

INTERIM FINANCIAL REPORT FOR THE 3RD QUARTER ENDED 31.12.2008

CONDENSED CONSOLIDATED INCOME STATEMENTS FOR THE PERIOD ENDED 31.12.2008

		INDIVIDUAL QUARTER		Change %	CUMULATIVE QUARTERS		Change %
		CURRENT YEAR	PRECEDING YEAR		CURRENT YEAR	CORRESPONDING YEAR	
		3RD QUARTER 1.10.2008 TO 31.12.2008 RM'000	3RD QUARTER 1.10.2007 TO 31.12.2007 RM'000		1.4.2008 TO 31.12.2008 RM'000	1.4.2007 TO 31.12.2007 RM'000	
Revenue		322,584	353,210	-8.7%	1,078,697	974,947	10.6%
Operating Profit		41,543	39,212	5.9%	121,279	101,686	19.3%
Depreciation and amortisation		(8,558)	(6,530)	31.1%	(23,710)	(19,660)	20.6%
Interest income		334	130	156.9%	740	637	16.2%
Interest expense	Interest Cover (6.90)	(4,843)	(4,673)	3.6%	(12,768)	(11,595)	10.1%
Share of profit of associate (net)		78	100	-22.0%	334	301	11.0%
Profit Before Taxation		28,554	28,239	1.1%	85,875	71,369	20.3%
Less: Tax expense	Effective tax rate -8.8%	(2,513)	(2,802)		(9,089)	(7,135)	
Profit for the period		26,041	25,437	2.4%	76,786	64,234	19.5%
Attributable to:							
Shareholders of the Company		23,755	23,615	0.6%	70,487	59,700	18.1%
Minority interests	8.0% of PBT	2,286	1,822		6,299	4,534	
Profit for the period		26,041	25,437		76,786	64,234	
Number of shares in issue ('000)		328,849	330,000		328,833	330,000	
Earnings per share:							
Basic earnings per ordinary shares (sen)		7.22	7.16	0.9%	21.44	18.09	18.5%
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 2008.

Note: NA denotes "Not Applicable"

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

QUARTERLY REPORT

CONDENSED CONSOLIDATED BALANCE SHEETS AT 31ST DECEMBER 2008

	At 31.12.2008 RM'000 Unaudited		At 31.3.2008 RM'000 Audited
ASSETS			
Property, plant and equipment	387,822		341,835
Intangible assets	455		437
Biological assets	36,024		25,662
Prepaid lease payments	97,049		83,060
Investment properties	7,220		7,195
Investment in Associates	3,012		3,121
Other long term investments	49		49
Deferred tax asset	3,550		564
Goodwill on Consolidation	4,761		3,522
Total non-current assets	539,942		465,445
Current Assets			
Trade receivables	124,232	32 days	108,503
Other receivables, deposits and prepayments	65,550		49,825
Inventories	146,194	45 days	134,218
Biological assets	28,419	38 days	18,786
Current tax assets	3,711		2,938
Cash and cash equivalents	40,435		48,089
	408,541		362,359
Total Assets	948,483		827,804
EQUITY AND LIABILITIES			
Equity			
Share Capital	165,000		110,000
Reserves	236,500		250,796
Equity attributable to shareholders of the Company	401,500		360,796
Minority interests	42,346		39,456
Total Equity	443,846		400,252
Non-current liabilities			
Long term borrowings	127,708	31.81%	82,970
Deferred tax liabilities	27,675		26,180
	155,383		109,150
Current Liabilities			
Payables	75,954		82,598
Short term borrowings	269,394		234,077
Taxation	3,906		1,727
	349,254		318,402
Total Liabilities	504,637		427,552
Total equity and liabilities	948,483		827,804
Net current assets ratio	1.17		1.14
Net Assets per share (RM)	1.22		1.64
Based on number of shares:('000)	328,833		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)
(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT FOR THE 3RD QUARTER ENDED 31.12.2008.

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31ST DECEMBER 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	-				70,487	70,487	6,299	76,786
Net gains/(losses) recognised	-			(3,581)		(3,581)		(3,581)
Bonus issue	55,000	(40,000)			-15,000	-		-
Bonus issue expenses		(97)				(97)		(97)
Shares issued to MI							3,446	3,446
Acquisition of shares in existing subsidiaries							(5,368)	(5,368)
Share buyback			(4,711)			(4,711)		(4,711)
Dividends					(21,394)	(21,394)	(1,487)	(22,881)
At 31.12.2008	<u>165,000</u>	<u>249</u>	<u>(4,711)</u>	<u>(5,336)</u>	<u>246,298</u>	<u>401,500</u>	<u>42,346</u>	<u>443,846</u>

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 3RD QUARTER ENDED 31.12.2008.

CONDENSED CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD ENDED 31ST DECEMBER 2008

	3rd quarter ended 31.12.2008 RM'000	3rd quarter ended 31.12.2007 RM'000
Net cash from operating activities	73,368	55,674
Net cash used in investing activities	-98,893	-72,586
Net cash used in financing activities	<u>14,500</u>	<u>36,577</u>
Net decrease in cash and cash equivalents	-11,025	19,665
Cash and cash equivalents at 1.4.2008	35,114	17,562
Cash and cash equivalents at 31.12.2008	<u><u>24,089</u></u>	<u><u>37,227</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.

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 842,900 ordinary shares of its issued share capital from the open market during the current financial quarter at an average cost of RM2.29 per share. The total consideration paid for share buy-back, including transaction costs during the current financial quarter amounted to RM1.930 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 31.12.2008.

	Turnover RM'000	Profit before tax RM'000
Marine products manufacturing	79,622	10,839
Palm Oil Activities	46,600	2,944
Integrated Livestock Farming	196,362	14,771
Total	<u>322,584</u>	<u>28,554</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 31.12.2008	<u>621</u>

QL RESOURCES BERHAD (428915-X)

(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT FOR THE 3RD QUARTER ENDED 31.12.2008

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
	1.10.2008 to 31.12.2008	1.10.2007 to 31.12.2007		1.4.2008 to 31.12.2008	1.4.2007 to 31.12.2007	
	Sales	Sales		Sales	Sales	
	RM'000	RM'000		RM'000	RM'000	
Marine product manufacturing (MPM)	79,622	68,297	17%	248,833	204,076	22%
Palm Oil Activities (POA)	46,600	87,811	-47%	216,118	214,663	1%
Integrated Livestock Farming (ILF)	196,362	197,102	0%	613,746	556,208	10%
Total	<u>322,584</u>	<u>353,210</u>	-9%	<u>1,078,697</u>	<u>974,947</u>	11%
	1.10.2008 to 31.12.2008	1.10.2007 to 31.12.2007		1.4.2008 to 31.12.2008	1.4.2007 to 31.12.2007	
	Profit before tax	Profit before tax		Profit before tax	Profit before tax	
	RM'000	RM'000		RM'000	RM'000	
Marine product manufacturing (MPM)	10,839	10,584	2%	38,595	30,422	27%
Palm Oil Activities (POA)	2,944	3,243	-9%	8,348	7,018	19%
Integrated Livestock Farming (ILF)	14,771	14,412	2%	38,932	33,929	15%
Total	<u>28,554</u>	<u>28,239</u>	1%	<u>85,875</u>	<u>71,369</u>	20%

- a. MPM's current quarter and cumulative quarters sales increased 17% and 22% respectively against last year. The increased sales is due to higher contribution from surimi-based products and deep sea fishing operation.

Earnings for the current quarter and cumulative quarters increased 2% and 27% respectively due to the same reason.

- b. POA's current quarter sales decreased 47% against corresponding quarter due to lower CPO price. (Current qtr: RM1616 vs Corresponding qtr: RM2821) Cumulatively, however sales increased 1% due to higher CPO prices in the earlier quarters.

POA's current quarter earnings decreased 9% against corresponding quarter due to lower contribution from own estates. Cumulatively, however earnings increased 19% due to higher contributions from own estates in the earlier quarters.

- c. ILF's current quarter sales decreased marginally against corresponding quarter due to lower unit value of animal feed raw material. Cumulatively, however sales increased 10% due to higher unit value of animal feed raw material in the earlier quarters.

ILF's current quarter and cumulative earnings increased 2% and 15% 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
	1.10.2008 to 31.12.2008	1.7.2008 to 30.9.2008		1.10.2008 to 31.12.2008	1.7.2008 to 30.9.2008	
	Sales	Sales		Profit before tax	Profit before tax	
Activities:						
Marine product manufacturing (MPM)	79,622	85,228	-7%	10,839	15,171	-29%
Palm Oil Activities (POA)	46,600	73,089	-36%	2,944	2,349	25%
Integrated Livestock Farming (ILF)	<u>196,362</u>	<u>233,303</u>	-16%	<u>14,771</u>	<u>12,951</u>	14%
Total	<u>322,584</u>	<u>391,620</u>	-18%	<u>28,554</u>	<u>30,471</u>	-6%

- MPM's current quarter sales decreased 7% against preceding quarter due to lower surimi sales as well as lower deep sea fishing activities (East coast monsoon). Earnings decreased 29% due to lower contribution from surimi and deep sea fishing activities.
- POA's current quarter sales decreased 36% against preceding quarter mainly due to lower CPO price. (Current Qtr:RM1616 vs Preceding Qtr:RM2898) Earnings however increased 25% due to higher contribution from own plantation unit (through hedging process) as well as better OER.
- ILF's current quarter sales decreased 16% against preceding quarter due to lower unit value of animal feed raw material. Earnings increased 14% against preceding quarter due to higher contribution from farm produced operation.

B3 Commentary on Prospects for the next quarter to 31st March 2009

The directors are cautiously optimistic on the next quarter to 31.3.2009.

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	
31.12.2008	
RM'000	
	10,418
	<u>(1,329)</u>
	<u>9,089</u>

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 31.12.2008	Todate 31.12.2008
	RM'000	RM'000
Cost:	<u>4</u>	<u>4</u>
Book Value:	<u>4</u>	<u>4</u>
Market Value:	<u>4</u>	<u>4</u>

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
	458	
	<u>15,888</u>	16,346
	2,071	
	<u>2,170</u>	4,241
	1,631	
	<u>217,949</u>	219,580
	-	
	<u>31,397</u>	31,397
	1,335	
	<u>124,203</u>	125,538
	<u>397,102</u>	<u>397,102</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 31.12.2008, the Group has hedged outstanding foreign currency contracts amounting to USD 14.09 million (RM 49.38 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 31.12.08	Cumulative Todate 31.12.08
(a) Net profit attributable to ordinary shareholders(RM'000)	<u>23,755</u>	<u>70,487</u>
(b) Number of ordinary shares in issue ('000)- weighted average	<u>328,849</u>	<u>328,833</u>
Basic Earnings per share (sen)	<u>7.22</u>	<u>21.44</u>

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