

INTERIM FINANCIAL REPORT FOR THE 2ND QUARTER ENDED 30.9.2007

CONDENSED CONSOLIDATED INCOME STATEMENTS FOR THE PERIOD ENDED 30.9.2007

	INDIVIDUAL QUARTER		CUMULATIVE QUARTERS	
	CURRENT YEAR	PRECEDING YEAR	CURRENT YEAR	PRECEDING CORRESPONDING
	2ND QUARTER 1.7.2007 TO 30.9.2007	2ND QUARTER 1.7.2006 TO 30.9.2006	TO-DATE 1.4.2007 TO 30.9.2007	PERIOD 1.4.2006 TO 30.9.2006
	RM'000	RM'000	RM'000	RM'000
Revenue	<u>307,767</u>	<u>292,023</u>	<u>621,738</u>	<u>561,277</u>
Operating Profit	33,550	28,053	62,473	51,420
Depreciation and amortisation	-6,301	-6,553	(13,130)	(12,071)
Interest income	432	170	507	245
Interest expense	-3,176	-2,303	(6,921)	(4,986)
Share of profit of associate (net)	<u>89</u>	<u>157</u>	<u>201</u>	<u>328</u>
Profit Before Taxation	24,594	19,524	43,130	34,936
Less: Tax expense	<u>(2,065)</u>	<u>(2,312)</u>	#N/A	<u>(4,271)</u>
Profit for the period	<u>22,529</u>	<u>17,212</u>	<u>#N/A</u>	<u>30,665</u>
Attributable to:				
Shareholders of the Company	20,660	15,445	#N/A	27,809
Minority interests	1,869	1,767	2,712	2,856
Profit for the period	<u>22,529</u>	<u>17,212</u>	<u>#N/A</u>	<u>30,665</u>
Number of shares in issue ('000)	220,000	220,000	220,000	220,000
Earnings per share:				
Basic earnings per ordinary shares (sen)	9.39	7.02	#N/A	12.64
Diluted earnings per ordinary shares (sen)	NA	NA	#N/A	NA

The Condensed Consolidated Income Statements should be read in conjunction with the Annual Financial Report for year ended 31 March 2007.

Note: NA denotes "Not Applicable"

QUARTERLY REPORT

CONDENSED CONSOLIDATED BALANCE SHEETS AT 30TH SEPTEMBER 2007

	At 30.9.2007 RM'000	At 31.3.2007 RM'000
	Unaudited	Audited
<b>ASSETS</b>		
Property, plant and equipment	318,989	286,162
Intangible assets	795	427
Biological assets	14,614	14,578
Prepaid lease payments	50,209	49,662
Investment properties	10,338	8,903
Investment in Associates	3,127	3,449
Other long term investments	49	103
Deferred tax asset	158	61
Goodwill on Consolidation	3,289	2,855
<b>Total non-current assets</b>	<u>401,568</u>	<u>366,200</u>
<b>Current Assets</b>		
Trade receivables	115,725	92,116
Other receivables, deposits and prepayments	32,474	45,414
Inventories	120,141	120,139
Biological assets	16,565	15,615
Current tax assets	3,743	3,047
Cash and cash equivalents	37,755	28,312
	<u>326,403</u>	<u>304,643</u>
<b>Total Assets</b>	<u>727,971</u>	<u>670,843</u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Share Capital	110,000	110,000
Reserves	207,845	187,798
<b>Equity attributable to shareholders of the Company</b>	<u>317,845</u>	<u>297,798</u>
Minority interests	28,283	25,501
<b>Total Equity</b>	<u>346,128</u>	<u>323,299</u>
<b>Non-current liabilities</b>		
Long term borrowings	63,714	61,624
Deferred tax liabilities	26,066	26,151
	<u>89,780</u>	<u>87,775</u>
<b>Current Liabilities</b>		
Payables	65,326	55,427
Short term borrowings	223,562	203,203
Taxation	3,175	1,139
	<u>292,063</u>	<u>259,769</u>
<b>Total Liabilities</b>	<u>381,843</u>	<u>347,544</u>
<b>Total equity and liabilities</b>	<u>727,971</u>	<u>670,843</u>
Net Assets per share (RM)	<u>1.44</u>	<u>1.35</u>

The Condensed Consolidated Balance Sheet should be read in conjunction with the Annual Financial Report for year ended 31 March 2007 and the accompanying explanatory notes attached to the interim financial statements.

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

**INTERIM FINANCIAL REPORT FOR THE 2ND QUARTER ENDED 30.9.2007**

**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30TH SEPTEMBER 2007.**

	Share Capital	Share premium	Exchange translation Reserve	Retained Profit	Attributable to shareholders of the Company	Minority Interests	Total Equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
As 1st April 2007	110,000	40,346	(11)	147,463	297,798	25,501	323,299
Movement for the period:					-		
Net profit for the period	-			#N/A	#N/A	2,712	#N/A
Net gains/(losses) recognised directly to equity			21		21		21
Issuance of shares	-				-	2,707	2,707
Acquisition of additional shares in existing subsidiaries						(2,637)	(2,637)
Dividends				(16,060)	(16,060)		(16,060)
							-
At 30.9.2007	110,000	40,346	10	#N/A	#N/A	28,283	#N/A

The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the Annual Financial Report for year ended 31 March 2007 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 30.9.2007**

**CONDENSED CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD ENDED 30.9.2007**

	<b>2nd quarter ended 30.9.2007 RM'000</b>	<b>2nd quarter ended 30.9.2006 RM'000</b>
Net cash from operating activities	41,645	33,670
Net cash (used) in investing activities	-50,740	-36,971
Net cash from/(used) in financing activities	<u>16,031</u>	<u>-4,879</u>
Net decrease in cash and cash equivalents	6,936	-8,180
Cash and cash equivalents at 1.4.2007	17,562	#N/A
Cash and cash equivalents at 30.9.2007	<u><u>24,498</u></u>	<u><u>#N/A</u></u>

The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Annual Financial Report for year ended 31 March 2007 and the accompanying explanatory notes attached to the interim financial statements.

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**INTERIM FINANCIAL REPORT FOR THE 2ND QUARTER ENDED 30.9.2007**

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
	1.7.2007 to 30.9.2007	1.7.2006 to 30.9.2006		1.4.2007 to 30.9.2007	1.4.2006 to 30.9.2006	
	<b>Sales</b>	<b>Sales</b>		<b>Sales</b>	<b>Sales</b>	
	<b>RM'000</b>	<b>RM'000</b>		<b>RM'000</b>	<b>RM'000</b>	
Marine product manufacturing (MPM)	65,879	61,186	8%	135,780	121,075	12%
Crude Palm Oil Milling (CPOM)	68,008	50,186	36%	126,852	104,761	21%
Integrated Livestock Farming (ILF)	173,880	180,651	-4%	359,106	335,441	7%
Total	<u>307,767</u>	<u>292,023</u>	5%	<u>621,738</u>	<u>561,277</u>	11%
	1.7.2007 to 30.9.2007	1.7.2006 to 30.9.2006		1.4.2007 to 30.9.2007	1.4.2006 to 30.9.2006	
	<b>Profit before tax</b>	<b>Profit before tax</b>		<b>Profit before tax</b>	<b>Profit before tax</b>	
	<b>RM'000</b>	<b>RM'000</b>		<b>RM'000</b>	<b>RM'000</b>	
Marine product manufacturing (MPM)	10,165	10,712	-5%	19,838	18,409	8%
Crude Palm Oil Milling (CPOM)	2,180	2,657	-18%	3,775	4,946	-24%
Integrated Livestock Farming (ILF)	<u>12,249</u>	<u>6,155</u>	99%	<u>19,517</u>	<u>11,581</u>	69%
Total	<u>24,594</u>	<u>19,524</u>	26%	<u>43,130</u>	<u>34,936</u>	23%

- a. MPM's current quarter and cumulative quarters sales increased 8% and 12% respectively against last year. The increased sales is due to higher contribution from surimi-based products operations as well as higher surimi prices. Earnings for the current quarter decreased 5% mainly due to lower fishmeal prices. On a cumulative basis, earnings however increased 8% mainly due to higher contribution from surimi and surimi-based products.
- b. CPOM's current quarter sales increased 36% against corresponding quarter despite a 75% increase in CPO price (Current qtr: RM2552 vs Corresponding qtr: RM1458). During the quarter, quantity of FFB processed decreased by 14% due to crop resting period and competition from entry of new CPO mills. Cumulatively, sales increased 21% for the same reason.

Despite improving CPO prices, CPOM's current quarter earnings decreased 18% against corresponding quarter due to lower FFB processed as well as higher cost due to competition for FFB supplies from new CPO mills nearby. Cumulatively, earnings decreased 24% for the same reason.

- c. ILF's current quarter sales decreased 4% against corresponding quarter due lower volume of animal feed raw material traded. Cumulatively, sales increased 7% due to better first quarter sales.

ILF's current quarter and cumulative earnings increased 99% and 69% respectively against last year due to better margin from raw material trade as well as higher farm produced prices.

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

	Current quarter	Preceding quarter	% change	Current quarter	Preceding quarter	% change
	1.7.2007 to 30.9.2007	1.4.2007 to 30.6.2007		1.7.2007 to 30.9.2007	1.4.2007 to 30.6.2007	
	Sales	Sales		Profit before tax	Profit before tax	
Activities:						
Marine product manufacturing (MPM)	65,879	69,901	-6%	10,165	9,672	5%
Crude Palm Oil Milling (CPOM)	68,008	58,844	16%	2,180	1,595	37%
Integrated Livestock Farming (ILF)	173,880	185,226	-6%	12,249	7,268	69%
Total	307,767	313,971	-2%	24,594	18,535	33%

- a. MPM's current quarter sales decreased 6% against preceding quarter mainly due to lower fishmeal prices and lower fish catch. Earnings however increased 5% due to better margins from surimi operations.
- b. CPOM's current quarter sales increased 16% against preceding quarter mainly due to higher CPO price. (Current Qtr:RM2552 vs Preceding Qtr:RM2137) Earnings increased 37% due to higher contribution from own plantation unit and improved milling margin.
- c. ILF's current quarter sales decreased 6% against preceding quarter due to lower volume of animal feed raw material trade. Earnings increased 69% against preceding quarter due to higher farm produced margin as well as higher margin from raw material trade.

**B3 Commentary on Prospects for the next quarter to 31.12.2007**

The directors are cautiously optimistic on the next quarter to 31.12.2007.

**B4 Profit Forecast**

No profit forecast was published during the period under review.

**B5 Tax expense**

Current income tax expense  
Deferred tax expense

**Cumulative period**

**Todate**  
**30.9.2007**  
**RM'000**

#N/A  
56  
#N/A

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**

Current quarter ended

Todate

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

Investment in quoted securities is analysed as:

	<u>30.9.2007</u>	<u>30.9.2007</u>
	RM'000	RM'000
Cost:	<u>44</u>	<u>44</u>
Book Value:	<u>44</u>	<u>44</u>
Market Value:	<u>50</u>	<u>50</u>

## B8 Corporate Proposals

There were no corporate proposals announced but not completed at the date of issue of this report.

## B9 Borrowings

	RM'000	RM'000
<i>Bank overdraft-short term (secured)</i>	#N/A	
<i>Bank overdraft-short term (unsecured)</i>	#N/A	
		#N/A
<i>HP Creditors-short term (unsecured)</i>	#N/A	
<i>HP Creditors-long term (unsecured)</i>	#N/A	
		#N/A
<i>Bankers' acceptance-short term (secured)</i>	#N/A	
<i>Bankers' acceptance-short term (unsecured)</i>	#N/A	
		#N/A
<i>Term loans-short term (secured)</i>	#N/A	
<i>Term loans-short term (unsecured)</i>	#N/A	
		#N/A
<i>Term loans-long term (secured)</i>	#N/A	
<i>Term loans-long term (unsecured)</i>	#N/A	
	#N/A	#N/A
<b>Total Borrowings for trade purpose</b>		<u><u>#N/A</u></u>

## B10 Off Balance sheet financial instruments

The Group enters into forward exchange contracts as a hedge for certain contracts that are confirmed. The purpose of such hedging is to minimise losses and to preserve value of confirmed contracts. There is no cash requirement for the above hedging instrument. It is the Group's

policy to enter into foreign currency contracts with the Group's bankers and as such the Group do not foresee any significant credit and/or market risks.

Assets and liabilities in foreign currencies are translated into Ringgit Malaysia at rates of exchange approximating those ruling at the transaction dates.

Foreign currency transactions are translated at rates ruling at the transaction dates. Foreign exchange difference are dealt with in the income statement.

As at 30.9.2007, the Group has hedged outstanding foreign currency contracts amounting to USD 9.5 million (RM 32.9 million).

These contracts are all short term in nature.

## 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

Cumulative

The calculations of basic earnings per share were as follows:

	<u>Current quarter ended 30.9.2007</u>	<u>Todate 30.9.2007</u>
(a) Net profit attributable to ordinary shareholders(RM'000)	<u>20,660</u>	<u>#N/A</u>
Number of ordinary shares in issue ('000)- (b) weighted average	<u>220,000</u>	<u>220,000</u>
Basic Earnings per share (sen)	<u>9.39</u>	<u>#N/A</u>

**B14 Dividends Paid/declared**

Dividend No.	Financial year	Type	Rate	Payment date
7	2006	Final dividend Based on 9.0 sen per ordinary shares of RM0.50 sen.	18% per share less tax	27th Sep 06
8	2007	Final dividend Based on 10.0 sen per ordinary shares of RM0.50 sen.	20% per share less tax	25th Sep 07



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**INTERIM FINANCIAL REPORT FOR THE 2ND QUARTER ENDED 30.9.2007****NOTES TO THE INTERIM FINANCIAL REPORT****A1 Basis of preparation**

The 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 2007 except for the adoption of FRS124: Related Party Disclosure from 11st January 2007. The adoption of FRS124 does not have any financial impact on the financial statement for the current interim period.

**A2 Status of Audit qualification**

The Audit Report of the Group's preceding financial statements was not qualified.

**A3 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.

**A4 Unusual items**

There are no unusual items during the quarter under review.

**A5 Material changes in estimates**

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

**A6 Debts and securities**

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

**A7 Dividend paid**

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

**A8 Segmental Information**

Segment information in respect of the Group's business segments for the 2nd quarter ended 30.9.2007.

	Turnover RM'000	Profit before tax RM'000
Marine products manufacturing	65,879	10,165
Crude Palm Oil Milling	68,008	2,180
Integrated Livestock Farming	173,880	12,249
Total	<u>307,767</u>	<u>24,594</u>

**A9 Property, plant and equipment**

The valuations of land and building have been brought forward, without amendment from the previous annual report.

**A10 Material subsequent Event**

There were no material events subsequent to the end of current quarter that have not been reflected in the financial statements.

**A11 Changes in composition of the Group.**

There were no material changes in the composition of the Group in the current quarter.

**A12 Changes in Contingent Liabilities**

Corporate guarantee given to secure banking facilities granted to subsidiaries :	RM' million
At 31.3.2007	531
Additions	<u>20</u>
At 30.9.2007	<u>551</u>