

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

INTERIM FINANCIAL REPORT FOR THE 1ST QUARTER ENDED 30.6.2016

CONDENSED CONSOLIDATED INCOME STATEMENTS FOR THE PERIOD ENDED 30.6.2016 (UNAUDITED)

	INDIVIDUAL QUARTER				CUMULATIVE QUARTERS			
	CURRENT YEAR		PRECEDING YEAR		CURRENT YEAR		PRECEDING CORRESPONDING PERIOD	
	1.4.2016 TO 30.6.2016		1.4.2015 TO 30.6.2015		TO-DATE 1.4.2016 TO 30.6.2016		PERIOD 1.4.2015 TO 30.6.2015	
	RM'000		RM'000		RM'000		RM'000	
	% increase against last period			% increase against last period				
Revenue	2.2%	669,536	655,297	2.2%	669,536	655,297		
Operating Profit	6.0%	85,528	80,681	6.0%	85,528	80,681		
Depreciation and amortisation	16.6%	(27,521)	(23,595)	16.6%	(27,521)	(23,595)		
Interest income	52.9%	1,648	1,078	52.9%	1,648	1,078		
Finance costs	15.0%	(10,455)	(9,090)	15.0%	(10,455)	(9,090)		
Share of profit of associates (net)		3,595	3,717		3,595	3,717		
Profit Before Taxation	0.01%	52,795	52,791	0.01%	52,795	52,791		
Less: Tax expense		(11,506)	(11,066)		(11,506)	(11,066)	(Effective tax rate) 21.8%	(Effective tax rate) 21.0%
Profit for the period	-1.0%	41,289	41,725	-1.0%	41,289	41,725		
Attributable to:								
Shareholders of the Company	2.9%	42,125	40,925	2.9%	42,125	40,925		
Minority interests		(836)	800		(836)	800	-1.58% (% against PBT)	1.52% (% against PBT)
Profit for the period		41,289	41,725		41,289	41,725		
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)	2.9%	3.38	3.28	2.9%	3.38	3.28		
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 2016 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 1ST QUARTER ENDED 30.6.2016

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30.6.2016 (UNAUDITED)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTERS	
	CURRENT YEAR	PRECEDING YEAR	CURRENT YEAR	PRECEDING CORRESPONDING
	1ST QUARTER 1.4.2016 TO 30.6.2016	1ST QUARTER 1.4.2015 TO 30.6.2015	1ST QUARTER 1.4.2016 TO 30.6.2016	1ST QUARTER 1.4.2015 TO 30.6.2015
	RM'000	RM'000	RM'000	RM'000
Profit for the period	41,289	41,725	41,289	41,725
Other comprehensive income/(loss), net of tax:				
Foreign currency translation differences for foreign operations	15,841	7,988	15,841	7,988
Cash Flow Hedge	(501)	(456)	(501)	(826)
	-	-	-	-
Total Comprehensive income	<u>56,629</u>	<u>49,257</u>	<u>56,629</u>	<u>48,887</u>
Attributable to:				
Shareholders of the Company	56,538	50,021	56,538	50,021
Minority interests	91	(764)	91	(764)
Total Comprehensive income	<u>56,629</u>	<u>49,257</u>	<u>56,629</u>	<u>49,257</u>

The Condensed Consolidated Statement of Comprehensive Income Statements should be read in conjunction with the Annual Financial Statements for year ended 31 March 2016 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 30.6.2016 RM'000 Unaudited	At 31.3.2016 RM'000 Audited
ASSETS		
Property, plant and equipment	1,403,568	1,372,661
Investment properties	20,425	31,033
Prepaid lease payments	53,440	58,342
Intangible assets	6,264	7,146
Biological assets	134,745	129,106
Investment in Associates	112,312	109,079
Deferred tax asset	962	2,980
Other receivables	8,505	6,422
Total non-current assets	1,740,221	1,716,769
Current Assets		
Biological assets	86,118	89,346
Inventories	60 days 378,243	59 days 375,251
Current tax assets	8,665	10,586
Trade receivables	37 days 273,807	35 days 277,242
Other receivables, assets and prepayment	105,134	86,012
Derivative financial assets	62	4,942
Cash and cash equivalents	287,819	249,874
	1,139,848	1,093,253
Total Assets	2,880,069	2,810,022
EQUITY AND LIABILITIES		
Equity		
Share Capital	312,007	312,007
Share Premium	308,018	308,018
Reserves	1,028,166	971,628
Equity attributable to shareholders of the Company	1,648,191	1,591,653
Minority interests	83,232	79,241
Total Equity	1,731,423	1,670,894
Non-current liabilities		
Long term borrowings (LT Debts/Total Equity)	20% 341,902	18% 303,737
Deferred income	1,132	2,304
Deferred tax liabilities	77,772	76,983
	420,806	383,024
Current Liabilities		
Short term borrowings	369,928	469,798
Payables	348,569	271,566
Derivative financial liabilities	347	1,306
Taxation	8,996	13,434
	727,840	756,104
Total Liabilities	1,148,646	1,139,128
Total equity and liabilities	2,880,069	2,810,022
Net Assets per share (RM)	1.32	1.28
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 2016 and the accompanying explanatory notes attached to the interim financial statements.

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INTERIM FINANCIAL REPORT FOR THE 1ST QUARTER ENDED 30.6.2016

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30TH JUNE 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
3 months ended 30.6.16										
At 1.4.2016	312,007	308,018	-	(2,028)	-	(35,084)	1,008,740	1,591,653	79,241	1,670,894
Cash flow hedge AFS				(501)				(501)		(501)
Foreign currency translation differences for foreign operations						14,923	(9)	14,914	927	15,841
Profit for the year	-	-	-	(501)	-	14,923	42,125	42,125	(836)	41,289
Total comprehensive income for the period	-	-	-	(501)	-	14,923	42,116	56,538	91	56,629
Subscription of shares in a subsidiary by non-controlling interests								-	3,900	3,900
Expenses incurred for issuance of shares								-	-	-
At 30.6.2016	312,007	308,018	-	(2,529)	-	(20,161)	1,050,856	1,648,191	83,232	1,731,423

The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the Annual Financial Report for year ended 31 March 2016 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 30.6.2016

CONDENSED CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD ENDED 30TH JUNE 2016

	1st quarter ended 30.6.2016 RM'000	1st quarter ended 30.6.2015 RM'000
Profit before tax	52,795	52,791
Adjustments for:		
Depreciation & amortisation	27,521	23,595
(Increase)/Decrease in working capital	53,927	(39,193)
Income tax paid	(8,354)	(7,838)
Others	10,128	9,206
Net cash from operating activities	136,017	38,561
Purchase of fixed assets	(42,918)	(49,540)
Increase in investment in associate	-	-
Others	(1,496)	(172)
Net cash used in investing activities	(44,414)	(49,712)
Net borrowings	(58,778)	18,030
Proceed from issue of share capital	3,900	-
Net cash from financing activities	(54,878)	18,030
Net increase in cash and cash equivalents	36,725	6,879
Cash and cash equivalents at 1.4.2016	230,386	175,191
Cash and cash equivalents at 30.6.2016	267,111	182,070

The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Annual Financial Statements for year ended 31 March 2016 and the accompanying explanatory notes attached to this interim financial statements.

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INTERIM FINANCIAL REPORT FOR THE 1ST QUARTER ENDED 30.6.2016

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 last year	% change
	1.4.2016 to 30.6.2016	1.4.2015 to 30.6.2015		1.4.2016 to 30.6.2016	1.4.2015 to 30.6.2015	
	Sales	Sales		Sales	Sales	
	RM'000	RM'000		RM'000	RM'000	
Marine product manufacturing (MPM)	215,514	186,462	16%	215,514	186,462	16%
Palm Oil Activities (POA)	89,301	89,950	-1%	89,301	89,950	-1%
Integrated Livestock Farming (ILF)	364,721	378,885	-3.7%	364,721	378,885	-3.7%
Total	669,536	655,297	2.2%	669,536	655,297	2.2%
	1.4.2016 to 30.6.2016	1.4.2015 to 30.6.2015		1.4.2016 to 30.6.2016	1.4.2015 to 30.6.2015	
	Profit before tax	Profit before tax		Profit before tax	Profit before tax	
	RM'000	RM'000		RM'000	RM'000	
Marine product manufacturing (MPM)	35,031	36,461	-4%	35,031	36,461	-4%
Palm Oil Activities (POA)	2,614	3,302	-21%	2,614	3,302	-21%
Integrated Livestock Farming (ILF)	15,150	13,028	16%	15,150	13,028	16%
Total	52,795	52,791	0.01%	52,795	52,791	0.01%

- MPM's current quarter sales increased 16% against corresponding quarter mainly due to higher surimi-based products and fishmeal contribution. However, earnings for the current quarter decreased 4% mainly due to lower surimi and surimi-based products margins.
- POA's current quarter sales decreased 1% against corresponding quarter mainly due to severe drop in own FFB production and FFB processed in East Malaysia despite higher CPO price (RM2,512 current qtr vs RM2,220 corresponding qtr).
POA's current quarter earnings decreased 21% against corresponding quarter mainly due to lower FFB production and processed as well as lower contribution from Associate (Boilermech)
- ILF's current quarter sales decreased 3.7% against corresponding quarter mainly due to lower sales contribution from feed raw material trade caused by late shipment arrival.
Earnings however improved 16% due to improved farm produced prices.

B2 Review of current quarter performance with the preceding quarter.

	Current quarter	Preceding quarter	% change	Current quarter	Preceding quarter	% change
	1.4.2016 to 30.6.2016	1.1.2016 to 31.3.2016		1.4.2016 to 30.6.2016	1.1.2016 to 31.3.2016	
	Sales	Sales		Profit before tax	Profit before tax	
Activities:						
Marine product manufacturing (MPM)	215,514	213,402	1%	35,031	38,338	-9%
Palm Oil Activities (POA)	89,301	71,974	24%	2,614	298	777%
Integrated Livestock Farming (ILF)	364,721	484,840	-25%	15,150	10,840	40%
Total	669,536	770,216	-13%	52,795	49,476	7%

- MPM's current quarter sales increased marginally against preceding quarter. However, earnings decreased 9% mainly due to lower margins from surimi and surimi-based products.
- POA's current quarter sales increased 24% against preceding quarter mainly due to improvement in FFB processed and CPO price (RM2512 current qtr vs RM 2321 preceding qtr). Earnings increased significantly due to the same reason.
- ILF's current quarter sales decreased 25% against preceding quarter mainly due to lower volume of feed raw material traded caused by late shipment arrival. However, earnings increased 40% against preceding quarter mainly due to overall improve farm produced prices and margins.

B3 Prospects for the next quarter to 30 September 2016.

Barring unforeseen events, the management remain cautiously optimistic for Q2FY17 results against preceding quarter.

B4 Profit Forecast

No profit forecast was published during the period under review.

B5 Tax expense

	Individual quarter	Cumulative period
	3 months ended	Todate
	30.6.2016	30.6.2016
	RM'000	RM'000
Current income tax expense	9,752	9,752
Deferred tax expense	1,754	1,754
	11,506	11,506

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 except as disclosed.

B8 Corporate Proposals

There were no corporate proposals for the quarter under review.

B9 Group Borrowings**Short term:**

		RM'000
<i>Bank overdraft-short term (unsecured)</i>		20,707
<i>HP Creditors-short term (unsecured)</i>		347
<i>Bankers' acceptance-short term (unsecured)</i>		
- Islamic	53,252	
- Non-islamic	<u>148,681</u>	
		201,933
<i>Term loans-short term (unsecured)</i>		
- Islamic	21,720	
- Non-islamic	<u>86,262</u>	
		107,982
<i>Revolving credit</i>		38,959
		<u>369,928</u>
Long Term:		
<i>HP Creditors-long term (unsecured)</i>		504
<i>Term loans-long term (unsecured)</i>		
- Islamic	298,000	
- Non-islamic	<u>43,398</u>	
		341,398
		-
		<u>341,902</u>
Total Borrowings		<u>711,830</u>

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 30.6.2016, 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:				
Cross currency swap	-	110		110
Interest rate swap	-		3,857	3,857
Forward exchange contracts	-		(256)	(256)
	-	110	3,601	3,711
Financial Liabilities:				
Cross currency swap	-	(375)		(375)
Commodity options	-			-
	-	(375)	-	(375)

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:

	Current quarter ended 30.6.2016	Cumulative Todate 30.6.2016
(a) Net profit attributable to ordinary shareholders(RM'000)	42,125	42,125
(b) Number of ordinary shares in issue ('000)- weighted average	1,248,029	1,248,029
Basic Earnings per share (sen)	3.38	3.38

B15 Realised and Unrealised profits

Total Retained profit of the Group:	RM'000
Realised	1,217,595
Unrealised	<u>(77,772)</u>
	1,139,823
Total Retained profit of Associates:	
Realised	<u>59,405</u>
	1,199,228
Consolidation Adjustments	<u>(148,372)</u>
Total Group Retained profit as per consolidated accounts	<u><u>1,050,856</u></u>

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INTERIM FINANCIAL REPORT FOR THE 1ST QUARTER ENDED 30.6.2016

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 2016 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)

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

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

annual periods beginning on or after 1 January 2018.

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 1st quarter ended 30.6.2016

	RM'000	RM'000
	Sales	PBT
Marine products manufacturing	215,514	35,031
Palm Oil Activities	89,301	2,614
Integrated Livestock Farming	364,721	15,150
Total	<u>669,536</u>	<u>52,795</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.