

INTERIM FINANCIAL REPORT FOR THE 4TH QUARTER ENDED 31.3.2018

CONDENSED CONSOLIDATED INCOME STATEMENTS FOR THE PERIOD ENDED 31.3.2018 (UNAUDITED)

Table 1: Financial review for current quarter and financial year to date

	INDIVIDUAL QUARTER				CUMULATIVE QUARTERS			
	CURRENT YEAR		PRECEDING YEAR		CURRENT YEAR		PRECEDING CORRESPONDING PERIOD	
	4TH QUARTER 1.1.2018 to 31.3.2018		4TH QUARTER 1.1.2017 to 31.3.2017		TO-DATE 1.4.2017 to 31.3.2018		PERIOD 1.4.2016 to 31.3.2017	
	% increase against last period	RM'000		% increase against last period	RM'000		RM'000	
Revenue	-4%	784,427	813,730	8%	3,263,830		3,012,026	
Operating Profit	-4%	91,745	95,097	3%	404,742		394,559	
Depreciation and amortisation	25%	(32,840)	(26,231)	11%	(124,633)		(112,790)	
Interest income	-13%	1,886	2,167	7%	7,881		7,360	
Finance costs	-36%	(8,336)	(13,090)	7%	(43,047)		(40,234)	
Share of profit of associates (net)		3,438	3,646		10,378		11,616	
Profit Before Taxation	-9%	55,893	61,589	-2.0%	255,321		260,511	
Less: Tax expense		(9,795)	(13,078)		(39,639)	(Effective tax rate) 17.5%	(53,691)	(Effective tax rate) 20.6%
Profit for the period	-5%	46,098	48,511	4%	215,682		206,820	
Attributable to:								
Shareholders of the Company	-2%	46,364	47,234	5%	206,236		195,921	
Minority interests		(266)	1,277		9,446	3.70% (% against PBT)	10,899	4.18% (% against PBT)
Profit for the period		46,098	48,511		215,682		206,820	
Number of shares in issue ('000)		1,622,438	1,622,438		1,622,438		1,622,438	
Earnings per share:								
Basic earnings per ordinary shares (sen)	-2%	2.86	2.91	5%	12.71		12.08	
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 2017 and the accompanying explanatory notes attached to this interim financial statements.

Note: NA denotes "Not Applicable"

INTERIM FINANCIAL REPORT FOR THE 4TH QUARTER ENDED 31.3.2018

CONDENSED CONSOLIDATED INCOME STATEMENTS FOR THE PERIOD ENDED 31.3.2018 (UNAUDITED)

Table 2: Financial review for current quarter compared with immediate preceding quarter

		CURRENT QUARTER		PRECEDING QUARTER
	% increase/(decrease) against preceding period	4TH QUARTER 1.1.2018 to 31.3.2018		3RD QUARTER 1.10.2017 to 31.12.2017
		RM'000		RM'000
Revenue	-12%	784,427		892,018
Operating Profit	-20%	91,745		115,203
Depreciation and amortisation	8%	(32,840)		(30,362)
Interest income	-27%	1,886		2,596
Finance costs	-31%	(8,336)		(12,058)
Share of profit of associates (net)		3,438		2,439
Profit Before Taxation	-28%	55,893		77,818
Less: Tax expense		(9,795)	(Effective tax rate) 17.5%	(14,721)
Profit for the period	-27%	46,098		63,097
Attributable to:				
Shareholders of the Company	-20%	46,364		57,855
Minority interests		(266)	-0.48% (% against PBT)	5,242
Profit for the period		46,098		63,097
Number of shares in issue ('000)		1,622,438		1,622,438
Earnings per share:				
Basic earnings per ordinary shares (sen)	-20%	2.86		3.57
Diluted earnings per ordinary shares (sen)		NA		NA

The Condensed Consolidated Income Statements should be read in conjunction with the Annual Financial Statements for year ended 31 March 2017 and the accompanying explanatory notes attached to this interim financial statements.

INTERIM FINANCIAL REPORT FOR THE 4TH QUARTER ENDED 31.3.2018

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31.3.2018 (UNAUDITED)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTERS	
	CURRENT YEAR	PRECEDING YEAR	CURRENT YEAR	PRECEDING CORRESPONDING
	4TH QUARTER 1.1.2018 to 31.3.2018	4TH QUARTER 1.1.2017 to 31.3.2017	TO-DATE 1.4.2017 to 31.3.2018	PERIOD 1.4.2016 to 31.3.2017
	RM'000	RM'000	RM'000	RM'000
Profit for the period	46,098	48,511	215,682	206,820
Other comprehensive income/(loss), net of tax:				
Foreign currency translation differences for foreign operations	(46,987)	9,926	(113,154)	55,283
Fair value of available-for-sale financial assets	(544)	-	(603)	-
Share of gain/(loss) of equity-accounted associates	1,300	(3,330)	3,672	(3,330)
Cash Flow Hedge	16,323	13,042	(953)	3,055
Total Comprehensive income	16,190	68,149	104,644	261,828
Attributable to:				
Shareholders of the Company	24,482	67,293	109,573	247,135
Minority interests	(8,292)	856	(4,929)	14,693
Total Comprehensive income	16,190	68,149	104,644	261,828

The Condensed Consolidated Statement of Comprehensive Income Statements should be read in conjunction with the Annual Financial Statements for year ended 31 March 2017 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 4TH QUARTER ENDED 31.3.2018

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	At 31.3.2018 RM'000 Unaudited	At 31.3.2017 RM'000 Audited
ASSETS		
Property, plant and equipment	1,702,420	1,559,805
Investment properties	28,339	23,671
Prepaid lease payments	54,798	57,778
Intangible assets	10,617	11,068
Biological assets	133,680	151,989
Investment in associates	131,258	116,156
Deferred tax assets	3,234	799
Other receivables	7,690	8,056
Total non-current assets	2,072,036	1,929,322
Current Assets		
Biological assets	133,213	108,758
Inventories	53 days 376,289	60 days 405,728
Current tax assets	21,962	15,963
Trade receivables	35 days 310,048	37 days 307,280
Other receivables, assets and prepayment	102,797	98,965
Derivative financial assets	242	6,894
Cash and cash equivalents	303,988	306,907
Assets classified as held for sale	7,043	110
	1,255,582	1,250,605
Total Assets	3,327,618	3,179,927
EQUITY AND LIABILITIES		
Equity		
Share capital	620,025	620,025
Reserves	1,184,813	1,128,281
Equity attributable to shareholders of the Company	1,804,838	1,748,306
Minority interests	86,190	93,305
Total Equity	1,891,028	1,841,611
Non-current liabilities		
Long term borrowings (LT Debts/Total Equity)	29% 548,052	19% 344,076
Payables	241	-
Employee benefits	6,282	4,483
Deferred tax liabilities	89,631	87,050
	644,206	435,609
Current Liabilities		
Short term-bankers acceptance	214,469	283,752
Other short term borrowings	231,979	295,959
Payables	306,721	313,394
Derivative financial liabilities	33,782	27
Taxation	5,433	9,575
	792,384	902,707
Total Liabilities	1,436,590	1,338,316
Total equity and liabilities	3,327,618	3,179,927
Net Assets per share (RM) Based on number of shares:('000)	1.11 1,622,438	1.08 1,622,438

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Statements for year ended 31 March 2017 and the accompanying explanatory notes attached to the interim financial statements.

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

INTERIM FINANCIAL REPORT FOR THE 4TH QUARTER ENDED 31.3.2018

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31.3.2018

	<-----Non-Distributable----->				Distributable			
	Share capital	Translation reserves	Fair value reserves	Hedging reserve	Retained Profit	Attributable to shareholders of the Company	Non-controlling interests	Total Equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
12 months ended 31.3.2018								
At 1.4.2017	620,025	16,405	-	(2,303)	1,114,179	1,748,306	93,305	1,841,611
Foreign currency translation differences for foreign operations	-	(98,779)	-	-	-	(98,779)	(14,375)	(113,154)
Fair value of available-for-sale financial assets	-	-	(603)	-	-	(603)	-	(603)
Share on gain of equity-accounted associates	-	-	-	3,672	-	3,672	-	3,672
Cash flow hedge	-	-	-	(953)	-	(953)	-	(953)
Profit for the year	-	(98,779)	(603)	2,719	-	(96,663)	(14,375)	(111,038)
Total comprehensive income for the period	-	(98,779)	(603)	2,719	206,236	109,573	(4,929)	104,644
Dividends to owners of the Company	-	-	-	-	(53,041)	(53,041)	-	(53,041)
Dividends paid to non-controlling interest	-	-	-	-	-	-	(2,186)	(2,186)
At 31.3.2018	620,025	(82,374)	(603)	416	1,267,374	1,804,838	86,190	1,891,028

The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the Annual Financial Report for year ended 31 March 2017 and the accompanying explanatory notes attached to the interim financial statements.

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

INTERIM FINANCIAL REPORT FOR THE 4TH QUARTER ENDED 31.3.2018

CONDENSED CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD ENDED 31.3.2018

	4th quarter ended 31.3.2018 RM'000	4th quarter ended 31.3.2017 RM'000
Profit before tax	255,321	260,511
Adjustments for:		
Depreciation & amortisation	124,633	112,790
(Increase)/Decrease in working capital	(26,345)	(17,009)
Income tax paid	(43,058)	(50,679)
Share of associates' profits	(10,379)	(11,616)
Loss/(Gain) on derivatives - unrealised	42,498	(1,435)
Loss/(Gain) on foreign exchange - unrealised	(124,432)	726
Others	28,165	17,347
Net cash from operating activities	246,403	310,635
Purchase of fixed assets	(271,465)	(322,898)
Others	2,980	29,048
Net cash used in investing activities	(268,485)	(293,850)
Net borrowings	116,393	76,836
Dividend paid to minority interest	(2,186)	(4,779)
Dividend paid to shareholders	(90,482)	(53,041)
Others	-	14,413
Net cash from financing activities	23,725	33,429
Net increase in cash and cash equivalents	1,643	50,214
Cash and cash equivalents at 1.4.2017	280,600	230,386
Cash and cash equivalents at 31.3.2018	282,243	280,600

The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Annual Financial Statements for year ended 31 March 2017 and the accompanying explanatory notes attached to this interim financial statements.

QL RESOURCES BERHAD (428915-X)
(Incorporated in Malaysia)
INTERIM FINANCIAL REPORT FOR THE 4TH QUARTER ENDED 31.3.2018

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 2017 except for the adoption of the following:

1) FRSs, Interpretations and Amendments which are effective for annual periods beginning on or after 1st January 2017

- Amendments to FRS 12, *Disclosure of Interests in Other Entities (Annual Improvements to FRS Standards 2014-2016 Cycle)*
- Amendments to FRS 107, *Statement of Cash Flows – Disclosure Initiative*
- Amendments to FRS 112, *Income Taxes – Recognition of Deferred Tax Assets for Unrealised Losses*

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.

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 31.3.2018

	RM'000	RM'000
	Sales	PBT
Marine products manufacturing	206,537	21,774
Palm Oil Activities	89,946	7,558
Integrated Livestock Farming	487,944	26,561
Total	<u>784,427</u>	<u>55,893</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

During the quarter under review, there were no material changes to group composition.

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
	1.1.2018 to 31.3.2018	1.1.2017 to 31.3.2017		1.4.2017 to 31.3.2018	1.4.2016 to 31.3.2017	
	Sales	Sales		Sales	Sales	
	RM'000	RM'000		RM'000	RM'000	
Marine product manufacturing (MPM)	206,537	212,984	-3%	905,380	877,098	3%
Palm Oil Activities (POA)	89,946	104,510	-14%	387,288	351,852	10%
Integrated Livestock Farming (ILF)	487,944	496,236	-2%	1,971,162	1,783,076	11%
Total	784,427	813,730	-4%	3,263,830	3,012,026	8%
	1.1.2018 to 31.3.2018	1.1.2017 to 31.3.2017		1.4.2017 to 31.3.2018	1.4.2016 to 31.3.2017	
	Profit before tax	Profit before tax		Profit before tax	Profit before tax	
	RM'000	RM'000		RM'000	RM'000	
Marine product manufacturing (MPM)	21,774	26,443	-18%	124,157	146,585	-15%
Palm Oil Activities (POA)	7,558	9,265	-18%	27,948	24,969	12%
Integrated Livestock Farming (ILF)	26,561	25,881	3%	103,216	88,957	16%
Total	55,893	61,589	-9%	255,321	260,511	-2%

- a. MPM's current quarter sales and earnings decreased 3% and 18% respectively against corresponding quarter due to post El-Nino low fish cycle in Malaysia water especially Kota Kinabalu unit.

Similarly cumulative sales and earnings increased 3% and decreased 15% respectively due to the same reasons.

- b. POA's current quarter sales decreased 14% against corresponding quarter mainly due to lower CPO price. POA's current quarter earnings decreased 18% due to lower CPO price as well as lower OER experienced by Indonesia plantation unit. (CPO price: RM2,426 current qtr vs RM3,129 corresponding qtr)

POA's cumulative sales increased 10% mainly due to increase in own FFB production and processed. Cumulative earnings increased 12% due to the same reason.

- c. ILF's current quarter sales decreased 2% against corresponding quarter mainly due to lower volume of raw material traded. Current quarter earnings increased marginally against corresponding quarter mainly due to better contributions from poultry farms operation.

However cumulative sales and earnings increased 11% and 16% respectively due to higher overall contribution from East 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
	1.1.2018 to 31.3.2018	1.10.2017 to 31.12.2017		1.1.2018 to 31.3.2018	1.10.2017 to 31.12.2017	
	Sales	Sales		Profit before tax	Profit before tax	
Activities:						
Marine product manufacturing (MPM)	206,537	266,186	-22%	21,774	39,354	-45%
Palm Oil Activities (POA)	89,946	103,977	-13%	7,558	10,082	-25%
Integrated Livestock Farming (ILF)	487,944	521,855	-6%	26,561	28,382	-6%
Total	784,427	892,018	-12%	55,893	77,818	-28%

- a. MPM's current quarter sales only decreased 22% against preceding quarter due to seasonal factor. Earnings decreased 45% against preceding quarter due to the same reason.
- b. POA's current quarter sales decreased 13% against preceding quarter due to lower CPO price (RM2,426 in Q4) vs RM2,592 in Q3). Earnings decreased 25% due to lower CPO price, lower OER as well as lower volume of FFB processed in Q4.
- c. ILF's current quarter sales decreased 6% against preceding quarter was mainly due to lower contribution from Indonesian Poultry units. ILF's current quarter earnings decreased 6% against preceding quarter was mainly due to lower contribution from Peninsular and Indonesian Poultry units.

B3 Prospects for the year ending 31st March 2019

Barring unforeseen events, the management are confident that FY2019 performance will improve against FY2018.

B4 Profit Forecast

No profit forecast was published during the period under review.

B5 Tax expense

Current income tax expense
Deferred tax expense

	Individual quarter	Cumulative period
	3 months ended 31.3.2018	To date 31.3.2018
	RM'000	RM'000
	920	38,728
	8,875	911
	9,795	39,639

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

	As at 4th quarter ended 31.3.2018					
	Long term		Short term		Total borrowings	
	Foreign denomination (USD\$1 = RM3.865)	RM denomination	Foreign denomination (USD\$1 = RM3.865)	RM denomination	Foreign denomination (USD\$1 = RM3.865)	RM denomination
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Unsecured						
Term loans (Conventional)	270,432	5,756	79,598	1,205	350,030	6,961
Term loans (Islamic)	144,938	126,788	-	71,209	144,938	197,997
Bank overdrafts	-	-	-	21,745	-	21,745
Bankers' acceptance (Conventional)	-	-	-	133,538	-	133,538
Bankers' acceptance (Islamic)	-	-	-	80,931	-	80,931
Revolving credit	-	-	-	58,146	-	58,146
Finance lease liabilities (HP creditors)	29	109	-	76	29	185
Total	415,399	132,653	79,598	366,850	494,997	499,503

	As at 4th quarter ended 31.3.2017					
	Long term		Short term		Total borrowings	
	Foreign denomination (USD\$1 = RM3.865)	RM denomination	Foreign denomination (USD\$1 = RM3.865)	RM denomination	Foreign denomination (USD\$1 = RM3.865)	RM denomination
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Unsecured						
Term loans (Conventional)	129,287	6,961	18,409	40,799	147,696	47,760
Term loans (Islamic)	-	207,635	-	69,500	-	277,135
Bank overdrafts	-	-	2,897	23,410	2,897	23,410
Bankers' acceptance (Conventional)	-	-	30,767	189,095	30,767	189,095
Bankers' acceptance (Islamic)	-	-	-	63,890	-	63,890
Revolving credit	-	-	-	140,823	-	140,823
Finance lease liabilities (HP creditors)	69	124	41	80	110	204
Total	129,356	214,720	52,114	527,597	181,470	742,317

During FY2018, the Group has acquired USD\$37.5m and USD\$45m to fund the operations of the Group. The borrowings denominated in foreign currencies are hedged to RM as well as to interest rate.

B10 Financial instruments

As at 31.3.2018, the outstanding derivatives (including financial instruments designated as hedging instruments) are as follows:

Types of derivatives	Contract/Notional Value as at 31.3.2018	Fair Value as at 31.3.2018
	RM'000	RM'000
(i) Cross currency swap		
- Less than 1 year	-	-
- More than 1 year	415,487	(33,965)
(ii) Interest rate swap		
- Less than 1 year	-	-
- More than 1 year	69,500	116
(iii) Foreign exchange contracts (sell)		
- Less than 1 year	32,823	593
- More than 1 year	-	-
(iv) Foreign exchange contracts (buy)		
- Less than 1 year	59,886	(570)
- More than 1 year	-	-
	<u>577,696</u>	<u>(33,826)</u>

B11 Changes in Material Litigation

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

B12 Dividend

The directors propose a final single tier dividend of 4.50 sen per share in respect of the year ended 31.3.2018 subject to the approval of the shareholders at the forthcoming general meeting.

B13 Earnings Per Share

The calculations of basic earnings per share were as follows:

	Current quarter ended 31.3.2018	Cumulative to date 31.3.2018
(a) Net profit attributable to ordinary shareholders (RM'000)	46,364	206,236
(b) Number of ordinary shares in issue ('000)- weighted average	1,622,438	1,622,438
Basic Earnings per share (sen)	2.86	12.71