

INTERIM FINANCIAL REPORT FOR THE 3RD QUARTER ENDED 31.12.2021

CONDENSED CONSOLIDATED INCOME STATEMENTS FOR THE PERIOD ENDED 31.12.2021 (UNAUDITED)

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

| | INDIVIDUAL QUARTER | | | | CUMULATIVE QUARTERS | | | |
|---|---|-----------|---|--------|--------------------------------------|-----------|-------------------------------------|-------------------------------|
| | CURRENT YEAR | | PRECEDING YEAR | | CURRENT YEAR | | PRECEDING CORRESPONDING | |
| | 3RD QUARTER 1.10.2021 to 31.12.2021 | | 3RD QUARTER 1.10.2020 to 31.12.2020 | | TO-DATE 1.4.2021 to 31.12.2021 | | PERIOD 1.4.2020 to 31.12.2020 | |
| | RM'000 | | RM'000 | | RM'000 | | RM'000 | |
| Revenue | 26% | 1,400,842 | 1,111,372 | 23% | 3,874,319 | 3,159,610 | | |
| Operating Profit | 0% | 166,403 | 166,937 | -7% | 432,038 | 465,290 | | |
| Depreciation and amortisation | 11% | (57,309) | (51,466) | 13% | (171,558) | (151,246) | | |
| Interest income | 12% | 1,860 | 1,665 | 8% | 5,641 | 5,213 | | |
| Finance costs | 7% | (14,192) | (13,305) | -10% | (38,091) | (42,143) | | |
| Share of profit of associates (net) | | 234 | 4,717 | | 405 | 9,156 | | |
| Profit Before Taxation | -11% | 96,996 | 108,548 | -20.2% | 228,435 | 286,270 | | |
| Less: Tax expense | | (28,257) | (28,037) | | (63,727) | (79,055) | (Effective tax rate) 29.1% | (Effective tax rate) 27.6% |
| Profit for the period | -15% | 68,739 | 80,511 | -21% | 164,708 | 207,215 | | |
| Attributable to: | | | | | | | | |
| Shareholders of the Company | -22% | 59,794 | 76,326 | -25% | 147,930 | 197,335 | | |
| Minority interests | | 8,945 | 4,185 | | 16,778 | 9,880 | 9.22% (% against PBT) | 3.45% (% against PBT) |
| Profit for the period | | 68,739 | 80,511 | | 164,708 | 207,215 | 7.34% (% against PBT) | |
| 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) | -22% | 2.46 | 3.14 | -25% | 6.08 | 8.11 | | |
| 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 2021 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 31.12.2021

CONDENSED CONSOLIDATED INCOME STATEMENTS FOR THE PERIOD ENDED 31.12.2021 (UNAUDITED)

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

| | | CURRENT QUARTER | | PRECEDING QUARTER |
|---|---|--|----------------------------------|--|
| | | 3RD QUARTER 1.10.2021 to 31.12.2021 | | 2ND QUARTER 1.7.2021 to 30.9.2021 |
| | % increase against last period | RM'000 | | RM'000 |
| Revenue | 12% | 1,400,842 | | 1,248,053 |
| Operating Profit | 19% | 166,403 | | 140,290 |
| Depreciation and amortisation | -1% | (57,309) | | (57,716) |
| Interest income | -4% | 1,860 | | 1,932 |
| Finance costs | 2% | (14,192) | | (13,925) |
| Share of profit of associates (net) | | 234 | | 180 |
| Profit Before Taxation | 37% | 96,996 | | 70,761 |
| Less: Tax expense | | (28,257) | (Effective tax rate) 29.1% | (20,028) |
| Profit for the period | 35% | 68,739 | | 50,733 |
| Attributable to: | | | | |
| Shareholders of the Company | 30% | 59,794 | | 45,942 |
| Minority interests | | 8,945 | 9.22% (% against PBT) | 4,791 |
| Profit for the period | | 68,739 | | 50,733 |
| Number of shares in issue ('000) | | 2,433,657 | | 2,433,657 |
| Earnings per share: | | | | |
| Basic earnings per ordinary shares (sen) | 30% | 2.46 | | 1.89 |
| 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 2021 and the accompanying explanatory notes attached to this interim financial statements.
Note: NA denotes "Not Applicable"

INTERIM FINANCIAL REPORT FOR THE 3RD QUARTER ENDED 31.12.2021

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31.12.2021 (UNAUDITED)

| | INDIVIDUAL QUARTER | | CUMULATIVE QUARTERS | |
|---|-------------------------------------|-------------------------------------|--------------------------------|--------------------------------|
| | CURRENT YEAR | PRECEDING YEAR | CURRENT YEAR | PRECEDING CORRESPONDING PERIOD |
| | 3RD QUARTER 1.10.2021 to 31.12.2021 | 3RD QUARTER 1.10.2020 to 31.12.2020 | TO-DATE 1.4.2021 to 31.12.2021 | 1.4.2020 to 31.12.2020 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Profit for the period | 68,739 | 80,511 | 164,708 | 207,215 |
| Other comprehensive income/(loss), net of tax: | | | | |
| Foreign currency translation differences for foreign operations | (2,601) | 8,379 | 18,334 | 32,788 |
| Share of gain/(loss) of equity-accounted associates | - | 926 | - | 2,153 |
| Cash flow hedge | 3,758 | 7,938 | 4,323 | 20,745 |
| Total comprehensive income for the period | 69,896 | 97,754 | 187,365 | 262,901 |
| Total comprehensive income attributable to: | | | | |
| Shareholders of the Company | 60,932 | 89,703 | 170,144 | 248,851 |
| Minority interests | 8,964 | 8,051 | 17,221 | 14,050 |
| Total comprehensive income for the period | 69,896 | 97,754 | 187,365 | 262,901 |

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Financial Statements for year ended 31 March 2021 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 31.12.2021

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| | As at 31.12.2021 RM'000 Unaudited | | As at 31.3.2021 RM'000 Audited |
|---|--|---------|---|
| ASSETS | | | |
| Property, plant and equipment | 2,192,183 | | 2,211,129 |
| Right-of-use assets | 479,684 | | 475,784 |
| Investment properties | 18,334 | | 19,841 |
| Intangible assets | 128,311 | | 129,224 |
| Investment in associates | 2,454 | | 2,264 |
| Deferred tax assets | 12,224 | | 7,308 |
| Trade and other receivables | 25,449 | | 25,480 |
| | <u>2,858,639</u> | | <u>2,871,030</u> |
| Current Assets | | | |
| Biological assets | 232,411 | | 209,570 |
| Inventories | 67 days 792,499 | 68 days | 652,216 |
| Contract assets | 45,226 | | 29,361 |
| Contract costs | 2,823 | | 3,296 |
| Current tax assets | 25,817 | | 21,760 |
| Trade receivables | 35 days 491,741 | 35 days | 414,335 |
| Other receivables, assets and prepayment | 155,251 | | 142,621 |
| Derivative financial assets | 600 | | 208 |
| Cash and cash equivalents | 543,940 | | 486,493 |
| Assets classified as held for sale | 4,545 | | 4,545 |
| | <u>2,294,853</u> | | <u>1,964,405</u> |
| Total Assets | <u>5,153,492</u> | | <u>4,835,435</u> |
| EQUITY AND LIABILITIES | | | |
| Equity | | | |
| Share capital | 620,025 | | 620,025 |
| Reserves | 1,778,659 | | 1,694,168 |
| Equity attributable to shareholders of the Company | <u>2,398,684</u> | | <u>2,314,193</u> |
| Minority interests | 239,029 | | 231,321 |
| Total Equity | <u>2,637,713</u> | | <u>2,545,514</u> |
| Non-Current Liabilities | | | |
| Long term borrowings (LT Debts/Total Equity) | 19% 491,865 | 24% | 608,253 |
| Lease liabilities | 142,427 | | 141,975 |
| Other payables | 1,843 | | 1,298 |
| Employee benefits | 12,129 | | 12,029 |
| Deferred tax liabilities | 149,358 | | 144,716 |
| | <u>797,622</u> | | <u>908,271</u> |
| Current Liabilities | | | |
| Short term-bankers acceptance | 607,728 | | 437,256 |
| Other short term borrowings | 374,311 | | 346,264 |
| Lease liabilities | 26,866 | | 24,216 |
| Trade and other payables | 581,720 | | 465,436 |
| Contract liabilities | 97,351 | | 70,986 |
| Derivative financial liabilities | 4,273 | | 14,445 |
| Taxation | 25,908 | | 23,047 |
| | <u>1,718,157</u> | | <u>1,381,650</u> |
| Total Liabilities | <u>2,515,779</u> | | <u>2,289,921</u> |
| Total Equity and Liabilities | <u>5,153,492</u> | | <u>4,835,435</u> |
| Net Assets per share (RM) | 0.99 | | 0.95 |
| Based on number of shares:('000) | <u>2,433,657</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 2021 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 31.12.2021

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31.12.2021

| | <-----Non-Distributable-----> | | | Distributable | | 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 | | Non- controlling interests RM'000 |
| 9 months ended 31.12.2020 | | | | | | | |
| At 1.4.2020 | 620,025 | (136,276) | (31,926) | 1,565,693 | 2,017,516 | 73,498 | 2,091,014 |
| Foreign currency translation differences for foreign operations | - | 28,618 | - | - | 28,618 | 4,170 | 32,788 |
| Share on gain of equity-accounted associates | - | - | 2,153 | - | 2,153 | - | 2,153 |
| Cash flow hedge | - | - | 20,745 | - | 20,745 | - | 20,745 |
| Total other comprehensive income/(expenses) for the year | - | 28,618 | 22,898 | - | 51,516 | 4,170 | 55,686 |
| Profit for the period | - | - | - | 197,335 | 197,335 | 9,880 | 207,215 |
| Total comprehensive income/(expenses) for the period | - | 28,618 | 22,898 | 197,335 | 248,851 | 14,050 | 262,901 |
| <i>Contribution by and distributions to owners of the Company</i> | | | | | | | |
| - Dividends to owners of the Company | - | - | - | (73,010) | (73,010) | - | (73,010) |
| - Dividends paid to non-controlling interests | - | - | - | - | - | (2,172) | (2,172) |
| - Acquisition of non-controlling interests | - | - | - | - | - | 1,128 | 1,128 |
| Total transactions with owners of the Company | - | - | - | (73,010) | (73,010) | (1,044) | (74,054) |
| At 31.12.2020 | 620,025 | (107,658) | (9,028) | 1,690,018 | 2,193,357 | 86,504 | 2,279,861 |

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for year ended 31 March 2021 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 31.12.2021

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31.12.2021

| | <-----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 |
| Share on gain of equity-accounted associates | - | - | - | - | - | - | - |
| 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 2021 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 31.12.2021

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 31.12.2021

| | Period ended 31.12.2021 | Period ended 31.12.2020 |
|---|----------------------------|----------------------------|
| | RM'000 | RM'000 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Profit before tax | 228,435 | 286,270 |
| Adjustments for: | | |
| Depreciation & amortisation | 171,558 | 151,246 |
| (Increase)/Decrease in working capital | 65,068 | 38,893 |
| Income tax paid | (66,872) | (46,165) |
| Other non-cash items | 9,426 | 93,038 |
| Net cash generated from/(used in) operating activities | 407,615 | 523,282 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchase of fixed assets | (127,736) | (231,123) |
| Others | - | - |
| Net cash generated from/(used in) investing activities | (127,736) | (231,123) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Net borrowings | (105,583) | (67,017) |
| Payment of lease liabilities | (23,575) | (20,847) |
| Dividend paid to minority interest | (8,717) | (2,172) |
| Dividend paid to shareholders | (85,178) | (73,010) |
| Others | - | - |
| Net cash generated from/(used in) financing activities | (223,053) | (163,046) |
| Net increase in cash and cash equivalents | 56,826 | 129,113 |
| Cash and cash equivalents at 1.4.2021 | 480,522 | 261,549 |
| Cash and cash equivalents at 31.12.2021 | 537,348 | 390,662 |

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Financial Statements for year ended 31 March 2021 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 2021.

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 2021 except for the adoption of the followings:

- Amendments to MFRS 9, Financial Instruments, MFRS 139, Financial Instruments: Recognition and Measurement, MFRS 7, Financial Instruments: Disclosures, MFRS 4, Insurance Contracts and MFRS 16, Leases – Interest Rate Benchmark Reform – Phase 2
- Amendment to MFRS 16, Leases – Covid-19-Related Rent Concessions beyond 30 June 2021

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 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. 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.

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

During the quarter, a final dividend of 3.50 sen per ordinary share amounting to approximately RM 85.18 million was paid on 15 October 2021.

A7. Segmental information

Segment information in respect of the Group's business segments for the 3rd quarter ended 31.12.2021

| | RM'000 | RM'000 |
|-------------------------------|------------------|---------------|
| | Sales | PBT |
| Marine Products Manufacturing | 330,504 | 61,694 |
| Palm Oil and Clean Energy | 188,784 | 16,216 |
| Integrated Livestock Farming | 881,554 | 19,086 |
| Total | <u>1,400,842</u> | <u>96,996</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.

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 |
|------------------------------------|-------------------------|---------------------------------|----------|------------------------|---|----------|
| | 1.10.2021 to 31.12.2021 | 1.10.2020 to 31.12.2020 | | 1.4.2021 to 31.12.2021 | 1.4.2020 to 31.12.2020 | |
| | Sales | Sales | | Sales | Sales | |
| | RM'000 | RM'000 | | RM'000 | RM'000 | |
| Marine Product Manufacturing (MPM) | 330,504 | 318,552 | 4% | 885,720 | 961,587 | -8% |
| Palm Oil and Clean Energy (POCE) | 188,784 | 52,378 | 260% | 469,872 | 170,901 | 175% |
| Integrated Livestock Farming (ILF) | 881,554 | 740,442 | 19% | 2,518,727 | 2,027,122 | 24% |
| Total | 1,400,842 | 1,111,372 | 26% | 3,874,319 | 3,159,610 | 23% |
| | | | | | | |
| | 1.10.2021 to 31.12.2021 | 1.10.2020 to 31.12.2020 | | 1.4.2021 to 31.12.2021 | 1.4.2020 to 31.12.2020 | |
| | Profit before tax | Profit before tax | | Profit before tax | Profit before tax | |
| | RM'000 | RM'000 | | RM'000 | RM'000 | |
| Marine Product Manufacturing (MPM) | 61,694 | 73,727 | -16% | 156,555 | 209,176 | -25% |
| Palm Oil and Clean Energy (POCE) | 16,216 | 31 | 52210% | 39,493 | 12,899 | 206% |
| Integrated Livestock Farming (ILF) | 19,086 | 34,790 | -45% | 32,387 | 64,195 | -50% |
| Total | 96,996 | 108,548 | -11% | 228,435 | 286,270 | -20% |

- a. MPM's current quarter sales increased marginally against the corresponding quarter mainly due to higher selling price for all products with stable volume. Increase in sales volume from surimi-based products is offset by lower volume in fishmeal and fishing activities.

Despite higher selling price, earnings decreased by 16% mainly due to margin erosion caused by higher input costs as a result of higher fuel cost and global supply chain disruption.

Cumulative sales decreased by 8% mainly due to the lower sales volume caused by low fish landing and disruption in fishing activities from the shortage of foreign fishing crew in first two quarters even though surimi-based products recorded higher sales.

Cumulative earnings decreased by 25% mainly due to lower sales volume, margin erosion with higher production costs and additional Covid-19 compliance cost.

- b. POCE's current quarter sales increased by 260% against the corresponding quarter mainly due to consolidation of Boilermech's sales following it becoming a subsidiary in Quarter 4 of Financial Year 2021, higher FFB tonnage harvested and also significant improvement in CPO selling price.

Earnings increased substantially against the corresponding quarter mainly due to improved contribution from Indonesian plantation and the inclusion of Boilermech as a subsidiary.

Cumulative sales and earnings increased by 175% and 206% respectively mainly due to the same reasons.

- c. ILF's current quarter sales increased by 19% against the corresponding quarter mainly due to high feed raw material trading price albeit lower trading volume, increase in egg production volume and higher farm produce price. In addition, FamilyMart operations reported surge in sales with the reopening of all economic sectors.

Despite sales increase and higher earnings reported by FamilyMart operations, earnings decreased by 45% against the corresponding quarter mainly due to erosion in farming margin caused by exceptionally high feed cost and relative slow recovery in egg selling price coupled with price control imposed in December 2021.

Cumulative sales increased by 24% against corresponding period due to the same reasons.

Cumulative earnings decreased by 50% mainly due to exceptionally high feed cost and depressed egg selling price caused by Covid-19 lock-down in addition to higher operating and compliance costs.

B2 Review of current quarter performance with the preceding quarter

| | Current quarter | Preceding quarter | % change | Current quarter | Preceding quarter | % change |
|------------------------------------|----------------------------|--------------------------|----------|----------------------------|--------------------------|----------|
| | 1.10.2021 to 31.12.2021 | 1.7.2021 to 30.9.2021 | | 1.10.2021 to 31.12.2021 | 1.7.2021 to 30.9.2021 | |
| | Sales | Sales | | Profit before tax | Profit before tax | |
| | RM'000 | RM'000 | | RM'000 | RM'000 | |
| Activities: | | | | | | |
| Marine Product Manufacturing (MPM) | 330,504 | 284,359 | 16% | 61,694 | 53,170 | 16% |
| Palm Oil and Clean Energy (POCE) | 188,784 | 127,844 | 48% | 16,216 | 11,040 | 47% |
| Integrated Livestock Farming (ILF) | 881,554 | 835,850 | 5% | 19,086 | 6,551 | 191% |
| Total | 1,400,842 | 1,248,053 | 12% | 96,996 | 70,761 | 37% |

- a. MPM's current quarter sales increased by 16% against the preceding quarter mainly due to seasonal high fish landing which resulted in higher volume, coupled with higher selling price for all upstream activities in addition to strong performance from surimi-based products.
Earnings also increased by 16% in line with higher sales with stable margin.
- b. POCE's current quarter sales increased by 48% against the preceding quarter mainly due to project delivery resumption at Boilermech with the reopening of all economic sectors, higher FFB tonnage harvested and significant improvement in CPO selling price.
Similarly, earning increased by 47% mainly due to the same reasons.
- c. ILF's current quarter sales increased by 5% against the preceding quarter mainly due to higher sales from FamilyMart operations benefitting from the pent-up surge in demand after reopening of all economic sectors under National Recovery Plan Phase 4 in mid-October.
Earning increased by 191% against the preceding quarter mainly due to higher contribution from FamilyMart operations.

B3 Prospects for the next quarter to 31st March 2022

With the outbreak of Russia-Ukraine war, the rise in Covid-19 cases caused by Omicron variant and notwithstanding the seasonal factor, the management is nevertheless cautiously optimistic that the overall business performance will continue to recover in Quarter 4 with egg and chicken price subsidy.

B4 Profit forecast

No profit forecast was published during the period under review.

B5 Tax expense

| | Individual quarter 3 months ended 31.12.2021 | Cumulative period To date 31.12.2021 |
|----------------------------|--|--|
| | RM'000 | RM'000 |
| Current income tax expense | 22,953 | 66,982 |
| Deferred tax expense | 5,304 | (3,255) |
| | 28,257 | 63,727 |

The effective tax rate of the Group for the current quarter was higher than the statutory rate principally due to certain expenses being not deductible for tax purposes.

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 31.12.2021 | | | | | |
|------------------------------------|--|-----------------|--|-----------------|--|-----------------|
| | Long term | | Short term | | Total borrowings | |
| | Foreign denomination (USD\$1 = RM4.167) | RM denomination | Foreign denomination (USD\$1 = RM4.167) | RM denomination | Foreign denomination (USD\$1 = RM4.167) | RM denomination |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| Secured | | | | | | |
| Term loans (Conventional) | - | 2,962 | - | 439 | - | 3,401 |
| Term loans (Islamic) | - | - | - | - | - | - |
| | - | 2,962 | - | 439 | - | 3,401 |
| Unsecured | | | | | | |
| Term loans (Conventional) | 488,903 | - | 210,984 | - | 699,887 | - |
| Term loans (Islamic) | - | - | 36,768 | - | 36,768 | - |
| Bank overdrafts | - | - | 1,205 | 5,284 | 1,205 | 5,284 |
| Bankers' acceptance (Conventional) | - | - | 199,634 | 353,443 | 199,634 | 353,443 |
| Bankers' acceptance (Islamic) | - | - | 16,710 | 37,941 | 16,710 | 37,941 |
| Revolving credit | - | - | - | 85,737 | - | 85,737 |
| Supplier factoring facilities | - | - | - | 33,862 | - | 33,862 |
| Hire purchase liabilities | - | - | - | 32 | - | 32 |
| | 488,903 | - | 465,301 | 516,299 | 954,204 | 516,299 |
| Total | 488,903 | 2,962 | 465,301 | 516,738 | 954,204 | 519,700 |

| | As at 4th quarter ended 31.3.2021 | | | | | |
|------------------------------------|--|-----------------|--|-----------------|--|-----------------|
| | Long term | | Short term | | Total borrowings | |
| | Foreign denomination (USD\$1 = RM4.148) | RM denomination | Foreign denomination (USD\$1 = RM4.148) | RM denomination | Foreign denomination (USD\$1 = RM4.148) | RM denomination |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| Secured | | | | | | |
| Term loans (Conventional) | - | 3,290 | - | 435 | - | 3,725 |
| Term loans (Islamic) | - | - | - | - | - | - |
| | - | 3,290 | - | 435 | - | 3,725 |
| Unsecured | | | | | | |
| Term loans (Conventional) | 577,513 | - | 194,588 | - | 772,101 | - |
| Term loans (Islamic) | 27,450 | - | 36,600 | - | 64,050 | - |
| Bank overdrafts | - | - | 2,280 | 3,589 | 2,280 | 3,589 |
| Bankers' acceptance (Conventional) | - | - | 95,599 | 298,140 | 95,599 | 298,140 |
| Bankers' acceptance (Islamic) | - | - | - | 43,517 | - | 43,517 |
| Revolving credit | - | - | - | 50,177 | - | 50,177 |
| Supplier factoring facilities | - | - | - | 58,471 | - | 58,471 |
| Hire purchase liabilities | - | - | - | 124 | - | 124 |
| | 604,963 | - | 329,067 | 454,018 | 934,030 | 454,018 |
| Total | 604,963 | 3,290 | 329,067 | 454,453 | 934,030 | 457,743 |

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

B10 Financial instruments

As at 31.12.2021, the outstanding derivatives (including financial instruments designated as hedging instruments) are as follows:

| Types of derivatives | Contract/Notional | Fair Value gain/ |
|---|---------------------------|----------------------------|
| | Value as at 31.12.2021 | (loss) as at 31.12.2021 |
| | RM'000 | RM'000 |
| (i) Cross currency swap | | |
| - Less than 1 year | | |
| - More than 1 year | 567,669 | (3,806) |
| (ii) Interest rate swap | | |
| - Less than 1 year | | |
| - More than 1 year | 112,896 | (1,444) |
| (iii) Foreign exchange contracts (sell) | | |
| - Less than 1 year | 68,851 | 610 |
| - More than 1 year | | |
| (iv) Foreign exchange contracts (buy) | | |
| - Less than 1 year | 43,231 | 14,187 |
| - More than 1 year | | |
| | 792,647 | 9,547 |

B11 Changes in material litigation

(i) Tarakan Lawsuit

As announced to Bursa Malaysia on 16 August 2021, on 9 August 2021, a lawsuit has been initiated by PT Pipit Citra Perkasa ("PCP") in the Tarakan District Court, North Kalimantan, Indonesia ("Tarakan Court"), against QL's subsidiaries, PT Pipit Mutiara Indah ("PMI") and QL Mutiara (S) Pte Ltd ("QLM"), as well as Chia Seong Fatt (a director of QL Resources Berhad ("QLR")) in his capacity as a director of PMI (collectively called "Defendants"). QLR has obtained legal advice from its Indonesia counsels, and is of the view that the lawsuit is frivolous, vexatious, inarticulate, obscure and without any legal merits, and is an abuse of legal and contractual process. Further, as announced to Bursa Malaysia on 28 October 2021, the Tarakan Court has on 25 October 2021 issued a Court Attachment Order against certain assets of PMI and QLM. Notwithstanding the aforesaid, QLR does not expect any material losses to arise by reason of the commencement of the lawsuit by the Plaintiff other than legal costs in defending the claim. The lawsuit is also not expected to have any material impact on the Group's operations.

Details of the Tarakan Lawsuit can be found in the Bursa Announcements made on 16 August 2021, 17 August 2021, 23 August 2021, 21 October 2021 and 28 October 2021.

(ii) Singapore Lawsuit

As announced to Bursa Malaysia on 1 December 2021, in response to the Tarakan Lawsuit, QLR's subsidiaries, PMI and QLM, as well as Chia Seong Fatt (a director of QLR) in his capacity as a director of PMI and QLM, have commenced a legal action in the High Court of the Republic of Singapore against PT. Pipit Citra Perkasa (PCP or 1st Defendant), Juliet Kristianto Liu (Juliet or 2nd Defendant), and Kristianto Kandi Saputro (Kris or 3rd Defendant) (collectively referred to "Defendants") *inter alia* for breach of the arbitration agreement contained in the Master Joint Venture Agreement dated 16 August 2006 made between QL Oil Sdn Bhd, Hang Ting Pte Ltd and PCP, and the Defendants (or any two of them) wrongfully and with the intent to injure and/or cause loss to PMI, Chia and/or QLM by unlawful and/or lawful means, conspired and combined together to damage or destroy the financial and/or business interests of PMI, Chia and/or QLM. Further, as announced on 6 December 2021, the General Division of the High Court of the Republic of Singapore has on even date, conducted a hearing upon the application of the Plaintiffs on an opposed ex-parte basis, for an interim anti-suit injunction against the 1st Defendant and has granted in favour of the Plaintiffs a restraining order which has the effect of restraining the 1st Defendant from continuing with the Indonesian Proceedings.

Details of the Singapore Lawsuit can be found in the Bursa Announcements made on 1 December 2021, 6 December 2021 and 9 December 2021

B12 Dividend

The directors do not recommend any dividend during the period under review

B13 Earnings per share

The calculations of basic earnings per share were as follows:

| | Current quarter ended 31.12.2021 | Cumulative to date 31.12.2021 |
|--|-------------------------------------|-------------------------------------|
| (a) Net profit attributable to ordinary shareholders (RM'000) | 59,794 | 147,930 |
| (b) Number of ordinary shares in issue ('000)-weighted average | 2,433,657 | 2,433,657 |
| Basic Earnings per share (sen) | 2.46 | 6.08 |