

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

**INTERIM FINANCIAL REPORT FOR THE 3RD QUARTER ENDED 31.12.2017**

**CONDENSED CONSOLIDATED INCOME STATEMENTS FOR THE PERIOD ENDED 31.12.2017 (UNAUDITED)**

	INDIVIDUAL QUARTER				CUMULATIVE QUARTERS				
	% increase against last period	CURRENT YEAR		PRECEDING YEAR	% increase against last period	CURRENT YEAR		PRECEDING CORRESPONDING PERIOD	
		3RD QUARTER 1.10.2017 to 31.12.2017		3RD QUARTER 1.10.2016 to 31.12.2016		TO-DATE 1.4.2017 to 31.12.2017		1.4.2016 to 31.12.2016	
	RM'000		RM'000		RM'000		RM'000		
<b>Revenue</b>	12%	892,018		799,063	13%	2,479,403		2,198,296	
<b>Operating Profit</b>	8%	115,203		106,732	5%	312,997		299,462	
<b>Depreciation and amortisation</b>	9%	(30,362)		(27,875)	6%	(91,793)		(86,559)	
<b>Interest income</b>	23%	2,596		2,111	15%	5,995		5,193	
<b>Finance costs</b>	54%	(12,058)		(7,841)	28%	(34,711)		(27,144)	
<b>Share of profit of associates (net)</b>		2,439		2,289		6,940		7,970	
<b>Profit Before Taxation</b>	3%	77,818		75,416	0.3%	199,428		198,922	
<b>Less: Tax expense</b>		(14,721)	(Effective tax rate) 18.9%	(14,290)	(Effective tax rate) 18.9%	(29,844)	(Effective tax rate) 15.0%	(40,613)	(Effective tax rate) 20.4%
<b>Profit for the period</b>	3%	63,097		61,126	7%	169,584		158,309	
<b>Attributable to:</b>									
<b>Shareholders of the Company</b>	3%	57,855		56,038	8%	159,872		148,687	
<b>Minority interests</b>		5,242	6.74% (% against PBT)	5,088	6.75% (% against PBT)	9,712	4.87% (% against PBT)	9,622	4.84% (% against PBT)
<b>Profit for the period</b>		63,097		61,126		169,584		158,309	
<b>Number of shares in issue ('000)</b>		1,622,438		1,622,438		1,622,438		1,622,438	
<b>Earnings per share:</b>									
<b>Basic earnings per ordinary shares (sen)</b>	3%	3.57		3.45	8%	9.85		9.16	
<b>Diluted earnings per ordinary shares (sen)</b>		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 3RD QUARTER ENDED 31.12.2017**

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31.12.2017 (UNAUDITED)**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTERS	
	CURRENT YEAR	PRECEDING YEAR	CURRENT YEAR	PRECEDING CORRESPONDING
	3RD QUARTER 1.10.2017 to 31.12.2017	3RD QUARTER 1.10.2016 to 31.12.2016	TO-DATE 1.4.2017 to 31.12.2017	PERIOD 1.4.2016 to 31.12.2016
	RM'000	RM'000	RM'000	RM'000
<b>Profit for the period</b>	63,097	61,126	169,584	158,309
<b>Other comprehensive income/(loss), net of tax:</b>				
Foreign currency translation differences for foreign operations	(34,873)	20,357	(66,167)	45,357
Fair value of available-for-sale financial assets	-	-	(59)	-
Share of gain/(loss) of equity-accounted associates	1,080	-	2,372	-
Cash Flow Hedge	(7,881)	(5,758)	(17,276)	(9,987)
<b>Total Comprehensive income</b>	<b>21,423</b>	<b>75,725</b>	<b>88,454</b>	<b>193,679</b>
<b>Attributable to:</b>				
Shareholders of the Company	20,326	69,234	85,091	179,842
Minority interests	1,097	6,491	3,363	13,837
<b>Total Comprehensive income</b>	<b>21,423</b>	<b>75,725</b>	<b>88,454</b>	<b>193,679</b>

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)  
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**INTERIM FINANCIAL REPORT FOR THE 3RD QUARTER ENDED 31.12.2017**

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	At 31.12.2017 RM'000 Unaudited	At 31.3.2017 RM'000 Audited
<b>ASSETS</b>		
Property, plant and equipment	1,668,296	1,559,805
Investment properties	22,767	23,671
Prepaid lease payments	54,254	57,778
Intangible assets	15,437	11,068
Biological assets	141,078	151,989
Investment in associates	126,442	116,156
Deferred tax assets	9,239	799
Other receivables	7,811	8,056
<b>Total non-current assets</b>	<b>2,045,324</b>	<b>1,929,322</b>
<b>Current Assets</b>		
Biological assets	126,473	108,758
Inventories	64 days 466,373	60 days 405,728
Current tax assets	15,520	15,963
Trade receivables	39 days 351,563	37 days 307,280
Other receivables, assets and prepayment	128,047	98,965
Derivative financial assets	1,003	6,894
Cash and cash equivalents	297,551	306,907
Assets classified as held for sale	20	110
	<b>1,386,550</b>	<b>1,250,605</b>
<b>Total Assets</b>	<b>3,431,874</b>	<b>3,179,927</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Share capital	620,025	620,025
Reserves	1,160,331	1,128,281
<b>Equity attributable to shareholders of the Company</b>	<b>1,780,356</b>	<b>1,748,306</b>
Minority interests	94,482	93,305
<b>Total Equity</b>	<b>1,874,838</b>	<b>1,841,611</b>
<b>Non-current liabilities</b>		
Long term borrowings (LT Debts/Total Equity)	20% 379,565	19% 344,076
Payables	20	-
Employee benefits	4,914	4,483
Deferred tax liabilities	86,944	87,050
	<b>471,443</b>	<b>435,609</b>
<b>Current Liabilities</b>		
Short term-bankers acceptance	281,500	283,752
Other short term borrowings	382,695	295,959
Payables	396,040	313,394
Derivative financial liabilities	13,493	27
Taxation	11,865	9,575
	<b>1,085,593</b>	<b>902,707</b>
<b>Total Liabilities</b>	<b>1,557,036</b>	<b>1,338,316</b>
<b>Total equity and liabilities</b>	<b>3,431,874</b>	<b>3,179,927</b>
Net Assets per share (RM)	1.10	1.08
Based on number of shares:( '000)	<b>1,622,438</b>	<b>1,622,438</b>

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)  
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**INTERIM FINANCIAL REPORT FOR THE 3RD QUARTER ENDED 31.12.2017**

**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31.12.2017**

	<-----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
<b>9 months ended 31.12.2017</b>								
<b>At 1.4.2017</b>	620,025	16,405	-	(2,303)	1,114,179	<b>1,748,306</b>	93,305	<b>1,841,611</b>
Foreign currency translation differences for foreign operations	-	(59,818)	-	-	-	<b>(59,818)</b>	(6,349)	<b>(66,167)</b>
Fair value of available-for-sale financial assets	-	-	(59)	-	-	<b>(59)</b>	-	<b>(59)</b>
Share on loss of equity-accounted associates	-	-	-	2,372	-	<b>2,372</b>	-	<b>2,372</b>
Cash flow hedge	-	-	-	(17,276)	-	<b>(17,276)</b>	-	<b>(17,276)</b>
Profit for the year	-	(59,818)	(59)	(14,904)	159,872	<b>(74,781)</b>	(6,349)	<b>(81,130)</b>
Total comprehensive income for the period	-	(59,818)	(59)	(14,904)	159,872	<b>85,091</b>	3,363	<b>88,454</b>
Dividends to owners of the Company	-	-	-	-	(53,041)	<b>(53,041)</b>	-	<b>(53,041)</b>
Dividends paid to non-controlling interest	-	-	-	-	-	-	(2,186)	<b>(2,186)</b>
Issue of fshare capital during the year	-	-	-	-	-	-	-	-
<b>At 31.12.2017</b>	<b>620,025</b>	<b>(43,413)</b>	<b>(59)</b>	<b>(17,207)</b>	<b>1,221,010</b>	<b>1,780,356</b>	<b>94,482</b>	<b>1,874,838</b>

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.

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**INTERIM FINANCIAL REPORT FOR THE 3RD QUARTER ENDED 31.12.2017**

**CONDENSED CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD ENDED 31.12.2017**

	<b>3rd quarter ended 31.12.2017 RM'000</b>	<b>3rd quarter ended 31.12.2016 RM'000</b>
Profit before tax	199,428	198,922
Adjustments for:		
Depreciation & amortisation	91,793	86,559
(Increase)/Decrease in working capital	(48,494)	(55,057)
Income tax paid	(29,507)	(36,073)
Share of associates' profits	(6,940)	(7,970)
Loss/(Gain) on derivatives - unrealised	4,385	(12,801)
Loss/(Gain) on foreign exchange - unrealised	(75,656)	58,310
Others	-	570
Net cash from operating activities	135,009	232,460
Purchase of fixed assets	(195,707)	(226,082)
Proceed on disposal of investment	-	-
Others	(4,518)	(3,976)
Net cash used in investing activities	(200,225)	(230,058)
Net borrowings	159,242	68,166
Dividend paid to minority interest	(2,186)	(2,935)
Dividend paid to shareholders	(90,482)	(53,041)
Others	(1)	4,150
Net cash from financing activities	66,573	16,340
Net increase in cash and cash equivalents	1,357	18,742
Cash and cash equivalents at 1.4.2017	281,580	249,874
Cash and cash equivalents at 31.12.2017	282,937	268,616

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.

## 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 2018**
  - FRS 9, Financial Instruments (2014)
  - IC Interpretation 22, Foreign Currency Transactions and Advance Consideration
  - Amendments to FRS 1, First-time Adoption of Financial Reporting Standards (Annual Improvements to FRS Standards 2014-2016 Cycle)
  - Amendments to FRS 2, Share-based Payment – Classification and Measurement of Share-based Payment Transactions
  - Amendments to FRS 4, Insurance Contracts – Applying FRS 9 Financial Instruments with FRS 4 Insurance Contracts
  - Amendments to FRS 128, Investments in Associates and Joint Ventures (Annual Improvements to FRS Standards 2014-2016 Cycle)
  - Amendments to FRS 140, Investment Property – Transfers of Investment Property
- 2) **FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2019**
  - IC Interpretation 23, Uncertainty over Income Tax Treatments
- 3) **FRSs, Interpretations and amendments effective for annual periods beginning on or after a date yet to be confirmed**
  - Amendments to FRS 10, Consolidated Financial Statements and FRS 128, Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

#### 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 period under review.

## A7. Segmental Information

Segment information in respect of the Group's business segments for the 3rd quarter ended 31.12.2017

	RM'000	RM'000
	Sales	PBT
Marine products manufacturing	266,186	39,354
Palm Oil Activities	103,977	10,082
Integrated Livestock Farming	521,855	28,382
Total	<u>892,018</u>	<u>77,818</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.

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**INTERIM FINANCIAL REPORT FOR THE 3RD QUARTER ENDED 31.12.2017**

**ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA SECURITIES BERHAD'S LISTING REQUIREMENTS.**

**B1 Review of performance for the current quarter and financial period to-date.**

	Current quarter	Last year corresponding quarter	% change	Cumulative quarters	Cumulative corresponding quarters last year	% change
	1.10.2017 to 31.12.2017	1.10.2016 to 31.12.2016		1.4.2017 to 31.12.2017	1.4.2016 to 31.12.2016	
	Sales	Sales		Sales	Sales	
	RM'000	RM'000		RM'000	RM'000	
Marine product manufacturing (MPM)	266,186	230,074	16%	698,843	664,114	5%
Palm Oil Activities (POA)	103,977	89,929	16%	297,342	247,342	20%
Integrated Livestock Farming (ILF)	521,855	479,060	9%	1,483,218	1,286,840	15%
Total	892,018	799,063	12%	2,479,403	2,198,296	13%
	1.10.2017 to 31.12.2017	1.10.2016 to 31.12.2016		1.4.2017 to 31.12.2017	1.4.2016 to 31.12.2016	
	Profit before tax	Profit before tax		Profit before tax	Profit before tax	
	RM'000	RM'000		RM'000	RM'000	
Marine product manufacturing (MPM)	39,354	45,998	-14%	102,383	120,142	-15%
Palm Oil Activities (POA)	10,082	10,093	-0.1%	20,390	15,704	30%
Integrated Livestock Farming (ILF)	28,382	19,325	47%	76,655	63,076	22%
Total	77,818	75,416	3%	199,428	198,922	0%

- a. MPM's current quarter sales increased 16% against corresponding quarter due to overall higher contribution from surimi-based products operation. MPM's current quarter earnings however decreased 14% against corresponding quarter due to lower contribution from surimi and fishmeal operations as a result of post El-Nino low fish cycle In Malaysia water especially Kota Kinabalu unit.

Similarly cumulative sales and earnings increased 5% and decreased 15% respectively due to the same reasons.

- b. POA's current quarter sales increased 16% against corresponding quarter mainly due to higher FFB production and FFB processed. POA's current quarter earnings however did not increased due to lower CPO price and lower OER (consequence of heavy rainfall). (CPO price: RM2,592 current qtr vs RM2,867 corresponding qtr)

POA's cumulative sales and earnings increased 20% and 30% respectively mainly due to increase in own FFB production and FFB processed.

- c. ILF's current quarter sales increased 9% against corresponding quarter mainly due to higher contribution from poultry farms operation. Current quarter earnings increased 47% against corresponding quarter mainly due to higher contributions from Indonesian and East Malaysia poultry farms operation.

Cumulative sales and earnings increased 15% and 22% respectively 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
	1.10.2017 to 31.12.2017	1.7.2017 to 30.9.2017		1.10.2017 to 31.12.2017	1.7.2017 to 30.9.2017	
	Sales	Sales		Profit before tax	Profit before tax	
Activities:						
Marine product manufacturing (MPM)	266,186	217,575	22%	39,354	31,699	24%
Palm Oil Activities (POA)	103,977	77,509	34%	10,082	3,549	184%
Integrated Livestock Farming (ILF)	521,855	513,828	2%	28,382	35,995	-21%
Total	892,018	808,912	10%	77,818	71,243	9%

- a. MPM's current quarter sales increased 22% due to seasonal factors. Earnings increased 24% against preceding quarter due to the same reasons.
- b. POA's current quarter sales increased 34% against preceding quarter due to higher FFB processed by Indonesian plantation unit. Earnings increased significantly due to higher FFB processed by Indonesian plantation unit.
- c. ILF's current quarter sales increased marginally against preceding quarter mainly due to higher contribution from poultry farming activities (domestically & regionally) being offset by lower volume of raw materials traded.

Earnings decreased 21% against preceding quarter due to lower contribution from Peninsular poultry units as well lower raw material trade margin.

**B3 Prospects for the next quarter to 31st March 2018**

The management are cautiously optimistic on Q4FY18 performance to deliver another year of growth.

**B4 Profit Forecast**

No profit forecast was published during the period under review.

**B5 Tax expense**

	Individual quarter	Cumulative period
	3 months ended	To date
	31.12.2017	31.12.2017
	RM'000	RM'000
Current income tax expense	16,455	37,808
Deferred tax expense	(1,734)	(7,964)
	14,721	29,844

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>		14,614
<i>HP Creditors-short term (unsecured)</i>		97
<i>Bankers' acceptance-short term (unsecured)</i>	214,135	
<i>Bankers' acceptance (Islamic)-short term (unsecured)</i>	67,365	
	<u>281,500</u>	
<i>Term loans-short term (unsecured)</i>	146,081	
<i>Term loans-short term (Islamic - unsecured)</i>	69,500	
	<u>215,581</u>	
<i>Revolving Credit</i>		152,403
		<u>664,195</u>
<b>Long Term:</b>		
<i>HP Creditors-long term (unsecured)</i>		154
<i>Term loans-long term (unsecured)</i>	74,125	
<i>Term loans-long term (Islamic unsecured)</i>	305,286	
	<u>379,411</u>	
		<u>379,565</u>
<b>Total Borrowings</b>		<u>1,043,760</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 31.12.2017, 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	-	-	-	-
Interest rate swap	-	-	-	-
Forward exchange contracts	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Financial Liabilities:</b>				
Cross currency swap	-	(5,655)	-	(5,655)
Interest rate swap	-	-	(8,045)	(8,045)
Commodity options	-	-	-	-
Forward exchange contracts	-	-	(1,227)	(1,227)
	<u>-</u>	<u>(5,655)</u>	<u>(9,272)</u>	<u>(14,927)</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 31.12.2017	Cumulative to date 31.12.2017
(a) Net profit attributable to ordinary shareholders (RM'000)	57,855	159,872
(b) Number of ordinary shares in issue ('000)- weighted average	1,622,438	1,622,438
Basic Earnings per share (sen)	3.57	9.85

## B14 Realised and Unrealised profits

	RM'000
Total Retained profit of the Group:	
Realised	1,311,976
Unrealised	(78,291)
	<u>1,233,685</u>
Total Retained profit of Associates:	
Realised	67,702
	<u>1,301,387</u>
Consolidation Adjustments	(80,377)
Total Group Retained profit as per consolidated accounts	<u>1,221,010</u>