

INTERIM FINANCIAL REPORT FOR THE 2ND QUARTER ENDED 30.9.2014

CONDENSED CONSOLIDATED INCOME STATEMENTS FOR THE PERIOD ENDED 30.9.2014 (UNAUDITED)

	INDIVIDUAL QUARTER				CUMULATIVE QUARTERS				
	CURRENT YEAR		PRECEDING YEAR		CURRENT YEAR		PRECEDING CORRESPONDING PERIOD		
	2ND QUARTER 1.7.2014 to 30.9.2014		2ND QUARTER 1.7.2013 to 30.9.2013		TO-DATE 1.4.2014 to 30.9.2014		PERIOD 1.4.2013 to 30.9.2013		
	% increase against last period	RM'000		RM'000		% increase against last period	RM'000		RM'000
Revenue	8.5%	656,541	605,145	10.6%	1,310,097	1,184,684			
Operating Profit	8.8%	86,286	79,302	6.7%	154,491	144,806			
Depreciation and amortisation	5.8%	(22,913)	(21,666)	10.8%	(41,776)	(37,694)			
Interest income	128.8%	1,407	615	164.5%	3,007	1,137			
Finance costs	0.8%	(8,705)	(8,633)	-16.5%	(14,532)	(17,414)			
Share of profit of associates (net)		6,182	3,473		11,400	5,981			
Profit Before Taxation	17.3%	62,257	53,091	16.3%	112,590	96,816			
Less: Tax expense		(12,782)	(9,782)		(23,241)	(17,745)			
		(Effective tax rate) 20.53%	(Effective tax rate) 18.4%		(Effective tax rate) 20.6%	(Effective tax rate) 18.3%			
Profit for the period	14.2%	49,475	43,309	13.0%	89,349	79,071			
Attributable to:									
Shareholders of the Company	14.0%	48,174	42,257	14.3%	88,229	77,207			
Minority interests		1,301	1,052		1,120	1,864			
		2.09% (% against PBT)	1.98% (% against PBT)		0.99% (% against PBT)	1.93% (% against PBT)			
Profit for the period	14.2%	49,475	43,309	13.0%	89,349	79,071			
Number of shares in issue ('000)		1,248,029	1,146,133		1,248,029	1,146,133			
Earnings per share:									
Basic earnings per ordinary shares (sen)	4.7%	3.86	3.69	4.9%	7.07	6.74			
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 2014 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 2ND QUARTER ENDED 30.9.2014

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30.9.2014 (UNAUDITED)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTERS	
	CURRENT YEAR	PRECEDING YEAR	CURRENT YEAR	PRECEDING CORRESPONDING PERIOD
	2ND QUARTER 1.7.2014 to 30.9.2014	2ND QUARTER 1.7.2013 to 30.9.2013	TO-DATE 1.4.2014 to 30.9.2014	1.4.2013 to 30.9.2013
	RM'000	RM'000	RM'000	RM'000
Profit for the period	49,475	43,309	89,349	79,071
Other comprehensive income/(loss), net of tax:				
Foreign currency translation differences for foreign operations	(6,748)	(44,561)	(32,624)	(43,392)
Cash Flow Hedge	(369)	2,837	(387)	1,744
Total Comprehensive income	42,358	1,585	56,338	37,423
Attributable to:				
Shareholders of the Company	41,057	533	55,218	35,559
Minority interests	1,301	1,052	1,120	1,864
Total Comprehensive income	42,358	1,585	56,338	37,423

The Condensed Consolidated Statement of Comprehensive Income Statements should be read in conjunction with the Annual Financial Statements for year ended 31 March 2014 and the accompanying explanatory notes attached to this interim financial statements.

Note: NA denotes "Not Applicable"

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

QUARTERLY REPORT

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		At 30.9.2014 RM'000 Unaudited		At 31.3.2014 RM'000 Audited
ASSETS				
Property, plant and equipment		1,124,272		1,043,158
Intangible assets		6,736		6,906
Biological assets		108,034		111,844
Prepaid lease payments		52,371		58,694
Investment properties		33,178		33,641
Investment in Associates		116,557		101,354
Deferred tax asset		1,314		1,123
Other receivables		5,117		3,966
Total non-current assets		1,447,579		1,360,686
Current Assets				
Inventories	52 days	318,421	41 days	228,997
Biological assets		81,457		80,562
Trade receivables	30 days	219,249	32 days	216,802
Other receivables, assets and prepayment		112,016		95,391
Current tax assets		11,634		6,027
Cash and cash equivalents		283,719		253,157
		1,026,496		880,936
Total Assets		2,474,075		2,241,622
EQUITY AND LIABILITIES				
Equity				
Share Capital		312,007		312,007
Share Premium		308,018		308,018
Reserves		677,280		665,743
Equity attributable to shareholders of the Company		1,297,305		1,285,768
Minority interests		55,465		59,947
Total Equity		1,352,770		1,345,715
Non-current liabilities				
Long term borrowings (LT Debts/Total Equity)	35%	470,557	20%	268,213
Deferred income		555		1,151
Deferred tax liabilities		66,657		65,695
		537,769		335,059
Current Liabilities				
Payables		176,409		168,009
Short term borrowings		386,691		386,063
Taxation		20,436		6,776
		583,536		560,848
Total Liabilities		1,121,305		895,907
Total equity and liabilities		2,474,075		2,241,622
Net Assets per share (RM) Based on number of shares:('000)		1.04 1,248,029		1.03 1,248,029

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

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INTERIM FINANCIAL REPORT FOR THE 2ND QUARTER ENDED 30.9.2014

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30TH SEPTEMBER 2014

	← Non-Distributable			Distributable →					
	Share Capital	Share Premium	Treasury Shares	Hedging reserve	Exchange Translation Reserve	Retained Profit	Attributable to shareholders of the Company	Non-controlling interests	Total Equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
6 months ended 30.9.14									
At 1.4.2014	312,007	308,018	-	382	(57,442)	722,803	1,285,768	59,947	1,345,715
							-		-
							-		-
Total comprehensive income for the period				(387)	(32,624)	88,229	55,218	1,120	56,338
Dividend paid						(43,681)	(43,681)	(3,599)	(47,280)
Changes in ownership interests in subsidiaries							-	(2,003)	(2,003)
At 30.9.2014	312,007	308,018	-	(5)	(90,066)	767,351	1,297,305	55,465	1,352,770

The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the Annual Financial Report for year ended 31 March 2014 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 2ND QUARTER ENDED 30.9.2014

CONDENSED CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD ENDED

	2nd quarter ended 30.9.2014 RM'000	2nd quarter ended 30.9.2013 RM'000
Profit before tax	112,590	96,816
Adjustments for:		
Depreciation & amortisation	41,776	37,694
(Increase)/Decrease in working capital	(94,451)	6,914
Income tax paid	(15,649)	(14,807)
Others	3,348	(5,980)
Net cash from operating activities	47,614	120,637
Purchase of fixed assets	(111,582)	(50,119)
Others	(11,855)	(2,798)
Net cash used in investing activities	(123,437)	(52,917)
Net borrowings	155,907	(55,303)
Dividend paid to Minority interest	(3,599)	(8,630)
Dividend paid to Shareholders	(43,681)	(37,441)
Others	(2,242)	4,202
Net cash from financing activities	106,385	(97,172)
Net increase in cash and cash equivalents	30,562	(29,452)
Cash and cash equivalents at 1.4.2014	253,157	129,363
Cash and cash equivalents at 30.9.2014	283,719	99,911

The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Annual Financial Statements for year ended 31 March 2014 and the accompanying explanatory notes attached to this interim financial statements.

30TH SEPTEMBER 2014

.4 and

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 2015 except for the adoption of the following FRS, Interpretations and Amendments which are effective for annual periods beginning on or after 1st January 2014.

- Amendments to FRS 10, Consolidated Financial Statements: Investment Entities
- Amendments to FRS 12, Disclosure of Interests in Other Entities: Investment Entities
- Amendments to FRS 127, Separate Financial Statements (2011): Investment Entities
- Amendments to FRS 132, Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities
- Amendments to FRS 136, Impairment of Assets - Recoverable Amount Disclosures for Non-Financial Assets
- Amendments to FRS 139, Financial Instruments: Recognition and Measurement - Novation of Derivatives and Continuation of Hedge Accounting
- IC Interpretation 21, Levies

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").

Following the recent press release by MASB on 2nd September 2014, Transitioning entities are allowed to defer the adoption of MFRS for an additional year, ie for annual period beginning on or after 1 January 2017.

The Group falls within the scope definition of Transitioning Entities and accordingly, will adopt the MFRS Framework for the financial year ending 31 March 2018. 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 September	0.27
Q3	October to December	0.28
Q4	January to March	0.24
		1.00

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

During the quarter under review a final single tier dividend of 3.50 sen per ordinary share of RM0.25 each was paid in respect of the financial year ended 31.3.2014.

A7. Segmental Information

Segment information in respect of the Group's business segments for the first quarter ended 30.9.2014

	RM'000	RM'000
	Sales	PBT
Marine products manufacturing	171,866	31,215
Palm Oil Activities	83,612	5,277
Integrated Livestock Farming	401,063	25,765
Total	656,541	62,257

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 guarantees 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 the Group.

A12 Disclosure 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 2ND QUARTER ENDED 30.9.2014

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
	1.7.2014 to 30.9.2014	1.7.2013 to 30.9.2013		1.4.2014 to 30.9.2014	1.4.2013 to 30.9.2013	
	Sales	Sales		Sales	Sales	
	RM'000	RM'000		RM'000	RM'000	
Marine product manufacturing (MPM)	171,866	155,890	10%	343,390	300,142	14%
Palm Oil Activities (POA)	83,612	77,432	8%	187,555	155,992	20%
Integrated Livestock Farming (ILF)	401,063	371,823	8%	779,152	728,550	7%
Total	656,541	605,145	8%	1,310,097	1,184,684	11%
	1.7.2014 to 30.9.2014	1.7.2013 to 30.9.2013		1.4.2014 to 30.9.2014	1.4.2013 to 30.9.2013	
	Profit before tax	Profit before tax		Profit before tax	Profit before tax	
	RM'000	RM'000		RM'000	RM'000	
Marine product manufacturing (MPM)	31,215	29,916	4%	58,679	55,158	6%
Palm Oil Activities (POA)	5,277	(413)	NA	9,640	(1,068)	NA
Integrated Livestock Farming (ILF)	25,765	23,588	9%	44,271	42,726	4%
Total	62,257	53,091	17%	112,590	96,816	16%

- a. MPM's current quarter sales increased 10% against corresponding quarter due to overall higher contribution from surimi-based products operations, Indonesia fishery operation and new contribution from shrimp farming.

MPM's current earnings however only increased 4% against corresponding quarter mainly due to lower fishmeal & surimi contribution.

Cumulative sales increased 14% due to higher contribution from surimi-based products and Indonesia fishery operations.

Cumulative earnings increased 6% due to the same reasons.

- b. POA's current quarter sales increased 8% against corresponding quarter mainly due to higher FFB processed. (CPO price: RM2,205 current qtr vs RM2,270 corresponding qtr).

POA's current quarter earnings increased significantly due to higher FFB processed, higher contribution from Associate (Boilermech) as well as lower losses from Indonesia's oil palm operations.

POA's cumulative sales increased 20% mainly due to higher FFB processed and higher CPO prices.

Cumulative earnings increased significantly due to higher contribution from Associate (Boilermech) and lower losses from Indonesia's oil palm operations.

- c. ILF's current quarter sales increased 8% against corresponding quarter mainly due to higher raw material trade volume and higher sales contribution from poultry farms operation.

Current quarter earnings, increased 9% against corresponding quarter due to higher contributions from Peninsular Poultry operations.

Cumulative sales increased 7% due to higher volume of feed raw materials traded as well as higher sales contribution from poultry operations.

However cumulative earnings only increased 4% mainly due to lower contribution in Q1 from East Malaysia and regional poultry operations.

B2 Review of current quarter performance with the preceding quarter.

	Current quarter	Preceding quarter	% change	Current quarter	Preceding quarter	% change
	1.7.2014 to 30.9.2014	1.4.2014 to 30.6.2014		1.7.2014 to 30.9.2014	1.4.2014 to 30.6.2014	
	Sales	Sales		Profit before tax	Profit before tax	
Activities:						
Marine product manufacturing (MPM)	171,866	171,524	0.2%	31,215	27,464	14%
Palm Oil Activities (POA)	83,612	103,943	-20%	5,277	4,363	21%
Integrated Livestock Farming (ILF)	401,063	378,089	6%	25,765	18,506	39%
Total	656,541	653,556	0.5%	62,257	50,333	24%

- a. MPM's current quarter sales increased marginally. Earnings however increased 14% against preceding quarter due to new contribution from shrimp farming as well as better fish catch in Peninsular East Coast.
- b. POA's current quarter sales decreased 20% against preceding quarter due to lower CPO price (RM2205 vs RM2561) and lower FFB processed. However earnings increased 23% due to lower losses from Indonesia plantation operations and higher contribution from Associate (Boilermech).
- c. ILF's current quarter sales increased 6% against preceding quarter mainly due to higher volume of raw materials traded. Earnings increased 39% against preceding quarter due to improved farming margin from Malaysia and Vietnam units.

B3 Commentary on Prospects for the next quarter to 31 December 2014.

We expect Q3 performance to continue to improve against Q2. Our management remains optimistic on all three sectors performance in Q3.

B4 Profit Forecast

No profit forecast was published during the period under review.

B5 Tax expense

Current income tax expense
Deferred tax expense

Cumulative period	
Todate	
30.9.2014	
RM'000	
	22,240
	1,001
	23,241

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

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.

B8 Corporate Proposals

There were no corporate proposals announced but not completed at the date of issue of this report except as follows:

The Company had on 24 September 2014, announced that it had served a notice of conditional voluntary take-over to acquire all the ordinary shares of RM1.00 each in Lay Hong Berhad (“LHB”) (“LHB Shares”) other than those already held by the Offeror (“Offer Shares”) (“Offer”). On 7 October 2014, the Company’s shareholdings in LHB have exceeded 33% and hence, the Offer has become a mandatory take-over offer pursuant to Paragraph 14.1 of Practice Note 9 of the Malaysian Code on Take-overs and Mergers, 2010.

The offer document dated 15 October 2014 has been despatched to the shareholders of LHB on even date.

On 3 November 2014, the Company had announced that the closing time and date of the Offer has been extended to 5.00 p.m. (Malaysian time) on Wednesday, 26 November 2014

As at 19th November 2014, the Company holds 18,230,500 LHB Shares, representing approximately 36% of the total issued and paid-up capital of LHB.

B9 Group Borrowings

Short term:

RM'000

Bank overdraft-short term (unsecured)

17,994

HP Creditors-short term (unsecured)

530

Bankers' acceptance-short term (unsecured)

- Islamic

67,275

- Non-islamic

272,637

Term loans-short term (unsecured)

- Islamic

5,452

- Non-islamic

15,229

Revolving credit

Sukuk

7,574

386,691

Long Term:

HP Creditors-long term (unsecured)

842

Term loans-long term (unsecured)

- Islamic

76,678

- Non-islamic

393,037

470,557

Total Borrowings

857,248

B10 Financial instruments

The Group uses the following hierarchy in determining the fair value of all financial instruments carried at fair value:

Level 1 : Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included in Level 1 that are observable market data, either directly or indirectly.

Level 3: Inputs for the asset or liability that are not based on observable market data.

As at 30.9.2014, the Group held the following financial assets or liabilities that are measured at fair value:

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Financial Assets:				
Forward exchange contracts		157		157
Cross currency swap			1,620	1,620
Interest rate swap			48	
Financial Liabilities:				
Forward exchange contracts	-	(1,016)	-	(1,016)
Currency option	-	(48)	-	(48)

There are no 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 declared

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:

	Current quarter ended 30.9.2014	Cumulative Todate 30.9.2014
(a) Net profit attributable to ordinary shareholders(RM'000)	48,174	88,229
Number of ordinary shares in issue ('000)- weighted average	1,248,029	1,248,029
Basic Earnings per share (sen)	3.86	7.07

B14 Realised and Unrealised profits

	RM'000
Total Retained profit of the Company & its subsidiaries	
Realised	865,876
Unrealised	<u>(66,657)</u>
	799,219
Total Retained profit of Associates	
Realised	41,523
	<u>-</u>
	840,742
Consolidation Adjustments	<u>(73,390)</u>
Total Group Retained profit as per consolidated accounts	<u><u>767,352</u></u>