

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

INTERIM FINANCIAL REPORT FOR THE 2nd QUARTER ENDED 30.9.2011

CONDENSED CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD ENDED 1.4.2011 to 30.9.2011

	6 months ended 30.9.2011 RM'000	6 months ended 30.9.2010 RM'000
Net cash from operating activities	66,816	78,465
Net cash used in investing activities	-144,405	-84,126
Net cash from financing activities	<u>101,277</u>	<u>15,998</u>
Net increase in cash and cash equivalents	23,688	10,337
Cash and cash equivalents at 1.4.2011	122,057	101,661
Cash and cash equivalents at 30.9.2011	<u><u>145,745</u></u>	<u><u>111,998</u></u>

The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Annual Financial Statements for year ended 31 March 2011 and the accompanying explanatory notes attached to this interim financial statements.

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

INTERIM FINANCIAL REPORT FOR THE 2ND QUARTER ENDED 30.9.2011

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30TH SEPTEMBER 2011

	Share Capital	Share Premium	Treasury Shares	Non-Distributable Available for sale reserve	Non-Distributable Cash flow hedge reserve	Non-Distributable Exchange Translation Reserve	Distributable 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	RM'000	RM'000	RM'000
6 months ended 30.9.11										
At 1.4.2011	208,000	113,561	-	7,022	-	(4,342)	411,680	735,921	63,431	799,352
Effect arising from adoption of FRS 139				-			-			-
At 1.4.2011 -restated	208,000	113,561	-	7,022	-	(4,342)	411,680	735,921	63,431	799,352
Total comprehensive income for the period				(7,022)	(1,005)	9,311	65,791	67,075	2,584	69,659
Dividend paid							(35,357)	(35,357)	(2,625)	(37,982)
Corporate expenses		(22)						(22)		(22)
Conversion of warrants		5						5		5
At 30.9.2011	208,000	113,544	-	-	(1,005)	4,969	442,114	767,622	63,390	831,012
6 months ended 30.9.10										
At 1.4.2010	197,586	-	(11,893)	-	-	281	316,831	502,805	55,799	558,604
Effect arising from adoption of FRS 139				-	-	-	(200)			(200)
At 1.4.2010-restated	197,586	-	(11,893)	-	-	281	316,631	502,805	55,799	558,404
Total comprehensive income for the period				8,231		(3,030)	59,805	65,006	4,806	69,812
Treasury shares sold/buyback		4,866	7,139					-	-	-
Additional interest in subsidiary								-	431	431
Dividend paid							(29,503)	(29,503)	(1,718)	(31,221)
At 30.9.2010	197,586	4,866	(4,754)	8,231	-	(2,749)	346,933	538,308	59,318	597,426

The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the Annual Financial Report for year ended 31 March 2011 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 30.9.2011

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30.9.2011 (UNAUDITED)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTERS	
	CURRENT YEAR	PRECEDING YEAR	CURRENT YEAR	PRECEDING CORRESPONDING
	2ND QUARTER 1.7.2011 TO 30.9.2011	2ND QUARTER 1.7.2010 TO 30.9.2010	1ST QUARTER 1.4.2011 TO 30.9.2011	1ST QUARTER 1.4.2010 TO 30.9.2010
	RM'000	RM'000	RM'000	RM'000
Profit for the period	38,521	36,405	68,375	64,611
Other comprehensive income/(loss), net of tax:				
Cash flow hedge reserve	(1,005)	-	(1,005)	-
Foreign currency translation differences for foreign operations	7,999	-2,030	9,311	(3,030)
Fair value changes on available-for-sales financial assets	(7,022)	8,231	(7,022)	8,231
Total Comprehensive income	<u>38,493</u>	<u>42,606</u>	<u>69,659</u>	<u>69,812</u>
Attributable to:				
Shareholders of the Company	37,973	39,209	67,075	65,006
Minority interests	520	3,397	2,584	4,806
Total Comprehensive income	<u>38,493</u>	<u>42,606</u>	<u>69,659</u>	<u>69,812</u>

The Condensed Consolidated Statement of Comprehensive Income Statements should be read in conjunction with the Annual Financial Statements for year ended 31 March 2011.
the accompanying explanatory notes attached to this interim financial statements.
Note: NA denotes "Not Applicable"

INTERIM FINANCIAL REPORT FOR THE 2ND QUARTER ENDED 30.9.2011

CONDENSED CONSOLIDATED INCOME STATEMENTS FOR THE PERIOD ENDED 30.9.2011 (UNAUDITED)

	INDIVIDUAL QUARTER				CUMULATIVE QUARTERS			
	CURRENT YEAR		PRECEDING YEAR		CURRENT YEAR		PRECEDING CORRESPONDING PERIOD	
	2ND QUARTER 1.7.2011 TO 30.9.2011		2ND QUARTER 1.7.2010 TO 30.9.2010		TO-DATE 1.4.2011 TO 30.9.2011		PERIOD 1.4.2010 TO 30.9.2010	
	% increase against last period	RM'000	RM'000		% increase against last period	RM'000	RM'000	
Revenue	12.87%	495,184	438,725		15.37%	949,751	823,239	
Operating Profit	9.17%	63,642	58,298		10.48%	116,484	105,431	
Depreciation and amortisation	21.82%	(13,247)	(10,874)		20.37%	(26,175)	(21,745)	
Interest income	67.59%	362	216		44.73%	563	389	
Finance costs	11.12%	-5,507	-4,956		24.88%	(10,414)	(8,339)	
Share of profit of associates (net)		2,520	129			3,512	256	
Profit Before Taxation	11.58%	47,770	42,813		10.50%	83,969	75,992	
Less: Tax expense		(9,249)	(6,408)	(Effective tax rate) 19.36%		(15,594)	(11,381)	(Effective tax rate) 14.97%
Profit for the period	5.81%	38,521	36,405		5.83%	68,375	64,611	
Attributable to:								
Shareholders of the Company	15.13%	38,001	33,008		10.01%	65,791	59,805	
Minority interests		520	3,397	1.09% (% against PBT)		2,584	4,806	6.32% (% against PBT)
Profit for the period	5.81%	38,521	36,405		5.83%	68,375	64,611	
Number of shares in issue ('000)	6.09%	832,000	784,247		6.30%	832,000	782,701	
Earnings per share:								
Basic earnings per ordinary shares (sen)	8.52%	4.57	4.21		3.49%	7.91	7.64	
Diluted earnings per ordinary shares (sen)		NA	NA			NA	NA	

The Condensed Consolidated Income Statements should be read in conjunction with the Annual Financial Statements for year ended 31 March 2011 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 2ND QUARTER ENDED 30.9.2011

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 2011.

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 10 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 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

During the quarter under review, a final single tier dividend of 4.25 sen per ordinary share of RM0.25 each amounting to RM35.3 million was paid in respect of the year ended 31.3.2011.

A7. Segmental Information

Segment information in respect of the Group's business segments for the 2nd quarter ended 30.9.2011.

	Turnover RM'000	Profit before tax RM'000
Marine products manufacturing	113,990	15,644
Palm Oil Activities	88,086	3,550
Integrated Livestock Farming	293,108	28,576
Total	<u>495,184</u>	<u>47,770</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 except as follows:

In July 2011, one of our executive director was appointed to the Board in Lay Hong Berhad. As this represent significant influence, we therefore have reclassified this investment as an Associate. Previously, this investment was classified as Available For Sale Investment.

A11. Changes in Contingent Liabilities

Corporate guarantee given to secure banking facilities granted to subsidiaries :	RM' million
At 1.4.2011	572
Additions	30
At 30.9.2011	<u>602</u>

A12 Disclosure of audit report qualification

There was no qualification in the audit report of the preceding annual financial statements.

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

QUARTERLY REPORT

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	At 30.9.2011 RM'000 Unaudited	At 31.3.2011 RM'000 Audited
ASSETS		
Property, plant and equipment	792,985	680,597
Intangible assets	1,317	1,559
Biological assets	98,338	82,465
Prepaid lease payments	48,487	53,275
Investment properties	9,916	7,195
Investment in Associates	64,777	35,319
Available-for-sale investment	-	18,635
Other long term investments	209	-
Deferred tax asset	795	1,397
Other receivables	-	472
Goodwill	6,466	6,593
Total non-current assets	1,023,290	887,507
Current Assets		
Inventories 46 days	208,100	170,013 42 days
Biological assets	40,214	40,197
Trade receivables 29 days	154,570	166,027 34 days
Other receivables	77,597	75,814
Current tax assets	12,179	9,867
Derivative financial instruments	-	887
Cash and cash equivalents	145,745	122,057
	638,405	584,862
Total Assets	1,661,695	1,472,369
EQUITY AND LIABILITIES		
Equity		
Share Capital	208,000	208,000
Treasury Shares	-	-
Reserves	559,622	527,921
Equity attributable to shareholders of the Company	767,622	735,921
Minority interests	63,390	63,431
Total Equity	831,012	799,352
Non-current liabilities		
Long term borrowings (LT Debts/Total Equity) 34%	286,231	230,666 29%
Deferred income	157	-
Deferred tax liabilities	48,482	43,422
	334,870	274,088
Current Liabilities		
Payables	127,726	126,452
Short term borrowings	361,833	267,726
Taxation	6,254	4,751
	495,813	398,929
Total Liabilities	830,683	673,017
Total equity and liabilities	1,661,695	1,472,369
Net Assets per share (RM)	0.92	0.88
Based on number of shares:('000)	832,000	832,000

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Statements for year ended 31 March 2011 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 30.9.2011

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
	1.7.2011 to 30.9.2011	1.7.2010 to 30.9.2010		1.4.2011 to 30.9.2011	1.4.2010 to 30.9.2010	
	Sales	Sales		Sales	Sales	
	RM'000	RM'000		RM'000	RM'000	
Marine product manufacturing (MPM)	113,990	118,090	-3%	218,651	221,125	-1%
Palm Oil Activities (POA)	88,086	72,775	21%	202,935	142,129	43%
Integrated Livestock Farming (ILF)	293,108	247,860	18%	528,165	459,985	15%
Total	495,184	438,725	13%	949,751	823,239	15%
	1.7.2011 to 30.9.2011	1.7.2010 to 30.9.2010		1.4.2011 to 30.9.2011	1.4.2010 to 30.9.2010	
	Profit before tax	Profit before tax		Profit before tax	Profit before tax	
	RM'000	RM'000		RM'000	RM'000	
Marine product manufacturing (MPM)	15,644	20,077	-22%	26,877	35,193	-24%
Palm Oil Activities (POA)	3,550	1,059	235%	11,441	2,150	432%
Integrated Livestock Farming (ILF)	28,576	21,677	32%	45,651	38,649	18%
Total	47,770	42,813	12%	83,969	75,992	10%

- a. MPM's current quarter sales decreased 3% against corresponding quarter due to lower fish landing. Cumulatively, sales decreased 1% for the same reason.

Earnings for the current quarter decreased 22% due to lower fish landing and lower fishmeal margin. Cumulatively, earnings decreased 24% due to same reason.

- b. POA's current quarter sales increased 21% against corresponding quarter mainly due to improved CPO prices (RM3,090 current qtr vs RM2,590 corresponding qtr).

Cumulatively, sales increased 43% for the same reason.

However, POA's current quarter earnings increased significantly against corresponding quarter due to higher CPO prices as well as new contribution from associate (Boilermech Bhd). Cumulatively, earnings increased significantly mainly due to the same reasons.

- c. ILF's current quarter sales increased 18% against corresponding quarter mainly due to higher unit cost of feed raw material.

Cumulatively, sales increased 15% due to the same reason.

Earnings increased 32% against corresponding quarter partly due to recognition of Investment in Lay Hong Berhad as an associate. (Previously treated as Available-for-Sale Investment) Cumulatively, earnings increased 18% due to the same reason.

B2 Review of current quarter performance with the preceding quarter.

	Current quarter	Preceding quarter	% change	Current quarter	Preceding quarter	% change
	1.7.2011 to 30.9.2011	1.4.2011 to 30.6.2011		1.7.2011 to 30.9.2011	1.4.2011 to 30.6.2011	
	Sales	Sales		Profit before tax	Profit before tax	
Activities:						
Marine product manufacturing (MPM)	113,990	104,660	9%	15,644	11,233	39%
Palm Oil Activities (POA)	88,086	114,849	-23%	3,550	7,892	-55%
Integrated Livestock Farming (ILF)	<u>293,108</u>	<u>235,057</u>	25%	<u>28,576</u>	<u>17,075</u>	67%
Total	<u>495,184</u>	<u>454,566</u>	9%	<u>47,770</u>	<u>36,200</u>	32%

- a. MPM's current quarter sales increased 9% against preceding quarter due to seasonal effect. Earnings increased 39% due to the same reason.
- b. POA's current quarter sales decreased 23% against preceding quarter mainly due to seasonal low crop resulting in lower FFB processed. FFB processed decreased 24% compared against preceding quarter. Earnings decreased 55% due to the same reason.
- c. ILF's current quarter sales increased 25% against preceding quarter due to higher volume of raw material traded. Earnings increased 67% against preceding quarter is partly due to recognition of Lay Hong Berhad as an Associate.

B3 Commentary on Prospects for the current financial year

Performance of our 1st half results was adversely affected by poor fish landing especially in Sabah water as well as keen competition in raw material trade. Operating environment was also challenging due to volatile commodity prices, fluctuating foreign currency exchange and uncertain world economy. Operating environment in the 2nd half remains challenging, however we have seen some improvement in current Q3 fish landing in Sabah water as compared to last year Q3. The management also expect some contribution from our fishery, poultry and oil palm operation in Indonesia in 4th quarter and we are cautiously optimistic on the Group's performance for the 2nd half of the year.

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
30.9.2011
RM'000
10,532
5,062
15,594

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.

B8 Corporate Proposals

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

B9 Group Borrowings**Short term:***Bank overdraft-short term (unsecured)*

RM'000

8,209

HP Creditors-short term (unsecured)

271

Bankers' acceptance-short term (unsecured)

270,467

Term loans-short term (unsecured)

82,886

361,833**Long Term:***HP Creditors-long term (unsecured)*

20

Term loans-long term (unsecured)

286,211

286,231**Total Borrowings**648,064**B10 Financial instruments**

Outstanding derivatives as at 30th September 2010

Type of derivatives

Contract/Notional value

Fair Value

Less than 1 year:-

RM'000

RM'000

Forward exchange contract-sell

21,949

(852)

Forward exchange contract-buy

11,667

(243)

Currency options-buy

9,548

119

More than 1 year:-

Interest rate swap

70,875

(351)

Cross currency swap

187,874

(2,991)

There are no changes to policies related to financial instruments since last financial year.

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:

- (a) Net profit attributable to ordinary shareholders(RM'000)
 Number of ordinary shares in issue ('000)-weighted
 (b) average
 Basic Earnings per share (sen)

	Current quarter ended 30.9.2011	Cumulative Todate 30.9.11
	<u>38,001</u>	<u>65,791</u>
	<u>832,000</u>	<u>832,000</u>
	<u>4.57</u>	<u>7.91</u>

B14 Disclosure of audit report qualification

There was no qualification in the audit report of the preceding annual financial statements.

B15 Realised and Unrealised profits

	30.9.2011
Total Retained profit of the Company & its subsidiaries	RM'000
Realised	591,254
Unrealised gain/(loss)	<u>(47,686)</u>
	543,568
Total Retained profit of Associates	
Realised	6,829
Unrealised gain/(loss)	<u>-</u>
	<u>6,829</u>
	550,397
Consolidation Adjustments	<u>(108,283)</u>
Total Group Retained profit as per consolidated accounts	<u><u>442,114</u></u>