

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

INTERIM FINANCIAL REPORT FOR THE 3RD QUARTER ENDED 31.12.2015

CONDENSED CONSOLIDATED INCOME STATEMENTS FOR THE PERIOD ENDED 31.12.2015 (UNAUDITED)

	INDIVIDUAL QUARTER				CUMULATIVE QUARTERS			
	CURRENT YEAR		PRECEDING YEAR		CURRENT YEAR		PRECEDING CORRESPONDING PERIOD	
	3RD QUARTER 1.10.2015 to 31.12.2015		3RD QUARTER 1.10.2014 to 31.12.2014		TO-DATE 1.4.2015 to 31.12.2015		PERIOD 1.4.2014 to 31.12.2014	
	RM'000		RM'000		RM'000		RM'000	
Revenue	1%	738,002	732,822	2%	2,083,707	2,042,919		
Operating Profit	6%	106,144	100,004	12%	286,131	254,615		
Depreciation and amortisation	7%	(23,014)	(21,435)	16%	(73,363)	(63,212)		
Interest income	-6%	1,318	1,402	-9%	4,013	4,409		
Finance costs	-11%	(10,042)	(11,265)	8%	(27,872)	(25,797)		
Share of profit of associates (net)		2,137	5,904		11,096	17,185		
Profit Before Taxation	3%	76,543	74,610	7%	200,005	187,200		
Less: Tax expense		(12,431)	(15,295)		(39,342)	(38,536)		
		(Effective tax rate)	(Effective tax rate)		(Effective tax rate)	(Effective tax rate)		
		16.2%	20.5%		19.7%	20.6%		
Profit for the period	8%	64,112	59,315	8%	160,663	148,664		
Attributable to:								
Shareholders of the Company	4%	57,857	55,619	7%	153,944	143,847		
Minority interests		6,255	3,696		6,719	4,817		
		(% against PBT)	(% against PBT)		(% against PBT)	(% against PBT)		
		8.17%	4.95%		3.36%	2.57%		
Profit for the period	8%	64,112	59,315	8%	160,663	148,664		
Number of shares in issue ('000)		1,248,029	1,248,029		1,248,029	1,236,306		
Earnings per share:								
Basic earnings per ordinary shares (sen)	4%	4.64	4.46	6%	12.33	11.64		
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 3RD QUARTER ENDED 31.12.2015

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31.12.2015 (UNAUDITED)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTERS	
	CURRENT YEAR	PRECEDING YEAR	CURRENT YEAR	PRECEDING CORRESPONDING PERIOD
	3RD QUARTER 1.10.2015 to 31.12.2015	3RD QUARTER 1.10.2014 to 31.12.2014	TO-DATE 1.4.2015 to 31.12.2015	1.4.2014 to 31.12.2014
	RM'000	RM'000	RM'000	RM'000
Profit for the period	64,112	59,315	160,663	148,664
Other comprehensive income/(loss), net of tax:				
Foreign currency translation differences for foreign operations	22,319	22,914	60,204	(9,710)
Cash Flow Hedge	1,127	(151)	(2,188)	(538)
Disposal of AFS Investment	-	-	(1,584)	-
Total Comprehensive income	87,558	82,078	217,095	138,416
Attributable to:				
Shareholders of the Company	79,455	79,810	209,424	135,028
Minority interests	8,102	2,268	7,671	3,388
Total Comprehensive income	87,558	82,078	217,095	138,416

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)
(Incorporated in Malaysia)

QUARTERLY REPORT

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	At 31.12.2015 RM'000 Unaudited	At 31.3.2015 RM'000 Audited
ASSETS		
Property, plant and equipment	1,342,549	1,239,388
Intangible assets	6,350	6,266
Biological assets	133,343	117,014
Prepaid lease payments	55,784	57,508
Investment properties	29,871	29,151
Investment in Associates	100,410	94,661
Other investment	705	61,560
Deferred tax asset	860	1,082
Other receivables	6,404	5,190
Total non-current assets	1,676,276	1,611,820
Current Assets		
Inventories 69 days	427,527	55 days 334,608
Biological assets	95,741	88,899
Trade receivables 37 days	288,032	31 days 231,655
Other receivables, assets and prepayment	131,136	107,640
Current tax assets	9,501	5,223
Derivative financial assets	-	4,690
Cash and cash equivalents	255,402	200,733
	1,207,339	973,448
Total Assets	2,883,615	2,585,268
EQUITY AND LIABILITIES		
Equity		
Share Capital	312,007	312,007
Share Premium	308,018	308,018
Reserves	962,929	806,558
Equity attributable to shareholders of the Company	1,582,954	1,426,583
Minority interests	79,334	72,867
Total Equity	1,662,288	1,499,450
Non-current liabilities		
Long term borrowings (LT Debts/Total Equity) 21%	342,630	22% 326,028
Deferred income	1,567	1,666
Deferred tax liabilities	75,517	72,058
Payables	2,545	-
	422,259	399,752
Current Liabilities		
Payables	312,547	238,302
Derivative financial liabilities	-	3,149
Short term borrowings	474,773	430,963
Taxation	11,748	13,652
	799,068	686,066
Total Liabilities	1,221,327	1,085,818
Total equity and liabilities	2,883,615	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 3RD QUARTER ENDED 31.12.2015

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31ST DECEMBER 2015

	←-----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
9 months ended 31.12.2015										
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				(2,196)				(2,196)	8	(2,188)
Available-For-Sale Investment					(1,584)			(1,584)		(1,584)
Foreign currency translation differences for foreign operations						59,259		59,259	944	60,203
	-	-	-	(2,196)	1,584	59,259	-	55,479	952	56,431
Profit for the year							153,944	153,944	6,719	160,663
Total comprehensive income for the period	-	-	-	(2,196)	(1,584)	59,259	153,944	209,423	7,671	217,094
Issue of share capital during the year								-	250	250
Dividend paid							(53,041)	(53,041)	(3,258)	(56,299)
Acquisition by non-controlling interests								-	704	704
Acquisition via business combination								-	1,100	1,100
Changes in ownership interest in a subsidiary							(11)	(11)		(11)
At 31.12.2015	312,007	308,018	-	(4,799)	-	(2,866)	970,594	1,582,954	79,334	1,662,288

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.

QL RESOURCES BERHAD (428915-X)
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INTERIM FINANCIAL REPORT FOR THE 3RD QUARTER ENDED 31.12.2015

CONDENSED CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD ENDED 31ST DECEMBER 2015

	3rd quarter ended 31.12.2015 RM'000	3rd quarter ended 31.12.2014 RM'000
Profit before tax	200,005	187,200
Adjustments for:		
Depreciation & amortisation	73,363	63,212
(Increase)/Decrease in working capital	(88,642)	(64,763)
Income tax paid	(34,562)	(29,900)
Others	42,920	(18,995)
Net cash from operating activities	193,084	136,754
Purchase of fixed assets	(174,650)	(183,013)
Proceed from disposal of asset held for sales	60,590	-
Others	1,828	(27,181)
Net cash used in investing activities	(112,232)	(210,194)
Net borrowings	37,532	70,026
Dividend paid to Minority interest	(3,258)	(3,195)
Dividend paid to Shareholders	(53,041)	(43,681)
Others	-	-
Net cash from financing activities	(18,767)	23,150
Net increase in cash and cash equivalents	62,085	(50,290)
Cash and cash equivalents at 1.4.2015	175,191	253,157
Cash and cash equivalents at 31.12.2015	237,276	202,867

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.

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 3rd quarter ended 31.12.2015

	RM'000	RM'000
	Sales	PBT
Marine products manufacturing	234,115	49,343
Palm Oil Activities	68,785	4,469
Integrated Livestock Farming	435,102	22,731
Total	<u>738,002</u>	<u>76,543</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 3RD QUARTER ENDED 31.12.2015

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
	1.10.2015 to 31.12.2015	1.10.2014 to 31.12.2014		1.4.2015 to 31.12.2015	1.4.2014 to 31.12.2014	
	Sales	Sales		Sales	Sales	
	RM'000	RM'000		RM'000	RM'000	
Marine product manufacturing (MPM)	234,115	197,253	19%	627,479	540,643	16%
Palm Oil Activities (POA)	68,785	85,164	-19%	236,090	272,719	-13%
Integrated Livestock Farming (ILF)	435,102	450,405	-3%	1,220,138	1,229,557	-1%
Total	738,002	732,822	1%	2,083,707	2,042,919	2%
	1.10.2015 to 31.12.2015	1.10.2014 to 31.12.2014		1.4.2015 to 31.12.2015	1.4.2014 to 31.12.2014	
	Profit before tax	Profit before tax		Profit before tax	Profit before tax	
	RM'000	RM'000		RM'000	RM'000	
Marine product manufacturing (MPM)	49,343	39,842	24%	128,505	98,521	30%
Palm Oil Activities (POA)	4,469	4,167	7%	11,327	13,807	-18%
Integrated Livestock Farming (ILF)	22,731	30,601	-26%	60,173	74,872	-20%
Total	76,543	74,610	3%	200,005	187,200	7%

a. For the quarter and period under review, the MPM divisions benefited from the following factors:

- i) increase in export of fishery products due to weaker Ringgit;
- ii) lower commodity price (Crude Oil) helps to reduce operating costs;
- iii) EL Nino weather effect generally improves fish catch in warm water countries such as Malaysia.

As a consequence;

MPM's current quarter sales and earnings increased 19% and 24% respectively against corresponding quarter. Cumulative sales and earnings increased 16% and 30% respectively against corresponding period.

b. POA's current quarter sales decreased 19% against corresponding quarter mainly due to lower CPO price and unsold CPO stocks.

(CPO price: RM2,094 current qtr vs RM2,142 corresponding qtr)

POA's current quarter earnings however increased 7% due to higher contribution (higher FFB produced & processed) from Indonesia unit's oil palm operations.

POA's cumulative sales decreased 13% mainly due to lower CPO price as well as unsold CPO stock at month end.

Cumulative earnings decreased 18% due to lower profit from Associate (Boilermech) as well as lower CPO price.

For the quarter and period under review, the POA divisions was adversely affected by the following factors:

- i) weak commodity prices such as soya bean oil is negative for CPO prices;
- ii) EL Nino weather reduces FFB production;

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

- i) EL Nino hot weather affect farm productivity (heat stress) although this is mitigated by having closed house farms;
- ii) the impact of weak Ringgit on egg farming cost however is mitigated by drop in international feed raw material prices;

iii) major egg price correction in Peninsular market after strong egg price in previous corresponding period .

As a consequence;

ILF's current quarter sales and earnings decreased 3% and 26% respectively against corresponding quarter.

Cumulative sales and earnings decreased 1% and 20% respectively against corresponding period.

B2 Review of current quarter performance with the preceding quarter.

	Current quarter	Preceding quarter	% change	Current quarter	Preceding quarter	% change
	1.10.2015 to	1.7.2015 to		1.10.2015 to	1.7.2015 to	
	31.12.2015	30.9.2015		31.12.2015	30.9.2015	
	Sales	Sales		Profit before tax	Profit before tax	
Activities:						
Marine product manufacturing (MPM)	234,115	206,902	13%	49,343	42,701	16%
Palm Oil Activities (POA)	68,785	77,355	-11%	4,469	3,556	26%
Integrated Livestock Farming (ILF)	435,102	406,152	7%	22,731	24,415	-7%
Total	738,002	690,409	7%	76,543	70,672	8%

- a. MPM's current quarter sales increased 13% due to seasonal factors.
Earnings increased 16% against preceding quarter due to the same reasons.
- b. Despite CPO price increase (RM2094 in Q3) vs RM2041 in Q2), POA's current quarter sales decreased 11% against preceding quarter due to lower FFB processed by Sabah unit's oil palm operation as well as unsold CPO stocks at month end.
Earnings increased 26% due to higher CPO price as well as higher FFB produced and processed by Indonesian unit's CPO mills.
- c. ILF's current quarter sales increased 7% against preceding quarter was mainly due to higher volume of raw materials traded and higher contribution from Indonesian feedmill unit.
Earnings decreased 7% against preceding quarter mainly due to lower margin from feed raw material trade.

B3 Commentary on Prospects for the year ending 31 March 2016

Barring unforeseen events, our management remains cautiously optimistic on FY16 performance under current business operating environment.

B4 Profit Forecast

No profit forecast was published during the period under review.

B5 Tax expense

Current income tax expense
Real Property Gain Tax
Deferred tax expense

Cumulative period

Todate	
31.12.2015	
RM'000	
	34,487
	20
	4,835
	39,342

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

B6 Unquoted investments and properties

There were no material disposal of unquoted investments and/or properties during quarter under review.

B7 Quoted Investments

There were no sales or purchase of quoted investment for the quarter under review.

B8 Corporate Proposals

There were no corporate proposals announced during the period under review.

B9 Group Borrowings

Short term:

RM'000

<i>Bank overdraft-short term (unsecured)</i>	18,126
<i>HP Creditors-short term (unsecured)</i>	185
<i>Bankers' acceptance-short term (unsecured)</i>	
- Islamic	71,003
- Non-islamic	241,822
<i>Term loans-short term (unsecured)</i>	
- Islamic	47,475
- Non-islamic	63,162
<i>Revolving credit</i>	33,000
	474,773
Long Term:	
<i>HP Creditors-long term (unsecured)</i>	548
<i>Term loans-long term (unsecured)</i>	
- Islamic	165,599
- Non-islamic	176,483
	342,630
Total Borrowings	817,403

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 31.12.2015, 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
Financial Assets:				
Forward exchange contracts	-	416	-	416
Cross currency swap	-	-	6,788	6,788
Interest rate swap	-	-	(7)	(7)
	-	416	6,781	7,197
Financial Liabilities:				
Forward exchange contracts	-	(296)	-	(296)
Currency option	-	-	(51)	(51)
	-	(296)	(51)	(347)

There are no changes to policies related to financial instruments since last financial year.

B11 Changes in Material Litigation

There were no changes in material litigation at the date of this report.

B12 Dividend declared

The directors do not recommend any dividend for the period under review.

B13 Earnings Per Share

The calculations of basic earnings per share were as follows:

	Current quarter ended	Cumulative To date
	31.12.2015	31.12.2015
(a) Net profit attributable to ordinary shareholders(RM'000)	<u>57,857</u>	<u>153,944</u>
Number of ordinary shares in issue ('000)-		
(b) weighted average	<u>1,248,029</u>	<u>1,248,029</u>
Basic Earnings per share (sen)	<u>4.64</u>	<u>12.33</u>

B14 Realised and Unrealised profits

Total Retained profit of the Company & its subsidiaries	RM'000
Realised	1,147,812
Unrealised	<u>(74,657)</u>
	1,073,155
Total Retained profit of Associates	
Realised	<u>47,291</u>
	1,120,446
Consolidation Adjustments	<u>(149,852)</u>
Total Group Retained profit as per consolidated accounts	<u><u>970,594</u></u>