

INTERIM FINANCIAL REPORT FOR THE 4TH QUARTER ENDED 31.3.2019

CONDENSED CONSOLIDATED INCOME STATEMENTS FOR THE PERIOD ENDED 31.3.2019 (UNAUDITED)

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

| | INDIVIDUAL QUARTER | | | | CUMULATIVE QUARTERS | | | |
|--|---|-----------|---|-------------------------------|--------------------------------------|-----------|------------------------------------|-------------------------------|
| | CURRENT YEAR | | PRECEDING YEAR | | CURRENT YEAR | | PRECEDING PERIOD | |
| | 4TH QUARTER 1.1.2019 to 31.3.2019 | | 4TH QUARTER 1.1.2018 to 31.3.2018 | | TO-DATE 1.4.2018 to 31.3.2019 | | PERIOD 1.4.2017 to 31.3.2018 | |
| | % increase against last period | RM'000 | RM'000 Restated | | % increase against last period | RM'000 | RM'000 Restated | |
| Revenue | 15% | 898,033 | 783,867 | | 11% | 3,613,321 | 3,263,270 | |
| Operating Profit | 7% | 96,844 | 90,920 | | 13% | 457,811 | 403,664 | |
| Depreciation and amortisation | -27% | (26,426) | (36,204) | | 9% | (145,242) | (132,752) | |
| Interest income | -17% | 1,593 | 1,911 | | 1% | 7,951 | 7,906 | |
| Finance costs | 12% | (15,634) | (13,934) | | 25% | (61,000) | (48,645) | |
| Share of profit of associates (net) | | 4,799 | 3,264 | | | 12,798 | 10,204 | |
| Profit Before Taxation | 33% | 61,176 | 45,957 | | 13% | 272,318 | 240,377 | |
| Less: Tax expense | | (16,178) | (8,091) | (Effective tax rate) 26.4% | | (46,888) | (37,845) | (Effective tax rate) 15.7% |
| Profit for the period | 19% | 44,998 | 37,866 | | 11% | 225,430 | 202,532 | |
| Attributable to: | | | | | | | | |
| Shareholders of the Company | 11% | 43,227 | 38,854 | | 11% | 216,743 | 194,989 | |
| Minority interests | | 1,771 | (988) | 2.89% (% against PBT) | | 8,687 | 7,543 | 3.14% (% against PBT) |
| Profit for the period | | 44,998 | 37,866 | | | 225,430 | 202,532 | |
| 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) | 11% | 2.66 | 2.39 | | 11% | 13.36 | 12.02 | |
| 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 2018 and the accompanying explanatory notes attached to this interim financial statements.

Note: NA denotes "Not Applicable"

INTERIM FINANCIAL REPORT FOR THE 4TH QUARTER ENDED 31.3.2019

CONDENSED CONSOLIDATED INCOME STATEMENTS FOR THE PERIOD ENDED 31.3.2019 (UNAUDITED)

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

| | | CURRENT QUARTER | | PRECEDING QUARTER |
|---|---|--|-------------------------------|--|
| | % increase against last period | 4TH QUARTER 1.1.2019 to 31.3.2019 | | 3RD QUARTER 1.10.2018 to 31.12.2018 |
| | | RM'000 | | RM'000 |
| Revenue | -8% | 898,033 | | 978,858 |
| Operating Profit | -37% | 96,844 | | 152,925 |
| Depreciation and amortisation | -46% | (26,426) | | (48,742) |
| Interest income | -21% | 1,593 | | 2,009 |
| Finance costs | -3% | (15,634) | | (16,160) |
| Share of profit of associates (net) | | 4,799 | | 2,933 |
| Profit Before Taxation | -34% | 61,176 | | 92,965 |
| Less: Tax expense | | (16,178) | (Effective tax rate) 26.4% | (17,675) |
| Profit for the period | -40% | 44,998 | | 75,290 |
| Attributable to: | | | | |
| Shareholders of the Company | -37% | 43,227 | | 69,137 |
| Minority interests | | 1,771 | 2.89% (% against PBT) | 6,153 |
| Profit for the period | | 44,998 | | 75,290 |
| Number of shares in issue ('000) | | 1,622,438 | | 1,622,438 |
| Earnings per share: | | | | |
| Basic earnings per ordinary shares (sen) | -37% | 2.66 | | 4.26 |
| 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 2018 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 31.3.2019

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31.3.2019 (UNAUDITED)

| | INDIVIDUAL QUARTER | | CUMULATIVE QUARTERS | |
|---|---|---|-------------------------------------|--------------------------------|
| | CURRENT YEAR | PRECEDING YEAR | CURRENT YEAR | PRECEDING CORRESPONDING PERIOD |
| | 4TH QUARTER 1.1.2019 to 31.3.2019 | 4TH QUARTER 1.1.2018 to 31.3.2018 | TO-DATE 1.4.2018 to 31.3.2019 | 1.4.2017 to 31.3.2018 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| | | Restated | | Restated |
| Profit for the period | 44,998 | 37,866 | 225,430 | 202,532 |
| Other comprehensive income/(loss), net of tax: | | | | |
| Foreign currency translation differences for foreign operations | (456) | (36,936) | 5,875 | (103,837) |
| Share of gain/(loss) of equity-accounted associates | 139 | 1,300 | (1,623) | 3,672 |
| Cash flow hedge | 3,287 | 16,524 | (212) | (811) |
| Total comprehensive income for the period | 47,968 | 18,754 | 229,470 | 101,556 |
| Total comprehensive income attributable to: | | | | |
| Shareholders of the Company | 45,217 | 14,055 | 229,948 | 94,158 |
| Minority interests | 2,751 | 4,699 | (478) | 7,398 |
| Total comprehensive income for the period | 47,968 | 18,754 | 229,470 | 101,556 |

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Financial Statements for year ended 31 March 2018 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 31.3.2019

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| | As at 31.3.2019 RM'000 Unaudited | | As at 31.3.2018 RM'000 Restated | | As at 1.4.2017 RM'000 Restated |
|---|---|---------|--|---------|---|
| ASSETS | | | | | |
| Property, plant and equipment | 1,950,631 | | 1,800,041 | | 1,675,629 |
| Investment properties | 38,966 | | 22,731 | | 23,671 |
| Prepaid lease payments | 55,394 | | 57,600 | | 57,778 |
| Intangible assets | 10,460 | | 10,617 | | 11,068 |
| Investment in associates | 139,372 | | 131,257 | | 116,156 |
| Deferred tax assets | 13,477 | | 2,172 | | 799 |
| Other receivables | 8,100 | | 10,033 | | 8,056 |
| | <u>2,216,400</u> | | <u>2,034,451</u> | | <u>1,893,157</u> |
| Current Assets | | | | | |
| Biological assets | 173,339 | | 150,330 | | 135,588 |
| Inventories | 72 days 581,348 | 53 days | 376,289 | 60 days | 405,728 |
| Current tax assets | 19,761 | | 25,273 | | 15,963 |
| Trade receivables | 30 days 300,876 | 35 days | 313,836 | 37 days | 307,280 |
| Other receivables, assets and prepayment | 122,392 | | 92,680 | | 98,965 |
| Derivative financial assets | 299 | | 242 | | 6,894 |
| Cash and cash equivalents | 260,331 | | 304,028 | | 306,907 |
| Assets classified as held for sale | 8,488 | | 7,042 | | 110 |
| | <u>1,466,834</u> | | <u>1,269,720</u> | | <u>1,277,435</u> |
| Total Assets | <u>3,683,234</u> | | <u>3,304,171</u> | | <u>3,170,592</u> |
| EQUITY AND LIABILITIES | | | | | |
| Equity | | | | | |
| Share capital | 620,025 | | 620,025 | | 620,025 |
| Reserves | 1,327,221 | | 1,171,690 | | 1,137,129 |
| Equity attributable to shareholders of the Company | <u>1,947,246</u> | | <u>1,791,715</u> | | <u>1,757,154</u> |
| Minority interests | 72,289 | | 75,176 | | 71,192 |
| Total Equity | <u>2,019,535</u> | | <u>1,866,891</u> | | <u>1,828,346</u> |
| Non-Current Liabilities | | | | | |
| Long term borrowings (LT Debts/Total Equity) | 30% 611,313 | 29% | 548,204 | 19% | 344,076 |
| Payables | - | | 208 | | - |
| Employee benefits | 7,391 | | 6,282 | | 4,483 |
| Deferred tax liabilities | 102,097 | | 93,854 | | 90,980 |
| | <u>720,801</u> | | <u>648,548</u> | | <u>439,539</u> |
| Current Liabilities | | | | | |
| Short term-bankers acceptance | 279,923 | | 254,393 | | 283,752 |
| Other short term borrowings | 297,368 | | 211,527 | | 295,959 |
| Payables | 342,799 | | 283,040 | | 313,394 |
| Derivative financial liabilities | 13,029 | | 34,339 | | 27 |
| Taxation | 9,779 | | 5,433 | | 9,575 |
| | <u>942,898</u> | | <u>788,732</u> | | <u>902,707</u> |
| Total Liabilities | <u>1,663,699</u> | | <u>1,437,280</u> | | <u>1,342,246</u> |
| Total Equity and Liabilities | <u>3,683,234</u> | | <u>3,304,171</u> | | <u>3,170,592</u> |
| Net Assets per share (RM) Based on number of shares:('000) | <u>1.20</u> <u>1,622,438</u> | | <u>1.10</u> <u>1,622,438</u> | | <u>1.08</u> <u>1,622,438</u> |

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Statements for year ended 31 March 2018 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 31.3.2019 (continued)

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31.3.2019

| | <-----Non-Distributable-----> | | | Distributable | | | Total Equity RM'000 |
|--|-------------------------------|-----------------------------------|---------------------------|---------------------------|---|--|------------------------|
| | Share capital RM'000 | Translation reserves RM'000 | Hedging reserve RM'000 | Retained Profit RM'000 | Attributable to shareholders of the Company RM'000 | Non- controlling interests RM'000 | |
| 12 months ended 31.3.2018 | | | | | | | |
| At 1.4.2017, as previously reported | 620,025 | 16,405 | (2,303) | 1,114,179 | 1,748,306 | 93,305 | 1,841,611 |
| Effect of transition to MFRS Framework and adoption of new MFRSs (see Note A1) | - | (16,405) | - | 25,253 | 8,848 | (22,113) | (13,265) |
| At 1.4.2017, as restated | 620,025 | - | (2,303) | 1,139,432 | 1,757,154 | 71,192 | 1,828,346 |
| Foreign currency translation differences for foreign operations | - | (103,692) | - | - | (103,692) | (145) | (103,837) |
| Share on gain of equity-accounted associates | - | - | 3,672 | - | 3,672 | - | 3,672 |
| Cash flow hedge | - | - | (811) | - | (811) | - | (811) |
| Total other comprehensive income/(expenses) for the year | - | (103,692) | 2,861 | - | (100,831) | (145) | (100,976) |
| Profit for the year | - | - | - | 194,989 | 194,989 | 7,543 | 202,532 |
| Total comprehensive income/(expenses) for the period | - | (103,692) | 2,861 | 194,989 | 94,158 | 7,398 | 101,556 |
| <i>Contribution by and distributions to owners of the Company</i> | | | | | | | |
| - Dividends to owners of the Company | - | - | - | (53,041) | (53,041) | - | (53,041) |
| - Dividends paid to non-controlling interests | - | - | - | - | - | (3,951) | (3,951) |
| - Acquisition of non-controlling interests | - | - | - | (6,556) | (6,556) | 537 | (6,019) |
| Total transactions with owners of the Company | - | - | - | (59,597) | (59,597) | (3,414) | (63,011) |
| At 31.3.2018 | 620,025 | (103,692) | 558 | 1,274,824 | 1,791,715 | 75,176 | 1,866,891 |

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for year ended 31 March 2018 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 31.3.2019

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31.3.2019

| | <-----Non-Distributable-----> | | | Distributable | | Non-controlling interests RM'000 | Total Equity RM'000 |
|--|-------------------------------|--------------------------------|---------------------------|---------------------------|--|-------------------------------------|------------------------|
| | Share capital RM'000 | Translation reserves RM'000 | Hedging reserve RM'000 | Retained Profit RM'000 | Attributable to shareholders of the Company RM'000 | | |
| 12 months ended 31.3.2019 | | | | | | | |
| At 1.4.2018, as previously reported | 620,025 | (88,801) | 558 | 1,260,818 | 1,792,600 | 98,331 | 1,890,931 |
| Effect of transition to MFRS Framework and adoption of new MFRSs (see Note A1) | - | (14,891) | - | 12,599 | (2,292) | (23,192) | (25,484) |
| At 1.4.2018, as restated | 620,025 | (103,692) | 558 | 1,273,417 | 1,790,308 | 75,139 | 1,865,447 |
| Foreign currency translation differences for foreign operations | - | 15,040 | - | - | 15,040 | (9,165) | 5,875 |
| Fair value of available-for-sale financial assets | - | - | - | - | - | - | - |
| Share on gain of equity-accounted associates | - | - | (1,623) | - | (1,623) | - | (1,623) |
| Cash flow hedge | - | - | (212) | - | (212) | - | (212) |
| Total other comprehensive income/(expenses) for the year | - | 15,040 | (1,835) | - | 13,205 | (9,165) | 4,040 |
| Profit for the year | - | - | - | 216,743 | 216,743 | 8,687 | 225,430 |
| Total comprehensive income/(expenses) for the period | - | 15,040 | (1,835) | 216,743 | 229,948 | (478) | 229,470 |
| <i>Contribution by and distributions to owners of the Company</i> | | | | | | | |
| - Dividends to owners of the Company | - | - | - | (73,010) | (73,010) | - | (73,010) |
| - Dividends paid to non-controlling interest | - | - | - | - | - | (2,372) | (2,372) |
| Total transactions with owners of the Company | - | - | - | (73,010) | (73,010) | (2,372) | (75,382) |
| At 31.3.2019 | 620,025 | (88,652) | (1,277) | 1,417,150 | 1,947,246 | 72,289 | 2,019,535 |

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for year ended 31 March 2018 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 31.3.2019

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 31.3.2019

| | 4th quarter ended 31.3.2019 RM'000 | 4th quarter ended 31.3.2018 RM'000 Restated |
|---|---|--|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Profit before tax | 272,318 | 240,377 |
| Adjustments for: | | |
| Depreciation & amortisation | 145,242 | 132,752 |
| (Increase)/Decrease in working capital | (189,649) | (49,389) |
| Income tax paid | (28,583) | (49,953) |
| Other non-cash items | (9,502) | 29,950 |
| Net cash generated from/(used in) operating activities | 189,826 | 303,737 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchase of fixed assets | (273,044) | (345,442) |
| Others | 2,205 | 8,501 |
| Net cash generated from/(used in) investing activities | (270,839) | (336,941) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Net borrowings | 115,175 | 135,137 |
| Dividend paid to minority interest | (2,372) | (3,951) |
| Dividend paid to shareholders | (73,010) | (90,482) |
| Others | - | (5,817) |
| Net cash generated from/(used in) financing activities | 39,793 | 34,887 |
| Net increase in cash and cash equivalents | (41,220) | 1,683 |
| Cash and cash equivalents at 1.4.2018 | 282,283 | 280,600 |
| Cash and cash equivalents at 31.3.2019 | 241,063 | 282,283 |

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Financial Statements for year ended 31 March 2018 and the accompanying explanatory notes attached to this interim financial statements.

NOTES TO THE INTERIM FINANCIAL REPORT

A1. Basis of preparation

This interim financial information of QL Resources Berhad ('The Group') is prepared in accordance with the requirements of paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and complies with the requirements of the Malaysian Financial Reporting Standard ('MFRSs') No. 134 – Interim Financial Reporting.

The Unaudited Condensed Consolidated Interim Financial Information should be read in conjunction with audited financial statements of the Group for the financial year ended 31 March 2018. For the periods up to and including the year ended 31 March 2018, the Group prepared its financial statements in accordance with Financial Reporting Standards ("FRSs"). The accounting policies and methods of computation adopted for the interim financial report are consistent with those adopted for the annual audited financial statements for the financial year ended 31 March 2018 except for the effect of the transition from FRSs to MFRSs and the adoption of new MFRSs, amendments to standards and IC Interpretations as disclosed below.

The Group has adopted the new Malaysian Financial Reporting Standards ("MFRSs") Framework issued by Malaysian Accounting Standards Board ("MASB") with effect from 1 April 2018. For the periods up to, and including the year ended 31 March 2018, the Group prepared its financial statements in accordance with Financial Reporting Standards ("FRSs") Framework as allowed by MASB as it includes transitioning entities.

A) Transition from FRSs to MFRSs

(i) MFRS 1 exemption options

As provided in MFRS 1, first time adopters of MFRSs can elect optional exemptions from full retrospective application of MFRSs. The Group has elected the following exemptions:

a) Exemption for business combinations

The Group has elected to apply MFRS 3 "Business Combination" prospectively from the date FRS 3 "Business Combinations" was adopted on 1 April 2011. Business combinations that occurred prior to that date have not been restated. In addition, the Group has also applied MFRS 10 "Consolidated Financial Statements" on the same date as FRS 3. This election does not have any impact to the Group.

b) Assets and liabilities of subsidiaries, joint ventures and associates

The assets and liabilities of subsidiaries, joint ventures and associates which have adopted the MFRS Framework or International Financial Reporting Standards ("IFRS") earlier than the Group shall remain at the same carrying amounts as in the financial statements of these subsidiaries, joint ventures and associates, after adjusting for consolidation adjustments.

c) Exemption for cumulative foreign currency translation differences

The Group has elected to apply optional exemption for cumulative foreign currency translation differences and deemed the cumulative translation differences arising on the translation of a foreign operation recognised as a separate component of equity to be zero at the date of transition, and reclassify any amounts recognised in accordance with FRSs at that date to retained earnings.

d) MFRS 9 "Financial Instruments"

The Group has elected the exemption in MFRS 1 which allows the Group not to restate comparative information in the year of initial application. The Group continues to apply FRS 139 "Financial Instrument: Recognition and Measurement" and FRS 7 "Financial Instrument: Disclosures" for the comparative information. Any adjustments to align the carrying amounts of financial assets and financial liabilities under the previous FRS 139 with MFRS 9 are recognised in retained earnings and other reserve as at 1 April 2018.

The optional exemptions elected by the Group that have an impact on the reported financial positions prepared in accordance with FRSs have been applied in the opening MFRSs statement of financial position as at 1 April 2017 and throughout all periods presented in the interim financial report.

(ii)(a) Effect of adoption of MFRS 141, Agriculture

MFRS 141, Agriculture prescribes the accounting treatment, financial statements presentation and disclosures related to agricultural activity. It requires biological assets (except for bearer plants) to be measured at fair value less costs to sell from initial recognition of biological assets up to the point of harvest, other than when fair value cannot be measured reliably on initial recognition. Gains and losses arising on the initial recognition of biological assets at fair value less costs to sell and changes in fair value less costs to sell are recognised on the statement of profit or loss in the period in which they arise.

Prior to the adoption of MFRS 141 Agriculture, produce growing - fresh fruit bunches on bearer plants was not recognised and the livestock was measured at lower of amortised cost and net realisable value. Following the adoption of MFRS 141 Agriculture, produce growing - fresh fruit bunches on bearer plants and livestock (except for shrimp) are measured at fair value less cost to sell with fair value changes recognised in profit or loss as the biological assets transformation take place. Shrimp livestock are

measure at cost less accumulated impairment losses due to the market prices or fair value at present conditions of these biological assets are unavailable and the valuation based on discounted cash flow method is considered unreliable given the uncertainty with respect to external factors.

(ii)(b) Amendments to MFRS 116 and MFRS 141 Agriculture: Bearer Plants

The amendments to MFRS 116 and MFRS 141, Agriculture: Bearer Plants change the accounting requirements for biological assets that meet the definition of bearer plants. Under the amendments, biological assets that meet the definition of bearer plants will be within the scope of MFRS 116, Property, Plant and Equipment. After initial recognition, bearer plants will be measured under MFRS 116 at accumulated cost (before maturity) and using either the cost model or revaluation model (after maturity). Under FRS accounting framework, the Group capitalised all the new planting expenditure incurred from land clearing to the point of harvesting under plantation development expenditure and was not amortised and the replanting expenditure, which represents cost incurred in replanting old planted areas, was charged to profit or loss. Hence, the effect of adoption of Amendments to MFRS 116 and MFRS 141 would result in reclassification of bearer plants from biological assets – plantation development expenditure to property, plant and equipment and additional depreciation on property, plant and equipment.

B) Adoption of new MFRSs, amendments to standards and IC interpretations

Following the adoption of MFRSs framework, the Group has adopted the following new accounting standards and amendments to standards which are applicable and effective for annual periods beginning on 1 January 2018:

- MFRS 9, *Financial Instruments (2014)*
- MFRS 15, *Revenue from Contracts with Customers*
- Clarifications to MFRS 15, *Revenue from Contracts with Customers*
- IC Interpretation 22, *Foreign Currency Transactions and Advance Consideration*
- Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2014-2016 Cycle)*
- Amendments to MFRS 128, *Investments in Associates and Joint Ventures (Annual Improvements to MFRS Standards 2014-2016 Cycle)*
- Amendments to MFRS 140, *Investment Property – Transfers of Investment Property*

The adoption of these new MFRSs, amendments and IC interpretations did not have any material impact on the interim financial report of the Group except for the following:

(i) MFRS 9, Financial Instruments

MFRS 9 replaces the guidance in MFRS 139, Financial Instruments: Recognition and Measurement on the classification and measurement of financial assets and financial liabilities, and on hedge accounting.

Under MFRS 9, there are three primary measurement categories for financial assets: amortised cost, fair value through profit or loss and fair value through other comprehensive income ("OCI"). The basis of classification depends on the entity's business model and cash flow characteristics of the financial assets. Investment in equity instruments are always measured at fair value through profit or loss with an irrecoverable option at inception to present changes in fair value in OCI. A debt instrument is measured at amortised cost only if the entity is holding it to collect contractual cashflow and the cash flow represent principle and interest.

Currently, the Group classifies and measures financial assets and liabilities based on amortised cost. Upon adoption of MFRS 9, the Group does not expect the new guidance to affect the classification and measurement of these financial instruments.

In respect of impairment of financial assets, MFRS 9 replaces the "incurred loss" model in MFRS 139 with an "expected credit loss" (ECL) model. The new impairment model applies to financial assets measured at amortised cost, contract assets and debt investments measured at fair value through other comprehensive income, but not to investments in equity instruments. Upon the adoption of MFRS 9, the impairment allowance on receivables has increased.

The effects of the adoption of transition from FRSs to MFRSs and adoption of new MFRSs, amendments to standards and IC interpretations are as follow:

Condensed Consolidated Income Statements

| | As previously stated under FRSs RM'000 | Effect of transition from FRSs to MFRSs | | Restated under MFRS RM'000 |
|--------------------------------------|---|---|--------------------|-------------------------------|
| | | MFRS 1 RM'000 | MFRS 141 RM'000 | |
| Quarter ended 31 March 2018 | | | | |
| Operating profit | 99,377 | (1,876) | (6,581) | 90,920 |
| Depreciation and amortisation | (34,725) | - | (1,479) | (36,204) |
| Profit before taxation | 55,893 | (1,876) | (8,060) | 45,957 |
| Taxation | (9,795) | - | 1,704 | (8,091) |
| Profit for the period | 46,098 | (1,876) | (6,356) | 37,866 |
| Profit/(Loss) attributable to: | | | | |
| Owners of the Company | 46,364 | (1,876) | (5,634) | 38,854 |
| Non-controlling interests | (266) | - | (722) | (988) |
| Number of shares in issue ('000) | 1,622,438 | | | 1,622,438 |
| Earnings per share (sen): | | | | |
| - Basic | 2.86 | | | 2.39 |
| 12 months ended 31 March 2018 | | | | |
| Operating profit | 412,374 | (1,876) | (6,834) | 403,664 |
| Depreciation and amortisation | (126,518) | - | (6,234) | (132,752) |

| | | | | |
|----------------------------------|-----------|---------|----------|-----------|
| Profit before taxation | 255,321 | (1,876) | (13,068) | 240,377 |
| Taxation | (39,639) | - | 1,794 | (37,845) |
| Profit for the period | 215,682 | (1,876) | (11,274) | 202,532 |
| Profit/(Loss) attributable to: | | | | |
| Owners of the Company | 206,236 | (1,876) | (9,371) | 194,989 |
| Non-controlling interests | 9,446 | - | (1,903) | 7,543 |
| Number of shares in issue ('000) | 1,622,438 | | | 1,622,438 |
| Earnings per share (sen): | | | | |
| - Basic | 12.71 | | | 12.02 |

Condensed Consolidated Statement of Comprehensive Income

| | As previously stated under FRSs RM'000 | Effect of transition from FRSs to MFRSs | | Restated under MFRS RM'000 |
|---|---|---|--------------------|-------------------------------|
| | | MFRS 1 RM'000 | MFRS 141 RM'000 | |
| Quarter ended 31 March 2018 | | | | |
| Profit for the financial period | 46,098 | (1,876) | (6,356) | 37,866 |
| Foreign currency translation differences ("FCTR") | (40,045) | 1,876 | 1,233 | (36,936) |
| Total comprehensive income for the period | 23,877 | - | (5,123) | 18,754 |
| Total comprehensive income attributable to: | | | | |
| Owners of the Company | 18,800 | - | (4,745) | 14,055 |
| Non-controlling interests | 5,077 | | (378) | 4,699 |
| 12 months ended 31 March 2018 | | | | |
| Profit for the financial period | 215,682 | (1,876) | (11,274) | 202,532 |
| Foreign currency translation differences ("FCTR") | (106,212) | 1,876 | 499 | (103,837) |
| Total comprehensive income for the period | 112,331 | - | (10,775) | 101,556 |
| Total comprehensive income attributable to: | | | | |
| Owners of the Company | 103,891 | - | (9,733) | 94,158 |
| Non-controlling interests | 8,440 | | (1,042) | 7,398 |

Condensed Consolidated Statement of Financial Position

| | As previously stated under FRSs RM'000 | Effect of transition from FRSs to MFRSs | | Restated under MFRS RM'000 |
|---|---|---|--------------------|-------------------------------|
| | | MFRS 1 RM'000 | MFRS 141 RM'000 | |
| As at 31 March 2018 | | | | |
| Non-current assets | | | | |
| Property, plant and equipment | 1,705,224 | - | 94,817 | 1,800,041 |
| Biological assets | 133,681 | - | (133,681) | - |
| Current assets | | | | |
| Biological assets | 133,213 | - | 17,117 | 150,330 |
| Equity | | | | |
| Retained earnings | 1,260,818 | 31,685 | (17,679) | 1,274,824 |
| Foreign currency translation differences ("FCTR") | (88,801) | (13,521) | (1,370) | (103,692) |
| Non-controlling interests | 98,331 | (18,164) | (4,991) | 75,176 |
| Non-current liabilities | | | | |
| Deferred tax liabilities | 91,561 | - | 2,293 | 93,854 |
| As at 1 April 2017 | | | | |
| Non-current assets | | | | |
| Property, plant and equipment | 1,559,805 | - | 115,824 | 1,675,629 |
| Biological assets | 151,988 | - | (151,988) | - |
| Current assets | | | | |
| Biological assets | 108,759 | - | 26,829 | 135,588 |
| Equity | | | | |
| Retained earnings | 1,114,179 | 33,561 | (8,308) | 1,139,432 |
| Foreign currency translation differences ("FCTR") | 16,405 | (15,397) | (1,008) | - |
| Non-controlling interests | 93,305 | (18,164) | (3,949) | 71,192 |
| Non-current liabilities | | | | |
| Deferred tax liabilities | 87,050 | - | 3,930 | 90,980 |

Condensed Consolidated Statement of Cash Flows

| | As previously stated under FRSs RM'000 | Effect of transition from FRSs to MFRSs | | Restated under MFRS RM'000 |
|--|---|---|--------------------|-------------------------------|
| | | MFRS 1 RM'000 | MFRS 141 RM'000 | |
| 12 months ended 31 March 2018 | | | | |
| Cash flows from operating activities | | | | |
| Profit before taxation | 255,321 | (1,876) | (13,068) | 240,377 |
| Depreciation & amortisation | 126,518 | - | 6,234 | 132,752 |
| (Increase)/Decrease in working capital | (56,312) | - | 6,923 | (49,389) |
| Fair value loss/(gain) arising from biological | | | | |

| | | | | |
|---|-----------|---|---------|-----------|
| assets | - | - | 6,834 | 6,834 |
| Cash flows from investing activities | | | | |
| Purchase of fixed assets | (340,395) | - | (5,047) | (345,442) |

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 4th quarter ended 31.3.2019

| | RM'000 | RM'000 |
|-------------------------------|----------------|---------------|
| | Sales | PBT |
| Marine products manufacturing | 244,504 | 31,578 |
| Palm Oil Activities | 77,896 | 10,541 |
| Integrated Livestock Farming | 575,633 | 19,057 |
| Total | <u>898,033</u> | <u>61,176</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 |
|------------------------------------|-----------------------|---------------------------------|----------|-----------------------|---|----------|
| | 1.1.2019 to 31.3.2019 | 1.1.2018 to 31.3.2018 | | 1.4.2018 to 31.3.2019 | 1.4.2017 to 31.3.2018 | |
| | Sales | Sales | | Sales | Sales | |
| | RM'000 | RM'000 | | RM'000 | RM'000 | |
| Marine Product Manufacturing (MPM) | 244,504 | 206,537 | 18% | 1,007,934 | 905,380 | 11% |
| Palm Oil Activities (POA) | 77,896 | 89,946 | -13% | 303,126 | 387,288 | -22% |
| Integrated Livestock Farming (ILF) | 575,633 | 487,384 | 18% | 2,302,261 | 1,970,602 | 17% |
| Total | 898,033 | 783,867 | 15% | 3,613,321 | 3,263,270 | 11% |
| | | | | | | |
| | 1.1.2019 to 31.3.2019 | 1.1.2018 to 31.3.2018 | | 1.4.2018 to 31.3.2019 | 1.4.2017 to 31.3.2018 | |
| | Profit before tax | Profit before tax | | Profit before tax | Profit before tax | |
| | RM'000 | RM'000 | | RM'000 | RM'000 | |
| | | Restated | | | Restated | |
| Marine Product Manufacturing (MPM) | 31,578 | 21,774 | 45% | 153,329 | 124,157 | 23% |
| Palm Oil Activities (POA) | 10,541 | 2,632 | 300% | 20,404 | 20,750 | -2% |
| Integrated Livestock Farming (ILF) | 19,057 | 21,551 | -12% | 98,585 | 95,470 | 3% |
| Total | 61,176 | 45,957 | 33% | 272,318 | 240,377 | 13% |

- a. MPM's current quarter sales and earnings increased 18% and 45% respectively against corresponding quarter mainly due to recovery of low fish catch cycle in Malaysia water as well as higher contribution from surimi-based products.

Similarly cumulative sales and earnings increased 11% and 23% respectively due to the same reasons.

- b. POA's current quarter sales decreased 13% against corresponding quarter mainly due to lower CPO price (RM1,976 current qtr vs RM2,462 corresponding qtr) and lower stock. Although CPO price dropped 19%, POA's current quarter earnings however increased significantly against corresponding quarter due to higher contribution from associate as well as better OER and CPO milling margins.

POA's cumulative quarter sales and earnings decreased 22% and 2% respectively against corresponding quarter mainly due to:
i) In Q1 & Q2, FFB processed in Indonesia operation decrease due to poor production resulting in less outside crop, OER was also lower;
ii) drop in average CPO price. (Average 4 qtrs : CPO price of RM2,114 current period vs RM2,603 corresponding period)

- c. ILF's current quarter sales increased 18% against corresponding quarter mainly due to higher contribution from Peninsular & Indonesia Poultry units. Earnings decreased 12% due to lower contribution from feed raw material trade and Vietnam poultry unit.

Similarly ILF's cumulative sales and earnings increased 17% and 3% respectively against corresponding quarter due to the same reasons.

B2 Review of current quarter performance with the preceding quarter

| | Current quarter | Preceding quarter | % change | Current quarter | Preceding quarter | % change |
|------------------------------------|-----------------------|-------------------------|----------|-----------------------|-------------------------|----------|
| | 1.1.2019 to 31.3.2019 | 1.10.2018 to 31.12.2018 | | 1.1.2019 to 31.3.2019 | 1.10.2018 to 31.12.2018 | |
| | Sales | Sales | | Profit before tax | Profit before tax | |
| | RM'000 | RM'000 | | RM'000 | RM'000 | |
| Activities: | | | | | | |
| Marine Product Manufacturing (MPM) | 244,504 | 279,394 | -12% | 31,578 | 51,787 | -39% |
| Palm Oil Activities (POA) | 77,896 | 70,450 | 11% | 10,541 | 8,668 | 22% |
| Integrated Livestock Farming (ILF) | 575,633 | 629,014 | -8% | 19,057 | 32,510 | -41% |
| Total | 898,033 | 978,858 | -8% | 61,176 | 92,965 | -34% |

- a. MPM's current quarter sales decreased 12% against preceding quarter due to seasonal factor. Earnings decreased 39% against preceding quarter due to the same reason.
- b. POA's current quarter sales increased 11% against preceding quarter due to higher CPO price (RM1,976 in Q4) vs RM1,916 in Q3) as well as selling of previous qtr unsold. Earnings however increased 22% due to higher CPO price, better OER as well as higher contribution from associate (Boilermech).
- c. ILF's current quarter sales decreased 8% against preceding quarter was mainly due to lower contribution from feed raw material trade. ILF's current quarter earnings decreased 41% against preceding quarter mainly due to decrease in fair value of Biological assets.

B3 Prospects for the year ending 31st March 2020

Barring unforeseen events, the management are confident that FY2020 performance will improve against FY2019.

B4 Profit forecast

No profit forecast was published during the period under review.

B5 Tax expense

| | Individual quarter 3 months ended 31.3.2019 RM'000 | Cumulative period To date 31.3.2019 RM'000 |
|----------------------------|---|---|
| Current income tax expense | 9,719 | 28,542 |
| Deferred tax expense | 6,459 | 18,346 |
| | 16,178 | 46,888 |

The annual 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 31.3.2019 | | | | | |
|--|--|-----------------|--|-----------------|--|-----------------|
| | Long term | | Short term | | Total borrowings | |
| | Foreign denomination (USD\$1 = RM4.087) | RM denomination | Foreign denomination (USD\$1 = RM4.087) | RM denomination | Foreign denomination (USD\$1 = RM4.087) | RM denomination |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| Unsecured | | | | | | |
| Term loans (Conventional) | 400,533 | 57,838 | 62,264 | 1,844 | 462,797 | 59,682 |
| Term loans (Islamic) | 98,291 | 54,503 | 26,940 | 76,254 | 125,231 | 130,757 |
| Bank overdrafts | - | - | 4,096 | 15,172 | 4,096 | 15,172 |
| Bankers' acceptance (Conventional) | - | - | 3,392 | 213,275 | 3,392 | 213,275 |
| Bankers' acceptance (Islamic) | - | - | - | 63,256 | - | 63,256 |
| Revolving credit | - | - | - | 110,656 | - | 110,656 |
| Finance lease liabilities (HP creditors) | 9 | 140 | - | 141 | 9 | 281 |
| Total | 498,833 | 112,481 | 96,692 | 480,598 | 595,525 | 593,079 |

| | 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 | 5,757 | 59,298 | 1,204 | 329,730 | 6,961 |
| Term loans (Islamic) | 144,938 | 126,960 | - | 71,037 | 144,938 | 197,997 |
| Bank overdrafts | - | - | - | 21,745 | - | 21,745 |
| Bankers' acceptance (Conventional) | - | - | - | 173,613 | - | 173,613 |
| Bankers' acceptance (Islamic) | - | - | - | 80,780 | - | 80,780 |
| Revolving credit | - | - | - | 58,146 | - | 58,146 |
| Finance lease liabilities (HP creditors) | 8 | 109 | 21 | 76 | 29 | 185 |
| Total | 415,378 | 132,826 | 59,319 | 406,601 | 474,697 | 539,427 |

The borrowings denominated in foreign currencies are hedged to RM as well as interest rate.

B10 Financial instruments

As at 31.3.2019, the outstanding derivatives (including financial instruments designated as hedging instruments) are as follows:

| Types of derivatives | Contract/Notional Value as at 31.3.2019 | Fair Value as at 31.3.2019 |
|--|---|----------------------------|
| | RM'000 | RM'000 |
| (i) Cross currency swap | | |
| - Less than 1 year | | |
| - More than 1 year | 522,392 | (12,792) |
| (ii) Interest rate swap | | |
| - Less than 1 year | | |
| - More than 1 year | 91,621 | (699) |
| (iii) Foreign exchange contracts (sell) | | |
| - Less than 1 year | 53,579 | 39 |
| - More than 1 year | | |
| (iv) Foreign exchange contracts (buy) | | |
| - Less than 1 year | 50,560 | 154 |
| - More than 1 year | | |
| | 718,152 | (13,298) |

B11 Changes in material litigation

There were no 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 31.3.2019 subject to the approval of the shareholders at the forthcoming Annual General Meeting.

B13 Earnings per share

The calculations of basic earnings per share were as follows:

- (a) Net profit attributable to ordinary shareholders (RM'000)
 - (b) Number of ordinary shares in issue ('000)-
weighted average
- Basic Earnings per share (sen)

| Current quarter ended | Cumulative |
|------------------------------|-------------------|
| 31.3.2019 | to date |
| 31.3.2019 | 31.3.2019 |
| 43,227 | 216,743 |
| 1,622,438 | 1,622,438 |
| 2.66 | 13.36 |