

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

INTERIM FINANCIAL REPORT FOR THE 3RD QUARTER ENDED 31.12.2016

CONDENSED CONSOLIDATED INCOME STATEMENTS FOR THE PERIOD ENDED 31.12.2016 (UNAUDITED)

	INDIVIDUAL QUARTER				CUMULATIVE QUARTERS				
	CURRENT YEAR		PRECEDING YEAR		CURRENT YEAR		PRECEDING CORRESPONDING PERIOD		
	3RD QUARTER 1.10.2016 TO 31.12.2016		3RD QUARTER 1.10.2015 TO 31.12.2015		TO-DATE 1.4.2016 TO 31.12.2016		PERIOD 1.4.2015 TO 31.12.2015		
	RM'000		RM'000		RM'000		RM'000		
Revenue	8%	799,063		738,002	5%	2,198,296		2,083,707	
Operating Profit	1%	106,732		106,144	5%	299,462		286,131	
Depreciation and amortisation	21%	(27,875)		(23,014)	18%	(86,559)		(73,363)	
Interest income	60%	2,111		1,318	29%	5,193		4,013	
Finance costs	-22%	(7,841)		(10,042)	-3%	(27,144)		(27,872)	
Share of profit of associates (net)		2,289		2,137		7,970		11,096	
Profit Before Taxation	-1%	75,416		76,543	-1%	198,922		200,005	
Less: Tax expense		(14,290)	(Effective tax rate) 18.9%	(12,431)	(Effective tax rate) 16.2%	(40,613)	(Effective tax rate) 20.4%	(39,342)	(Effective tax rate) 19.7%
Profit for the period	-5%	61,126		64,112	-1%	158,309		160,663	
Attributable to:									
Shareholders of the Company	-3%	56,038		57,857	-3%	148,687		153,944	
Minority interests		5,088	6.75% (% against PBT)	6,255	8.17% (% against PBT)	9,622	4.84% (% against PBT)	6,719	3.36% (% against PBT)
Profit for the period		61,126		64,112		158,309		160,663	
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)	-3%	4.49		4.64	-3%	11.91		12.33	
Diluted earnings per ordinary shares (sen)		NA		NA		NA		NA	

The Condensed Consolidated Income Statements should be read in conjunction with the Annual Financial Statements for year ended 31 March 2016 and the accompanying explanatory notes attached to this interim financial statements.
Note: NA denotes "Not Applicable"

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

INTERIM FINANCIAL REPORT FOR THE 3RD QUARTER ENDED 31.12.2016

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31.12.2016 (UNAUDITED)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTERS	
	CURRENT YEAR	PRECEDING YEAR	CURRENT YEAR	PRECEDING CORRESPONDING
	3RD QUARTER 1.10.2016 TO 31.12.2016	3RD QUARTER 1.10.2015 TO 31.12.2015	TO-DATE 1.4.2016 TO 31.12.2016	PERIOD 1.4.2015 TO 31.12.2015
	RM'000	RM'000	RM'000	RM'000
Profit for the period	61,126	64,112	158,309	160,663
Other comprehensive income/(loss), net of tax:				
Foreign currency translation differences for foreign operations	20,357	22,319	45,357	60,204
Cash Flow Hedge	(5,758)	1,127	(9,987)	(2,188)
Disposal of AFS	-	-	-	(1,584)
Total Comprehensive income	75,725	87,558	193,679	217,095
Attributable to:				
Shareholders of the Company	69,234	79,456	179,842	209,424
Minority interests	6,491	8,102	13,837	7,671
Total Comprehensive income	75,725	87,558	193,679	217,095

The Condensed Consolidated Statement of Comprehensive Income Statements should be read in conjunction with the Annual Financial Statements for year ended 31 March 2016 and the accompanying explanatory notes attached to this interim financial statements.
 Note: NA denotes "Not Applicable"

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

QUARTERLY REPORT

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	At 31.12.2016 RM'000 Unaudited	At 31.3.2016 RM'000 Audited
ASSETS		
Property, plant and equipment	1,516,129	1,372,661
Investment properties	32,505	31,033
Prepaid lease payments	52,926	58,342
Intangible assets	10,552	7,146
Biological assets	150,681	129,106
Investment in Associates	112,440	109,079
Deferred tax asset	905	2,980
Other receivables	8,164	6,422
Total non-current assets	1,884,302	1,716,769
Current Assets		
Biological assets	97,104	89,346
Inventories	60 days 385,870	59 days 375,251
Current tax assets	11,773	10,586
Trade receivables	39 days 315,462	35 days 277,242
Other receivables, assets and prepayment	138,715	86,012
Derivative financial assets	6,460	4,942
Cash and cash equivalents	268,616	249,874
	1,224,000	1,093,253
Total Assets	3,108,302	2,810,022
EQUITY AND LIABILITIES		
Equity		
Share Capital	312,007	312,007
Share Premium	308,018	308,018
Reserves	1,098,429	971,628
Equity attributable to shareholders of the Company	1,718,454	1,591,653
Minority interests	94,294	79,241
Total Equity	1,812,748	1,670,894
Non-current liabilities		
Long term borrowings (LT Debts/Total Equity)	21% 386,876	18% 303,737
Deferred income	2,625	2,304
Deferred tax liabilities	82,710	76,983
	472,211	383,024
Current Liabilities		
Short term borrowings	460,823	469,798
Payables	342,807	271,566
Derivative financial liabilities	10	1,306
Taxation	19,703	13,434
	823,343	756,104
Total Liabilities	1,295,554	1,139,128
Total equity and liabilities	3,108,302	2,810,022
Net Assets per share (RM) Based on number of shares:(‘000)	1.38 1,248,029	1.28 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 2016 and the accompanying explanatory notes attached to the interim financial statements.

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

INTERIM FINANCIAL REPORT FOR THE 3RD QUARTER ENDED 31.12.2016

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31ST DECEMBER 2016

	←-----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 31.12.16										
At 1.4.2016	312,007	308,018	-	(2,028)	-	(35,084)	1,008,740	1,591,653	79,241	1,670,894
Cash flow hedge	-	-	-	(6,436)	-	-	-	(6,436)	-	(6,436)
AFS	-	-	-	-	-	-	-	-	-	-
Share on loss of equity-accounted associates	-	-	-	(3,551)	-	-	-	(3,551)	-	(3,551)
Foreign currency translation differences for foreign operations	-	-	-	-	-	41,674	(532)	41,142	4,215	45,357
Profit for the period	-	-	-	(9,987)	-	41,674	(532)	31,155	4,215	35,370
Total comprehensive income for the period	-	-	-	(9,987)	-	41,674	148,155	179,842	13,837	193,679
Subscription of shares in a subsidiary by non-controlling interests	-	-	-	-	-	-	-	-	4,150	4,150
Dividends paid to owners of the Company	-	-	-	-	-	-	(53,041)	(53,041)	-	(53,041)
Dividends paid to non-controlling interest	-	-	-	-	-	-	-	-	(2,934)	(2,934)
At 31.12.2016	312,007	308,018	-	(12,015)	-	6,590	1,103,854	1,718,454	94,294	1,812,748

The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the Annual Financial Report for year ended 31 March 2016 and the accompanying explanatory notes attached to the interim financial statements.

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

INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31.12.2016

CONDENSED CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD ENDED 31ST DECEMBER 2016

	9 months ended 31.12.2016 RM'000	9 months ended 31.12.2015 RM'000
Profit before tax	198,922	200,005
Adjustments for:		
Depreciation & amortisation	86,559	73,363
(Increase)/Decrease in working capital	(55,057)	(88,642)
Income tax paid	(36,073)	(34,562)
Others	52,925	42,920
Net cash from operating activities	247,276	193,084
Purchase of fixed assets	(226,082)	(174,650)
Proceed on disposal of investment	-	60,590
Others	(3,976)	1,828
Net cash used in investing activities	(230,058)	(112,232)
Net borrowings	68,166	37,532
Dividend paid to minority interest	(2,935)	(3,258)
Dividend paid to shareholders	(53,041)	(53,041)
Others	(10,666)	-
Net cash from financing activities	1,524	(18,767)
Net increase in cash and cash equivalents	18,742	62,085
Cash and cash equivalents at 1.4.2016	249,874	175,191
Cash and cash equivalents at 31.12.2016	268,616	237,276

The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Annual Financial Statements for year ended 31 March 2016 and the accompanying explanatory notes attached to this interim financial statements.

NOTES TO THE INTERIM FINANCIAL REPORT

A1. Basis of preparation

The unaudited interim financial statements of the Group have been prepared in accordance with the requirements of FRS 134 - Interim Financial Reporting and Chapter 9, Part K of the Listing Requirements of Bursa Malaysia Securities Berhad.

The accounting policies and methods of computation used in the preparation of the interim financial statements are consistent with those used in the preparation of the financial statements for the financial year ended 31 March 2016 except for the adoption of the following:

- 1) **FRS, Interpretations and Amendments which are effective for annual periods beginning on or after 1st January 2016**
 - Amendments to FRS 10, FRS128 (2011), Consolidated Financial Statements: Investment Entities
 - Amendments to FRS 10, FRS128 (2011), Sale, Contribution of Assets between Investor and its Associates or Joint Venture
 - Amendments to FRS 11, Accounting for Acquisitions of Interest in Joint Operations
 - Amendments to FRS 12, Disclosure of Interests in Other Entities: Investment Entities
 - Amendments to FRS 101, Presentation of Financial Statements-Disclosure Initiative
 - Amendments to FRS 116, FRS138, Clarification of Acceptable Methods of Depreciation and Amortisation
 - Amendments to FRS 119, Defined Benefits Plans - Employee Contributions
 - Amendments to FRS 127, Separate Financial Statements - Equity Method in Separate Financial Statements
 - Amendments to FRS 134, Interim Financial Reporting (Annual Improvements 2012-2014 Cycle)
 - Amendments to FRS 139, Financial Instruments: Recognition and Measurement - Novation of Derivatives and Continuation of Hedge Accounting
- 2) **FRS, Interpretations and Amendments which are effective for annual periods beginning on or after 1st January 2018**
 - FRS9, Financial Instruments (2014)

Malaysian Financial Reporting Standards (MFRS Framework)

The Group and the Company falls within the scope of MFRS 141, Agriculture. Therefore, the Group and the Company is currently exempted from adopting the Malaysian Financial Reporting Standards ("MFRS") and is referred to as a "Transitioning Entity".

Being Transitioning Entity, the Group and the Company will adopt the MFRS issued by MASB and International Financial Reporting Standard ("IFRS") and present its first set of MFRS financial statements for annual period beginning on 1 April 2018. As a result, the Group and the Company will not be adopting the above FRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2018.

A2. Seasonal or cyclical factors

Certain segment of the Group's business are affected by cyclical factors.

The management considers that on a quarter to quarter basis, the demand and/or production of the Group's products for each of the three core activities varies and the variation in each quarters were as follows:

- (1) marine products manufacturing activities are affected by monsoon in the 4th quarter.
- (2) crude palm oil milling activities are seasonally affected by monsoon resulting in low crops in the 2nd and 4th quarters.
- (3) integrated livestock farming activities are not significantly affected in any of the quarters.

On an overall basis therefore, the group's performance varies seasonally and maybe affected by unusual and unforeseen events affecting each of the core activities.

Based on past 5 years quarterly data, our average seasonal earnings index is as follows:

Q1	April to June	0.21
Q2	July to September	0.27
Q3	October to December	0.28
Q4	January to March	0.24
		<u>1.00</u>

A3. Unusual items

There are no unusual items that have material effect on the assets, liabilities, equity, net income or cash flow during the quarter under review.

A4. Nature and amount of changes in estimates

There were no material changes in estimates during the quarter under review.

A5. Debts and securities

There are no issuance, cancellation, repurchase, resale and repayment of debt and equity securities during the quarter under review.

A6. Dividend Paid

No dividend was paid during the quarter under review.

A7. Segmental Information

Segment information in respect of the Group's business segments for the 3rd quarter ended 31.12.2016

	RM'000	RM'000
	Sales	PBT
Marine products manufacturing	230,074	45,998
Palm Oil Activities	89,929	10,093
Integrated Livestock Farming	479,060	19,325
Total	<u>799,063</u>	<u>75,416</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.

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
	1.10.2016 to 31.12.2016	1.10.2015 to 31.12.2015		1.4.2016 to 31.12.2016	1.4.2015 to 31.12.2015	
	Sales	Sales		Sales	Sales	
	RM'000	RM'000		RM'000	RM'000	
Marine product manufacturing (MPM)	230,074	234,115	-2%	664,114	627,479	6%
Palm Oil Activities (POA)	89,929	68,785	31%	247,342	236,090	5%
Integrated Livestock Farming (ILF)	479,060	435,102	10%	1,286,840	1,220,138	5%
Total	799,063	738,002	8%	2,198,296	2,083,707	5%
	1.10.2016 to 31.12.2016	1.10.2015 to 31.12.2015		1.4.2016 to 31.12.2016	1.4.2015 to 31.12.2015	
	Profit before tax	Profit before tax		Profit before tax	Profit before tax	
	RM'000	RM'000		RM'000	RM'000	
Marine product manufacturing (MPM)	45,998	49,343	-7%	120,142	128,505	-7%
Palm Oil Activities (POA)	10,093	4,469	126%	15,704	11,327	39%
Integrated Livestock Farming (ILF)	19,325	22,731	-15%	63,075	60,173	5%
Total	75,416	76,543	-1%	198,922	200,005	-1%

- a. MPM's current quarter sales decreased marginally against corresponding quarter due to overall lower contribution from surimi operations. MPM's current quarter earnings decreased 7% against corresponding quarter due to the same reason.

Cumulative sales increased 6% due to higher contribution from surimi-based products, fishmeal and deep sea fishing operations. Cumulative earnings decreased 7% due to lower overall contribution from surimi and prawn aquaculture operations .

- b. POA's current quarter sales increased 31% against corresponding quarter mainly due to higher CPO price. (CPO price: RM2,867 current qtr vs RM2,094 corresponding qtr)
POA's current quarter earnings increased significantly due to higher contribution from Indonesia unit's oil palm operations.

POA's cumulative sales increased 5% mainly due to higher CPO price despite severe drop in FFB processed by Sabah plantation unit. Cumulative earnings increased 39% due to higher CPO price as well as higher contribution from Indonesian plantation unit.

- c. ILF's current quarter sales increased 10% against corresponding quarter mainly due to higher volume of raw material traded. Current quarter earnings however decreased 15% against corresponding quarter mainly due to lower contributions from Indonesian and Peninsular poultry farms operation.

Cumulative sales increased 5% due to higher unit value of feed raw materials traded. Despite lower contributions from Indonesian and Peninsular poultry farm units, cumulative earnings increased 5% mainly due to improved margin from feed raw material trade.

B2 Review of current quarter performance with the preceding quarter.

	Current quarter	Preceding quarter	% change	Current quarter	Preceding quarter	% change
	1.10.2016 to 31.12.2016	1.7.2016 to 30.9.2016		1.10.2016 to 31.12.2016	1.7.2016 to 30.9.2016	
	Sales	Sales		Profit before tax	Profit before tax	
Activities:						
Marine product manufacturing (MPM)	230,074	218,526	5%	45,998	39,114	18%
Palm Oil Activities (POA)	89,929	68,112	32%	10,093	2,997	237%
Integrated Livestock Farming (ILF)	479,060	443,059	8%	19,325	28,600	-32%
Total	799,063	729,697	10%	75,416	70,711	7%

- a. MPM's current quarter sales increased 5% due to seasonal factors. Earnings increased 18% against preceding quarter due to the same reasons.

- b. POA's current quarter sales increased 32% against preceding quarter due to higher FFB processed by Indonesian plantation unit. Earnings increased significantly due to higher FFB processed by Indonesian plantation unit as well as higher CPO price.

- c. ILF's current quarter sales increased 8% against preceding quarter mainly due to higher volume of raw materials traded. Earnings however decreased 32% against preceding quarter due to lower contribution from Indonesian poultry unit as well lower raw material trade margin.

B3 Prospects for the next quarter to 31st March 2017

Barring unforeseen events, the management are confident that Q4FY17 performance will be satisfactory.

B4 Profit Forecast

No profit forecast was published during the period under review.

B5 Tax expense

	Individual quarter	Cumulative period
	3 months ended 31.12.2016	To date 31.12.2016
	RM'000	RM'000
Current income tax expense	10,716	34,190
Deferred tax expense	3,574	6,423
	14,290	40,613

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

B6 Unquoted investments and properties

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

B7 Quoted Investments

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

B8 Corporate Proposals

During the quarter under review, the Board has proposed a 30% bonus issue of 374,408,829 new ordinary shares in QL on the basis of three (3) bonus share for every ten (10) existing ordinary shares held in QL .
The proposed bonus issue is subject to approval of shareholders at the coming Annual General Meeting in August 2017.

B9 Group Borrowings

Short term:		RM'000
Bank overdraft-short term (unsecured)		27,978
HP Creditors-short term (unsecured)		167
Bankers' acceptance-short term (unsecured)	197,228	
Bankers' acceptance (Islamic)-short term (unsecured)	54,176	
		251,404
Term loans-short term (unsecured)	116,019	
Term loans-short term (Islamic - unsecured)	21,400	
		137,419
Revolving Credit		43,855
		460,823
Long Term:		
HP Creditors-long term (unsecured)		150
Term loans-long term (unsecured)	118,226	
Term loans-long term (Islamic unsecured)	268,500	
		386,726
		386,876
Total Borrowings		847,699

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 31.12.2016, 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
Financial Assets:				
Cross currency swap	-	7,353	-	7,353
Interest rate swap	-	-	349	349
Forward exchange contracts	-	-	107	107
	-	7,353	456	7,809
Financial Liabilities:				
Cross currency swap	-	-	-	-
Commodity options	-	-	-	-
Forward exchange contracts	-	-	784	784
	-	-	784	784

B11 Changes in Material Litigation

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

B12 Dividend

The Board of Directors has declared a special single-tier interim dividend of 3.0 sen per ordinary share during the quarter under review.
The entitlement and payment dates for the dividend are 15 March 2017 and 14 April 2017 respectively.

B13 Earnings Per Share

The calculations of basic earnings per share were as follows:

	Current quarter ended 31.12.2016	Cumulative Totodate 31.12.2016
(a) Net profit attributable to ordinary shareholders(RM'000)	56,038	148,687
(b) Number of ordinary shares in issue ('000)-weighted average	1,248,029	1,248,029
Basic Earnings per share (sen)	4.49	11.91

B15 Realised and Unrealised profits

	RM'000
Total Retained profit of the Group:	
Realised	1,305,566
Unrealised	(81,805)
	1,223,761
Total Retained profit of Associates:	
Realised	60,560
	1,284,321
Consolidation Adjustments	(180,467)
Total Group Retained profit as per consolidated accounts	1,103,854