

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

INTERIM FINANCIAL REPORT FOR THE 2ND QUARTER ENDED 30.9.2016

CONDENSED CONSOLIDATED INCOME STATEMENTS FOR THE PERIOD ENDED 30.9.2016 (UNAUDITED)

	INDIVIDUAL QUARTER			CUMULATIVE QUARTERS			
	CURRENT YEAR		PRECEDING YEAR	CURRENT YEAR		PRECEDING CORRESPONDING PERIOD	
	2ND QUARTER 1.7.2016 TO 30.9.2016		2ND QUARTER 1.7.2015 TO 30.9.2015	TO-DATE 1.4.2016 TO 30.9.2016		PERIOD 1.4.2015 TO 30.9.2015	
	% increase against last period	RM'000		% increase against last period	RM'000		RM'000
Revenue	6%	729,697	690,409	4%	1,399,233	1,345,706	
Operating Profit	8%	107,202	99,307	7%	192,730	179,988	
Depreciation and amortisation	16%	(31,163)	(26,754)	17%	(58,684)	(50,349)	
Interest income	-11%	1,434	1,617	14%	3,082	2,695	
Finance costs	1%	(8,848)	(8,740)	8%	(19,303)	(17,830)	
Share of profit of associates (net)		2,086	5,242		5,681	8,959	
Profit Before Taxation	0.1%	70,711	70,672	0.03%	123,506	123,463	
Less: Tax expense		(14,817)	(15,845)		(26,323)	(26,911)	
		(Effective tax rate) 21.0%	(Effective tax rate) 22.4%		(Effective tax rate) 21.3%	(Effective tax rate) 21.8%	
Profit for the period	2%	55,894	54,827	1%	97,183	96,552	
Attributable to:							
Shareholders of the Company	-8%	50,524	55,163	-4%	92,649	96,088	
Minority interests		5,370	(336)		4,534	464	
		(% against PBT) 7.59%	(% against PBT) -0.48%		(% against PBT) 3.67%	(% against PBT) 0.38%	
Profit for the period		55,894	54,827		97,183	96,552	
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)	-8%	4.05	4.42	-4%	7.42	7.70	
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"

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

INTERIM FINANCIAL REPORT FOR THE 2ND QUARTER ENDED 30.9.2016

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30.9.2016 (UNAUDITED)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTERS	
	CURRENT YEAR	PRECEDING YEAR	CURRENT YEAR	PRECEDING CORRESPONDING
	2ND QUARTER 1.7.2016 TO 30.9.2016	2ND QUARTER 1.7.2015 TO 30.9.2015	TO-DATE 1.4.2016 TO 30.9.2016	PERIOD 1.4.2015 TO 30.9.2015
	RM'000	RM'000	RM'000	RM'000
Profit for the period	56,794	54,827	97,183	96,552
Other comprehensive income/(loss), net of tax:				
Foreign currency translation differences for foreign operations	9,158	29,897	25,000	37,885
Cash Flow Hedge	(3,728)	(2,859)	(4,229)	(3,315)
Disposal of AFS	-	(1,584)	-	(1,584)
Total Comprehensive income	<u>62,224</u>	<u>80,281</u>	<u>117,954</u>	<u>129,538</u>
Attributable to:				
Shareholders of the Company	54,969	79,948	110,608	129,969
Minority interests	7,255	333	7,346	(431)
Total Comprehensive income	<u>62,224</u>	<u>80,281</u>	<u>117,954</u>	<u>129,538</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)
(Incorporated in Malaysia)

QUARTERLY REPORT

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	At 30.9.2016 RM'000 Unaudited	At 31.3.2016 RM'000 Audited
ASSETS		
Property, plant and equipment	1,420,654	1,372,661
Investment properties	32,473	31,033
Prepaid lease payments	53,497	58,342
Intangible assets	10,220	7,146
Biological assets	142,338	129,106
Investment in Associates	112,715	109,079
Deferred tax asset	997	2,980
Other receivables	7,511	6,422
Total non-current assets	1,780,405	1,716,769
Current Assets		
Biological assets	86,670	89,346
Inventories	66 days 418,732	59 days 375,251
Current tax assets	10,265	10,586
Trade receivables	38 days 292,512	35 days 277,242
Other receivables, assets and prepayment	113,216	86,012
Derivative financial assets	(336)	4,942
Cash and cash equivalents	270,667	249,874
	1,191,726	1,093,253
Total Assets	2,972,131	2,810,022
EQUITY AND LIABILITIES		
Equity		
Share Capital	312,007	312,007
Share Premium	308,018	308,018
Reserves	1,029,195	971,628
Equity attributable to shareholders of the Company	1,649,220	1,591,653
Minority interests	87,803	79,241
Total Equity	1,737,023	1,670,894
Non-current liabilities		
Long term borrowings (LT Debts/Total Equity)	22% 383,597	18% 303,737
Deferred income	3,596	2,304
Deferred tax liabilities	78,829	76,983
	466,022	383,024
Current Liabilities		
Short term borrowings	491,052	469,798
Payables	261,962	271,566
Derivative financial liabilities	1,316	1,306
Taxation	14,756	13,434
	769,086	756,104
Total Liabilities	1,235,108	1,139,128
Total equity and liabilities	2,972,131	2,810,022
Net Assets per share (RM) Based on number of shares:(‘000)	1.32 1,248,029	1.28 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.

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

INTERIM FINANCIAL REPORT FOR THE 2ND QUARTER ENDED 30.9.2016

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30TH SEPTEMBER 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		
6 months ended 30.9.16	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
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	-	-	-	(4,229)	-	-	-	(4,229)	-	(4,229)
AFS	-	-	-	-	-	-	-	-	-	-
Foreign currency translation differences for foreign operations	-	-	-	-	-	21,876	312	22,188	2,812	25,000
Profit for the year	-	-	-	(4,229)	-	21,876	92,649	17,959	2,812	20,771
Total comprehensive income for the period	-	-	-	(4,229)	-	21,876	92,961	110,608	7,346	117,954
Subscription of shares in a subsidiary by non-cc	-	-	-	-	-	-	-	-	4,150	4,150
Expenses incurred for issuance of shares	-	-	-	-	-	-	-	-	-	-
Dividends paid to owners of the Company	-	-	-	-	-	-	(53,041)	(53,041)	-	(53,041)
Dividends paid to non-controlling interest	-	-	-	-	-	-	0	-	(2,934)	(2,934)
At 30.9.2016	312,007	308,018	-	(6,257)	-	(13,208)	1,048,660	1,649,220	87,803	1,737,023

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)
(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 30.9.2016

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

	6 months ended 30.9.2016 RM'000	6 months ended 30.9.2015 RM'000
Profit before tax	123,506	123,463
Adjustments for:		
Depreciation & amortisation	58,684	50,349
(Increase)/Decrease in working capital	(18,952)	(73,729)
Income tax paid	(24,487)	(15,922)
Others	21,606	34,204
Net cash from operating activities	160,357	118,365
Purchase of fixed assets	(103,272)	(116,554)
Proceed on disposal of investment	(3,910)	60,590
Others	-	(1,133)
Net cash used in investing activities	(107,182)	(57,097)
Net borrowings	11,923	42,437
Dividend paid to minority interest	(2,934)	(3,258)
Dividend paid to shareholders	(53,041)	(53,041)
Others	4,150	-
Net cash from financing activities	(39,902)	(13,862)
Net increase in cash and cash equivalents	13,273	47,406
Cash and cash equivalents at 1.4.2016	230,386	175,191
Cash and cash equivalents at 30.9.2016	243,659	222,597

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.

QL RESOURCES BERHAD (428915-X)
(Incorporated in Malaysia)
INTERIM FINANCIAL REPORT FOR THE 2ND QUARTER ENDED 30.9.2016

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

During the quarter under review, the Company paid a final single tier dividend of 4.25 sen per ordinary share of RM0.25 each totalling approximately RM53,041,000 in respect of the financial year ended 31 March 2016 on 15 September 2016.

A7. Segmental Information

Segment information in respect of the Group's business segments for the 2nd quarter ended 30.9.2016

	RM'000	RM'000
	Sales	PBT
Marine products manufacturing	218,526	36,663
Palm Oil Activities	68,112	2,463
Integrated Livestock Farming	443,059	31,585
Total	<u>729,697</u>	<u>70,711</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.

QL RESOURCES BERHAD (428915-X)

(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT FOR THE 2ND QUARTER ENDED 30.9.2016

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
	1.7.2016 to 30.9.2016	1.7.2015 to 30.9.2015		1.4.2016 to 30.9.2016	1.4.2015 to 30.9.2015	
	Sales	Sales		Sales	Sales	
	RM'000	RM'000		RM'000	RM'000	
Marine product manufacturing (MPM)	218,526	206,902	6%	434,040	393,364	10%
Palm Oil Activities (POA)	68,112	77,355	-12%	157,413	167,305	-6%
Integrated Livestock Farming (ILF)	443,059	406,152	9%	807,780	785,037	3%
Total	729,697	690,409	6%	1,399,233	1,345,706	4%
	1.7.2016 to 30.9.2016	1.7.2015 to 30.9.2015		1.4.2016 to 30.9.2016	1.4.2015 to 30.9.2015	
	Profit before tax	Profit before tax		Profit before tax	Profit before tax	
	RM'000	RM'000		RM'000	RM'000	
Marine product manufacturing (MPM)	39,114	42,701	-8%	74,145	79,162	-6%
Palm Oil Activities (POA)	2,997	3,556	-16%	5,611	6,858	-18%
Integrated Livestock Farming (ILF)	28,600	24,415	17%	43,750	37,443	17%
Total	70,711	70,672	0.1%	123,506	123,463	0.03%

- a. MPM's current quarter sales increased 6% against corresponding quarter mainly due to marginal growth in revenue across all fishery divisions. However earnings for the current quarter decreased 8% due to lower overall margins of fisheries products.

Similarly cumulative sales increased 10% due to higher export contribution of fishmeal, surimi and surimi-based products. However cumulative earnings decreased 6% due to lower overall margins.

- b. POA's current quarter sales and earning decreased 12% and 16% respectively against corresponding quarter. This was due to severe drop in FFB processed in East Malaysia and El-Nino effect despite improved CPO price (RM2507 vs RM2041) and increase in FFB production in Indonesian plantation unit.

POA's cumulative sales and earning decreased 6% and 18% respectively due to the same reasons as well as lower contribution from associate (Boilermech).

- c. ILF's current quarter sales increased 9% against corresponding quarter mainly due to higher contribution from Peninsular Poultry operations and Indonesia feedmill unit. Current quarter earnings increased 17% due to better farm produced prices in Malaysia & Vietnam as well as higher contribution from Indonesia feedmill unit.

Similarly ILF's cumulative sales increased 3% against corresponding quarter due to higher contribution from Indonesia feedmill unit. Cumulative earnings increased 17% mainly due to higher contribution in Q2 from 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
	1.7.2016 to 30.9.2016	1.4.2016 to 30.6.2016		1.7.2016 to 30.9.2016	1.4.2016 to 30.6.2016	
	Sales	Sales		Profit before tax	Profit before tax	
Activities:						
Marine product manufacturing (MPM)	218,526	215,514	1%	39,114	35,031	12%
Palm Oil Activities (POA)	68,112	89,301	-24%	2,997	2,614	15%
Integrated Livestock Farming (ILF)	443,059	364,721	21%	28,600	15,150	89%
Total	729,697	669,536	9%	70,711	52,795	34%

- a. MPM's current quarter sales increased marginally against preceding quarter, however earning increased 12% against preceding quarter mainly due to overall improvement of margins.

- b. POA's current quarter sales decreased 24% against preceding quarter mainly due to lingering El-Nino effect on FFB processed in East Malaysia. Earnings however increased 15% due to higher contribution from Indonesia plantation unit.

- c. ILF's current quarter sales increased 21% against preceding quarter mainly due to improved volume of feed raw material traded. However, earnings increased significantly against preceding quarter mainly due to improved margin from feed raw material trade as well as overall improvement of farm produced prices in Peninsular Malaysia and Vietnam.

B3 Prospects for the next quarter to 31st December 2016

Barring unforeseen events, the management are confident that Q3FY17 performance will be satisfactory.

B4 Profit Forecast

No profit forecast was published during the period under review.

B5 Tax expense

	Individual quarter	Cumulative period
	3 months ended	Todate
	30.9.2016	30.9.2016
	RM'000	RM'000
Current income tax expense	13,722	23,474
Deferred tax expense	1,095	2,849
	14,817	26,323

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>		27,007
<i>HP Creditors-short term (unsecured)</i>		209
<i>Bankers' acceptance-short term (unsecured)</i>	275,865	
<i>Bankers' acceptance (Islamic)-short term (unsecured)</i>	51,213	
		<u>327,078</u>
<i>Term loans-short term (unsecured)</i>	50,537	
<i>Term loans-short term (Islamic - unsecured)</i>	21,720	
		<u>72,257</u>
<i>Revolving Credit</i>		64,501
		<u>491,052</u>

Long Term:

<i>HP Creditors-long term (unsecured)</i>		164
<i>Term loans-long term (unsecured)</i>	85,433	
<i>Term loans-long term (Islamic unsecured)</i>	298,000	
		<u>383,433</u>
		<u>383,597</u>

Total Borrowings874,649**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 30.9.2016, 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	-	2,162	-	2,162
Interest rate swap	-	-	1,136	1,136
Forward exchange contracts	-	-	383	383
	<u>-</u>	<u>2,162</u>	<u>1,519</u>	<u>3,681</u>
Financial Liabilities:				
Cross currency swap	-	-	-	-
Commodity options	-	-	-	-
Forward exchange contracts	-	-	1,134	1,134
	<u>-</u>	<u>-</u>	<u>1,134</u>	<u>1,134</u>

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 30.9.2016	Cumulative Totodate 30.9.2016
(a) Net profit attributable to ordinary shareholders(RM'000)	50,524	92,649
(b) Number of ordinary shares in issue ('000)- weighted average	1,248,029	1,248,029
Basic Earnings per share (sen)	<u>4.05</u>	<u>7.42</u>

B15 Realised and Unrealised profits

Total Retained profit of the Group:	RM'000
Realised	1,223,224
Unrealised	(78,829)
	<u>1,144,395</u>
Total Retained profit of Associates:	
Realised	61,165
	<u>1,205,560</u>
Consolidation Adjustments	(156,900)
Total Group Retained profit as per consolidated accounts	<u>1,048,660</u>