

INTERIM FINANCIAL REPORT FOR THE 1ST QUARTER ENDED 30.6.2013

CONDENSED CONSOLIDATED INCOME STATEMENTS FOR THE PERIOD ENDED 30.6.2013 (UNAUDITED)

	% increase against last period	INDIVIDUAL QUARTER		% increase against last period	CUMULATIVE QUARTERS	
		CURRENT YEAR	PRECEDING YEAR		CURRENT YEAR	PRECEDING CORRESPONDING
		1ST QUARTER 1.4.2013 TO 30.6.2013	1ST QUARTER 1.4.2012 TO 30.6.2012		TO-DATE 1.4.2013 TO 30.6.2013	PERIOD 1.4.2012 TO 30.6.2012
		RM'000	RM'000		RM'000	RM'000
Revenue	17.2%	579,636	494,362	17.2%	579,636	494,362
Operating Profit	10.5%	65,356	59,153	10.5%	65,356	59,153
Depreciation and amortisation	4.1%	(16,028)	(15,396)	4.1%	(16,028)	(15,396)
Interest income	53.2%	521	340	53.2%	521	340
Finance costs	41.1%	-8,781	-6,224	41.1%	(8,781)	(6,224)
Share of profit of associates (net)		2,657	3,743		2,657	3,743
Profit Before Taxation	5.1%	43,725	41,616	5.1%	43,725	41,616
Less: Tax expense		(7,964)	(8,533)		(7,964)	(8,533)
Profit for the period	8.1%	35,761	33,083	8.1%	35,761	33,083
Attributable to:						
Shareholders of the Company	11.2%	34,949	31,424	11.2%	34,949	31,424
Minority interests		812	1,659		812	1,659
Profit for the period	8.1%	35,761	33,083	8.1%	35,761	33,083
Number of shares in issue ('000)		832,020	832,002	0.0%	832,020	832,002
Earnings per share:						
Basic earnings per ordinary shares (¢)	11.2%	4.20	3.78	11.2%	4.20	3.78
Diluted earnings per ordinary shares (sen)		NA	NA		NA	NA

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

Note: NA denotes "Not Applicable"

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

**INTERIM FINANCIAL REPORT FOR THE 1ST QUARTER ENDED 30.6.2013**

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30.6.2013 (UNAUDITED)**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTERS	
	CURRENT YEAR	PRECEDING YEAR	CURRENT YEAR	PRECEDING CORRESPONDING
	1ST QUARTER 1.4.2013 TO 30.6.2013	1ST QUARTER 1.4.2012 TO 30.6.2012	1ST QUARTER 1.4.2013 TO 30.6.2013	1ST QUARTER 1.4.2012 TO 30.6.2012
	RM'000	RM'000	RM'000	RM'000
<b>Profit for the period</b>	35,761	33,083	35,761	33,083
<b>Other comprehensive income/(loss), net of tax:</b>				
Foreign currency translation differences for foreign operations	1,169	1,968	1,169	1,968
Cash Flow Hedge	-1,098	(826)	(1,098)	(826)
	-	-	-	-
<b>Total Comprehensive income</b>	<u>35,832</u>	<u>34,225</u>	<u>35,832</u>	<u>34,225</u>
<b>Attributable to:</b>				
Shareholders of the Company	35,025	32,591	35,025	32,591
Minority interests	807	1,634	807	1,634
<b>Total Comprehensive income</b>	<u>35,832</u>	<u>34,225</u>	<u>35,832</u>	<u>34,225</u>

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

Note: NA denotes "Not Applicable"

QL RESOURCES BERHAD (428915-X)  
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QUARTERLY REPORT

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	At 30.6.2013 RM'000 Unaudited	At 31.3.2013 RM'000 Audited
<b>ASSETS</b>		
Property, plant and equipment	985,512	960,702
Intangible assets	7,850	7,229
Biological assets	115,493	111,838
Prepaid lease payments	56,218	53,300
Investment properties	29,550	29,466
Investment in Associates	80,227	74,564
Deferred tax asset	1,110	539
Other receivables	3,219	2,817
<b>Total non-current assets</b>	<b>1,279,179</b>	<b>1,240,455</b>
<b>Current Assets</b>		
Inventories	36 days 196,865	44 days 219,363
Biological assets	73,554	74,168
Trade receivables	31 days 203,080	39 days 229,631
Other receivables, assets and prepayment	106,002	94,805
Current tax assets	13,844	9,007
Cash and cash equivalents	144,405	141,101
	<b>737,750</b>	<b>768,075</b>
<b>Total Assets</b>	<b>2,016,929</b>	<b>2,008,530</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Share Capital	208,005	208,005
Share Premium	113,599	113,599
Reserves	604,202	569,177
<b>Equity attributable to shareholders of the Company</b>	<b>925,806</b>	<b>890,781</b>
Minority interests	63,534	68,857
<b>Total Equity</b>	<b>989,340</b>	<b>959,638</b>
<b>Non-current liabilities</b>		
Long term borrowings (LT Debts/Total Equity)	43% 425,754	47% 451,074
Deferred income	837	769
Deferred tax liabilities	60,593	59,791
	<b>487,184</b>	<b>511,634</b>
<b>Current Liabilities</b>		
Payables	157,393	152,536
Short term borrowings	371,292	376,679
Taxation	11,720	8,043
	<b>540,405</b>	<b>537,258</b>
<b>Total Liabilities</b>	<b>1,027,589</b>	<b>1,048,892</b>
<b>Total equity and liabilities</b>	<b>2,016,929</b>	<b>2,008,530</b>
Net Assets per share (RM)	1.11	1.07
Based on number of shares:(000)	<b>832,020</b>	<b>832,004</b>

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

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**INTERIM FINANCIAL REPORT FOR THE 1ST QUARTER ENDED 30.6.2013**

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

	-----Non-Distributable----->					Distributable	Attributable to shareholders of the Company	Non- controlling interests	Total Equity
	Share Capital	Share Premium	Treasury Shares	Hedging reserve	Exchange Translation Reserve	Retained Profit			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>3 months ended 30.6.13</b>									
At 1.4.2013	208,005	113,599	-	(4)	(32,279)	601,460	<b>890,781</b>	68,857	<b>959,638</b>
Total comprehensive income for the period				(1,093)	1,169	34,949	<b>35,025</b>	807	<b>35,832</b>
Dividend paid								(6,130)	<b>(6,130)</b>
<b>At 30.6.2013</b>	<b>208,005</b>	<b>113,599</b>	<b>-</b>	<b>(1,097)</b>	<b>(31,110)</b>	<b>636,409</b>	<b>925,806</b>	<b>63,534</b>	<b>989,340</b>

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

**QL RESOURCES BERHAD** (428915-X)  
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**INTERIM FINANCIAL REPORT FOR THE 1ST QUARTER ENDED 30.6.2013**

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

	<b>1st quarter ended 30.6.2013 RM'000</b>	<b>1st quarter ended 30.6.2012 RM'000</b>
Profit before tax	43,725	41,615
Adjustments for:		
Depreciation & amortisation	16,028	15,396
(Increase)/Decrease in working capital	55,428	(21,945)
Income tax paid	(8,886)	(3,950)
Others	(2,657)	(3,743)
Net cash from operating activities	103,638	27,373
Purchase of fixed assets	(43,840)	(44,902)
Increase in investment in associate	(3,006)	-
Others	(636)	(1,828)
Net cash used in investing activities	(47,482)	(46,730)
Net borrowings	(56,857)	28,593
Dividend paid to MI	(6,130)	-
Net cash from financing activities	(62,987)	28,593
Net increase in cash and cash equivalents	(6,831)	9,236
Cash and cash equivalents at 1.4.2013	129,363	87,642
Cash and cash equivalents at 30.6.2013	122,532	96,878

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

## NOTES TO THE INTERIM FINANCIAL REPORT

### A1. Basis of preparation

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

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

- FRS 10, Consolidated Financial Statements
- FRS 11, Joint Arrangements
- FRS 12, Disclosure of Interests in Other Entities
- FRS 13, Fair Value Measurement
- FRS 119, Employee Benefits (2011)
- FRS 127, Separate Financial Statements (2011)
- FRS 128, Investments in Associates and Joint Ventures (2011)
- IC Interpretation 20, Stripping Costs in the Production Phase of a Surface Mine
- Amendments to FRS 7, Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities
- Amendments to FRS 1, First-time Adoption of Financial Reporting Standards – Government Loans
- Amendments to FRS 1, First-time Adoption of Financial Reporting Standards (Annual Improvements 2009-2011 Cycle)
- Amendments to FRS 101, Presentation of Financial Statements (Annual Improvements 2009-2011 Cycle)
- Amendments to FRS 116, Property, Plant and Equipment (Annual Improvements 2009-2011 Cycle)
- Amendments to FRS 132, Financial Instruments: Presentation (Annual Improvements 2009-2011 Cycle)
- Amendments to FRS 134, Interim Financial Reporting (Annual Improvements 2009-2011 Cycle)
- Amendments to FRS 10, Consolidated Financial Statements: Transition Guidance
- Amendments to FRS 11, Joint Arrangements: Transition Guidance
- Amendments to FRS 12, Disclosure of Interests in Other Entities: Transition Guidance

### Malaysian Financial Reporting Standards (MFRS Framework)

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

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

The Group falls within the scope definition of Transitioning Entities and accordingly, will adopt the MFRS Framework for the financial year ending 31 March 2015. In presenting its first MFRS financial statements, the Group will be required to restate the comparative financial statements to amounts reflecting the application of MFRS Framework. Adjustments required on transition, if any, will be made retrospectively against opening retained earnings.

### A2. Seasonal or cyclical factors

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

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

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

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

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

Q1	April to June	0.21
Q2	July to Septem	0.27
Q3	October to Dec	0.28
Q4	January to Mar	0.24
		<u>1.00</u>

**A3. Unusual items**

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

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

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

**A5. Debts and securities**

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

**A6. Dividend Paid**

There were no dividend paid during the current quarter under review.

**A7. Segmental Information**

Segment information in respect of the Group's business segments for the 1st quarter ended 30.6.2013.

	RM'000RM'000	
	Sales	PBT
Marine products manufactur	###	###
Palm Oil Activities	###	(655)
Integrated Livestock Farmin	###	###
Total	<u>###</u>	<u>###</u>

**A8. Property, plant and equipment**

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

**A9. Material subsequent Event**

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

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

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

**A11.Changes in Contingent Liabilities**

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

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

**A12Disclosure of audit report qualification**

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

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**INTERIM FINANCIAL REPORT FOR THE 1ST QUARTER ENDED 30.6.2013**

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

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

	Current quarter	Last year corresponding quarter	% change	Cumulative quarters	Cumulative corresponding quarters last year	% change
	1.4.2013 to 30.6.2013	1.4.2012 to 30.6.2012		1.4.2013 to 30.6.2013	1.4.2012 to 30.6.2012	
	Sales	Sales		Sales	Sales	
	RM'000	RM'000		RM'000	RM'000	
Marine product manufacturing (MPM)	144,350	135,989	6%	144,350	135,989	6%
Palm Oil Activities (POA)	78,560	73,826	6%	78,560	73,826	6%
Integrated Livestock Farming (ILF)	356,726	284,547	25%	356,726	284,547	25%
Total	<u>579,636</u>	<u>494,362</u>	17%	<u>579,636</u>	<u>494,362</u>	17%
	1.4.2013 to 30.6.2013	1.4.2012 to 30.6.2012		1.4.2013 to 30.6.2013	1.4.2012 to 30.6.2012	
	Profit before tax	Profit before tax		Profit before tax	Profit before tax	
	RM'000	RM'000		RM'000	RM'000	
Marine product manufacturing (MPM)	25,242	17,110	48%	25,242	17,110	48%
Palm Oil Activities (POA)	(655)	3,409	-119%	(655)	3,409	-119%
Integrated Livestock Farming (ILF)	19,138	21,097	-9%	19,138	21,097	-9%
Total	<u>43,725</u>	<u>41,616</u>	5.1%	<u>43,725</u>	<u>41,616</u>	5.1%

- a. MPM's current quarter sales increased 6% against corresponding quarter mainly due to better fishmeal and surimi-based products contribution. Earnings for the current quarter increased significantly due to the same reason.
- b. POA's current quarter sales increased 6% against corresponding quarter mainly due to increased in FFB processed. FFB processed increased by 25% against corresponding quarter, however CPO prices was much lower (RM2,245 vs RM3,195 corresponding qtr) POA's current quarter earnings decreased significantly against corresponding quarter mainly due to losses from Indonesia's plantation & milling operations as well as lower profit from Malaysian estates due to lower CPO price.
- FFB processed and production from own estates in Indonesia is still low and has yet to reach breakeven point.
- c. ILF's current quarter sales increased 25% against corresponding quarter due mainly to higher farm produce prices and higher unit value and volume of feed raw material. Although poultry farm produce prices have improved against corresponding quarter, farming margins has not improved significantly due to weaker Ringgit and higher feed protein cost and coupled with lower raw material trade margins, earnings therefore decreased 9% against corresponding quarter.



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

	Current quarter	Preceding quarter	% change	Current quarter	Preceding quarter	% change
	1.4.2013 to 30.6.2013	1.1.2013 to 31.3.2013		1.4.2013 to 30.6.2013	1.1.2013 to 31.3.2013	
	Sales	Sales		Profit before tax	Profit before tax	
Activities:						
Marine product manufacturing (MPM)	144,350	136,436	6%	25,242	16,351	54%
Palm Oil Activities (POA)	78,560	71,071	11%	(655)	4,668	-114%
Integrated Livestock Farming (ILF)	<u>356,726</u>	<u>354,956</u>	0.5%	<u>19,138</u>	<u>21,011</u>	-9%
Total	<u>579,636</u>	<u>562,463</u>	3%	<u>43,725</u>	<u>42,030</u>	4%

- a. MPM's current quarter sales increased 6% against preceding quarter due to seasonal effect and better fishmeal prices. Earnings increased significantly against preceding quarter due to the same reason.
- b. Even though current quarter FFB processed decreased 15% against preceding quarter, sales increased 11% due to sales arising from brought forward stock from previous month.  
(CPO price: Q1FY14 of RM2245 vs Q4FY13 of RM2212)
- Earnings however decreased significantly due to :
- (i) losses from Indonesia's plantation and milling operations;
  - (ii) lower Malaysian's CPO milling margins due to lower FFB volume processed and;
  - (iii) lower contribution from associates (Boilermech)
- c. ILF's current quarter sales was unchanged against preceding quarter. However, earnings decreased 9% against preceding quarter mainly due to lower margins from East Malaysia Poultry operations.

**B3 Prospects for the next quarter to 30 September 2013.**

The management is optimistic that Q2FY14 will continue to improve despite weaker Ringgit, lower CPO prices and high feed protein cost. Overall, barring unforeseen events, the management are confident that Group's operations in FY14 will hopefully perform better than FY13.

**B4 Profit Forecast**

No profit forecast was published during the period under review.

**B5 Tax expense**

	Individual quarter	Cumulative period
	3 months ended 30.6.2013	Todate <b>30.6.2013</b>
	<b>RM'000</b>	
Current income tax expense	6,714	6,714

Deferred tax expense

1,250

1,250

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

7,964

7,964

## B6 Unquoted investments and properties

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

## B7 Quoted Investments

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

## B8 Corporate Proposals

There were no corporate proposals announced but not completed at the date of issue of this report.

## B9 Group Borrowings

### Short term:

RM'000

*Bank overdraft-short term (unsecured)*

21,872

*HP Creditors-short term (unsecured)*

251

*Bankers' acceptance-short term (unsecured)*

211,371

*Bankers' acceptance (Islamic)-short term (unsecured)*

36,292

*Term loans-short term (unsecured)*

67,357

*Term loans-short term (Islamic - unsecured)*

25,396

*Sukuk-unsecured*

8,750

371,289

### Long Term:

*HP Creditors-long term (unsecured)*

334

*Term loans-long term (unsecured)*

349,500

*Term loans-long term (Islamic unsecured)*

56,692

*Sukuk-long term (unsecured)*

19,228

425,754

### Total Borrowings

797,043

## B10 Financial instruments

Outstanding derivatives as at 30.6.2013

**Type of derivatives**

Less than 1 year:

Forward exchange contracts-sell

Forward exchange contracts-buy

Contract/Notional value	Fair Value
RM'000	RM'000
52,005	(1,378)
23,106	(190)

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

**B11 Changes in Material Litigation**

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

**B12 Dividend**

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

**B13 Earnings Per Share**

The calculations of basic earnings per share were as follows:

- (a) Net profit attributable to ordinary shareholders(RM'000)
- (b) Number of ordinary shares in issue ('000)-  
weighted average
- Basic Earnings per share (sen)

Current quarter ended 30.6.2013	Cumulative Todate 30.6.2013
<u>34,949</u>	<u>34,949</u>
<u>832,020</u>	<u>832,020</u>
<u>4.20</u>	<u>4.20</u>

**B15 Realised and Unrealised profits**

Total Retained profit of the Company & its subsidiaries:

Realised

Unrealised

RM'000

644,939

59,483

704,422

Total Retained profit of Associates:

Realised

18,018

722,440

Consolidation Adjustments

(86,031)

Total Group Retained profit as per consolidated accounts

636,409