

INTERIM FINANCIAL REPORT FOR THE 2nd QUARTER ENDED 30.9.2008

CONDENSED CONSOLIDATED INCOME STATEMENTS FOR THE PERIOD ENDED 30.9.2008

	% increase against last period	INDIVIDUAL QUARTER			CUMULATIVE QUARTERS	
		CURRENT YEAR	PRECEDING YEAR		CURRENT YEAR	PRECEDING YEAR
		2ND QUARTER 1.7.2008 TO 30.9.2008 RM'000	2ND QUARTER 1.7.2007 TO 30.9.2007 RM'000		TO-DATE 1.4.2008 TO 30.9.2008 RM'000	1.4.2007 TO 30.9.2007 RM'000
Revenue	27.25%	<u>391,620</u>	<u>307,767</u>	21.61%	<u>756,112</u>	<u>621,738</u>
Operating Profit	24.01%	41,604	33,550	#N/A	#N/A	62,473
Depreciation and amortisation	26.14%	-7,948	-6,301	15.40%	(15,152)	(13,130)
Interest income		365	432		406	507
Interest expense	(9.30)	-3,669	(8.74) -3,176	#N/A	(7,069)	(7.23) (6,921)
Share of profit of associate (net)		<u>119</u>	<u>89</u>		<u>256</u>	<u>201</u>
Profit Before Taxation	23.90%	30,471	24,594	#N/A	#N/A	43,130
Less: Tax expense (Effective tax rate)	-9.91%	<u>(3,021)</u>	-8.40% <u>(2,065)</u>	#N/A	<u>(6,576)</u>	-10% <u>(4,332)</u>
Profit for the period		<u>27,450</u>	<u>22,529</u>		<u>#N/A</u>	<u>38,798</u>
Attributable to:						
Shareholders of the Company	21.9%	25,189	20,660	#N/A	#N/A	36,086
Minority interests (% against PBT)	7.42%	2,261	7.60% 1,869	#N/A	4,013	6.29% 2,712
Profit for the period		<u>27,450</u>	<u>22,529</u>		<u>#N/A</u>	<u>38,798</u>
Number of shares in issue ('000)		<u>328,955</u>	<u>330,000</u>		<u>328,909</u>	<u>330,000</u>
Earnings per share:						
Basic earnings per ordinary shares (sen)	22.3%	<u>7.66</u>	<u>6.26</u>		<u>#N/A</u>	<u>10.94</u>
Diluted earnings per ordinary shares (sen)		<u>NA</u>	<u>NA</u>		<u>#N/A</u>	<u>NA</u>

The Condensed Consolidated Income Statements should be read in conjunction with the Annual Financial Report for year ended 31 March 2008.

Note: NA denotes "Not Applicable"

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

QUARTERLY REPORT

CONDENSED CONSOLIDATED BALANCE SHEETS AT 30TH SEPTEMBER 2008

	At 30.9.2008 RM'000 Unaudited		At 31.3.2008 RM'000 Audited
ASSETS			
Property, plant and equipment	375,293		341,835
Intangible assets	439		437
Biological assets	35,620		25,662
Prepaid lease payments	89,048		83,060
Investment properties	7,248		7,195
Investment in Associates	3,378		3,121
Other long term investments	49		49
Deferred tax asset	943		564
Goodwill on Consolidation	3,886		3,522
Total non-current assets	515,904		465,445
Current Assets			
Trade receivables	134,273	32 days	108,503
Other receivables, deposits and prepayments	70,615		49,825
Inventories	182,614	45 days	134,218
Biological assets	28,141	38 days	18,786
Current tax assets	3,793		2,938
Cash and cash equivalents	39,805		48,089
	459,241		362,359
Total Assets	975,145		827,804
EQUITY AND LIABILITIES			
Equity			
Share Capital	165,000		110,000
Reserves	219,903		250,796
Equity attributable to shareholders of the Company	384,903		360,796
Minority interests	42,405		39,456
Total Equity	427,308		400,252
Non-current liabilities			
Long term borrowings	134,666	34.99%	82,970
Deferred tax liabilities	26,952		26,180
	161,618		109,150
Current Liabilities			
Payables	90,646		82,598
Short term borrowings	290,344		234,077
Taxation	5,229		1,727
	386,219		318,402
Total Liabilities	547,837		427,552
Total equity and liabilities	975,145		827,804
Net current assets ratio	1.19		1.14
Net Assets per share (RM)	1.17		1.64
Based on number of shares:('000)	329,943		220,000

The Condensed Consolidated Balance Sheet should be read in conjunction with the Annual Financial Report for year ended 31 March 2008 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 30.9.2008

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30TH SEPTEMBER 2008.

	Share Capital	Share Premium	Treasury Shares	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
At 1st April 2008	110,000	40,346	-	(1,755)	212,205	360,796	39,456	400,252
Movement for the period:						-		
Net profit for the period	-				#N/A	#N/A	4,013	#N/A
Net gains/(losses) recognised	-			1,628		1,628		1,628
Bonus issue	55,000	(40,000)			-15,000	-		-
Bonus issue expenses		(80)				(80)		(80)
Shares issued to MI							3,446	3,446
Acquisition of shares in existing subsidiaries							(3,023)	(3,023)
Share buyback			(2,780)			(2,780)		(2,780)
Dividends					(21,394)	(21,394)	(1,487)	(22,881)
At 30.9.2008	165,000	266	(2,780)	(127)	#N/A	#N/A	42,405	#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 2008 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 30.9.2008

CONDENSED CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD ENDED 30TH SEPTEMBER 2008

	2nd quarter ended 30.9.2008	2nd quarter ended 30.9.2007
	RM'000	RM'000
Net cash from operating activities	31,966	#N/A
Net cash used in investing activities	-62,803	#N/A
Net cash used in financing activities	<u>23,713</u>	<u>#N/A</u>
Net decrease in cash and cash equivalents	-7,124	#N/A
Cash and cash equivalents at 1.4.2008	35,114	#N/A
Cash and cash equivalents at 30.9.2008	<u><u>27,990</u></u>	<u><u>25,350</u></u>

The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Annual Financial Report for year ended 31 March 2008 and the accompanying explanatory notes attached to the interim financial statements.

INTERIM FINANCIAL REPORT FOR THE 2nd QUARTER ENDED 30.9.2008

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 2008.

FRS107	Cash Flow Statements
FRS 112	Income Taxes
FRS118	Revenue
FRS134	Interim Financial Reporting
FRS137	Provisions, Contingent Liabilities and Contingent Assets

The adoption of the above FRSS does not have significant financial impact on the Group.

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 Nature and amount of 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 for the followings:

- i) Repurchased a total of 697,300 ordinary shares of its issued share capital from the open market during the current financial quarter at an average cost of RM2.66 per share. The total consideration paid for share buy-back, including transaction costs during the current financial quarter amounted to RM1.854 million and were financed by internally generated funds. The repurchased shares are held as treasury shares in accordance with the requirements of S67A (as amended) of CA 1965.

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 period ended 30.9.2008.

	Turnover RM'000	Profit before tax RM'000
Marine products manufacturing	85,228	15,171
Palm Oil Activities	73,089	2,349
Integrated Livestock Farming	233,303	12,951
Total	<u>391,620</u>	<u>30,471</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 31.3.2008	565
Additions	<u>56</u>
At 30.9.2008	<u>621</u>

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INTERIM FINANCIAL REPORT FOR THE 2ND QUARTER ENDED 30.9.2008

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
	1.7.2008 to 30.9.2008	1.7.2007 to 30.9.2007		1.4.2008 to 30.9.2008	1.4.2007 to 30.9.2007	
	Sales	Sales		Sales	Sales	
	RM'000	RM'000		RM'000	RM'000	
Marine product manufacturing (MPM)	85,228	65,879	29%	169,211	135,780	25%
Palm Oil Activities (POA)	73,089	68,008	7%	169,518	126,852	34%
Integrated Livestock Farming (ILF)	233,303	173,880	34%	417,383	359,106	16%
Total	391,620	307,767	27%	756,112	621,738	22%
	1.7.2008 to 30.9.2008	1.7.2007 to 30.9.2007		1.4.2008 to 30.9.2008	1.4.2007 to 30.9.2007	
	Profit before tax	Profit before tax		Profit before tax	Profit before tax	
	RM'000	RM'000		RM'000	RM'000	
Marine product manufacturing (MPM)	15,171	10,165	49%	27,756	19,838	40%
Palm Oil Activities (POA)	2,349	2,180	8%	5,404	3,775	43%
Integrated Livestock Farming (ILF)	12,951	12,249	6%	24,162	19,517	24%
Total	30,471	24,594	24%	57,322	43,130	33%

- a. MPM's current quarter and cumulative quarters sales increased 29% and 25% 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 and cumulative quarters increased 49% and 40% respectively due to the same reason.
- b. POA's current quarter sales increased 7% against corresponding quarter due to higher CPO price. (Current qtr: RM2898 vs Corresponding qtr: RM2552) Cumulatively, sales increased 34% due to the same reason.
- POA's current quarter earnings increased 8% against corresponding quarter due to improved OER as well as higher contribution from own estates. Cumulatively, earnings increased 43% for the same reason.
- c. ILF's current quarter sales increased 34% against corresponding quarter due to new contribution from newly acquired farms as well as higher unit value of animal feed raw material. Cumulatively, sales increased 16% due to the same reason.
- ILF's current quarter and cumulative earnings increased 6% and 24% respectively against last year due to better margin from raw material and farm produced.

B2 Review of current quarter performance with the preceding quarter.

	Current quarter	Preceding quarter	% change	Current quarter	Preceding quarter	% change
	1.7.2008 to 30.9.2008	1.4.2008 to 30.6.2008		1.7.2008 to 30.9.2008	1.4.2008 to 30.6.2008	
	Sales	Sales		Profit before tax	Profit before tax	
Activities:						
Marine product manufacturing (MPM)	85,228	83,983	1%	15,171	12,585	21%
Palm Oil Activities (POA)	73,089	96,429	-24%	2,349	3,056	-23%
Integrated Livestock Farming (ILF)	233,303	184,080	27%	12,951	11,210	16%
Total	391,620	364,492	7%	30,471	26,851	13%

- a. MPM's current quarter sales increased 1% against preceding quarter due to reduced surimi sales volume. Earnings however increased 21% due to higher surimi margin and deep sea fishing contribution.
- b. POA's current quarter sales decreased 24% against preceding quarter mainly due to lower CPO price. (Current Qtr:RM2898 vs Preceding Qtr:RM3487) Earnings decreased 23% due to lower contribution from own plantation unit.
- c. ILF's current quarter sales increased 27% against preceding quarter due to higher farm produced prices and higher unit value of animal feed raw material. Earnings increased 16% against preceding quarter due to higher margin from raw material trade.

B3 Commentary on Prospects for the next quarter to 31st December 2008.

The directors are cautiously optimistic on the next quarter to 31.12.08.

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

30.9.2008

RM'000

7,227

(651)

6,576

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.

Investment in quoted securities is analysed as:

	Current quarter ended 30.9.2008	Todate 30.9.2008
	RM'000	RM'000
Cost:	4	4
Book Value:	4	4
Market Value:	4	4

B8 Corporate Proposals

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

B9 Borrowings

Bank overdraft-short term (secured)

Bank overdraft-short term (unsecured)

HP Creditors-short term (unsecured)

HP Creditors-long term (unsecured)

Bankers' acceptance-short term (secured)

Bankers' acceptance-short term (unsecured)

Term loans-short term (secured)

Term loans-short term (unsecured)

Term loans-long term (secured)

Term loans-long term (unsecured)

Total Borrowings for trade purpose

	RM'000	RM'000
	1,230	
	<u>10,585</u>	
		11,815
	1,993	
	<u>2,572</u>	
		4,565
	2,324	
	<u>242,428</u>	
		244,752
	-	
	<u>31,784</u>	
		<u>31,784</u>
	1,359	
	<u>130,735</u>	
		<u>132,094</u>
		<u>425,010</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 30.9.2008, the Group has hedged outstanding foreign currency contracts amounting to USD 10.5 million (RM 35.4 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

The calculations of basic earnings per share were as follows:

	Current quarter ended 30.9.2008	Cumulative Todate 30.9.2008
(a) Net profit attributable to ordinary shareholders(RM'000)	25,189	#N/A
Number of ordinary shares in issue ('000)- weighted average	<u>328,955</u>	<u>328,909</u>
Basic Earnings per share (sen)	<u>7.66</u>	#N/A

B14 Dividends Paid/declared

Dividend No.	Financial year	Type	Rate	Payment date
9	2008	Proposed Final dividend Based on 6.5 sen (Single Tier) per ordinary shares of RM0.50sen (after bonus issue)	13% per share (Single Tier)	Approved at the AGM on 27th August 2008 Paid September08