 1.54                     | 2.07           | 2.79                                | 3.16           | 3.44           | 3.63                                    |

**10. ACCOUNTANTS' REPORT...cont'd**  
(Prepared for inclusion in this Prospectus)

**TLP**

|  | As at<br>< ---30 September--- > |        | As at<br><-----31 March-----> |        |        |         | As at<br>30 September |
|--|---------------------------------|--------|-------------------------------|--------|--------|---------|-----------------------|
|  | 1994                            | 1995   | 1996                          | 1997   | 1998   | 1999    | 1999                  |
|  | RM'000                          | RM'000 | RM'000                        | RM'000 | RM'000 | RM'000  | RM'000                |
| Fixed assets                                   | 1,239                           | 1,217  | 1,096                         | 1,806  | 16,168 | 21,631  | 21,264                |
| Interest in subsidiary company                 | 956                             | 956    | -                             | -      | -      | -       | -                     |
| Interest in associated companies               | 97                              | 115    | -                             | -      | -      | -       | -                     |
| <b>Current assets</b>                          |                                 |        |                               |        |        |         |                       |
| Stocks   | 35                              | 73     | 27                            | 17     | 32     | 1,054   | 1,521                 |
| Trade debtors                                  | -                               | -      | -                             | -      | -      | 2,228   | 3,550                 |
| Other debtors, deposits and advances           | 28                              | 5      | 10                            | 339    | 100    | 297     | 394                   |
| Related company balances                       | -                               | -      | 2,228                         | 2,874  | 80     | 1       | 1,310                 |
| Cash in hand                                   | 26                              | 26     | 9                             | 2,080  | 4      | 989     | 10                    |
|  | 89                              | 104    | 2,274                         | 5,310  | 216    | 4,569   | 6,785                 |
| <b>Current liabilities</b>                     |                                 |        |                               |        |        |         |                       |
| Trade creditors                                | 5                               | 5      | 12                            | 28     | 106    | 4,591   | 5,196                 |
| Other creditors                                | 32                              | 299    | 89                            | 3      | 6      | 859     | 1,209                 |
| Related company balances                       | 277                             | 198    | 1,212                         | 67     | 549    | 3       | -                     |
| Hire purchase creditors                        | -                               | -      | -                             | 30     | 34     | 69      | 30                    |
| Bank borrowings                                | 254                             | 41     | 276                           | 7      | 311    | 1,155   | 2,026                 |
|  | 568                             | 543    | 1,589                         | 135    | 1,006  | 6,677   | 8,461                 |
| Net current (liabilities)/assets               | (479)                           | (439)  | 685                           | 5,175  | (790)  | (2,108) | (1,676)               |
|  | 1,813                           | 1,849  | 1,781                         | 6,981  | 15,378 | 19,523  | 19,588                |
| <b>Financed by :</b>                           |                                 |        |                               |        |        |         |                       |
| Share capital                                  | 2,100                           | 2,100  | 2,100                         | 5,000  | 5,000  | 5,000   | 5,000                 |
| Share premium                                  | 293                             | 293    | 293                           | 2,323  | 2,323  | 2,323   | 2,323                 |
| (Accumulated losses)<br>/Unappropriated profit | (580)                           | (544)  | (612)                         | (406)  | (287)  | 1,732   | 4,085                 |
| <i>Shareholders' funds</i>                     | 1,813                           | 1,849  | 1,781                         | 6,917  | 7,036  | 9,055   | 11,408                |
| Hire purchase creditors                        | -                               | -      | -                             | 64     | 31     | 4       | -                     |
| Term loan                                      | -                               | -      | -                             | -      | 8,311  | 10,119  | 7,055                 |
| Deferred taxation                              | -                               | -      | -                             | -      | -      | 345     | 1,125                 |
|  | 1,813                           | 1,849  | 1,781                         | 6,981  | 15,378 | 19,523  | 19,588                |
| Net Tangible Assets (RM'000)                   | 1,813                           | 1,849  | 1,781                         | 6,917  | 7,036  | 9,055   | 11,408                |
| Net Tangible Assets per share (RM)             | 0.86                            | 0.88   | 0.85                          | 1.38   | 1.41   | 1.81    | 2.28                  |

*Note: The company changed its year end to 31 March 1996 to conform with the accounting year end of QL Feed.*

**10. ACCOUNTANTS' REPORT...cont'd**  
(Prepared for inclusion in this Prospectus)

**BD**

|   | As at<br>< --30 September -- >< |        | As at<br>-----31 March----- |        |        |        | As at<br>> 30 September |
|---|---------------------------------|--------|-----------------------------|--------|--------|--------|-------------------------|
|   | 1994                            | 1995   | 1996                        | 1997   | 1998   | 1999   | 1999                    |
|   | RM'000                          | RM'000 | RM'000                      | RM'000 | RM'000 | RM'000 | RM'000                  |
| Fixed assets                            | 2,441                           | 659    | 652                         | 615    | 591    | 682    | 686                     |
| <b>Current assets</b>                   |                                 |        |                             |        |        |        |                         |
| Stocks                                  | 34                              | 83     | 59                          | 36     | 51     | 25     | 80                      |
| Trade debtors                           | -                               | -      | -                           | 5      | -      | 54     | -                       |
| Other debtors, deposits<br>and advances | 259                             | 217    | 4                           | -      | -      | -      | 3                       |
| Related company balances                | 276                             | 1,008  | 1,228                       | 1,142  | 1,350  | 1,255  | 1,268                   |
| Cash and bank balances                  | 3                               | 2      | 2                           | 191    | 6      | 31     | 42                      |
|   | 572                             | 1,310  | 1,293                       | 1,374  | 1,407  | 1,365  | 1,393                   |
| <b>Current liabilities</b>              |                                 |        |                             |        |        |        |                         |
| Trade creditors                         | 18                              | 16     | 7                           | 10     | 9      | 18     | 12                      |
| Other creditors                         | 9                               | 3      | 4                           | 2      | 2      | 1      | 5                       |
| Hire purchase creditor                  | -                               | -      | -                           | 13     | 13     | 12     | 4                       |
| Bank borrowings                         | 2                               | 14     | 10                          | -      | -      | -      | -                       |
|   | 29                              | 33     | 21                          | 25     | 24     | 31     | 21                      |
| Net current assets                      | 543                             | 1,277  | 1,272                       | 1,349  | 1,383  | 1,334  | 1,372                   |
|   | 2,984                           | 1,936  | 1,924                       | 1,964  | 1,974  | 2,016  | 2,058                   |
| Financed by :                           |                                 |        |                             |        |        |        |                         |
| Share capital                           | 1,600                           | 1,600  | 1,600                       | 1,600  | 1,600  | 1,600  | 1,600                   |
| Share premium                           | 171                             | 171    | 171                         | 171    | 171    | 171    | 171                     |
| Unappropriated profit                   | 1,213                           | 165    | 153                         | 167    | 189    | 245    | 287                     |
| <i>Shareholders' funds</i>              | 2,984                           | 1,936  | 1,924                       | 1,938  | 1,960  | 2,016  | 2,058                   |
| Hire purchase creditors                 | -                               | -      | -                           | 26     | 14     | -      | -                       |
|   | 2,984                           | 1,936  | 1,924                       | 1,964  | 1,974  | 2,016  | 2,058                   |
| Net Tangible Assets (RM'000)            | 2,984                           | 1,936  | 1,924                       | 1,938  | 1,960  | 2,016  | 2,058                   |
| Net Tangible Assets per share<br>(RM)   | 1.87                            | 1.21   | 1.20                        | 1.21   | 1.22   | 1.26   | 1.29                    |

*Note: The company changed its year end to 31 March 1996 to conform with the accounting year end of QL Feed.*

**10. ACCOUNTANTS' REPORT...cont'd**  
(Prepared for inclusion in this Prospectus)

**AT**

|                                    | As at<br><-----31 March-----> |                |                |                | As at<br>30 September |
|------------------------------------|-------------------------------|----------------|----------------|----------------|-----------------------|
|                                    | 1996<br>RM'000                | 1997<br>RM'000 | 1998<br>RM'000 | 1999<br>RM'000 | 1999<br>RM'000        |
| Fixed assets                       | 1,117                         | 1,117          | 1,117          | 1,116          | 1,116                 |
| Expenditure carried forward        | 3                             | 3              | -              | -              | -                     |
| <b>Current assets</b>              |                               |                |                |                |                       |
| Cash and bank balances             | -                             | 11             | -              | -              | -                     |
| <b>Current liabilities</b>         |                               |                |                |                |                       |
| Other creditors                    | 581                           | 1              | 2              | 2              | 12                    |
| Related company balances           | -                             | 930            | 730            | 781            | 6                     |
| Bank borrowings                    | 281                           | 19             | 231            | 219            | 218                   |
| Provision for taxation             | -                             | -              | 4              | 4              | 4                     |
|                                    | 862                           | 950            | 967            | 1,006          | 240                   |
| Net current liabilities            | (862)                         | (939)          | (967)          | (1,006)        | (240)                 |
|                                    | 258                           | 181            | 150            | 110            | 876                   |
| Financed by:                       |                               |                |                |                |                       |
| Share capital                      | 100                           | 100            | 100            | 100            | 100                   |
| Accumulated losses                 | (15)                          | (74)           | (85)           | (96)           | (98)                  |
| <i>Shareholders' funds</i>         | 85                            | 26             | 15             | 4              | 2                     |
| Term loan                          | 173                           | 155            | 135            | 106            | 92                    |
| Related companies balances         | -                             | -              | -              | -              | 782                   |
|                                    | 258                           | 181            | 150            | 110            | 876                   |
| Net Tangible Assets                | 82                            | 23             | 15             | 4              | 2                     |
| Net Tangible Assets per share (RM) | 0.82                          | 0.23           | 0.15           | 0.04           | 0.02                  |

**10. ACCOUNTANTS' REPORT...cont'd**  
(Prepared for inclusion in this Prospectus)

**THM**

|   | As at<br>< -- 30 September -- > |        | As at<br>-----31 March-----> |        |        |        | As at<br>30 September |
|---|---------------------------------|--------|------------------------------|--------|--------|--------|-----------------------|
|   | 1994                            | 1995   | 1996                         | 1997   | 1998   | 1999   | 1999                  |
|   | RM'000                          | RM'000 | RM'000                       | RM'000 | RM'000 | RM'000 | RM'000                |
| Fixed assets                            | 170                             | 165    | 161                          | 156    | 153    | 149    | 147                   |
| <b>Current assets</b>                   |                                 |        |                              |        |        |        |                       |
| Trade debtors                           | 17                              | -      | -                            | -      | -      | 6      | 8                     |
| Other debtors, deposits<br>and advances | 96                              | 10     | 6                            | -      | -      | -      | 84                    |
| Related company balances                | -                               | -      | 80                           | -      | -      | -      | -                     |
| Cash and bank<br>balances               | 1                               | 78     | 1                            | 27     | 40     | 51     | 2                     |
|   | 70                              | 88     | 87                           | 27     | 40     | 57     | 94                    |
| <b>Current liabilities</b>              |                                 |        |                              |        |        |        |                       |
| Trade creditors                         | 11                              |        |                              |        |        |        |                       |
| Other creditors                         | 29                              | 35     | 39                           | 1      | 7      | 7      | 6                     |
| Related company balances                | -                               | -      | -                            | -      | -      | -      | 30                    |
| Bank borrowings                         | 13                              | -      | 6                            | -      | -      | -      | -                     |
| Provision for taxation                  | 3                               | 3      | 3                            | 3      | 5      | 5      | 5                     |
|   | 56                              | 38     | 48                           | 4      | 12     | 12     | 41                    |
| Net current assets                      | 58                              | 50     | 39                           | 23     | 28     | 45     | 53                    |
|   | 228                             | 215    | 200                          | 179    | 181    | 194    | 200                   |
| <b>Financed by :</b>                    |                                 |        |                              |        |        |        |                       |
| Share capital                           | 336                             | 336    | 336                          | 336    | 336    | 336    | 336                   |
| Share premium                           | 77                              | 77     | 77                           | 77     | 77     | 77     | 77                    |
| Accumulated losses                      | (185)                           | (198)  | (213)                        | (234)  | (232)  | (219)  | (213)                 |
| <i>Shareholders' funds</i>              | 228                             | 215    | 200                          | 179    | 181    | 194    | 200                   |
| Net Tangible Assets (RM'000)            | 228                             | 215    | 200                          | 179    | 181    | 194    | 200                   |
| Net Tangible Assets per share<br>(RM)   | 0.68                            | 0.64   | 0.60                         | 0.53   | 0.54   | 0.58   | 0.60                  |

*Note: The company changed its year end to 31 March 1996 to conform with the accounting year end of QL Feed.*

**10. ACCOUNTANTS' REPORT...cont'd**  
(Prepared for inclusion in this Prospectus)

**TC**

|                                    | As at<br>30 June<br>1995<br>RM'000 | < -----<br>1996<br>RM'000 | As at<br>31 March<br>1997<br>RM'000 | > -----<br>1998<br>RM'000 | 1999<br>RM'000 | As at<br>30 September<br>1999<br>RM'000 |
|------------------------------------|------------------------------------|---------------------------|-------------------------------------|---------------------------|----------------|---|
| Fixed assets                       | 60                                 | 59                        | 185                                 | 397                       | 906            | 1,663                                   |
| Investment in subsidiary           | 100                                | 100                       | 100                                 | 100                       | 100            | 100                                     |
| Expenditure carried forward        | 41                                 | 45                        | 45                                  | 45                        | 45             | 45                                      |
| <b>Current assets</b>              |                                    |                           |                                     |                           |                |   |
| Stocks                             | -                                  | -                         | -                                   | -                         | -              | 30                                      |
| Deposits                           | -                                  | -                         | 1                                   | 2                         | 14             | 5                                       |
| Related company balances           | -                                  | -                         | 112                                 | 349                       | 555            | 643                                     |
| Cash and bank balances             | -                                  | -                         | 31                                  | 2                         | -              | -                                       |
|                                    | -                                  | -                         | 144                                 | 353                       | 569            | 678                                     |
| <b>Current liabilities</b>         |                                    |                           |                                     |                           |                |   |
| Trade creditors                    | -                                  | -                         | 3                                   | 5                         | 13             | 65                                      |
| Other creditors                    | 56                                 | 59                        | 2                                   | 13                        | 1              | 91                                      |
| Related company balances           | 5                                  | 5                         | 169                                 | 577                       | 104            | 810                                     |
| Bank borrowing                     | -                                  | -                         | -                                   | -                         | 202            | 260                                     |
|                                    | 61                                 | 64                        | 174                                 | 595                       | 320            | 1,226                                   |
| Net current (liabilities)/assets   | (61)                               | (64)                      | (30)                                | (242)                     | 249            | (548)                                   |
|                                    | 140                                | 140                       | 300                                 | 300                       | 1,300          | 1,260                                   |
| Financed by :                      |                                    |                           |                                     |                           |                |   |
| Share Capital                      | 140                                | 140                       | 300                                 | 300                       | 500            | 500                                     |
| Term loan                          | -                                  | -                         | -                                   | -                         | 800            | 760                                     |
|                                    | 140                                | 140                       | 300                                 | 300                       | 1,300          | 1,260                                   |
| Net Tangible Assets (RM'000)       | 99                                 | 95                        | 255                                 | 255                       | 455            | 455                                     |
| Net Tangible Assets per share (RM) | 0.71                               | 0.68                      | 0.85                                | 0.85                      | 0.91           | 0.91                                    |

*Note: The company changed its year end to 31 March 1996 to conform with the accounting year end of QL Feed.*

**10. ACCOUNTANTS' REPORT...cont'd**  
(Prepared for inclusion in this Prospectus)

**BW**

|                                    | As at<br>30 June<br>1995<br>RM'000 | < -----<br>1996<br>RM'000 | As at<br>31 March-----<br>1997<br>RM'000 | > -----<br>1998<br>RM'000 | As at<br>30 September<br>1999<br>RM'000 | > -----<br>1999<br>RM'000 |
|------------------------------------|------------------------------------|---------------------------|--|---------------------------|---|---------------------------|
| Fixed assets                       | 80                                 | 78                        | 195                                      | 410                       | 617                                     | 708                       |
| Expenditure carried forward        | 35                                 | 40                        | 40                                       | 40                        | 40                                      | 40                        |
| <b>Current assets</b>              |                                    |                           |  |                           |   |                           |
| Related company balances           | 4                                  | 4                         | -  | -                         | -                                       | -                         |
| <b>Current liabilities</b>         |                                    |                           |  |                           |   |                           |
| Other creditors                    | 19                                 | 22                        | 23                                       | 1                         | 1                                       | -                         |
| Related company balances           | -                                  | -                         | 112                                      | 349                       | 556                                     | 648                       |
|                                    | 19                                 | 22                        | 135                                      | 350                       | 557                                     | (648)                     |
| Net current liabilities            | (15)                               | (18)                      | (135)                                    | (350)                     | (557)                                   | (648)                     |
|                                    | 100                                | 100                       | 100                                      | 100                       | 100                                     | 100                       |
| Financed by:                       |                                    |                           |  |                           |   |                           |
| Share capital                      | 100                                | 100                       | 100                                      | 100                       | 100                                     | 100                       |
| Net Tangible Assets (RM'000)       | 65                                 | 60                        | 60                                       | 60                        | 60                                      | 60                        |
| Net Tangible Assets per share (RM) | 0.65                               | 0.60                      | 0.60                                     | 0.60                      | 0.60                                    | 0.60                      |

*Note: The company changed its year end to 31 March 1996 to conform with the accounting year end of QL Feed.*



**10. ACCOUNTANTS' REPORT...cont'd**  
(Prepared for inclusion in this Prospectus)

**QLP**

|                                    | As at<br><-----31 March-----> |         |         |         | As at<br>30 September |
|------------------------------------|-------------------------------|---------|---------|---------|-----------------------|
|                                    | 1996                          | 1997    | 1998    | 1999    | 1999                  |
|                                    | RM'000                        | RM'000  | RM'000  | RM'000  | RM'000                |
| Fixed assets                       | 634                           | 1,561   | 1,559   | 1,530   | 1,522                 |
| <b>Current assets</b>              |                               |         |         |         |                       |
| Other debtors                      | -                             | 5       | 22      | 22      | 22                    |
| <b>Current liabilities</b>         |                               |         |         |         |                       |
| Other creditors                    | 13                            | 1       | 1       | 1       | 2                     |
| Related company balances           | 125                           | 585     | 603     | 633     | 634                   |
| Bank borrowings                    | 263                           | 419     | 441     | 445     | 452                   |
| Taxation                           | -                             | -       | 10      | 10      | 17                    |
|                                    | 401                           | 1,005   | 1,055   | 1,089   | 1,105                 |
| Net current liabilities            | (401)                         | (1,000) | (1,033) | (1,067) | (1,083)               |
|                                    | 233                           | 561     | 526     | 463     | 439                   |
| Financed by:                       |                               |         |         |         |                       |
| Share capital                      | 250                           | 250     | 250     | 250     | 250                   |
| Accumulated losses                 | (17)                          | (28)    | (22)    | (21)    | (17)                  |
| <i>Shareholders' fund</i>          | 233                           | 222     | 228     | 229     | 233                   |
| Term loan                          | -                             | 339     | 298     | 234     | 206                   |
|                                    | 233                           | 561     | 526     | 463     | 439                   |
| Net Tangible Assets (RM'000)       | 233                           | 222     | 228     | 229     | 233                   |
| Net Tangible Assets per share (RM) | 0.93                          | 0.89    | 0.91    | 0.92    | 0.93                  |

**10. ACCOUNTANTS' REPORT...cont'd**  
(Prepared for inclusion in this Prospectus)

**QLR**

|                                    | As at<br><-----31 March-----> |                |                |                | As at<br>30 September |
|------------------------------------|-------------------------------|----------------|----------------|----------------|-----------------------|
|                                    | 1996<br>RM'000                | 1997<br>RM'000 | 1998<br>RM'000 | 1999<br>RM'000 | 1999<br>RM'000        |
| Fixed assets                       | -                             | 1,225          | 1,285          | 1,285          | 1,285                 |
| Investment                         | -                             | -              | -              | -              | 40                    |
| <b>Current assets</b>              |                               |                |                |                |                       |
| Other debtors                      | -                             | 162            | 175            | 233            | 148                   |
| Cash and bank balances             | 50                            | 3              | 9              | 18             | 16                    |
|                                    | 50                            | 165            | 184            | 251            | 164                   |
| <b>Current liabilities</b>         |                               |                |                |                |                       |
| Other creditors                    | 3                             | 3              | 1              | 1              | 1                     |
| Related company balances           | -                             | 846            | 944            | 1,064          | 1,059                 |
| Term loan (secured)                | -                             | 50             | 82             | 82             | 82                    |
|                                    | 3                             | 899            | 1,027          | 1,147          | 1,142                 |
| Net current assets/(liabilities)   | 47                            | (734)          | (843)          | (896)          | (978)                 |
|                                    | 47                            | 491            | 442            | 389            | 347                   |
| Financed by:                       |                               |                |                |                |                       |
| Share capital                      | 50                            | 50             | 50             | 50             | 50                    |
| Accumulated losses                 | (3)                           | (5)            | (7)            | (33)           | (55)                  |
| <i>Shareholders' fund</i>          | 47                            | 45             | 43             | 17             | (5)                   |
| Term loan                          | -                             | 446            | 399            | 372            | 352                   |
|                                    | 47                            | 491            | 442            | 389            | 347                   |
| Net Tangible Assets (RM'000)       | 47                            | 45             | 43             | 17             | (5)                   |
| Net Tangible Assets per share (RM) | 0.94                          | 0.90           | 0.86           | 0.34           | (0.10)                |

---

**10. ACCOUNTANTS' REPORT...cont'd**  
 (Prepared for inclusion in this Prospectus)
 

---

**CD**

|                                   | As at<br>< -----31 March----- ><br>1997      1998      1999<br>RM'000   RM'000   RM'000 |       |       | As at<br>30 September<br>1999<br>RM'000 |
|-----------------------------------|---|-------|-------|---|
| Fixed assets                      | 1,102   | 1,159 | 1,148 | 1,142                                   |
| <b>Current assets</b>             |   |       |       |   |
| Other debtors                     | 38  | -     | -     | -                                       |
| <b>Current liabilities</b>        |   |       |       |   |
| Other creditors                   | 496   | 1     | 1     | 1                                       |
| Related company balances          | 200   | 222   | 342   | 393                                     |
| Bank borrowings                   | 274   | 439   | 431   | 429                                     |
|                                   | 970   | 662   | 774   | 823                                     |
| Net current liabilities           | (932)   | (662) | (774) | (823)                                   |
| Expenditure carried forward       | 30  | 32    | -     | -                                       |
|                                   | 200   | 529   | 374   | 319                                     |
| Financed by:                      |   |       |       |   |
| Share capital                     | 200   | 200   | 200   | 200                                     |
| Accumulated losses                | -   | -     | (134) | (174)                                   |
| Shareholders' fund                | 200   | 200   | 66    | 26                                      |
| Term loan                         | -   | 329   | 308   | 293                                     |
|                                   | 200   | 529   | 374   | 319                                     |
| Net Tangible Assets (RM'000)      | 170   | 168   | 66    | 26                                      |
| Net Tangible Assets per share(RM) | 0.85  | 0.84  | 0.33  | 0.13                                    |

*Note: The company was incorporated on 15 February 1996 and its first set of audited accounts was from the date of incorporation to 31 March 1997. The company has not commenced operations since its date of incorporation.*

---

**10. ACCOUNTANTS' REPORT...cont'd**  
 (Prepared for inclusion in this Prospectus)
 

---

**N Oscar**

|                                   | As at<br><-----31 March-----> |        |        | As at        |
|-----------------------------------|-------------------------------|--------|--------|--------------|
|                                   | 1997                          | 1998   | 1999   | 30 September |
|                                   | RM'000                        | RM'000 | RM'000 | 1999         |
|                                   |                               |        |        | RM'000       |
| Fixed assets                      | 818                           | 874    | 865    | 861          |
| <b>Current assets</b>             |                               |        |        |              |
| Other debtors                     | 2                             | -      | -      | -            |
| <b>Current liabilities</b>        |                               |        |        |              |
| Other creditors                   | 532                           | 1      | 1      | 1            |
| Related company balances          | 100                           | 122    | 243    | 293          |
| Bank borrowings                   | -                             | 361    | 368    | 369          |
|                                   | 632                           | 484    | 612    | 663          |
| Net current liabilities           | (630)                         | (484)  | (612)  | (663)        |
| Expenditure carried forward       | 12                            | 14     | -      | -            |
|                                   | 200                           | 404    | 253    | 198          |
| Financed by:                      |                               |        |        |              |
| Share capital                     | 200                           | 200    | 200    | 200          |
| Accumulated losses                | -                             | -      | (87)   | (115)        |
| Shareholders' funds               | 200                           | 200    | 113    | 85           |
| Term loan                         | -                             | 204    | 140    | 113          |
|                                   | 200                           | 404    | 253    | 198          |
| Net Tangible Assets (RM'000)      | 188                           | 186    | 113    | 85           |
| Net Tangible Assets per share(RM) | 0.94                          | 0.93   | 0.57   | 0.43         |

*Note: The company was incorporated on 18 December 1995 and its first set of audited accounts was from the date of incorporation to 31 March 1997. The company has not commenced operations since its date of incorporation.*

---

**10. ACCOUNTANTS' REPORT...cont'd**  
 (Prepared for inclusion in this Prospectus)
 

---

**MR**

|                                   | As at<br>< -----31 March----- > |        |        | As at          |
|-----------------------------------|---------------------------------|--------|--------|----------------|
|                                   | 1997                            | 1998   | 1999   | 30 September   |
|                                   | RM'000                          | RM'000 | RM'000 | 1999<br>RM'000 |
| <b>Current assets</b>             |                                 |        |        |                |
| Cash and bank balances            | 10                              | 10     | 10     | 10             |
| <b>Current liabilities</b>        |                                 |        |        |                |
| Other creditors                   | 3                               | 1      | 1      | 1              |
| Related company balances          | -                               | 4      | 5      | 6              |
|                                   | 3                               | 5      | 6      | 7              |
| Net current assets                | 7                               | 5      | 4      | 3              |
| Expenditure carried forward       | 3                               | 5      | 6      | 7              |
|                                   | 10                              | 10     | 10     | 10             |
| Financed by:                      |                                 |        |        |                |
| Share capital                     | 10                              | 10     | 10     | 10             |
| Net Tangible Assets (RM'000)      | 7                               | 5      | 4      | 3              |
| Net Tangible Assets per share(RM) | 0.70                            | 0.50   | 0.40   | 0.30           |

*Note: The company was incorporated on 11 April 1996 and its first set of audited accounts was from the date of incorporation to 31 March 1997. The company has not commenced operations since its date of incorporation.*

**10. ACCOUNTANTS' REPORT...cont'd**  
(Prepared for inclusion in this Prospectus)

**WSB**

|                                   | As at<br>< -----31 March----- > |         |         | As at<br>30 September |
|-----------------------------------|---------------------------------|---------|---------|-----------------------|
|                                   | 1997                            | 1998    | 1999    | 1999                  |
|                                   | RM'000                          | RM'000  | RM'000  | RM'000                |
| <b>Current assets</b>             |                                 |         |         |                       |
| Cash in hand                      | *                               | *       | *       | *                     |
| <b>Current liabilities</b>        |                                 |         |         |                       |
| Other creditors                   | 3                               | 1       | 1       | 1                     |
| Related company balances          | -                               | 4       | 5       | 6                     |
| Net current liabilities           | (3)                             | (5)     | (6)     | (7)                   |
| Expenditure carried forward       | 3                               | 5       | 6       | 7                     |
|                                   | *                               | *       | *       | *                     |
| Financed by:                      |                                 |         |         |                       |
| Share capital                     | *                               | *       | *       | *                     |
| Net Tangible Assets (RM'000)      | (3)                             | (5)     | (6)     | (7)                   |
| Net Tangible Assets per share(RM) | (1,500)                         | (2,500) | (3,000) | (3,500)               |

\* The current assets, shareholders fund consist of RM2.00 and the share capital comprised 2 ordinary shares of RM1.00 each.

*Note: The company was incorporated on 19 March 1996 and its first set of audited accounts was from the date of incorporation to 31 March 1997. The company has not commenced operations since its date of incorporation.*

---

**10. ACCOUNTANTS' REPORT...cont'd**  
 (Prepared for inclusion in this Prospectus)
 

---

**QLKI**

|                                   | As at<br>< -----31 March----- > |         |         | As at<br>30 September |
|-----------------------------------|---------------------------------|---------|---------|-----------------------|
|                                   | 1997                            | 1998    | 1999    | 1999                  |
|                                   | RM'000                          | RM'000  | RM'000  | RM'000                |
| <b>Current assets</b>             |                                 |         |         |                       |
| Cash in hand                      | *                               | *       | *       | 2                     |
| <b>Current liabilities</b>        |                                 |         |         |                       |
| Other creditors                   | 3                               | 1       | 1       | 1                     |
| Related company balances          | -                               | 4       | 9       | 132                   |
| Net current liabilities           | (3)                             | (5)     | (10)    | (133)                 |
| Expenditure carried forward       | 3                               | 5       | 10      | 131                   |
|                                   | *                               | *       | *       | *                     |
| Financed by:                      |                                 |         |         |                       |
| Share capital                     | *                               | *       | *       | *                     |
| Net Tangible Assets (RM'000)      | (3)                             | (5)     | (10)    | (131)                 |
| Net Tangible Assets per share(RM) | (1,500)                         | (2,500) | (5,000) | (65,500)              |

\* The current assets, shareholders fund consist of RM2 and the share capital comprised 2 ordinary shares of RM1.00 each.

*Note: The company was incorporated on 5 March 1996 and its first set of audited accounts was from the date of incorporation to 31 March 1997. The company has not commenced operations since its date of incorporation.*

**10. ACCOUNTANTS' REPORT...cont'd**  
(Prepared for inclusion in this Prospectus)

**BM**

|   | <b>22.11.1994</b><br><b>(Date of</b><br><b>Incorporation)</b><br><b>to 31 March</b><br><b>1996</b><br><b>RM'000</b> | <b>&lt;-----31 March-----&gt;</b><br><b>1997</b><br><b>RM'000</b> | <b>As at</b><br><b>31 March</b><br><b>1998</b><br><b>RM'000</b> | <b>1999</b><br><b>RM'000</b> | <b>As at</b><br><b>30</b><br><b>September</b><br><b>1999</b><br><b>RM'000</b> |
|---|---|---|---|------------------------------|---|
| Fixed assets                            | 682   | 682   | 3,150   | 5,497                        | 6,861   |
| <b>Current assets</b>                   |   |   |   |                              |   |
| Stocks                                  | -   | -   | 522   | 5,196                        | 6,192   |
| Trade debtors                           | -   | -   | -   | 5,093                        | 4,835   |
| Other debtors, deposits and prepayments | -   | -   | 11  | 64                           | 88  |
| Cash and bank balances                  | 17  | 317   | 51  | 124                          | 136   |
|   | 17  | 317   | 584   | 10,477                       | 11,251  |
| <b>Current liabilities</b>              |   |   |   |                              |   |
| Trade creditors                         | -   | -   | 319   | 350                          | 662   |
| Other creditors                         | 698   | 4   | 649   | 1,159                        | 1,286   |
| Related company balances                | -   | -   | 803   | 10,220                       | 11,016  |
| Hire purchase creditors                 | -   | -   | 71  | 87                           | 116   |
| Bank borrowings                         | -   | -   | 958   | 122                          | 963   |
|   | 698   | 4   | 2,800   | 11,938                       | 14,043  |
| Net current (liabilities)/assets        | (681)   | 313   | (2,216)   | (1,461)                      | (2,792)   |
| Expenditure carried forward             | 4   | 5   | 232   | -                            | -   |
|   | 5   | 1,000   | 1,166   | 4,036                        | 4,069   |
| Financed by:                            |   |   |   |                              |   |
| Share capital                           | 5   | 1,000   | 1,000   | 1,000                        | 1,000   |
| (Accumulated losses)/                   |   |   |   |                              |   |
| Unappropriated profits                  | -   | -   | -   | (141)                        | 252   |
| <i>Shareholders Fund</i>                | 5   | 1,000   | 1,000   | 859                          | 1,252   |
| Hire purchase creditors                 | -   | -   | -   | 123                          | 127   |
| Term loan                               | -   | -   | 166   | 3,000                        | 2,466   |
| Deferred taxation                       | -   | -   | -   | 54                           | 224   |
|   | 5   | 1,000   | 1,166   | 4,036                        | 4,069   |
| Net Tangible Assets (RM'000)            | 1   | 995   | 768   | 859                          | 1,252   |
| Net Tangible Assets per share(RM)       | 0.20  | 1.00  | 0.77  | 0.86                         | 1.25  |



**10. ACCOUNTANTS' REPORT...cont'd**  
(Prepared for inclusion in this Prospectus)

**PVG**

|   | As at<br>< -----31 March----- > |        | As at  |
|---|---------------------------------|--------|--------|
|   | 1998                            | 1999   | 1999   |
|   | RM'000                          | RM'000 | RM'000 |
| Fixed assets                            | 794                             | 875    | 862    |
| <b>Current assets</b>                   |                                 |        |        |
| Stocks                                  | 4,954                           | 8,801  | 3,245  |
| Trade debtors                           | 4,231                           | 4,464  | 4,931  |
| Other debtors, deposits and prepayments | 2,445                           | 124    | 87     |
| Related company balances                | 11                              | -      | -      |
| Cash at bank                            | 119                             | 1,663  | 366    |
|   | 11,760                          | 15,052 | 8,629  |
| <b>Current liabilities</b>              |                                 |        |        |
| Trade creditors                         | 343                             | 1,954  | 1,242  |
| Other creditors                         | 2,300                           | 370    | 120    |
| Related company balances                | 9,161                           | 10,498 | 3,968  |
| Hire purchase creditors                 | 159                             | 195    | 181    |
| Bank borrowing                          | -                               | 443    | 1,333  |
| Provision for taxation                  | 20                              | 20     | 104    |
|   | 11,983                          | 13,480 | 6,948  |
| Net current (liabilities)/assets        | (223)                           | 1,572  | 1,681  |
|   | 571                             | 2,447  | 2,543  |
| Financed by :                           |                                 |        |        |
| Share Capital                           | 200                             | 200    | 1,000  |
| Unappropriated profit                   | 92                              | 2,098  | 1,445  |
| <i>Shareholders' funds</i>              | 292                             | 2,298  | 2,445  |
| Hire purchase creditors                 | 243                             | 149    | 98     |
| Deferred taxation                       | 36                              | -      | -      |
|   | 571                             | 2,447  | 2,543  |
| Net Tangible Assets (RM'000)            | 292                             | 2,298  | 2,445  |
| Net Tangible Assets per share (RM)      | 1.46                            | 11.49  | 2.45   |

---

**10. ACCOUNTANTS' REPORT...cont'd**  
 (Prepared for inclusion in this Prospectus)
 

---

**Tri-F**

|                               | As at<br>< -----31 March----- ><br>1998<br>RM'000 | 1999<br>RM'000 | As at<br>30 September<br>1999<br>RM'000 |
|-------------------------------|---|----------------|---|
| <b>Current assets</b>         |   |                |   |
| Cash in hand                  | *   | *              | *                                       |
| <b>Current liabilities</b>    |   |                |   |
| Other creditors               | 4   | 5              | 4                                       |
| Related company balances      | -   | -              | 1                                       |
| Net current liabilities       | (4)   | (5)            | (5)                                     |
| Expenditure carried forward   | 4   | 5              | 5                                       |
|                               | *   | *              | *                                       |
| Financed by:                  |   |                |   |
| Share capital                 | *   | *              | *                                       |
|                               |   |                |   |
| Net Liabilities               | 4,000   | 5,000          | 5,000                                   |
| Net Liabilities per share(RM) | 2,000   | 2,500          | 2,500                                   |

\* The current assets, shareholders fund consist of RM2 and the share capital comprised 2 ordinary shares of RM1.00 each.

*Note: The company was incorporated on 2 January 1997 and its first set of audited accounts was from the date of incorporation to 31 March 1998. The company has not commenced operations since its date of incorporation.*

---

**10. ACCOUNTANTS' REPORT...*cont'd***  
(Prepared for inclusion in this Prospectus)

---

**PW**

No Balance Sheet was prepared since its incorporation on 15 November 1999.

---

**10. ACCOUNTANTS' REPORT...cont'd**  
 (Prepared for inclusion in this Prospectus)
 

---

**5. Statement of Assets and Liabilities**

The statement of assets and liabilities of the Company and the Proforma Group based on the audited accounts of the QL, QL Feed and its subsidiary companies as at 30 September 1999 and on the assumption that the restructuring scheme of the QL Group as stated in Section 1.4 has been effective as at 30 September 1999 are prepared for illustration purposes and should be read in conjunction with the notes thereon.

|                                    |             | <b>As at 30 September 1999</b> |                 |
|------------------------------------|-------------|--------------------------------|-----------------|
|                                    | <b>Note</b> | <b>Company</b>                 | <b>Proforma</b> |
|                                    |             | <b>RM'000</b>                  | <b>Group</b>    |
|                                    |             |                                | <b>RM'000</b>   |
| Fixed assets                       | 6.2         | -                              | 80,030          |
| Investments                        | 6.3         | -                              | 1,002           |
| Expenditure carried forward        | 6.4         | 7                              | 240             |
| <b>Current assets</b>              |             |                                |                 |
| Stocks                             | 6.5         | -                              | 30,557          |
| Debtors                            | 6.6         | -                              | 75,175          |
| Fixed deposits                     | 6.7         | -                              | 3,656           |
| Cash and bank balances             |             | *                              | 10,815          |
|                                    |             | <hr/>                          | <hr/>           |
|                                    |             | *                              | 120,203         |
| <b>Current liabilities</b>         |             |                                |                 |
| Creditors                          | 6.8         | 7                              | 18,884          |
| Hire purchase and lease creditors  | 6.9         | -                              | 1,005           |
| Term loans                         | 6.10        | -                              | 3,628           |
| Bills payable                      | 6.11        | -                              | 67,059          |
| Bank overdraft                     | 6.12        | -                              | 2,744           |
| Provision for taxation             |             | -                              | 2,062           |
| Proposed dividend                  |             | -                              | 10,000          |
|                                    |             | <hr/>                          | <hr/>           |
|                                    |             | 7                              | 105,382         |
| Net current (liabilities) / assets |             | <hr/>                          | <hr/>           |
|                                    |             | (7)                            | 14,821          |
|                                    |             | <hr/>                          | <hr/>           |
|                                    |             | *                              | 96,093          |
|                                    |             | <hr/>                          | <hr/>           |

---

**10. ACCOUNTANTS' REPORT...cont'd**  
 (Prepared for inclusion in this Prospectus)
 

---

|                                    |             | <b>As at 30 September 1999</b> |                 |
|------------------------------------|-------------|--------------------------------|-----------------|
|                                    | <b>Note</b> | <b>Company</b>                 | <b>Proforma</b> |
|                                    |             | <b>RM'000</b>                  | <b>Group</b>    |
|                                    |             |                                | <b>RM'000</b>   |
| Financed by :                      |             |                                |                 |
| Share capital                      | 6.13        | *                              | 40,000          |
| Share premium                      | 6.14        | -                              | 22,518          |
| Reserve on consolidation           | 6.15        | -                              | 5,693           |
|                                    |             |                                |                 |
| <i>Shareholders' funds</i>         |             | *                              | 68,211          |
| Minority interests                 |             | -                              | 16,524          |
| Hire purchase and lease creditors  | 6.9         | -                              | 418             |
| Term loans                         | 6.10        | -                              | 7,487           |
| Deferred taxation                  | 6.16        | -                              | 3,453           |
|                                    |             |                                |                 |
|                                    |             | *                              | 96,093          |
| (Net Liabilities)/                 |             |                                |                 |
| Net tangible assets per share (RM) |             | (3,500)                        | **1.70          |

\* The current assets, shareholders fund consist of RM2 and the share capital comprised 2 ordinary shares of RM1.00 each.

\*\* The Group Proforma Balance Sheet as prepared above does not take into account dividend of RM5 million in respect of the period ended 30 September 1999 which was declared on 6 January 2000 for which approval has been received from the SC.

---

**10. ACCOUNTANTS' REPORT...cont'd**  
(Prepared for inclusion in this Prospectus)

---

**6 NOTES TO THE STATEMENT OF ASSETS AND LIABILITIES**

**6.1 SIGNIFICANT ACCOUNTING POLICIES**

**6.1.1 Basis of preparation**

The accounts of the Group and of the Company have been prepared under the historical cost convention, modified to include the revaluation of certain leasehold land of the Group and in compliance with approved accounting standards in Malaysia.

**6.1.2 Basis of Consolidation**

The consolidated accounts incorporate the audited accounts of the Company and all its subsidiary companies made up to 30 September 1999.

Intercompany transactions are eliminated on consolidation and the turnover and profit reflect external transactions only.

The results and turnover of the subsidiary companies acquired or sold during the year are included in the consolidated profit and loss account from the effective date of acquisition or excluded from the effective date of disposal.

The difference between the purchase price and fair value of the net assets of subsidiary companies acquired is included in the consolidated balance sheets as a goodwill or reserve on consolidation.

Reserve arising on consolidation (net of goodwill arising on consolidation) will be amortised over the expected useful lives ranging from 15 to 20 years.

**6.1.3 Investment in Subsidiary Companies**

Investments in subsidiary companies, which are eliminated on consolidation, are stated at cost. A provision is made when the directors are of the view that there is a permanent diminution in the value the underlying net tangible assets.

**6.1.4 Investments**

Investments are stated at cost. A provision is made when the directors are of the view that there is a permanent diminution in the value of an investment.

---

**10. ACCOUNTANTS' REPORT...cont'd**  
 (Prepared for inclusion in this Prospectus)
 

---

**6.1.5 Fixed Assets and Depreciation**

Fixed assets are stated at cost/valuation less accumulated depreciation.

Freehold land and capital work in progress are not depreciated. Leasehold land is amortised in equal instalments over the period of the respective remaining leasehold period at the date of purchase which range from 11 years to 939 years.

Other fixed assets are depreciated on a straight line basis over their estimated useful lives as follows:-

|                                    |                |
|------------------------------------|----------------|
| Buildings                          | 41 to 50 years |
| Farm buildings                     | 12 years       |
| Plant and machinery                | 5 to 10 years  |
| Furniture, fittings and equipment  | 10 years       |
| Office improvements and renovation | 10 years       |
| Motor vehicles                     | 5 to 7 years   |

**6.1.6 Plantation Development Expenditure**

New planting expenditure incurred on land clearing and upkeep of plant to maturity is capitalised under plantation development expenditure and is not amortised.

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

**6.1.7 Expenditure Carried Forward**

(i) Preliminary Expenses

Preliminary expenses incurred prior to the commencement of operations of the subsidiary companies are deferred and will be written off upon the commencement of operations of the respective subsidiary companies.

(ii) Pre-operating Expenses

- a) Pre-operating expenses relating to the setting-up of the layer farms operations of the subsidiary companies are capitalised and will be amortised over the estimated economic life of the livestock upon the commencement of operations of the layer farms.

---

**10. ACCOUNTANTS' REPORT...cont'd**  
(Prepared for inclusion in this Prospectus)

---

- b) Pre-operating expenses of the subsidiary companies whose principal activity is oil palm cultivation are capitalised and will be written off to the profit and loss account upon the maturity and commencement of harvesting of the plantation.
- c) Pre-operating expenses incurred other than of a) and b) above are capitalised and will be written off upon the commencement of operations of the respective subsidiary companies.

**6.1.7 Capitalisation of Borrowing Costs**

Borrowing costs incurred on expenditure for assets that require a substantial period of time to get ready for their intended use are capitalised. Capitalisation of borrowing costs will cease when the assets are ready for their intended use.

**6.1.8 Stocks**

Stocks are stated at the lower of cost and net realisable value.

Cost of produce stocks and palm oil products includes direct manufacturing expenses and is determined on the weighted average method.

Other cost of finished goods includes direct production costs and attributable production overheads. Cost is determined on the first-in-first-out basis.

Livestock comprises pullets and layers and is valued at the lower of amortised cost and net realisable value. Cost includes cost of the pullet plus all attributable costs including relevant overheads in nursing the pullet to the point of lay. The cost is amortised over its estimated economic life of 58 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 expenses expected to be incurred to maintain the layer.

Cost of veterinary supplies and animal feeds includes purchase price and other incidental costs in bringing the stocks to this present location.



---

**10. ACCOUNTANTS' REPORT...cont'd**  
(Prepared for inclusion in this Prospectus)

---

**6.1.9 Hire Purchase and Lease Agreement**

Fixed assets acquired under hire purchase are capitalised in the accounts and the corresponding obligations treated as hire purchase creditors. Finance charges are allocated to the profit and loss account over the hire purchase periods to give a constant periodic rate of interest over the remaining period of the hire purchase liabilities.

**6.1.10 Deferred Taxation**

Provision for deferred taxation is made on the liability method for taxation deferred in respect of all material timing differences except where no liability is expected to arise in the foreseeable future. Deferred tax benefits are only recognised when there is a reasonable expectation of realisation in the near future. In arriving at the provision for deferred taxation, future income tax benefits arising from investment tax and reinvestment allowances are also accounted for.

**6.1.11 Foreign Currency Translation**

Assets and liabilities in foreign currencies are translated into Ringgit Malaysia at rates of exchange approximating those ruling at the balance sheet date. Transactions arising in foreign currencies during the year are translated at rates of exchange approximating those ruling on the transaction dates. Translation differences are dealt with in the profit and loss account.

---

**10. ACCOUNTANTS' REPORT...cont'd**  
 (Prepared for inclusion in this Prospectus)
 

---

**6.2 FIXED ASSETS**

|                                    | <b>At<br/>1.4.1999<br/>RM'000</b> | <b>Additions<br/>RM'000</b> | <b>Transfer<br/>in/(out)<br/>RM'000</b> | <b>Reclassifi-<br/>fication<br/>RM'000</b> | <b>Disposal<br/>RM'000</b> | <b>At<br/>30.9.1999<br/>RM'000</b> |
|------------------------------------|-----------------------------------|-----------------------------|---|--|----------------------------|------------------------------------|
| Cost/Valuation                     |                                   |                             |   |  |                            |                                    |
| At valuation - 1984                |                                   |                             |   |  |                            |                                    |
| Long term leasehold land           | 479                               | -                           | -                                       | (25)                                       | -                          | 454                                |
| At Cost                            |                                   |                             |   |  |                            |                                    |
| Freehold land                      | 2,592                             | 2                           | -                                       | -  | -                          | 2,594                              |
| Long term leasehold land           | 6,544                             | 607                         | -                                       | 25   | -                          | 7,176                              |
| Short term leasehold land          | 1,832                             | -                           | -                                       | (61)                                       | -                          | 1,771                              |
| Buildings and improvements         | 20,931                            | 171                         | -                                       | -  | -                          | 21,102                             |
| Farm buildings                     | 7,675                             | 535                         | 891                                     | 61   | -                          | 9,162                              |
| Plant and machinery                | 27,904                            | 1,470                       | 145                                     | -  | (107)                      | 29,412                             |
| Furniture, fittings and equipment  | 4,013                             | 632                         | -                                       | -  | (6)                        | 4,639                              |
| Office improvements and renovation | 132                               | 1                           | -                                       | -  | -                          | 133                                |
| Motor vehicles                     | 8,611                             | 864                         | -                                       | -  | (112)                      | 9,263                              |
| Jetty                              | 49                                | -                           | -                                       | -  | -                          | 49                                 |
| Plantation development expenditure | 1,683                             | 471                         | -                                       | -  | -                          | 2,154                              |
| Capital work-in-progress           | 466                               | 923                         | (1,036)                                 | -  | -                          | 353                                |
|                                    | <b>82,811</b>                     | <b>5,676</b>                | <b>-</b>                                | <b>-</b>                                   | <b>(225)</b>               | <b>88,262</b>                      |

**10. ACCOUNTANTS' REPORT...cont'd**  
 (Prepared for inclusion in this Prospectus)

|                                       | <b>At<br/>1.4.1999<br/>RM'000</b> | <b>Depreciation<br/>RM'000</b> | <b>Reclassifi-<br/>fication<br/>RM'000</b> | <b>Disposal<br/>RM'000</b> | <b>At<br/>30.9.1999<br/>RM'000</b> |
|---------------------------------------|-----------------------------------|--------------------------------|--|----------------------------|------------------------------------|
| Accumulated depreciation              |                                   |                                |  |                            |                                    |
| At valuation - 1984                   |                                   |                                |  |                            |                                    |
| Long term leasehold land              | 25                                | 2                              | -  | -                          | 27                                 |
| At Cost                               |                                   |                                |  |                            |                                    |
| Freehold land                         | -                                 | -                              | -  | -                          | -                                  |
| Long term leasehold land              | 103                               | 29                             | -  | -                          | 132                                |
| Short term leasehold land             | 138                               | 43                             | (5)  | -                          | 176                                |
| Buildings and improvements            | 1,238                             | 459                            | -  | -                          | 1,697                              |
| Farm buildings                        | 1,603                             | 371                            | 5  | -                          | 1,979                              |
| Plant and machinery                   | 8,607                             | 1,259                          | -  | (88)                       | 9,778                              |
| Furniture, fittings and<br>equipment  | 1,078                             | 178                            | -  | (1)                        | 1,255                              |
| Office improvements and<br>renovation | 40                                | 4                              | -  | -                          | 44                                 |
| Motor vehicles                        | 4,220                             | 616                            | -  | (32)                       | 4,804                              |
| Jetty                                 | 24                                | 6                              | -  | -                          | 30                                 |
| Plantation development<br>expenditure | -                                 | -                              | -  | -                          | -                                  |
| Capital work-in-progress              | -                                 | -                              | -  | -                          | -                                  |
|                                       | <b>17,076</b>                     | <b>2,967</b>                   | <b>-</b>                                   | <b>(121)</b>               | <b>19,922</b>                      |

---

**10. ACCOUNTANTS' REPORT...cont'd**  
 (Prepared for inclusion in this Prospectus)
 

---

|                                    | <b>Net book<br/>value at<br/>30.9.1999<br/>RM'000</b> | <b>Net book<br/>value at<br/>31.3.1999<br/>RM'000</b> | <b>Depreciation<br/>30.9.1999<br/>RM'000</b> |
|------------------------------------|---|---|--|
| At valuation - 1984                |   |   |  |
| Long term leasehold land           | 427   | 454   | 5  |
| At Cost                            |   |   |  |
| Freehold land                      | 2,594   | 2,592   | -  |
| Long term leasehold land           | 7,044   | 6,441   | 56   |
| Short term leasehold land          | 1,595   | 1,694   | 90   |
| Buildings and improvements         | 19,405  | 19,693  | 532  |
| Farm buildings                     | 7,183   | 6,072   | 488  |
| Plant and machinery                | 19,634  | 19,297  | 2,647  |
| Furniture, fittings and equipment  | 3,384   | 2,935   | 398  |
| Office improvements and renovation | 89  | 92  | 8  |
| Motor vehicles                     | 4,459   | 4,291   | 1,169  |
| Jetty                              | 19  | 25  | 12   |
| Plantation development expenditure | 2,154   | 1,683   | -  |
| Capital work-in-progress           | 353   | 466   | -  |
|                                    | <b>68,340</b>   | <b>65,735</b>   | <b>5,405</b>                                 |

**RM'000**

Net book value at 30 September 1999  
 Revaluation surplus

68,340  
 11,690

Net book value at 30 September 1999 after revaluation surplus

80,030

The long term leasehold land of a subsidiary company was revalued by professional valuers in 1984 based on the open market value primarily for the purpose of obtaining external financing.

---

**10. ACCOUNTANTS' REPORT...cont'd**  
 (Prepared for inclusion in this Prospectus)
 

---

Fixed assets included in the above and acquired under hire purchase and lease are as follows:-

|                     | <b>Cost<br/>RM'000</b> | <b>Net book<br/>value<br/>RM'000</b> |
|---------------------|------------------------|--------------------------------------|
| Plant and machinery | 1,273                  | 1,200                                |
| Motor vehicles      | 3,368                  | 2,241                                |
|                     | <u>4,641</u>           | <u>3,441</u>                         |
|                     | =====                  | =====                                |

The capital work-in-progress is in respect of the on-going construction of a feedmill cum warehouse of a subsidiary company which has been completed during the year.

**6.3 INVESTMENTS**

|   | <b>RM'000</b> |
|---|---------------|
| Quoted shares and warrants at cost in Malaysia            | 62            |
| Unquoted shares at cost in Malaysia                       | 940           |
|   | <u>1,002</u>  |
|   | =====         |
| Market value of quoted shares and warrants<br>in Malaysia | 61            |
|   | =====         |

---

**10. ACCOUNTANTS' REPORT...cont'd**  
 (Prepared for inclusion in this Prospectus)
 

---

**6.4 EXPENDITURE CARRIED FORWARD**

|                             | <b>RM'000</b>     |
|-----------------------------|-------------------|
| Balance at 1 April          | 117               |
| Addition during the period: |                   |
| Preliminary expenses        | -                 |
| Pre-operating expenses      | 123               |
|                             | 123               |
| Balance at 1 April          | -                 |
| Charge for the period       | -                 |
|                             | -                 |
|                             | <u>240</u>        |
|                             | <u><u>240</u></u> |

**6.5 STOCKS**

|                   | <b>RM'000</b>        |
|-------------------|----------------------|
| Raw materials     | 7,440                |
| Finished goods    | 17,936               |
| Livestock         | 3,926                |
| Palm oil products | 1,255                |
|                   | <u>30,557</u>        |
|                   | <u><u>30,557</u></u> |

---

**10. ACCOUNTANTS' REPORT...cont'd**  
 (Prepared for inclusion in this Prospectus)
 

---

**6.6 DEBTORS**

|   | <b>RM'000</b> |
|---|---------------|
| Trade debtors                           | 66,973        |
| Less: Provision for doubtful debts      | (6,082)       |
|   | <u>60,891</u> |
|   | -----         |
| Other debtors, deposits and prepayments | 15,393        |
| Less: Provision for doubtful debts      | (1,109)       |
|   | <u>14,284</u> |
|   | -----         |
|   | <u>75,175</u> |
|   | =====         |

Included in other debtors, deposits and prepayments are trade advances made to suppliers of certain subsidiary companies amounting to RM9,413,881. The amount is unsecured and interest free with no fixed terms of repayment.

**6.7 FIXED DEPOSITS**

|                      | <b>RM'000</b> |
|----------------------|---------------|
| Placed with:-        |               |
| Licensed banks       | 106           |
| Licensed corporation | 3,550         |
|                      | <u>3,656</u>  |
|                      | =====         |

Fixed deposits of certain subsidiary companies are pledged with banks as security for bank guarantees issued in favour of the said subsidiary companies.

---

**10. ACCOUNTANTS' REPORT...cont'd**  
 (Prepared for inclusion in this Prospectus)
 

---

**6.8 CREDITORS****RM'000**

|                               |        |
|-------------------------------|--------|
| Trade creditors               | 13,339 |
| Sundry creditors and accruals | 5,545  |
|                               | <hr/>  |
|                               | 18,884 |
|                               | <hr/>  |

**6.9 HIRE PURCHASE AND LEASE CREDITORS****RM'000**

|                          |       |
|--------------------------|-------|
| Gross amount             | 1,618 |
| Less: Unexpired interest | (195) |
|                          | <hr/> |
|                          | 1,423 |
|                          | <hr/> |

Repayable as follows:-  
     Within twelve months  
     After twelve months

|       |
|-------|
| 1,005 |
| 418   |
| <hr/> |
| 1,423 |
| <hr/> |

**6.10 TERM LOANS****RM'000**

|           |        |
|-----------|--------|
| Secured   | 10,507 |
| Unsecured | 608    |
|           | <hr/>  |
|           | 11,115 |
|           | <hr/>  |



---

**10. ACCOUNTANTS' REPORT...cont'd**  
 (Prepared for inclusion in this Prospectus)
 

---

**SECURED**

The term loans of certain subsidiary companies are subject to interest rates ranging from 1.5% to 2.25% above the bank's base lending rate and secured by way of:-

- i) fixed charges over the said subsidiary companies' landed properties;
- ii) fixed and floating charges over all the assets of the said subsidiary companies;
- iii) corporate guarantee of QL Feed; and
- iv) joint and several guarantee of all the directors of the respective subsidiary companies.

**UNSECURED**

The term loan of a subsidiary company is subject to interest rate of 2% per annum above the bank's base lending rate and is supported by way of:-

- i) joint and several guarantee by all the directors of the said subsidiary company; and
- ii) corporate guarantee of QL Feed.

The term loans are repayable as follows:-

|                                | <b>RM'000</b> |
|--------------------------------|---------------|
| Repayable within twelve months | 3,628         |
| Repayable after twelve months  | 7,487         |
|                                | <u>11,115</u> |
|                                | =====         |

---

**10. ACCOUNTANTS' REPORT...cont'd**  
 (Prepared for inclusion in this Prospectus)
 

---

**6.11 BILLS PAYABLE**

|           | <b>RM'000</b> |
|-----------|---------------|
| Secured   | 20,558        |
| Unsecured | 46,501        |
|           | <u>67,059</u> |
|           | =====         |

**SECURED**

Bills payable are subject to interest rates ranging from 0.25% to 0.5% above the money market rates and are secured up to RM1.2 million by way of:-

- i) corporate guarantee of QL Feed;
- ii) joint and several guarantee by all the directors of certain subsidiary companies; and
- iii) third party pledge of fixed deposits amounting to RM1.2 million.

**UNSECURED**

Bills payable are subject to interest rates ranging from 0.25% to 1.75% above the money market rates and are supported by way of:-

- i) joint and several guarantee by all the directors of certain subsidiary companies; and
- ii) corporate guarantee of QL Feed.

---

**10. ACCOUNTANTS' REPORT...cont'd**  
 (Prepared for inclusion in this Prospectus)
 

---

**6.12 BANK OVERDRAFTS**

|           | <b>RM'000</b> |
|-----------|---------------|
| Secured   | 1,796         |
| Unsecured | 948           |
|           | <u>2,744</u>  |
|           | =====         |

The overdrafts are subject to interest rates ranging from 1.00% to 2.25% above the bank's base lending rate and are secured by way of:-

- i) fixed charges over certain landed properties of certain subsidiary companies;
- ii) fixed and floating charges over all the assets of the said subsidiary companies;
- iii) joint and several guarantee by all the directors of certain subsidiary companies;
- iv) corporate guarantee of QL Feed; and
- v) third party pledge of fixed deposits amounting to RM1.2 million.

**UNSECURED**

The overdrafts are subject to interest rates ranging from 1.5% to 2% above the bank's base lending rate and are supported by way of joint and several guarantee by all of the directors of QL Feed.

---

**10. ACCOUNTANTS' REPORT...cont'd**  
 (Prepared for inclusion in this Prospectus)
 

---

**6.13 SHARE CAPITAL**

|  | <b>RM'000</b>                     |
|--|-----------------------------------|
| Ordinary shares of RM1 each:   |                                   |
| Authorised   | 200,000<br>=====                  |
| Issued and fully paid:   |                                   |
| <ul style="list-style-type: none"> <li>Balance as at 30 September 1999</li> </ul>  | *                                 |
| <ul style="list-style-type: none"> <li>29, 665,013 new ordinary shares at an issue price of RM1.47 per share issued for the acquisition of QL Feed and its subsidiary companies</li> </ul> | 29,665                            |
| <ul style="list-style-type: none"> <li>Rights Issue of 4,174,985 new ordinary shares at an issue price of RM1.20 per ordinary shares</li> </ul>  | 4,175                             |
| <ul style="list-style-type: none"> <li>Public Issue of 6,160,000 new ordinary shares at issue price of RM2.50 per ordinary shares</li> </ul>   | 6,160<br>-----<br>40,000<br>===== |
| * This represents 2 ordinary shares of RM1.00 each.  |                                   |

**6.14 SHARE PREMIUM**

|  | <b>RM'000</b>   |
|--|---|
| <ul style="list-style-type: none"> <li>29, 665,013 new ordinary shares at an issue price of RM1.47 per share issued for the acquisition of QL Feed and its subsidiary companies</li> </ul> | 13,943  |
| <ul style="list-style-type: none"> <li>Rights Issue of 4,174,985 new ordinary shares at an issue price of RM1.20 per ordinary shares</li> </ul>  | 835   |
| <ul style="list-style-type: none"> <li>Public Issue of 6,160,000 new ordinary shares at issue price of RM2.50 per ordinary shares</li> </ul>   | 9,240<br>-----<br>24,018<br>(1,500)<br>-----<br>22,518<br>===== |
| less: Estimated listing expenses   |   |

---

**10. ACCOUNTANTS' REPORT...cont'd**  
 (Prepared for inclusion in this Prospectus)
 

---

**6.15 RESERVE ON CONSOLIDATION****RM'000**

Net tangible assets of QL Feed and its subsidiary  
companies as at 30 September 1999

49,301

Purchase consideration to be satisfied by the  
issuance of 29,665,013 new ordinary shares  
at RM1.47 per ordinary share

(43,608)

 -----  
 5,693  
 =====
**6.16 DEFERRED TAXATION****RM'000**

Balance at 1 April

2,360

Transfer from profit and loss account

1,093

Balance at 30 September

 -----  
 3,453  
 =====

Deferred taxation for the Group relates to timing differences between depreciation and capital allowances and other timing differences.

**6.17 CONTINGENT LIABILITIES (UNSECURED)****RM'000**

Guarantees extended in support of certain subsidiary  
companies' credit facilities

27,455

=====

**6.18 CAPITAL COMMITMENT****RM'000**

Approved and contracted for

1,447

Approved but not contracted for

358

=====

Capital commitment is in respect of the purchase of fixed assets.

---

**10. ACCOUNTANTS' REPORT...cont'd**  
(Prepared for inclusion in this Prospectus)

---

**6.19 POST BALANCE SHEET EVENT**

On 20 October 1999, the issued and paid up share capital of a subsidiary company, WSB was increased to RM100,000 by an additional issue of 99,998 ordinary shares of RM1.00 each at par for working capital purposes.

The additional shares were not fully subscribed by the Company. As such, the Company's equity interest in the subsidiary company was diluted from 100% to 70%.

**7. ACCOUNTS**

No audited accounts have been drawn up for any period subsequent to 30 September 1999.

Yours faithfully

**KPMG**

Firm Number : AF0758  
Public Accountants

**LIM HUN SOON @ DAVID LIM**

Partner

Approval Number : 1514/5/00(J)

---

**11. DIRECTORS' REPORT**  
(Prepared for inclusion in this Prospectus)

---

**Registered Office**  
No. 5 Lorong Bukit Kuda  
Off Jalan Batu Tiga Lama  
41140 Klang  
Selangor Darul Ehsan

1 February 2000

The Shareholders  
**QL Resources Berhad**

Dear Sirs/Madam

On behalf of the Board of Directors of QL Resources Bhd ("Company"), I report after due inquiry that during the period from 30 September 1999 (being the date to which the last audited accounts of the Company have been made up) to 1 February 2000 (being the date not earlier than fourteen(14) days before the issue of this Prospectus) that:-

- a) the business of the Company and its subsidiaries, in the opinion of the Board of Directors, has been satisfactorily maintained;
- b) in the opinion of the Board of Directors, no circumstances have arisen subsequent to the last audited accounts of the Company and its subsidiaries, which have adversely affected the trading or the value of the assets of the Company and its subsidiaries;
- c) the current assets of the Company and its subsidiaries, appear in the book at values which are believed to be realisable in the ordinary course of business;
- d) no contingent liabilities have arisen by reason of any guarantees given by the Company and its subsidiaries; and
- e) there have been no changes in the published reserves or any unusual factors affecting the profits of the Company and its subsidiaries, since the last audited accounts of the Company and its subsidiaries, save as disclosed in this Prospectus.

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

**CHIA SONG KUN**  
Managing Director