

INTERIM FINANCIAL REPORT FOR THE 3RD QUARTER ENDED 31.12.2022

CONDENSED CONSOLIDATED INCOME STATEMENTS FOR THE PERIOD ENDED 31.12.2022 (UNAUDITED)

Table 1: Financial review for current quarter and financial year to date

	INDIVIDUAL QUARTER				CUMULATIVE QUARTERS				
	CURRENT YEAR		PRECEDING YEAR		CURRENT YEAR		PRECEDING PERIOD		
	3RD QUARTER 1.10.2022 to 31.12.2022		3RD QUARTER 1.10.2021 to 31.12.2021		TO-DATE 1.4.2022 to 31.12.2022		PERIOD 1.4.2021 to 31.12.2021		
	% increase against last period	RM'000		RM'000	% increase against last period	RM'000		RM'000	
Revenue	16%	1,629,097		1,400,842	24%	4,789,156		3,874,319	
Operating Profit	25%	208,144		166,403	37%	590,892		432,038	
Depreciation and amortisation	9%	(62,291)		(57,309)	6%	(182,421)		(171,558)	
Interest income	0%	1,857		1,860	-3%	5,469		5,641	
Finance costs	20%	(16,962)		(14,192)	22%	(46,463)		(38,091)	
Share of profit of associates (net)		223		234		841		405	
Profit Before Taxation	35%	130,971		96,996	61.2%	368,318		228,435	
Less: Tax expense		(29,876)	(Effective tax rate) 22.8%	(28,257)	(Effective tax rate) 29.1%	(84,289)	(Effective tax rate) 22.9%	(63,727)	(Effective tax rate) 27.9%
Profit for the period	47%	101,095		68,739	72%	284,029		164,708	
Attributable to:									
Shareholders of the Company	63%	97,179		59,794	85%	273,504		147,930	
Minority interests		3,916	2.99% (% against PBT)	8,945	9.22% (% against PBT)	10,525	2.86% (% against PBT)	16,778	7.34% (% against PBT)
Profit for the period		101,095		68,739		284,029		164,708	
Number of shares in issue ('000)		2,433,657		2,433,657		2,433,657		2,433,657	
Earnings per share:									
Basic earnings per ordinary shares (sen)	63%	3.99		2.46	85%	11.24		6.08	
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 2022 and the accompanying explanatory notes attached to this interim financial statements.
Note: NA denotes "Not Applicable"

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

INTERIM FINANCIAL REPORT FOR THE 3RD QUARTER ENDED 31.12.2022

CONDENSED CONSOLIDATED INCOME STATEMENTS FOR THE PERIOD ENDED 31.12.2022 (UNAUDITED)

Table 2: Financial review for current quarter compared with immediate preceding quarter

	% increase against last period	CURRENT QUARTER		PRECEDING QUARTER	
		3RD QUARTER 1.10.2022 to 31.12.2022		2ND QUARTER 1.7.2022 to 30.9.2022	
		RM'000		RM'000	
Revenue	-1%	1,629,097		1,638,226	
Operating Profit	3%	208,144		202,781	
Depreciation and amortisation	3%	(62,291)		(60,498)	
Interest income	-1%	1,857		1,867	
Finance costs	10%	(16,962)		(15,424)	
Share of profit of associates (net)		223		515	
Profit Before Taxation	1%	130,971		129,241	
Less: Tax expense		(29,876)	(Effective tax rate) 22.8%	(29,767)	(Effective tax rate) 23.0%
Profit for the period	2%	101,095		99,474	
Attributable to:					
Shareholders of the Company	3%	97,179		93,901	
Minority interests		3,916	2.99% (% against PBT)	5,573	4.31% (% against PBT)
Profit for the period		101,095		99,474	
Number of shares in issue ('000)		2,433,657		2,433,657	
Earnings per share:					
Basic earnings per ordinary shares (sen)	3%	3.99		3.86	
Diluted earnings per ordinary shares (sen)		NA		NA	

The Condensed Consolidated Income Statements should be read in conjunction with the Annual Financial Statements for year ended 31 March 2022 and the accompanying explanatory notes attached to this interim financial statements.

Note: NA denotes "Not Applicable"

INTERIM FINANCIAL REPORT FOR THE 3RD QUARTER ENDED 31.12.2022

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31.12.2022 (UNAUDITED)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTERS	
	CURRENT YEAR	PRECEDING YEAR	CURRENT YEAR	PRECEDING CORRESPONDING PERIOD
	3RD QUARTER 1.10.2022 to 31.12.2022 RM'000	3RD QUARTER 1.10.2021 to 31.12.2021 RM'000	TO-DATE 1.4.2022 to 31.12.2022 RM'000	1.4.2021 to 31.12.2021 RM'000
Profit for the period	101,095	68,739	284,029	164,708
Other comprehensive income/(loss), net of tax:				
Foreign currency translation differences for foreign operations	(50,399)	(2,601)	(12,637)	18,334
Cash flow hedge	8,314	3,758	5,393	4,323
Total comprehensive income for the period	59,010	69,896	276,785	187,365
Total comprehensive income attributable to:				
Shareholders of the Company	56,353	60,932	270,871	170,144
Minority interests	2,657	8,964	5,914	17,221
Total comprehensive income for the period	59,010	69,896	276,785	187,365

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Financial Statements for year ended 31 March 2022 and 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 3RD QUARTER ENDED 31.12.2022

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at 31.12.2022 RM'000 Unaudited	As at 31.3.2022 RM'000 Audited
ASSETS		
Non-Current Assets		
Property, plant and equipment	2,206,988	2,187,275
Right-of-use assets	505,190	475,265
Investment properties	26,051	26,813
Intangible assets	126,626	128,108
Investment in associates	5,827	2,391
Deferred tax assets	15,514	11,803
Trade and other receivables	25,734	24,614
	<u>2,911,930</u>	<u>2,856,269</u>
Current Assets		
Biological assets	250,914	231,988
Inventories	65 days 912,165	57 days 679,302
Contract assets	54,399	53,820
Contract costs	951	1,075
Current tax assets	29,813	28,944
Trade receivables	26 days 456,444	30 days 427,617
Other receivables, assets and prepayment	182,101	142,990
Derivative financial assets	27,729	4,281
Cash and cash equivalents	455,637	481,131
Assets classified as held for sale	35,111	49,638
	<u>2,405,264</u>	<u>2,100,786</u>
Total Assets	<u>5,317,194</u>	<u>4,957,055</u>
EQUITY AND LIABILITIES		
Equity		
Share capital	620,025	620,025
Reserves	2,034,911	1,851,101
Equity attributable to shareholders of the Company	<u>2,654,936</u>	<u>2,471,126</u>
Minority interests	229,256	235,281
Total Equity	<u>2,884,192</u>	<u>2,706,407</u>
Non-Current Liabilities		
Long term borrowings (LT Debts/Total Equity)	9% 268,724	16% 436,289
Lease liabilities	174,103	145,996
Other payables	6,388	4,642
Employee benefits	13,078	10,875
Deferred tax liabilities	161,242	154,085
	<u>623,535</u>	<u>751,887</u>
Current Liabilities		
Short term-bankers acceptance	660,163	575,607
Other short term borrowings	334,988	348,499
Lease liabilities	29,854	25,563
Trade and other payables	654,312	463,952
Contract liabilities	104,909	62,221
Derivative financial liabilities	2,257	490
Taxation	22,984	22,429
	<u>1,809,467</u>	<u>1,498,761</u>
Total Liabilities	<u>2,433,002</u>	<u>2,250,648</u>
Total Equity and Liabilities	<u>5,317,194</u>	<u>4,957,055</u>
Net Assets per share (RM) Based on number of shares:(000)	<u>1.09</u> <u>2,433,657</u>	<u>1.02</u> <u>2,433,657</u>

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Statements for year ended 31 March 2022 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 31.12.2022

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31.12.2022

	<-----Non-Distributable----->			Distributable		Non-controlling interests RM'000	Total Equity RM'000
	Share capital RM'000	Translation reserves RM'000	Hedging reserve RM'000	Retained Profit RM'000	Attributable to shareholders of the Company RM'000		
9 months ended 31.12.2021							
At 1.4.2021	620,025	(99,369)	(9,870)	1,803,407	2,314,193	231,321	2,545,514
Foreign currency translation differences for foreign operations	-	17,891	-	-	17,891	443	18,334
Cash flow hedge	-	-	4,323	-	4,323	-	4,323
Total other comprehensive income/(expenses) for the year	-	17,891	4,323	-	22,214	443	22,657
Profit for the period	-	-	-	147,930	147,930	16,778	164,708
Total comprehensive income/(expenses) for the period	-	17,891	4,323	147,930	170,144	17,221	187,365
<i>Contribution by and distributions to owners of the Company</i>							
- Dividends to owners of the Company	-	-	-	(85,178)	(85,178)	-	(85,178)
- Dividends paid to non-controlling interests	-	-	-	-	-	(8,717)	(8,717)
- Acquisition of non-controlling interests	-	-	-	(690)	(690)	(581)	(1,271)
Total transactions with owners of the Company	-	-	-	(85,868)	(85,868)	(9,298)	(95,166)
At 31.12.2021	620,025	(81,478)	(5,547)	1,865,469	2,398,469	239,244	2,637,713

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for year ended 31 March 2022 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 31.12.2022

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31.12.2022

9 months ended 31.12.2022	<-----Non-Distributable----->			Distributable		Non-controlling interests RM'000	Total Equity RM'000
	Share capital RM'000	Translation reserves RM'000	Hedging reserve RM'000	Retained Profit RM'000	Attributable to shareholders of the Company RM'000		
At 1.4.2022	620,025	(78,370)	(3,810)	1,933,281	2,471,126	235,281	2,706,407
Foreign currency translation differences for foreign operations	-	(8,026)	-	-	(8,026)	(4,611)	(12,637)
Cash flow hedge	-	-	5,393	-	5,393	-	5,393
Total other comprehensive income/(expenses) for the year	-	(8,026)	5,393	-	(2,633)	(4,611)	(7,244)
Profit for the period	-	-	-	273,504	273,504	10,525	284,029
Total comprehensive income/(expenses) for the period	-	(8,026)	5,393	273,504	270,871	5,914	276,785
<i>Contribution by and distributions to owners of the Company</i>							
- Dividends to owners of the Company	-	-	-	(85,178)	(85,178)	-	(85,178)
- Dividends paid to non-controlling interests	-	-	-	-	-	(7,212)	(7,212)
- Acquisition of non-controlling interests	-	-	-	(1,883)	(1,883)	(4,727)	(6,610)
Total transactions with owners of the Company	-	-	-	(87,061)	(87,061)	(11,939)	(99,000)
At 31.12.2022	620,025	(86,396)	1,583	2,119,724	2,654,936	229,256	2,884,192

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for year ended 31 March 2022 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 31.12.2022

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 31.12.2022

	Period ended 31.12.2022 RM'000	Period ended 31.12.2021 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	368,318	228,435
Adjustments for:		
Depreciation & amortisation	182,421	171,558
(Increase)/Decrease in working capital	12,304	65,068
Income tax paid	(83,455)	(66,872)
Other non-cash items	(1,541)	9,426
Net cash generated from/(used in) operating activities	478,047	407,615
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(160,304)	(127,736)
Others	(3,201)	-
Net cash generated from/(used in) investing activities	(163,505)	(127,736)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net borrowings	(215,213)	(105,583)
Payment of lease liabilities	(27,063)	(23,575)
Dividend paid to minority interest	(7,212)	(8,717)
Dividend paid to shareholders	(85,178)	(85,178)
Others	-	-
Net cash generated from/(used in) financing activities	(334,666)	(223,053)
Net increase in cash and cash equivalents	(20,124)	56,826
Cash and cash equivalents at 1.4.2022	471,821	480,522
Cash and cash equivalents at 31.12.2022	451,697	537,348

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Financial Statements for year ended 31 March 2022 and the accompanying explanatory notes attached to this interim financial statements.

NOTES TO THE INTERIM FINANCIAL REPORT

A1. Basis of preparation

This interim financial information of QL Resources Berhad ('The Group') is prepared in accordance with the requirements of paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and complies with the requirements of the Malaysian Financial Reporting Standard ('MFRSs') No. 134 – Interim Financial Reporting. The Unaudited Condensed Consolidated Interim Financial Information should be read in conjunction with audited financial statements of the Group for the financial year ended 31 March 2022.

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 2022 except for the adoption of the followings:

- Amendments to MFRS 3, *Business Combinations – Reference to the Conceptual Framework*
- Amendments to MFRS 9, *Financial Instruments (Annual Improvements to MFRS Standards 2018–2020)*
- Amendments to Illustrative Examples accompanying MFRS 16, *Leases (Annual Improvements to MFRS Standards 2018–2020)*
- Amendments to MFRS 116, *Property, Plant and Equipment – Proceeds before Intended Use*
- Amendments to MFRS 137, *Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts – Cost of Fulfilling a Contract*
- Amendments to MFRS 141, *Agriculture (Annual Improvements to MFRS Standards 2018–2020)*

The adoption of the above standards and interpretations did not have any material impact on the interim financial report of the Group.

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 following 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. Meanwhile, the clean energy business activities are not seasonal but dependant on orders and delivery schedule.
- 3) Integrated livestock farming activities are not significantly affected in any of the quarters.
- 4) Convenience store chain activities are not significantly affected in any of the quarters, but more dependant on new stores opening and store operating hours.

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

Q1 April to June	0.21
Q2 July to September	0.27
Q3 October to December	0.28
Q4 January to March	0.24
	<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

No dividend was paid for the period under review.

A7. Segmental information

Segment information in respect of the Group's business segments for the 3rd quarter ended 31.12.2022

	RM'000	RM'000
	Sales	PBT
Marine Products Manufacturing	362,516	74,552
Palm Oil and Clean Energy	135,139	(1,245)
Integrated Livestock Farming	912,893	51,865
Convenience Store Chain	218,549	5,799
Total	<u>1,629,097</u>	<u>130,971</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

During the quarter under review, there were no material changes to group composition.

A11. Changes in contingent liabilities

The Company provides unsecured financial guarantees to banks in respect of banking facilities granted to certain subsidiaries. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

There were no contingent liabilities at the end of the current financial period for the Group.

A12. Disclosure of audit report qualification

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

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INTERIM FINANCIAL REPORT FOR THE 3RD QUARTER ENDED 31.12.2022

ADDITIONAL INFORMATION REPORT 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
	1.10.2022 to 31.12.2022	1.10.2021 to 31.12.2021		1.4.2022 to 31.12.2022	1.4.2021 to 31.12.2021	
	Sales	Sales		Sales	Sales	
	RM'000	RM'000		RM'000	RM'000	
Marine Product Manufacturing (MPM)	362,516	330,504	10%	1,047,837	885,720	18%
Palm Oil and Clean Energy (POCE)	135,139	188,784	-28%	433,743	469,872	-8%
Integrated Livestock Farming (ILF)	912,893	703,402	30%	2,664,191	2,058,788	29%
Convenience Store Chain (CVS)	218,549	178,152	23%	643,385	459,939	40%
Total	1,629,097	1,400,842	16%	4,789,156	3,874,319	24%
	1.10.2022 to 31.12.2022	1.10.2021 to 31.12.2021		1.4.2022 to 31.12.2022	1.4.2021 to 31.12.2021	
	Profit before tax	Profit before tax		Profit before tax	Profit before tax	
	RM'000	RM'000		RM'000	RM'000	
Marine Product Manufacturing (MPM)	74,552	61,694	21%	201,034	156,555	28%
Palm Oil and Clean Energy (POCE)	(1,245)	16,216	NA	(2,633)	39,493	NA
Integrated Livestock Farming (ILF)	51,865	3,501	1381%	133,577	4,461	2894%
Convenience Store Chain (CVS)	5,799	15,585	-63%	36,340	27,926	30%
Total	130,971	96,996	35%	368,318	228,435	61%

- a. MPM's current quarter sales increased by 10% against the corresponding quarter mainly due to higher selling prices across all business units and overall improved selling volume for all activities except for surimi-based products.

Earnings increased by 21% mainly due to higher sales volume as well as improved selling price arising from strong US Dollar, resulted in better margin.

Cumulative sales increased by 18% mainly due to similar reasons as quarterly sales, after the fishing activities fully normalized from the MCO disruption in the preceding year.

Cumulative earnings increased by 28% mainly due to the same reasons as the quarterly result.

- b. POCE's current quarter sales decreased by 28% against the corresponding quarter mainly due to slower project progress at Boilermech and weaker performance of palm oil activities with lower CPO selling price and significant drop in FFB tonnage produced and processed.

Negative earnings reported for the current quarter mainly due to thinner project margin at Boilermech with high input cost and strong US Dollar as well as weaker performance of palm oil activities caused by lower CPO price and lower FFB tonnage produced and processed. In addition, the weakening of Indonesian Rupiah against US Dollar had also resulted in significant translation loss under palm oil activities.

Cumulative sales decreased by 8% against the corresponding period mainly due to significant drop in FFB tonnage produced and processed despite marginally improved CPO selling price and overall higher project progress at Boilermech.

Despite higher sales and positive contribution from Boilermech, cumulative loss reported mainly due to weak performance of palm oil activities with significant drop in FFB tonnage produced and processed resulted in margin compression. In addition, the weakening of Indonesian Rupiah against US Dollar gave rise to foreign currency translation loss which affected the performance adversely further.

- c. ILF's current quarter sales increased by 30% against the corresponding quarter mainly due to higher feed raw material trading volume and price as well as higher farm produce selling price.

Despite margin compression in feed raw material trading, earnings increased significantly against the corresponding quarter mainly due to market recovery amidst tight supply of egg for both Vietnam and Malaysian market, which was disrupted by Covid-19 control measures previously. In Malaysia, cost subsidy by government also helped to mitigate the high farming cost with selling price under price control.

Cumulative sales increased by 29% against the corresponding period mainly due to the same reasons as the quarterly sales.

Cumulative earnings increased significantly mainly due to turnaround in Vietnam and Peninsular Malaysia operation after market normalized as compared to depressed market under stringent Covid-19 control measures previously.

- d. CVS's current quarter sales increased by 23% against the corresponding period mainly due to additional 75 new stores opening during the period but partially offset by lower average sales per store with the dampened consumer demand caused by weaker consumer confidence which was affected by higher inflation and interest rate hike.

Despite higher sales, earnings decreased significantly mainly due to lower average store sales and margin compression from significant rise in input cost and labour cost increase following the hike on minimum wages.

Cumulative sales increased by 40% mainly due to additional store openings and improved store sales in the first half of the financial year.

Despite hike in operating cost and softening of consumer demand in quarter 3 with rising inflation and interest cost, cumulative earnings increased by 30% mainly due to strong performance in the first half of the financial year from new outlet opening and improved consumer spend.

B2 Review of current quarter performance with the preceding quarter

	Current quarter	Preceding quarter	% change	Current quarter	Preceding quarter	% change
	1.10.2022 to 31.12.2022	1.7.2022 to 30.9.2022		1.10.2022 to 31.12.2022	1.7.2022 to 30.9.2022	
	Sales	Sales		Profit before tax	Profit before tax	
	RM'000	RM'000		RM'000	RM'000	
Activities:						
Marine Product Manufacturing (MPM)	362,516	352,884	3%	74,552	76,383	-2%
Palm Oil and Clean Energy (POCE)	135,139	157,120	-14%	(1,245)	3,176	NA
Integrated Livestock Farming (ILF)	912,893	904,692	1%	51,865	34,988	48%
Convenience Store Chain (CVS)	218,549	223,530	-2%	5,799	14,694	-61%
Total	1,629,097	1,638,226	-1%	130,971	129,241	1%

- a. MPM's current quarter sales increased marginally against the preceding quarter mainly due to better selling price for all activities and also volume recovery for surimi-based product.
Earnings decreased marginally mainly due to higher unit operating cost caused by higher input and labour cost resulting in margin compression.
- b. POCE's current quarter sales decreased by 14% against the preceding quarter mainly due to slower project progress at Boilermech and lower CPO selling price for palm oil activities.
Negative earnings reported for the quarter mainly due to significant foreign currency translation loss suffered by palm oil activities from the weakening of Indonesian Rupiah against US Dollar which outweighed the small profit reported by Boilermech and palm oil activities.
- c. ILF's current quarter sales was flat against the preceding quarter where higher feed raw material trading price was offset by lower trading volume whilst the volume and selling price for farm produce remained stable.
However, earnings increased by 48% against the preceding quarter mainly due to improved margin from layer operations attributed to improved operational efficiency and cost subsidy by Malaysian government to mitigate high farming cost with selling price remained under price control.
- d. Despite additional store opening during the quarter, CVS's current quarter sales decreased marginally against the preceding quarter mainly due to lower average store sales caused by dampened consumer demand.
Earning decreased by 61% against the preceding quarter mainly due to margin compression as a result of weaker average store sales, in addition to higher input cost and hike in minimum wage.

B3 Prospects for the next quarter to 31st March 2023

With the softening of consumer demand due to rising inflationary pressure and economy slowdown caused by high interest rate, the management is cautiously optimistic that the business performance will be satisfactory notwithstanding seasonal factor, on continued cost subsidy by Malaysian government to help to mitigate high farming cost.

B4 Profit forecast

No profit forecast was published during the period under review.

B5 Tax expense

	Individual quarter 3 months ended 31.12.2022 RM'000	Cumulative period To date 31.12.2022 RM'000
Current income tax expense	22,361	80,788
Deferred tax expense	7,515	3,501
	<u>29,876</u>	<u>84,289</u>

The effective tax rate of the Group for the current quarter and cumulative period was marginally lower than the statutory rate due to tax incentive received for qualifying projects and also lower tax rate for its Vietnam's operation.

B6 Unquoted investments and properties

There were no 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 except as disclosed.

B8 Corporate proposals

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

B9 Group borrowings

	As at 3rd quarter ended 31.12.2022					
	Long term		Short term		Total borrowings	
	Foreign denomination (USD\$1 = RM4.395)	RM denomination	Foreign denomination (USD\$1 = RM4.395)	RM denomination	Foreign denomination (USD\$1 = RM4.395)	RM denomination
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Secured						
Term loans (Conventional)	-	2,514	-	450	-	2,964
Term loans (Islamic)	-	-	-	-	-	-
	-	2,514	-	450	-	2,964
Unsecured						
Term loans (Conventional)	252,740	-	269,654	-	522,394	-
Term loans (Islamic)	13,237	-	827	-	14,064	-
Bank overdrafts	-	-	1,751	2,002	1,751	2,002
Bankers' acceptance (Conventional)	-	-	224,265	358,457	224,265	358,457
Bankers' acceptance (Islamic)	-	-	-	77,441	-	77,441
Revolving credit	-	-	7,050	53,043	7,050	53,043
Supplier factoring facilities	-	-	-	-	-	-
Hire purchase liabilities	-	233	-	211	-	444
	265,977	233	503,547	491,154	769,524	491,387
Total	265,977	2,747	503,547	491,604	769,524	494,351

	As at 4th quarter ended 31.3.2022					
	Long term		Short term		Total borrowings	
	Foreign denomination (USD\$1 = RM4.208)	RM denomination	Foreign denomination (USD\$1 = RM4.208)	RM denomination	Foreign denomination (USD\$1 = RM4.208)	RM denomination
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Secured						
Term loans (Conventional)	-	2,851	-	440	-	3,291
Term loans (Islamic)	-	-	-	-	-	-
	-	2,851	-	440	-	3,291
Unsecured						
Term loans (Conventional)	419,972	-	255,990	-	675,962	-
Term loans (Islamic)	13,466	-	27,847	-	41,313	-
Bank overdrafts	-	-	-	9,124	-	9,124
Bankers' acceptance (Conventional)	-	-	207,863	279,507	207,863	279,507
Bankers' acceptance (Islamic)	-	-	11,810	76,427	11,810	76,427
Revolving credit	-	-	-	29,537	-	29,537
Supplier factoring facilities	-	-	-	25,561	-	25,561
Hire purchase liabilities	-	-	-	-	-	-
	433,438	-	503,510	420,156	936,948	420,156
Total	433,438	2,851	503,510	420,596	936,948	423,447

The borrowings denominated in foreign currencies are hedged to RM as well as interest rate.

B10 Financial instruments

As at 31.12.2022, the outstanding derivatives (including financial instruments designated as hedging instruments) are as follows:

Types of derivatives	Contract/Notional Value as at 31.12.2022	Fair Value gain/ (loss) as at 31.12.2022
	RM'000	RM'000
(i) Cross currency swap		
- Less than 1 year		
- More than 1 year	389,161	26,318
(ii) Interest rate swap		
- Less than 1 year		
- More than 1 year	71,471	1,970
(iii) Foreign exchange contracts (sell)		
- Less than 1 year	20,955	(34)
- More than 1 year		
(iv) Foreign exchange contracts (buy)		
- Less than 1 year	94,353	14,822
- More than 1 year		
	575,940	43,076

B11 Changes in material litigation

There were no changes in material litigation at the date of this report.

B12 Dividend

The Board of Directors had on 9 February 2023 declared an interim single-tier dividend of 3.50 sen per ordinary share amounting to approximately RM85.18 million in respect of the financial year ending 31 March 2023, payable on 29 March 2023 to shareholders whose names appear on the Record of Depositors on 15 March 2023.

B13 Earnings per share

The calculations of basic earnings per share were as follows:

	Current quarter ended 31.12.2022	Cumulative to date 31.12.2022
(a) Net profit attributable to ordinary shareholders (RM'000)	97,179	273,504
(b) Number of ordinary shares in issue ('000)- weighted average	2,433,657	2,433,657
Basic Earnings per share (sen)	3.99	11.24