

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

INTERIM FINANCIAL REPORT FOR THE 2ND QUARTER ENDED 30.9.2009

CONDENSED CONSOLIDATED INCOME STATEMENTS FOR THE PERIOD ENDED 30.9.2009

	INDIVIDUAL QUARTER				CUMULATIVE QUARTERS			
	% increase against last period	CURRENT YEAR		PRECEDING YEAR	% increase against last period	CURRENT YEAR		PRECEDING CORRESPONDING
		2ND QUARTER 1.7.2009 TO 30.9.2009		2ND QUARTER 1.7.2008 TO 30.9.2008		TO-DATE 1.4.2009 TO 30.9.2009		PERIOD 1.4.2008 TO 30.9.2008
	RM'000		RM'000	RM'000	RM'000		RM'000	
Revenue	-13.9%	337,167		391,620	-8.28%	693,508		756,112
Operating Profit	14.2%	47,521		41,604	9.30%	86,220		78,881
Depreciation and amortisation	31.5%	-10,451		-7,948	24.34%	(18,840)		(15,152)
Interest income	-61.4%	141		365	-17.00%	337		406
Interest expense	-6.1%	-3,444		-3,669	-4.50%	(6,751)		(7,069)
Share of profit of associate (net)		154		119	10.16%	282		256
Profit Before Taxation	11.3%	33,921		30,471	6.85%	61,248		57,322
Less: Tax expense	(Effective tax rate) -13.0%	(4,426)	(Effective tax rate) -9.9%	(3,021)	(Effective tax rate) -13.4%	(8,237)	(Effective tax rate) -11.5%	(6,576)
Profit for the period	7.4%	29,495		27,450	4.46%	53,011		50,746
Attributable to:								
Shareholders of the Company	3.4%	26,047		25,189	3.48%	48,360		46,733
Minority interests	(% against PBT) 10.2%	3,448	(% against PBT) 7.4%	2,261	(% against PBT) 7.6%	4,651	(% against PBT) 7.0%	4,013
Profit for the period		29,495		27,450		53,011		50,746
Number of shares in issue ('000)		326,843		328,955		326,887		328,909
Earnings per share:								
Basic earnings per ordinary shares (sen)	4.1%	7.97		7.66	4.1%	14.79		14.21
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 2009.

Note: NA denotes "Not Applicable"

QL RESOURCES BERHAD (428915-X)
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QUARTERLY REPORT

CONDENSED CONSOLIDATED BALANCE SHEETS AT 30TH SEPTEMBER 2009

	At 30.9.2009 RM'000	At 31.3.2009 RM'000
	Unaudited	Audited
ASSETS		
Property, plant and equipment	438,896	416,385
Intangible assets	1,090	759
Biological assets	47,653	39,987
Prepaid lease payments	94,531	94,198
Investment properties	7,257	7,115
Investment in Associates	2,862	3,118
Other long term investments	49	49
Deferred tax asset	2,189	2,445
Goodwill on Consolidation	4,780	4,775
Total non-current assets	599,307	568,831
Current Assets		
Trade receivables	30 days 112,121	28 days 107,326
Other receivables, deposits and prepayments	44,049	48,364
Inventories	35 days 135,609	39 days 128,028
Biological assets	30,321	28,719
Current tax assets	5,666	3,982
Cash and cash equivalents	71,883	68,275
	399,649	384,694
Total Assets	998,956	953,525
EQUITY AND LIABILITIES		
Equity		
Share Capital	165,000	165,000
Reserves	280,200	252,932
Equity attributable to shareholders of the Company	445,200	417,932
Minority interests	50,135	47,423
Total Equity	495,335	465,355
Non-current liabilities		
Long term borrowings (LT Debts/Total Equity)	36% 178,731	35% 163,065
Deferred tax liabilities	31,345	29,342
	210,076	192,407
Current Liabilities		
Payables	78,135	77,462
Short term borrowings	210,506	215,455
Taxation	4,904	2,846
	293,545	295,763
Total Liabilities	503,621	488,170
Total equity and liabilities	998,956	953,525
Net Assets per share (RM)	1.36	1.27
Based on number of shares:('000)	326,843	328,800
	-	-

The Condensed Consolidated Balance Sheet should be read in conjunction with the Annual Financial Report for year ended 31 March 2009 and the accompanying explanatory notes attached to the interim financial statements.

QL RESOURCES BERHAD
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INTERIM FINANCIAL REPORT FOR THE 2ND QUARTER ENDED 30.9.2009

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
	1.7.2009 to 30.9.2009	1.7.2008 to 30.9.2008		1.4.2009 to 30.9.2009	1.4.2008 to 30.9.2008	
	Sales	Sales		Sales	Sales	
	RM'000	RM'000		RM'000	RM'000	
Marine product manufacturing (MPM)	90,255	85,228	6%	171,886	169,211	2%
Palm Oil Activities (POA)	51,027	73,089	-30%	107,825	169,518	-36%
Integrated Livestock Farming (ILF)	195,885	233,303	-16%	413,797	417,383	-0.9%
Total	<u>337,167</u>	<u>391,620</u>	-14%	693,508	756,112	-8%
	1.4.2009 to 30.6.2009	1.4.2008 to 30.6.2008		1.4.2009 to 30.6.2009	1.4.2008 to 30.6.2008	
	Profit before tax	Profit before tax		Profit before tax	Profit before tax	
	RM'000	RM'000		RM'000	RM'000	
Marine product manufacturing (MPM)	16,437	15,171	8%	26,483	27,756	-5%
Palm Oil Activities (POA)	1,052	2,349	-55%	2,247	5,404	-58%
Integrated Livestock Farming (ILF)	16,432	12,951	27%	32,518	24,162	35%
Total	<u>33,921</u>	<u>30,471</u>	11%	61,248	57,322	7%

- a. MPM's current quarter sales increased 6% against corresponding quarter due to higher contribution from fishmeal and deep sea fishing activities. Cumulatively, sales improved 2% for the same reason.

Earnings for the current quarter increased 8% due to better margins from fishmeal and improved catch from deep sea fishing activities. Cumulatively, earnings decreased marginally 5% due to lower 1st quarter contribution from deep sea fishing.

- b. POA's current quarter sales decreased 30% against corresponding quarter mainly due to lower CPO price (Current qtr: RM2,264 vs Corresponding qtr: RM2,898) and prolonged CPO prices decreased 21% and FFB (Fresh Fruit Bunches) processed decreased by 11% against corresponding quarter respectively, resulting in a decreased of 30% in sales f

POA's current quarter and cumulative quarters earnings decreased 55% and 58% respectively against corresponding quarters due to lower milling margins as well as lower con

- c. ILF's current quarter sales decreased 16% against corresponding quarter due to lower unit value of raw material. Cumulatively, sales decreased marginally for the same reason.

Current and cumulative earnings increased 27% and 35% respectively against corresponding quarters due to improved margins from raw material trade and farm products.

B2 Review of current quarter performance with the preceding quarter.

	Current quarter	Preceding quarter	% change	Current quarter	Preceding quarter	% change
	1.7.2009 to 30.9.2009	1.4.2009 to 30.6.2009		1.7.2009 to 30.9.2009	1.4.2009 to 30.6.2009	
	Sales	Sales		Profit before tax	Profit before tax	
Activities:						
Marine product manufacturing (MPM)	90,255	81,630	11%	16,437	10,046	64%
Palm Oil Activities (POA)	51,027	56,798	-10%	1,052	1,196	-12%
Integrated Livestock Farming (ILF)	<u>195,885</u>	<u>217,912</u>	-10%	<u>16,432</u>	<u>16,087</u>	2%
Total	<u>337,167</u>	<u>356,340</u>	-5%	<u>33,921</u>	<u>27,329</u>	24%

- a. MPM's current quarter sales increased 11% against preceding quarter due to fishing season and improved fish catch. Earnings increased 64% due to the above reason and improved fishmeal margin.
- b. POA's current quarter sales decreased 10% against preceding quarter mainly due to lower CPO price (Current Qtr:RM2,264 vs Preceding Qtr:RM2,423) and decreased in crop. Earnings decreased 12% due to the same reasons.
- c. ILF's current quarter sales decreased 10% against preceding quarter due to lower unit value of raw material. Earnings is marginally higher against preceding quarter due to higher contribution from poultry farming units.

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

The directors are cautiously optimistic on the Group's performance for the quarter ending 31.12.2009

B4 Profit Forecast

No profit forecast was published during the period under review.

B5 Tax expense

Current income tax expense
Deferred tax expense

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

Cumulative period

ToDate
30.9.2009

RM'000

5,807
2,430
8,237

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>30.9.2009</u>	<u>30.9.2009</u>
	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)

RM'000	RM'000
-	
<u>5,314</u>	5,314
1,625	
<u>1,291</u>	2,916
2,602	
<u>161,850</u>	164,452
108	
<u>39,007</u>	39,115
1,224	
<u>176,216</u>	<u>177,440</u>
	<u><u>389,237</u></u>

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

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 30.9.2009, the Group has hedged outstanding foreign currency contracts amounting to USD 9.77 million (RM 34.2 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 30.9.2009	Cumulative Todate 30.9.2009
(a) Net profit attributable to ordinary shareholders(RM'000)	<u>26,047</u>	<u>48,360</u>
(b) Number of ordinary shares in issue ('000)- weighted average	<u>326,843</u>	<u>326,887</u>
Basic Earnings per share (sen)	<u>7.97</u>	<u>14.79</u>

B14 Dividends Paid/declared

Dividend No.	Financial year	Type	Rate	Payment date
10	2009	Final dividend Based on 7.0 sen (Single Tier) per ordinary shares of RM0.50sen		Approved at the AGM on 25th August 2009 Paid on 27.9.2009

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INTERIM FINANCIAL REPORT FOR THE 2ND QUARTER ENDED 30.9.2009**ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA SECURITIES BERHAD'S LISTING REQUIREMENTS****B1. Review of performance for the current quarter and financial period to-date.**

A review of the Group performance and reasonable understanding of the Group's business must include looking at our business activities as well as looking at seasonal or cyclical factors affecting the group as mentioned on Note A2.

As mentioned in Note A2, based on past 8 years quarterly data, our seasonal earnings index is as follows:

Quarters	Seasonal Earning Index
Q1 (April to June)	0.21
Q2 (July to September)	0.26
Q3 (October to December)	0.30
Q4 (January to March)	0.23
	1.00

BACKGROUND	
Business Activities	Products & information
Marine products manufacturing activities (MPM)	Largest producer of Surimi (semi processed raw fish paste) in Asia. Largest producer of Surimi-based products (Fishballs, crabsticks etc) in Malaysia. Largest producer of Fishmeal (feed ingredient for poultry & aqua feed) in Malaysia. Leading deep sea fishing & frozen fish processor in Peninsular East Coast & Sabah.
Palm Oil Activities (POA)	Two independent CPO mills in Tawau & Kunak (Sabah). 3,000 acres mature oil palm plantation around Tawau, Sabah. 30,000 acres Oil Palm Plantation under development In Eastern Kalimantan, Indonesia. (Planted as at 30.9.2009 : 15,000 acres)
Integrated Livestock Activities (ILF)	Leading distributor of animal feed raw materials such as corn & soyabean meal in Malaysia. Leading producer of poultry eggs in Peninsular as well as in East Malaysia (2.3 million eggs per day as at 30.9.09). Leading integrated broiler and breeder producer in East Malaysia.

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INTERIM FINANCIAL REPORT FOR THE 2ND QUARTER ENDED 30.9.2009

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30TH SEPTEMBER 2009.

	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 1.4.2009	165,000	249	(5,753)	(6,705)	265,141	417,932	47,423	465,355
Movement for the period:						-		
Net profit for the period	-				48,360	48,360	4,651	53,011
Net gains/(losses) recognised	-			6,560		6,560		6,560
						-		-
Share buyback			(4,814)			(4,814)		(4,814)
Dividends					(22,838)	(22,838)	(1,939)	(24,777)
At 30.9.2009	<u>165,000</u>	<u>249</u>	<u>(10,567)</u>	<u>(145)</u>	<u>290,663</u>	<u>445,200</u>	<u>50,135</u>	<u>495,335</u>

The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the Annual Financial Report for year ended 31 March 2009 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 2009.

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 8 years quarterly data, our seasonal earnings index is as follows:

Q1	April to June	0.21
Q2	July to September	0.26
Q3	October to December	0.30
Q4	January to March	0.23
		<u>1.00</u>

A3. Unusual items

There are no unusual items 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 except for the followings:

- i) Repurchased a total of 1,615,200 ordinary shares of its issued share capital from the open market during the current financial quarter at an average cost of RM2.98 per share. The total consideration paid for share buy-back, including transaction costs during the current financial quarter amounted to RM4.815 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.

A6. Dividend Paid

There were no dividend paid during the current quarter under review.

A7. Segmental Information

Segment information in respect of the Group's business segments for the 2nd quarter ended 30.9.2009

	Turnover	Profit
	RM'000	before tax RM'000
Marine products manufacturing	90,255	16,437
Palm Oil Activities	51,027	1,052
Integrated Livestock Farming	195,885	16,432
Total	<u>337,167</u>	<u>33,921</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

Corporate guarantee given to secure banking facilities granted to subsidiaries :	RM' million
At 1.4.2009	#N/A
Additions	-
At 30.9.2009	<u>#N/A</u>

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INTERIM FINANCIAL REPORT FOR THE 2ND QUARTER ENDED 30.9.2009

CONDENSED CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD ENDED 30TH SEPTEMBER 2009

	2nd quarter ended 30.9.2009	2nd quarter ended 30.9.2008
	RM'000	RM'000
Net cash from operating activities	101,662	31,966
Net cash used in investing activities	-49,354	-62,803
Net cash used in financing activities	<u>-46,854</u>	<u>23,713</u>
Net decrease in cash and cash equivalents	5,454	-7,124
Cash and cash equivalents at 1.4.2009	61,115	35,114
Cash and cash equivalents at 30.9.2009	<u><u>66,569</u></u>	<u><u>27,990</u></u>

The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Annual Financial Report for year ended 31 March 2009 and the accompanying explanatory notes attached to the interim financial statements.