

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

INTERIM FINANCIAL REPORT FOR THE 4TH QUARTER ENDED 31.03.2017

CONDENSED CONSOLIDATED INCOME STATEMENTS FOR THE PERIOD ENDED 31.03.2017 (UNAUDITED)

|  | INDIVIDUAL QUARTER                      |           |   |           | CUMULATIVE QUARTERS                 |                                      |                          |                               |           |                               |
|--|---|-----------|---|-----------|-------------------------------------|--------------------------------------|--------------------------|-------------------------------|-----------|-------------------------------|
|  | CURRENT YEAR                            |           | PRECEDING YEAR                          |           | CURRENT YEAR                        |                                      | PRECEDING PERIOD         |                               |           |                               |
|  | 4TH QUARTER<br>1.1.2017 TO<br>31.3.2017 |           | 4TH QUARTER<br>1.1.2016 TO<br>31.3.2016 |           | TO-DATE<br>1.4.2016 TO<br>31.3.2017 |                                      | 1.4.2015 TO<br>31.3.2016 |                               |           |                               |
|  | % increase<br>against last<br>period    | RM'000    |   | RM'000    |                                     | % increase<br>against last<br>period | RM'000                   |                               | RM'000    |                               |
| Revenue                                    | 6%                                      | 813,730   |   | 770,217   |                                     | 6%                                   | 3,012,026                |                               | 2,853,924 |                               |
| Operating Profit                           | 16%                                     | 95,047    |   | 81,927    |                                     | 7%                                   | 394,509                  |                               | 368,058   |                               |
| Depreciation and amortisation              | 3%                                      | (26,181)  |   | (25,447)  |                                     | 14%                                  | (112,740)                |                               | (98,810)  |                               |
| Interest income                            | 31%                                     | 2,167     |   | 1,658     |                                     | 30%                                  | 7,360                    |                               | 5,671     |                               |
| Finance costs                              | 25%                                     | (13,090)  |   | (10,504)  |                                     | 5%                                   | (40,234)                 |                               | (38,376)  |                               |
| Share of profit of associates (net)        |   | 3,646     |   | 1,842     |                                     |                                      | 11,616                   |                               | 12,938    |                               |
| Profit Before Taxation                     | 24%                                     | 61,589    |   | 49,476    |                                     | 4%                                   | 260,511                  |                               | 249,481   |                               |
| Less: Tax expense                          |   | (13,078)  | (Effective tax rate)<br>21.2%           | (8,378)   | (Effective tax rate)<br>16.9%       |                                      | (53,691)                 | (Effective tax rate)<br>20.6% | (47,720)  | (Effective tax rate)<br>19.1% |
| Profit for the period                      | 18%                                     | 48,511    |   | 41,098    |                                     | 3%                                   | 206,820                  |                               | 201,761   |                               |
| Attributable to:                           |   |           |   |           |                                     |                                      |                          |                               |           |                               |
| Shareholders of the Company                | 24%                                     | 47,234    |   | 38,135    |                                     | 2%                                   | 195,921                  |                               | 192,079   |                               |
| Minority interests                         |   | 1,277     | 2.07%<br>(% against PBT)                | 2,963     | 5.99%<br>(% against PBT)            |                                      | 10,899                   | 4.18%<br>(% against PBT)      | 9,682     | 3.88%<br>(% against PBT)      |
| Profit for the period                      |   | 48,511    |   | 41,098    |                                     |                                      | 206,820                  |                               | 201,761   |                               |
| 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)   | 24%                                     | 3.78      |   | 3.06      |                                     | 2%                                   | 15.70                    |                               | 15.39     |                               |
| 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"

**INTERIM FINANCIAL REPORT FOR THE 4TH QUARTER ENDED 31.03.2017**

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31.3.2017 (UNAUDITED)**

|  | INDIVIDUAL QUARTER                      |   | CUMULATIVE QUARTERS                 |                                    |
|--|---|---|-------------------------------------|------------------------------------|
|  | CURRENT YEAR                            | PRECEDING YEAR                          | CURRENT YEAR                        | PRECEDING CORRESPONDING            |
|  | 4TH QUARTER<br>1.1.2017 TO<br>31.3.2017 | 4TH QUARTER<br>1.1.2016 TO<br>31.3.2016 | TO-DATE<br>1.4.2016 TO<br>31.3.2017 | PERIOD<br>1.4.2015 TO<br>31.3.2016 |
|  | RM'000                                  | RM'000                                  | RM'000                              | RM'000                             |
| <b>Profit for the period</b>   | 48,511                                  | 41,098                                  | 206,820                             | 201,761                            |
| <b>Other comprehensive income/(loss), net of tax:</b>                  |   |   |                                     |                                    |
| <b>Foreign currency translation differences for foreign operations</b> | 9,928                                   | (33,811)                                | 55,285                              | 26,393                             |
| <b>Cash Flow Hedge</b>   | 11,433                                  | 2,763                                   | 1,446                               | 575                                |
| <b>Disposal of AFS</b>   | (1,459)                                 | -                                       | (1,459)                             | (1,584)                            |
| <b>Total Comprehensive income</b>                                      | 68,413                                  | 10,050                                  | 262,092                             | 227,145                            |
| <b>Attributable to:</b>  |   |   |                                     |                                    |
| <b>Shareholders of the Company</b>                                     | 67,557                                  | 8,687                                   | 247,399                             | 218,111                            |
| <b>Minority interests</b>  | 856                                     | 1,363                                   | 14,693                              | 9,034                              |
| <b>Total Comprehensive income</b>                                      | 68,413                                  | 10,050                                  | 262,092                             | 227,145                            |

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<br>31.3.2017<br>RM'000<br>Unaudited |         | At<br>31.3.2016<br>RM'000<br>Audited |
|---|--|---------|--------------------------------------|
| <b>ASSETS</b>   |  |         |                                      |
| Property, plant and equipment                             | 1,549,427                              |         | 1,372,661                            |
| Investment properties                                     | 33,862                                 |         | 31,033                               |
| Prepaid lease payments                                    | 53,571                                 |         | 58,342                               |
| Intangible assets   | 10,492                                 |         | 7,146                                |
| Biological assets   | 151,989                                |         | 129,106                              |
| Investment in Associates                                  | 117,879                                |         | 109,079                              |
| Deferred tax asset  | 960                                    |         | 2,980                                |
| Other receivables   | 8,796                                  |         | 6,422                                |
| <b>Total non-current assets</b>                           | <b>1,926,976</b>                       |         | <b>1,716,769</b>                     |
| <b>Current Assets</b>                                     |  |         |                                      |
| Biological assets   | 108,758                                |         | 89,346                               |
| Inventories   | 405,728                                | 59 days | 375,251                              |
| Current tax assets  | 15,963                                 |         | 10,586                               |
| Trade receivables   | 307,281                                | 37 days | 277,242                              |
| Other receivables, assets and prepayment                  | 106,937                                |         | 86,012                               |
| Derivative financial assets                               | 6,894                                  |         | 4,942                                |
| Cash and cash equivalents                                 | 306,410                                |         | 249,874                              |
|   | <b>1,257,971</b>                       |         | <b>1,093,253</b>                     |
| <b>Total Assets</b>                                       | <b>3,184,947</b>                       |         | <b>2,810,022</b>                     |
| <b>EQUITY AND LIABILITIES</b>                             |  |         |                                      |
| <b>Equity</b>   |  |         |                                      |
| Share Capital   | 312,007                                |         | 312,007                              |
| Share Premium   | 308,018                                |         | 308,018                              |
| Reserves  | 1,128,545                              |         | 971,628                              |
| <b>Equity attributable to shareholders of the Company</b> | <b>1,748,570</b>                       |         | <b>1,591,653</b>                     |
| Minority interests  | 93,305                                 |         | 79,241                               |
| <b>Total Equity</b>                                       | <b>1,841,875</b>                       |         | <b>1,670,894</b>                     |
| <b>Non-current liabilities</b>                            |  |         |                                      |
| Long term borrowings (LT Debts/Total Equity)              | 311,510                                | 17%     | 303,737                              |
| Deferred income   | 2,443                                  |         | 2,304                                |
| Deferred tax liabilities                                  | 87,211                                 |         | 76,983                               |
|   | <b>401,164</b>                         |         | <b>383,024</b>                       |
| <b>Current Liabilities</b>                                |  |         |                                      |
| Short term borrowings                                     | 612,278                                |         | 469,798                              |
| Payables  | 320,028                                |         | 271,566                              |
| Derivative financial liabilities                          | 27                                     |         | 1,306                                |
| Taxation  | 9,575                                  |         | 13,434                               |
|   | <b>941,908</b>                         |         | <b>756,104</b>                       |
| <b>Total Liabilities</b>                                  | <b>1,343,072</b>                       |         | <b>1,139,128</b>                     |
| <b>Total equity and liabilities</b>                       | <b>3,184,947</b>                       |         | <b>2,810,022</b>                     |
| Net Assets per share (RM)                                 | 1.40                                   |         | 1.28                                 |
| Based on number of shares:( '000)                         | <b>1,248,029</b>                       |         | <b>1,248,029</b>                     |

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 4TH QUARTER ENDED 31.3.2017**

**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31ST MARCH 2017**

|   | ←-----Non-Distributable-----→ |                |                 |                 |                       | Exchange<br>Translation<br>Reserve | Distributable<br>Retained Profit | Attributable to<br>shareholders of<br>the Company | Non-controlling<br>interests | Total Equity     |
|---|-------------------------------|----------------|-----------------|-----------------|-----------------------|------------------------------------|----------------------------------|---|------------------------------|------------------|
|   | Share Capital                 | Share Premium  | Treasury Shares | Hedging reserve | Fair Value<br>Reserve |                                    |                                  |   |                              |                  |
|   | RM'000                        | RM'000         | RM'000          | RM'000          | RM'000                | RM'000                             | RM'000                           | RM'000  | RM'000                       | RM'000           |
| <b>12 months ended 31.3.17</b>                                      |                               |                |                 |                 |                       |                                    |                                  |   |                              |                  |
| At 1.4.2016   | 312,007                       | 308,018        | -               | (2,028)         | -                     | (35,084)                           | 1,008,740                        | <b>1,591,653</b>                                  | 79,241                       | <b>1,670,894</b> |
| Cash flow hedge   | -                             | -              | -               | 3,054           | -                     | -                                  | -                                | <b>3,054</b>                                      | -                            | <b>3,054</b>     |
| AFS   | -                             | -              | -               | -               | (1,459)               | -                                  | -                                | <b>(1,459)</b>                                    | -                            | <b>(1,459)</b>   |
| Share on loss of equity-accounted associates                        | -                             | -              | -               | (1,608)         | -                     | -                                  | -                                | <b>(1,608)</b>                                    | -                            | <b>(1,608)</b>   |
| Foreign currency translation differences<br>for foreign operations  | -                             | -              | -               | -               | -                     | 52,670                             | (1,179)                          | <b>51,491</b>                                     | 3,794                        | <b>55,285</b>    |
| Profit for the year   | -                             | -              | -               | 1,446           | 1,459                 | 52,670                             | (1,179)                          | <b>51,478</b>                                     | 3,794                        | <b>55,272</b>    |
|   | -                             | -              | -               | -               | -                     | -                                  | 195,921                          | <b>195,921</b>                                    | 10,899                       | <b>206,820</b>   |
| Total comprehensive income for the period                           | -                             | -              | -               | 1,446           | (1,459)               | 52,670                             | 194,742                          | <b>247,399</b>                                    | 14,693                       | <b>262,092</b>   |
| Subscription of shares in a subsidiary by non-controlling interests | -                             | -              | -               | -               | -                     | -                                  | -                                | -   | 4,150                        | <b>4,150</b>     |
| Expenses incurred for issuance of shares                            | -                             | -              | -               | -               | -                     | -                                  | -                                | -   | -                            | -                |
| Dividends paid to owners of the Company                             | -                             | -              | -               | -               | -                     | -                                  | (53,041)                         | <b>(53,041)</b>                                   | -                            | <b>(53,041)</b>  |
| Special dividends payable to owners of the Company                  | -                             | -              | -               | -               | -                     | -                                  | (37,441)                         | <b>(37,441)</b>                                   | -                            | <b>(37,441)</b>  |
| Dividends paid to non-controlling interest                          | -                             | -              | -               | -               | -                     | -                                  | -                                | -   | (4,779)                      | <b>(4,779)</b>   |
| <b>At 31.3.2017</b>   | <b>312,007</b>                | <b>308,018</b> | <b>-</b>        | <b>(582)</b>    | <b>(1,459)</b>        | <b>17,586</b>                      | <b>1,113,000</b>                 | <b>1,786,011</b>                                  | <b>93,305</b>                | <b>1,841,875</b> |

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.

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**INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31.03.2017**

**CONDENSED CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD ENDED 31ST MARCH 2017**

|   | <b>12 months<br/>ended<br/>31.03.2017<br/>RM'000</b> | <b>12 months<br/>ended<br/>31.03.2016<br/>RM'000</b> |
|---|--|--|
| Profit before tax                         | 260,511  | 249,481  |
| Adjustments for:                          |  |  |
| Depreciation & amortisation               | 112,740  | 98,810   |
| (Increase)/Decrease in working capital    | (49,803)   | (56,292)   |
| Income tax paid                           | (48,841)   | (50,274)   |
| Others                                    | 61,642   | 9,650  |
| Net cash from operating activities        | 336,249  | 251,375  |
| Purchase of fixed assets                  | (287,564)  | (243,247)  |
| Proceed on disposal of investment         | -  | 60,590   |
| Others                                    | (3,959)  | 11,671   |
| Net cash used in investing activities     | (291,523)  | (170,986)  |
| Net borrowings                            | 65,479   | 31,607   |
| Dividend paid to minority interest        | (4,778)  | (4,715)  |
| Dividend paid to shareholders             | (53,041)   | (53,041)   |
| Others                                    | 4,150  | 955  |
| Net cash from financing activities        | 11,810   | (25,194)   |
| Net increase in cash and cash equivalents | 56,536   | 55,195   |
| Cash and cash equivalents at 1.4.2016     | 249,874  | 175,191  |
| Cash and cash equivalents at 31.3.2017    | 306,410  | 230,386  |

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)  
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**INTERIM FINANCIAL REPORT FOR THE 4TH QUARTER ENDED 31.3.2017**

**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 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 quarter under review.

**A7. Segmental Information**

Segment information in respect of the Group's business segments for the 4th quarter ended 31.3.2017

|                               | RM'000         | RM'000        |
|-------------------------------|----------------|---------------|
|                               | Sales          | PBT           |
| Marine products manufacturing | 212,984        | 24,372        |
| Palm Oil Activities           | 104,510        | 11,949        |
| Integrated Livestock Farming  | 496,236        | 25,268        |
| Total                         | <u>813,730</u> | <u>61,589</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.

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 |
|------------------------------------|-----------------------|---------------------------------|----------|-----------------------|---|----------|
|                                    | 1.1.2017 to 31.3.2017 | 1.1.2016 to 31.3.2016           |          | 1.4.2016 to 31.3.2017 | 1.4.2015 to 31.3.2016                       |          |
|                                    | Sales                 | Sales                           |          | Sales                 | Sales                                       |          |
|                                    | RM'000                | RM'000                          |          | RM'000                | RM'000                                      |          |
| Marine product manufacturing (MPM) | 212,984               | 213,402                         | -0.2%    | 877,098               | 840,881                                     | 4%       |
| Palm Oil Activities (POA)          | 104,510               | 71,974                          | 45%      | 351,852               | 308,064                                     | 14%      |
| Integrated Livestock Farming (ILF) | 496,236               | 484,841                         | 2%       | 1,783,076             | 1,704,979                                   | 5%       |
| Total                              | 813,730               | 770,217                         | 6%       | 3,012,026             | 2,853,924                                   | 6%       |
|                                    | 1.1.2017 to 31.3.2017 | 1.1.2016 to 31.3.2016           |          | 1.4.2016 to 31.3.2017 | 1.4.2015 to 31.3.2016                       |          |
|                                    | Profit before tax     | Profit before tax               |          | Profit before tax     | Profit before tax                           |          |
|                                    | RM'000                | RM'000                          |          | RM'000                | RM'000                                      |          |
| Marine product manufacturing (MPM) | 24,372                | 38,338                          | -36%     | 144,514               | 166,843                                     | -13%     |
| Palm Oil Activities (POA)          | 11,949                | 298                             | 3910%    | 27,653                | 11,625                                      | 138%     |
| Integrated Livestock Farming (ILF) | 25,268                | 10,840                          | 133%     | 88,344                | 71,013                                      | 24%      |
| Total                              | 61,589                | 49,476                          | 24%      | 260,511               | 249,481                                     | 4%       |

- a. For the quarter and year under review, the MPM divisions was affected by lower contribution from surimi and fishmeal operations due to overall lower fish catch.

As a consequence, MPM's current quarter sales decreased marginally and earnings decreased 36% against corresponding quarter. Although cumulative sales increased 4% but earnings decreased 13% against corresponding period respectively.

- b. POA's current quarter sales increased 45% against corresponding quarter mainly due to higher CPO price and volume of FFB processed by Indonesian plantation unit. (CPO price: RM3,129 current qtr vs RM2,321 corresponding qtr)

POA's current quarter earnings increased significantly due to:

- i) higher contribution (higher volume of FFB produced & processed) from both Indonesian & Sabah unit's oil palm operations and;  
ii) higher CPO price.

POA's cumulative sales increased 14% mainly due to higher CPO price as well as higher FFB processed by Indonesian unit oil palm operations. Cumulative earnings increased 138% due to the same reasons.

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

- i) continuing poor farm productivity of Indonesian poultry units,  
ii) major egg price correction in Q3 & Q4 in Peninsular market due to over production by domestic egg players,  
iii) better contribution from Vietnam poultry unit and Indonesian feedmill unit.  
iv) gain on disposal of investment properties in Q4.

As a results, current quarter sales increased 2% and current quarter earnings increased significantly against corresponding period, while cumulative sales and earnings increased 5% and 24% respectively against corresponding period.

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

|                                    | Current quarter       | Preceding quarter       | % change | Current quarter       | Preceding quarter       | % change |
|------------------------------------|-----------------------|-------------------------|----------|-----------------------|-------------------------|----------|
|                                    | 1.1.2017 to 31.3.2017 | 1.10.2016 to 31.12.2016 |          | 1.1.2017 to 31.3.2017 | 1.10.2016 to 31.12.2016 |          |
|                                    | Sales                 | Sales                   |          | Profit before tax     | Profit before tax       |          |
| Activities:                        |                       |                         |          |                       |                         |          |
| Marine product manufacturing (MPM) | 212,984               | 230,074                 | -7%      | 24,372                | 45,998                  | -47%     |
| Palm Oil Activities (POA)          | 104,510               | 89,929                  | 16%      | 11,949                | 10,093                  | 18%      |
| Integrated Livestock Farming (ILF) | 496,236               | 479,060                 | 4%       | 25,268                | 19,325                  | 31%      |
| Total                              | 813,730               | 799,063                 | 2%       | 61,589                | 75,416                  | -18%     |

- a. MPM's current quarter sales only decreased 7% against preceding quarter due to seasonal factor. Earnings decreased 47% against preceding quarter due to the same reason.
- b. POA's current quarter sales increased 16% against preceding quarter due to higher CPO price (RM3129 in Q4) vs (RM2867 in Q3). Earnings increased 18% due to higher CPO price as well as higher volume of FFB processed in Q4.
- c. ILF's current quarter sales increased 4% against preceding quarter was mainly due to higher contribution from Indonesian feedmill unit. Earnings increased 31% against preceding quarter mainly due to gain on disposal of investment properties.

**B3 Prospects for the next quarter to 30th June 2017**

Barring unforeseen events, the management are confident that Q1FY18 performance will continue to 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 31.3.2017 | To date 31.3.2017 |
|                            | RM'000                   | RM'000            |
| Current income tax expense | 10,174                   | 44,364            |
| Deferred tax expense       | 2,904                    | 9,327             |
|                            | 13,078                   | 53,691            |

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

During the quarter under review, QL announced a special once-off 3.0 sen interim dividend and proposed a 30% (3 for 10) bonus issue in celebration of the group's 30th anniversary. The entitlement date and payment date for the dividend was 15 March 2017 and 14 April 2017 respectively. The proposed bonus issue is subject to approval of relevant authorities as well as approval from shareholders at the coming Annual General Meeting on 25th August 2017.

## B9 Group Borrowings

|  |         | RM'000  |
|--|---------|---------|
| <b>Short term:</b>                                   |         |         |
| Bank overdraft-short term (unsecured)                |         | 25,327  |
| HP Creditors-short term (unsecured)                  |         | 120     |
| Bankers' acceptance-short term (unsecured)           | 246,167 |         |
| Bankers' acceptance (Islamic)-short term (unsecured) | 63,890  |         |
|  |         | 310,057 |
| Term loans-short term (unsecured)                    | 93,360  |         |
| Term loans-short term (Islamic - unsecured)          | 69,500  |         |
|  |         | 162,860 |
| Revolving Credit                                     |         | 113,914 |
|  |         | 612,278 |
| <b>Long Term:</b>                                    |         |         |
| HP Creditors-long term (unsecured)                   |         | 193     |
| Term loans-long term (unsecured)                     | 107,317 |         |
| Term loans-long term (Islamic unsecured)             | 204,000 |         |
|  |         | 311,317 |
|  |         | 311,510 |
| <b>Total Borrowings</b>                              |         | 923,788 |

## 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 31.03.2017, the Group held the following financial assets or liabilities that are measured at fair value:

|                               | Level 1 | Level 2 | Level 3 | Total   |
|-------------------------------|---------|---------|---------|---------|
|                               | RM'000  | RM'000  | RM'000  | RM'000  |
| <b>Financial Assets:</b>      |         |         |         |         |
| Cross currency swap           | -       | 3,048   | -       | 3,048   |
| Interest rate swap            | -       | -       | 251     | 251     |
| Forward exchange contracts    | -       | -       | 6       | 6       |
|                               | -       | 3,048   | 257     | 3,305   |
| <b>Financial Liabilities:</b> |         |         |         |         |
| Forward exchange contracts    | -       | -       | (1,834) | (1,834) |
|                               | -       | -       | (1,834) | (1,834) |

## B11 Changes in Material Litigation

There were no 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 31.3.2017 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<br>31.03.2017 | Cumulative<br>Todate<br>31.03.2017 |
|--|-------------------------------------|------------------------------------|
| (a) Net profit attributable to ordinary shareholders(RM'000)       | 47,234                              | 195,921                            |
| (b) Number of ordinary shares in issue ('000)-<br>weighted average | 1,248,029                           | 1,248,029                          |
| Basic Earnings per share (sen)                                     | 3.78                                | 15.70                              |

## B15 Realised and Unrealised profits

|  | RM'000    |
|--|-----------|
| Total Retained profit of the Group:                      |           |
| Realised   | 1,238,828 |
| Unrealised   | (86,251)  |
|  | 1,152,577 |
| Total Retained profit of Associates:                     |           |
| Realised   | 64,170    |
|  | 1,216,747 |
| Consolidation Adjustments                                | (103,747) |
| Total Group Retained profit as per consolidated accounts | 1,113,000 |