

INTERIM FINANCIAL REPORT FOR THE 2ND QUARTER ENDED 30.9.2015

CONDENSED CONSOLIDATED INCOME STATEMENTS FOR THE PERIOD ENDED 30.9.2015 (UNAUDITED)

	INDIVIDUAL QUARTER				CUMULATIVE QUARTERS					
	CURRENT YEAR		PRECEDING YEAR		CURRENT YEAR		PRECEDING PERIOD			
	2ND QUARTER 1.7.2015 TO 30.9.2015		2ND QUARTER 1.7.2014 TO 30.9.2014		TO-DATE 1.4.2015 TO 30.9.2015		PERIOD 1.4.2014 TO 30.9.2014			
	% increase against last period	RM'000		RM'000		% increase against last period	RM'000		RM'000	
Revenue	5%	690,409		656,541		3%	1,345,706		1,310,097	
Operating Profit	15%	99,166		86,286		16%	179,988		154,609	
Depreciation and amortisation	17%	(26,754)		(22,913)		21%	(50,349)		(41,777)	
Interest income	15%	1,617		1,407		-10%	2,695		3,008	
Finance costs	-1%	(8,599)		(8,705)		23%	(17,830)		(14,531)	
Share of profit of associates (net)		5,242		6,182			8,959		11,281	
<b>Profit Before Taxation</b>	14%	70,672		62,257		10%	123,463		112,590	
Less: Tax expense		(15,845)	(Effective tax rate) 22.4%	(12,782)	(Effective tax rate) 20.5%		(26,911)	(Effective tax rate) 21.8%	(22,940)	(Effective tax rate) 20.4%
<b>Profit for the period</b>	11%	54,827		49,475		8%	96,552		89,650	
Attributable to:										
Shareholders of the Company	15%	55,163		48,174		9%	96,088		88,530	
Minority interests		(336)	-0.48% (% against PBT)	1,301	2.09% (% against PBT)		464	0.38% (% against PBT)	1,120	0.99% (% against PBT)
<b>Profit for the period</b>		54,827		49,475			96,552		89,650	
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)	15%	4.42		3.86		9%	7.70		7.09	
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"

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

**INTERIM FINANCIAL REPORT FOR THE 2ND QUARTER ENDED 30.9.2015**

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30.9.2015 (UNAUDITED)**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTERS	
	CURRENT YEAR	PRECEDING YEAR	CURRENT YEAR	PRECEDING CORRESPONDING PERIOD
	2ND QUARTER 1.7.2015 TO 30.9.2015	2ND QUARTER 1.7.2014 TO 30.9.2014	TO-DATE 1.4.2015 TO 30.9.2015	PERIOD 1.4.2014 TO 30.9.2014
	RM'000	RM'000	RM'000	RM'000
<b>Profit for the period</b>	54,827	49,475	96,552	89,349
<b>Other comprehensive income/(loss), net of tax:</b>				
<b>Foreign currency translation differences for foreign operations</b>	29,897	(6,748)	37,885	(32,624)
<b>Cash Flow Hedge</b>	(2,859)	(369)	(3,315)	(387)
<b>Disposal of AFS</b>	(1,584)	-	(1,584)	-
<b>Total Comprehensive income</b>	<u>80,281</u>	<u>42,358</u>	<u>80,281</u>	<u>56,338</u>
<b>Attributable to:</b>				
<b>Shareholders of the Company</b>	79,948	41,057	79,948	55,218
<b>Minority interests</b>	333	1,301	(431)	1,120
<b>Total Comprehensive income</b>	<u>80,281</u>	<u>42,358</u>	<u>79,517</u>	<u>56,338</u>

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)  
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**QUARTERLY REPORT**

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

		At 30.9.2015 RM'000 Unaudited	At 31.3.2015 RM'000 Audited
<b>ASSETS</b>			
Property, plant and equipment		1,308,245	1,239,388
Intangible assets		6,304	6,266
Biological assets		128,157	117,014
Prepaid lease payments		55,676	57,508
Investment properties		29,257	29,151
Investment in Associates		99,632	94,661
Other investment		150	61,560
Deferred tax asset		659	1,082
Other receivables		6,550	5,190
<b>Total non-current assets</b>		<u>1,634,630</u>	<u>1,611,820</u>
<b>Current Assets</b>			
Inventories	51 days	307,013	334,608
Biological assets		76,689	88,899
Trade receivables	40 days	298,658	231,655
Other receivables, assets and prepayment		131,701	107,640
Current tax assets		6,051	5,223
Derivative financial assets		-	4,690
Cash and cash equivalents		247,158	200,733
		<u>1,067,270</u>	<u>973,448</u>
<b>Total Assets</b>		<u>2,701,900</u>	<u>2,585,268</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share Capital		312,007	312,007
Share Premium		308,018	308,018
Reserves		883,485	806,558
<b>Equity attributable to shareholders of the Company</b>		<u>1,503,510</u>	<u>1,426,583</u>
Minority interests		69,178	72,867
<b>Total Equity</b>		<u>1,572,688</u>	<u>1,499,450</u>
<b>Non-current liabilities</b>			
Long term borrowings (LT Debts/Total Equity)	23%	361,229	326,028
Deferred income		1,453	1,666
Deferred tax liabilities		72,937	72,058
		<u>435,619</u>	<u>399,752</u>
<b>Current Liabilities</b>			
Payables		230,909	238,302
Derivative financial liabilities		979	3,149
Short term borrowings		446,869	430,963
Taxation		14,836	13,652
		<u>693,593</u>	<u>686,066</u>
<b>Total Liabilities</b>		<u>1,129,212</u>	<u>1,085,818</u>
<b>Total equity and liabilities</b>		<u>2,701,900</u>	<u>2,585,268</u>
Net Assets per share (RM) Based on number of shares:( '000)		<u>1.20</u> <u>1,248,029</u>	<u>1.14</u> <u>1,248,029</u>

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 2ND QUARTER ENDED 30.9.2015**

**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30TH SEPTEMBER 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
<b>6 months ended 30.9.15</b>										
At 1.4.2015	312,007	308,018	-	(2,603)	1,584	(62,125)	869,702	<b>1,426,583</b>	72,867	<b>1,499,450</b>
Cash flow hedge				(3,315)				<b>(3,315)</b>		<b>(3,315)</b>
AFS					(1,584)			<b>(1,584)</b>		<b>(1,584)</b>
Foreign currency translation differences for foreign operations						38,780		<b>38,780</b>	(895)	<b>37,885</b>
	-	-	-	(3,315)	1,584	38,780	-	<b>33,881</b>	(895)	<b>32,986</b>
Profit for the year							96,088	<b>96,088</b>	464	<b>96,552</b>
Total comprehensive income for the period	-	-	-	(3,315)	(1,584)	38,780	96,088	<b>129,969</b>	(431)	<b>129,538</b>
Dividend paid							(53,041)	<b>(53,041)</b>	(3,258)	<b>(56,299)</b>
<b>At 30.9.2015</b>	<b>312,007</b>	<b>308,018</b>	<b>-</b>	<b>(5,918)</b>	<b>-</b>	<b>(23,345)</b>	<b>912,749</b>	<b>1,556,552</b>	<b>69,178</b>	<b>1,572,689</b>

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 QUARTER ENDED 30.9.2015**

**CONDENSED CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD ENDED 30TH SEPTEMBER 2015**

	<b>6 months ended 30.9.2015 RM'000</b>	<b>6 months ended 30.9.2014 RM'000</b>
Profit before tax	123,463	112,590
Adjustments for:		
Depreciation & amortisation	50,349	41,776
(Increase)/Decrease in working capital	(73,729)	(94,451)
Income tax paid	(15,922)	(15,649)
Net cash from operating activities	84,161	44,266
Purchase of fixed assets	(116,554)	(111,582)
Proceed on disposal of investment	60,590	-
Others	33,071	(8,507)
Net cash used in investing activities	(22,893)	(120,089)
Net borrowings	42,437	155,907
Dividend paid to minority interest	(3,258)	(3,599)
Dividend paid to shareholders	(53,041)	(43,681)
Others	-	(2,242)
Net cash from financing activities	(13,862)	106,385
Net increase in cash and cash equivalents	47,406	30,562
Cash and cash equivalents at 1.4.2015	175,191	253,157
Cash and cash equivalents at 30.9.2015	222,597	283,719

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 paid during the period under review.

**A7. Segmental Information**

Segment information in respect of the Group's business segments for the 1st quarter ended 30.6.2015

	RM'000	RM'000
	Sales	PBT
Marine products manufacturing	206,902	42,701
Palm Oil Activities	77,355	3,556
Integrated Livestock Farming	406,152	24,415
Total	<u>690,409</u>	<u>70,672</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
	1.7.2015 to 30.9.2015	1.7.2014 to 30.9.2014		1.4.2015 to 30.9.2015	1.4.2014 to 30.9.2014	
	Sales	Sales		Sales	Sales	
	RM'000	RM'000		RM'000	RM'000	
Marine product manufacturing (MPM)	206,902	171,866	20%	393,364	343,390	15%
Palm Oil Activities (POA)	77,355	83,612	-7%	167,305	187,555	-11%
Integrated Livestock Farming (ILF)	406,152	401,063	1%	785,037	779,152	1%
Total	690,409	656,541	5%	1,345,706	1,310,097	3%
	1.7.2015 to 30.9.2015	1.7.2014 to 30.9.2014		1.4.2015 to 30.9.2015	1.4.2014 to 30.9.2014	
	Profit before tax	Profit before tax		Profit before tax	Profit before tax	
	RM'000	RM'000		RM'000	RM'000	
Marine product manufacturing (MPM)	42,701	31,215	37%	79,162	58,679	35%
Palm Oil Activities (POA)	3,556	5,277	-33%	6,858	9,640	-29%
Integrated Livestock Farming (ILF)	24,415	25,765	-5%	37,443	44,271	-15%
Total	70,672	62,257	14%	123,463	112,590	10%

- a. MPM's current quarter sales increased 20% against corresponding quarter mainly due to higher export contribution of fishmeal, surimi and surimi-based products as a consequence of weaker Ringgit.  
Earnings for the current quarter increased 37% due to the same reason.

Cumulative sales increased 15% also due to higher export contribution of fishmeal, surimi and surimi-based products as consequence of weaker Ringgit.  
Cumulative earnings increased 35% due to the same reasons.

- b. POA's current quarter sales decreased 7% against corresponding quarter mainly due to lower FFB processed and CPO price (RM2,018 vs RM2,205 corresponding qtr).  
POA's current quarter earnings decreased 33% against corresponding quarter mainly due to lower plantation contribution as the consequence of lower CPO price

POA's cumulative sales decreased 11% mainly due to lower FFB processed and lower CPO prices.  
Cumulative earnings decreased 29% due to the same reason.

- c. ILF's current quarter sales only increased marginally against corresponding quarter, even though volume of feed raw material traded was higher.  
The marginal increase is due to impact of weaker Ringgit on imported feed cost being mitigated by drop in international feed raw material prices.  
However, earnings decreased 5% due to lower poultry farm produce prices in Peninsular Malaysia.

Similarly ILF's cumulative sales only increased marginally against corresponding quarter, even though volume of feed raw material traded was higher.  
The marginal increase is due to impact of weaker Ringgit on imported feed cost being mitigated by drop in international feed raw material prices.  
However cumulative earnings decreased 15% mainly due to lower contribution in Q1 from Peninsular Malaysia and regional poultry operations.

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

	Current quarter	Preceding quarter	% change	Current quarter	Preceding quarter	% change
	1.7.2015 to 30.9.2015	1.4.2015 to 30.6.2015		1.7.2015 to 30.9.2015	1.4.2015 to 30.6.2015	
	Sales	Sales		Profit before tax	Profit before tax	
Activities:						
Marine product manufacturing (MPM)	206,902	186,462	11%	42,701	36,461	17%
Palm Oil Activities (POA)	77,355	89,950	-14%	3,556	3,302	8%
Integrated Livestock Farming (ILF)	406,152	378,885	7%	24,415	13,028	87%
Total	690,409	655,297	5%	70,672	52,791	34%

- a. MPM's current quarter sales increased 11% against preceding quarter mainly due to seasonal and export factor.  
Earnings increased 17% against preceding quarter mainly due to higher export contribution from fishmeal, surimi and surimi-based products as a consequence of weaker Ringgit.
- b. POA's current quarter sales decreased 14% against preceding quarter mainly due to lower CPO price and lower FFB processed.  
Earnings increased 8% due to higher contribution from Associate (Boilermech Bhd).
- c. ILF's current quarter sales increased 7% against preceding quarter mainly due to higher volume and higher unit value of feed raw material traded.  
However, earnings increased significantly against preceding quarter mainly due to overall improvement of egg price in Peninsular Malaysia, Indonesia and Vietnam.

**B3 Prospects for the next quarter to 31st December 2015**

Barring unforeseen events, the management are confident that Q3FY16 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 30.9.2015	Todate 30.9.2015
	RM'000	RM'000
Current income tax expense	15,408	25,252
Deferred tax expense	437	1,659
	15,845	26,911

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

**B6 Unquoted investments and properties**

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

**B7 Quoted Investments**

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

**B8 Corporate Proposals**

There were no corporate proposals for the quarter under review.

**B9 Group Borrowings**

Short term:	RM'000
<i>Bank overdraft-short term (unsecured)</i>	24,560
<i>HP Creditors-short term (unsecured)</i>	497
<i>Bankers' acceptance-short term (unsecured)</i>	240,850
<i>Bankers' acceptance (Islamic)-short term (unsecured)</i>	51,331
<i>Term loans-short term (unsecured)</i>	60,149
<i>Term loans-short term (Islamic - unsecured)</i>	36,483
<i>Revolving Credit</i>	33,000
	<u>446,870</u>
<b>Long Term:</b>	
<i>HP Creditors-long term (unsecured)</i>	388
<i>Term loans-long term (unsecured)</i>	195,241
<i>Term loans-long term (Islamic unsecured)</i>	165,599
	<u>361,228</u>
<b>Total Borrowings</b>	<u>808,098</u>

**B10 Financial instruments**

**The Group uses the following hierarchy in determining the fair value of all financial instruments carried at fair value:**

Level 1 : Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included in Level 1 that are observable market data, either directly or indirectly.

Level 3: Inputs for the asset or liability that are not based on observable market data.

As at 30.9.2015, the Group held the following financial assets or liabilities that are measured at fair value:

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
<b>Financial Assets:</b>				
Cross currency swap	-	432	7,346	7,778
Interest rate swap	-	-	69	69
	-	-	-	-
	<u>-</u>	<u>432</u>	<u>7,415</u>	<u>7,847</u>
<b>Financial Liabilities:</b>				
Cross currency swap	-	(7,218)	-	(7,218)
Commodity options	-	-	(51)	(51)
	<u>-</u>	<u>(7,218)</u>	<u>(51)</u>	<u>(7,269)</u>

**B11 Changes in Material Litigation**

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

**B12 Dividend**

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

**B13 Earnings Per Share**

The calculations of basic earnings per share were as follows:

	Current quarter ended 30.9.2015	Cumulative Totodate 30.9.2015
(a) Net profit attributable to ordinary shareholders(RM'000)	55,163	96,088
(b) Number of ordinary shares in issue ('000)- weighted average	1,248,029	1,248,029
Basic Earnings per share (sen)	4.42	7.70

**B15 Realised and Unrealised profits**

	RM'000
Total Retained profit of the Group:	
Realised	1,089,491
Unrealised	(72,937)
	<u>1,016,554</u>
Total Retained profit of Associates:	
Realised	48,412
	<u>1,064,966</u>
Consolidation Adjustments	(152,217)
Total Group Retained profit as per consolidated accounts	<u>912,749</u>