

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

INTERIM FINANCIAL REPORT FOR THE 4TH QUARTER ENDED 31.3.2016

CONDENSED CONSOLIDATED INCOME STATEMENTS FOR THE PERIOD ENDED 31.3.2016 (UNAUDITED)

	INDIVIDUAL QUARTER				CUMULATIVE QUARTERS			
	CURRENT YEAR		PRECEDING YEAR		CURRENT YEAR		PRECEDING CORRESPONDING PERIOD	
	4TH QUARTER 1.1.2016 to 31.3.2016		4TH QUARTER 1.1.2015 to 31.3.2015		TO-DATE 1.4.2015 to 31.3.2016		PERIOD 1.4.2014 to 31.3.2015	
	% increase against last period	RM'000	RM'000	% increase against last period	RM'000	RM'000	RM'000	RM'000
Revenue	15.7%	768,928	664,848	5.4%	2,852,635	2,707,767		
Operating Profit	9.6%	85,487	77,986	11.7%	371,618	332,601		
Depreciation and amortisation	14.5%	(28,993)	(25,329)	15.6%	(102,356)	(88,541)		
Interest income	23.1%	1,791	1,455	-1.0%	5,804	5,864		
Finance costs	6.7%	(10,421)	(9,771)	7.7%	(38,293)	(35,568)		
Share of profit of associates (net)-recurring		1,547	3,565		12,643	23,272		
Profit Before Taxation (before non-recurring items)	3.1%	49,411	47,906	5.0%	249,416	237,628		
Share of profit of associates (net)-non-recurring		-	2,522		-	-		
AFS-Fair Value Gain on reclassification of associate		-	8,347		-	8,347		
Profit Before Taxation (after non-recurring items)	-15.9%	49,411	58,775	1.4%	249,416	245,975		
Less: Tax expense		(8,378)	(11,499)		(47,720)	(50,035)		
Profit for the period	-13.2%	41,033	47,276	2.9%	201,696	195,940		
Attributable to:								
Shareholders of the Company	-19.9%	38,071	47,553	0.32%	192,015	191,400		
Minority interests		2,962	(277)		9,681	4,540		
Profit for the period	-13.2%	41,033	47,276	2.9%	201,696	195,940		
Number of shares in issue ('000)		1,248,029	1,248,029		1,248,029	1,248,029		
Earnings per share:								
Basic earnings per ordinary shares (sen)	-19.9%	3.05	3.81	0.32%	15.39	15.34		
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 2015 and the accompanying explanatory notes attached to this interim financial statements.
Note: NA denotes "Not Applicable"

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INTERIM FINANCIAL REPORT FOR THE 4TH QUARTER ENDED 31.3.2016

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31.3.2016 (UNAUDITED)

	INDIVIDUAL QUARTER		% increase	CUMULATIVE QUARTERS	
	CURRENT YEAR	PRECEDING YEAR		CURRENT YEAR	PRECEDING CORRESPONDING
	4TH QUARTER 1.1.2016 to 31.3.2016	4TH QUARTER 1.1.2015 to 31.3.2015		TO-DATE 1.4.2015 to 31.3.2016	PERIOD 1.4.2014 to 31.3.2015
	RM'000	RM'000		RM'000	RM'000
Profit for the period	41,033	47,276		201,696	195,940
Other comprehensive income/(loss), net of tax:					
Foreign currency translation differences for foreign operations	(33,605)	6,527		26,599	(3,183)
Cash Flow Hedge	(638)	(2,439)		(2,826)	(2,977)
Fair Value changes in AFS Investment	-	1,584		(1,584)	1,584
Total Comprehensive income	<u>6,790</u>	<u>52,948</u>		<u>223,885</u>	<u>191,364</u>
Attributable to:					
Shareholders of the Company	5,421	50,288		214,845	185,316
Minority interests	1,369	2,660		9,040	6,048
Total Comprehensive income	<u>6,790</u>	<u>52,948</u>		<u>223,885</u>	<u>191,364</u>

The Condensed Consolidated Statement of Comprehensive Income Statements should be read in conjunction with the Annual Financial Statements for year ended 31 March 2015 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 31.3.2016 RM'000 Unaudited		At 31.3.2015 RM'000 Audited
ASSETS				
Property, plant and equipment		1,377,397		1,239,388
Intangible assets		7,146		6,266
Biological assets		129,106		117,014
Prepaid lease payments		53,860		57,508
Investment properties		30,779		29,151
Investment in Associates		104,796		94,661
Other investment		654		61,560
Deferred tax asset		1,869		1,082
Other receivables		6,422		5,190
Total non-current assets		1,712,029		1,611,820
Current Assets				
Inventories	59 days	375,057	55 days	334,608
Biological assets		89,346		88,899
Trade receivables	36 days	279,445	31 days	231,655
Other receivables, assets and prepayment		92,003		107,640
Current tax assets		10,586		5,223
Derivative financial assets		821		4,690
Cash and cash equivalents		245,169		200,733
		1,092,427		973,448
Total Assets		2,804,456		2,585,268
EQUITY AND LIABILITIES				
Equity				
Share Capital		312,007		312,007
Share Premium		308,018		308,018
Reserves		968,340		806,558
Equity attributable to shareholders of the Company		1,588,365		1,426,583
Minority interests		79,246		72,867
Total Equity		1,667,611		1,499,450
Non-current liabilities				
Long term borrowings (LT Debts/Total Equity)	18%	303,109	22%	326,028
Deferred income		1,591		1,666
Deferred tax liabilities		75,872		72,058
Payables		2,406		-
		382,978		399,752
Current Liabilities				
Payables		267,315		238,302
Derivative financial liabilities		38		3,149
Short term borrowings		473,080		430,963
Taxation		13,434		13,652
		753,867		686,066
Total Liabilities		1,136,845		1,085,818
Total equity and liabilities		2,804,456		2,585,268
Net Assets per share (RM)		1.27		1.14
Based on number of shares:('000)		1,248,029		1,248,029
		-		-

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Statements for year ended 31 March 2015 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 4TH QUARTER ENDED 31.3.2016

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31ST MARCH 2016

	←-----Non-Distributable-----→						Distributable		Non-controlling interests	Total Equity
	Share Capital	Share Premium	Treasury Shares	Hedging reserve	Fair Value Reserve	Exchange Translation Reserve	Retained Profit	Attributable to shareholders of the Company		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
12 months ended 31.3.2016										
At 1.4.2015	312,007	308,018	-	(2,603)	1,584	(62,125)	869,702	1,426,583	72,867	1,499,450
Cash flow hedge				(2,826)				(2,826)		(2,826)
Available-For-Sale Investment					(1,584)			(1,584)		(1,584)
Foreign currency translation differences for foreign operations						27,240		27,240	(642)	26,598
	-	-	-	(2,826)	1,584	27,240	-	22,830	(642)	22,188
Profit for the year							192,015	192,015	9,681	201,696
Total comprehensive income for the period	-	-	-	(2,826)	(1,584)	27,240	192,015	214,845	9,039	223,884
Issue of share capital during the year								-	250	250
Dividend paid							(53,041)	(53,041)	(4,715)	(57,756)
Acquisition by non-controlling interests								-	827	827
Acquisition via business combination								-	978	978
Changes in ownership interest in a subsidiary							(22)	(22)		(22)
At 31.3.2016	312,007	308,018	-	(5,429)	-	(34,885)	1,008,654	1,588,365	79,246	1,667,611

The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the Annual Financial Report for year ended 31 March 2015 and the accompanying explanatory notes attached to the interim financial statements.

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INTERIM FINANCIAL REPORT FOR THE 4TH QUARTER ENDED 31.3.2016

CONDENSED CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD ENDED 31.3.2016

	12 months ended 31.3.2016 RM'000	12 months ended 31.3.2015 RM'000
Profit before tax	249,416	245,975
Adjustments for:		
Depreciation & amortisation	102,356	88,541
(Increase)/Decrease in working capital	(37,991)	(67,342)
Income tax paid	(46,082)	(36,889)
Others	4,590	(5,175)
Net cash from operating activities	272,289	225,110
Purchase of fixed assets-net	(235,996)	(261,943)
Proceed from disposal of asset held for sales	60,590	-
Others	2,384	(15,486)
Net cash used in investing activities	(173,022)	(277,429)
Net borrowings	11,614	70,309
Dividend paid to Minority interest	(4,715)	(4,036)
Dividend paid to Shareholders	(53,041)	(43,681)
Others	-	(27,758)
Net cash from financing activities	(46,142)	(5,166)
Net increase in cash and cash equivalents	53,125	(57,485)
Cash and cash equivalents at 1.4.2015	175,191	232,676
Cash and cash equivalents at 31.3.2016	228,316	175,191

The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Annual Financial Statements for year ended 31 March 2015 and the accompanying explanatory notes attached to this interim financial statements.

QL RESOURCES BERHAD (428915-X)
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INTERIM FINANCIAL REPORT FOR THE 4TH QUARTER ENDED 31.3.2016

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

- 1) FRS, Interpretations and Amendments which are effective for annual periods beginning on or after 1st January 2016.
 - Amendments to FRS 10, FRS128 (2011), Consolidated Financial Statements: Investment Entities
 - Amendments to FRS 10, FRS128 (2011), Sale, Contribution of Assets between Investor and its Associates or Joint Venture
 - Amendments to FRS 11, Accounting for Acquisitions of Interest in Joint Operations
 - Amendments to FRS 12, Disclosure of Interests in Other Entities: Investment Entities
 - Amendments to FRS 101, Presentation of Financial Statements-Disclosure Initiative
 - Amendments to FRS 116, FRS138, Clarification of Acceptable Methods of Depreciation and Amortisation.
 - Amendments to FRS 119, Defined Benefits Plans - Employee Contributions
 - Amendments to FRS 127, Separate Financial Statements - Equity Method in Separate Financial Statements
 - Amendments to FRS 134, Interim Financial Reporting (Annual Improvements 2012-2014 Cycle)
 - Amendments to FRS 139, Financial Instruments: Recognition and Measurement - Novation of Derivatives and Continuation of Hedge Accounting
- 2) FRS, Interpretations and Amendments which are effective for annual periods beginning on or after 1st January 2018.
 - FRS9, Financial Instruments (2014)

Malaysian Financial Reporting Standards (MFRS Framework)

Following the recent press release by MASB on 2nd September 2014, Transitioning Entities (TEs) shall be required to apply the Malaysian Financial Reporting Standards (MFRS) Framework for annual periods beginning on or after 1 January 2017. TEs comprise entities that are within the scope of MFRS 141 Agriculture and/or IC Interpretation 15 Agreements for the Construction of Real Estate, including the parent, significant investor(s) and joint venturer(s). Generally, TEs are entities involved in the real estate and agriculture industries that had been given the option to continue applying the Financial Reporting Standards (FRS) Framework.

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
		<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

No dividend was paid during the period under review.

A7. Segmental Information

Segment information in respect of the Group's business segments for the 4th quarter ended 31.3.2016

	RM'000	RM'000
	Sales	PBT
Marine products manufacturing	207,222	35,020
Palm Oil Activities	73,670	740
Integrated Livestock Farming	488,036	13,651
Total	<u>768,928</u>	<u>49,411</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 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 4TH QUARTER ENDED 31.3.2016

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	% change
	1.1.2016 to 31.3.2016	1.1.2015 to 31.3.2015		1.4.2015 to 31.3.2016	1.4.2014 to 31.3.2015	
	Sales	Sales		Sales	Sales	
	RM'000	RM'000		RM'000	RM'000	
Marine product manufacturing (MPM)	207,222	191,902	8%	834,701	732,545	14%
Palm Oil Activities (POA)	73,670	72,387	2%	309,760	345,106	-10%
Integrated Livestock Farming (ILF)	488,036	400,559	22%	1,708,174	1,630,116	5%
Total	768,928	664,848	16%	2,852,635	2,707,767	5%
	1.1.2016 to 31.3.2016	1.1.2015 to 31.3.2015		1.4.2015 to 31.3.2016	1.4.2014 to 31.3.2015	
	Profit before tax	Profit before tax		Profit before tax	Profit before tax	
	RM'000	RM'000		RM'000	RM'000	
Marine product manufacturing (MPM)	35,020	28,701	22%	163,525	127,222	29%
Palm Oil Activities (POA)	740	984	-25%	12,067	14,791	-18%
Integrated Livestock Farming (ILF)	13,651	29,090	-53%	73,824	103,962	-29%
Total	49,411	58,775	-16%	249,416	245,975	1.4%

- a. For the quarter and year under review, the MPM divisions benefited from the following factors:
- increase in export of fishery products due to weaker Ringgit;
 - Improve fish catch due to EL Nino weather effect and lower fishing operating cost.

As a consequence;

MPM's current quarter sales and earnings increased 8% and 22% respectively against corresponding quarter.

Cumulative sales and earnings increased 14% and 29% respectively against corresponding period.

- b. Despite EL-Nino effect which caused 25% decrease in Sabah palm oil unit FFB produced & processed , POA's current quarter sales increased 2% against corresponding quarter mainly due to higher CPO price and higher FFB produced & processed by Indonesian palm oil unit.
(CPO price: RM2,321 current qtr vs RM2,220 corresponding qtr)

POA's current quarter earnings however decreased 25% due to:

- lower contribution (lower FFB produced & processed due to EL-Nino) from Sabah unit's oil palm operations and;
- lower contribution from Associate (Boilermech).

POA's cumulative sales decreased 10% mainly due to lower CPO price (RM2132/mt vs RM2285/mt) as well as lower FFB processed by Sabah palm oil unit;

Cumulative earnings decreased 18% due to lower contribution from Associate (Boilermech), lower FFB produced & processed by Sabah palm oil unit as well as lower CPO price.

c. For the quarter and year under review, the ILF divisions was affected by the following factors:

- i) EL Nino hot weather affect farm productivity (heat stress);
- ii) the impact of weak Ringgit on egg farming cost however is lessened by drop in international feed raw material prices;
- iii) major egg price correction in Peninsular market after strong egg price in previous corresponding period;
- iv) lower farming efficiency in Indonesia poultry unit due to challenging farming conditions such as disease control & "Day-Old-Chicks" over production;
- v) non-recurring earnings in FY16 as a results of disposal of investment in Lay Hong Bhd in FY15.

Despite these factors, current quarter and cumulative sales increased 22% and 5% respectively due to higher volume of feed raw material traded and higher contribution from Indonesian feedmill unit.

However ILF's current and cumulative earnings decreased 53% and 29% respectively against corresponding quarter mainly due to preceding period disposal gain on investment in Lay Hong Bhd; Malaysian poultry egg market consolidation and lower farm efficiency in Indonesia poultry unit.

B2 Review of current quarter performance with the preceding quarter.

	Current quarter	Preceding quarter	% change	Current quarter	Preceding quarter	% change
	1.1.2016 to 31.3.2016	1.10.2015 to 31.12.2015		1.1.2016 to 31.3.2016	1.10.2015 to 31.12.2015	
	Sales	Sales		Profit before tax	Profit before tax	
Activities:						
Marine product manufacturing (MPM)	207,222	234,115	-11%	35,020	49,343	-29%
Palm Oil Activities (POA)	73,670	68,785	7%	740	4,469	-83%
Integrated Livestock Farming (ILF)	488,036	435,102	12%	13,651	22,731	-40%
Total	768,928	738,002	4.2%	49,411	76,543	-35%

- a. MPM's current quarter sales only decreased 11% against preceding quarter due to seasonal factor. Earnings decreased 29% against preceding quarter due to the same reason.
- b. POA's current quarter sales increased 7% against preceding quarter due to higher CPO price (RM2321 in Q4) vs RM2094 in Q3), and sale of unsold CPO stocks from Q2. Earnings decreased significantly due to Q4 being a low crop season coupled with severe EL-Nino effect, resulting in lower FFB produced and processed by CPO mills units.
- c. ILF's current quarter sales increased 12% against preceding quarter was mainly due to higher volume of raw materials traded and higher contribution from Indonesian feedmill unit. Earnings decreased 40% against preceding quarter mainly due to overall lower farming efficiency caused by challenging farming conditions such as disease control, weaker ringgit and hot weather effect.

B3 Commentary on Prospects for the next quarter ending 30.6.16

Barring unforeseen events, our management remain cautiously optimistic on Q1FY17 results under current challenging business environment.

B4 Profit Forecast

No profit forecast was published during the period under review.

Cumulative period

B5 Tax expense

Current tax expense
Deferred tax expense

Todate
31.3.16
RM'000
42,292
5,428
<u>47,720</u>

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 for the quarter under review.

B9 Group Borrowings**Short term:**

Bank overdraft-short term (unsecured)

RM'000

16,853

HP Creditors-short term (unsecured)

19

Bankers' acceptance-short term (unsecured)

- Islamic

53,252

- Non-islamic

245,549

298,801

Term loans-short term (unsecured)

- Islamic

36,402

- Non-islamic

88,004

124,406

Revolving credit

33,000

473,079

Long Term:

HP Creditors-long term (unsecured)

601

Term loans-long term (unsecured)

- Islamic

248,837

- Non-islamic

53,671

302,508

-

303,109

Total Borrowings

776,188

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 31.3.16, 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	-	2,047		2,047
Cross currency swap	-		3,435	3,435
Commodity options	-			-
Interest rate swap	-		(226)	(226)
Financial Liabilities:				
Forward exchange contracts	-	(1,258)		(1,258)
Currency option			(51)	(51)

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

The directors do proposed a final single tier dividend of 4.25 sen per share in respect of the year ended 31.3.2016 subject to the approval of the shareholders at the forthcoming general meeting.

B13 Earnings Per Share

The calculations of basic earnings per share were as follows:

	Current quarter ended 31.3.16	Cumulative todate 31.3.16
(a) Net profit attributable to ordinary shareholders(RM'000)	38,071	192,015
Number of ordinary shares in issue		
(b) ('000)-weighted average	1,248,029	1,248,029
Basic Earnings per share (sen)	3.05	15.39

B14 Realised and Unrealised profits

Total Retained profit of the Company & its subsidiaries

Realised

Unrealised

Total Retained profit of Associates

Realised

Consolidation Adjustments

Total Group Retained profit as per consolidated accounts

RM'000

1,167,283

(75,871)

1,091,412

49,851

1,141,263

(132,609)

1,008,654