

# CAHYA MATA SARAWAK BERHAD

(Company No: 21076-T)

(Incorporated in Malaysia)

## Interim Financial Report

### Condensed consolidated statements of comprehensive income for the year ended 31 December 2021

		3 months ended		Changes (%)	12 months ended		Changes (%)
		31.12.2021	31.12.2020		31.12.2021	31.12.2020	
		Note	RM'000	RM'000		RM'000	RM'000
Revenue	A8	240,872	206,983	16%	813,798	762,788	7%
Cost of sales		(207,300)	(171,891)		(669,038)	(635,416)	
<b>Gross profit</b>		33,572	35,092	-4%	144,760	127,372	14%
Other income		20,510	23,379		71,833	31,901	
Administrative expenses		(19,804)	(17,207)		(54,545)	(53,550)	
Selling and marketing expenses		(2,798)	(3,467)		(11,046)	(11,895)	
Other expenses		(61,370)	(103,762)		(78,839)	(105,550)	
<b>Operating profit</b>		(29,890)	(65,965)	-55%	72,163	(11,722)	-716%
Finance costs		(7,021)	(9,046)		(28,302)	(31,069)	
Share of results of associates		59,399	3,710		158,524	48,278	
Share of results of joint ventures		11,161	2,266		33,376	719	
<b>Profit before taxation</b>		33,649	(69,035)	-149%	235,761	6,206	3699%
Income tax expense	B5	(9,111)	(4,484)		(33,720)	(23,456)	
<b>Profit for the period from continuing operations</b>		24,538	(73,519)	-133%	202,041	(17,250)	-1271%
<b>Discontinued operations</b>							
Profit for the period from discontinued operations		0	162,947		0	207,158	
<b>Profit for the period/year</b>		24,538	89,428		202,041	189,908	
<b>Other comprehensive income</b>							
Other comprehensive income that will be reclassified to profit or loss in subsequent periods:							
Equity instrument measured at fair value		1,034	0		1,034	0	
Share of other comprehensive income of associates		(2,003)	(6,054)		7,910	1,293	
Share of other comprehensive income of joint ventures		0	0		0	(111)	
<b>Other comprehensive income for the period/year</b>		(969)	(6,054)		8,944	1,182	
<b>Total comprehensive income for the period/year</b>		23,569	83,374	-72%	210,985	191,090	10%
Profit attributable to:							
Owners of the Company		24,347	114,106	-79%	203,411	194,807	4%
Non-controlling interests		191	(24,678)		(1,370)	(4,899)	
		24,538	89,428		202,041	189,908	
Total comprehensive income attributable to:							
Owners of the Company		23,443	108,079		212,415	195,908	
Non-controlling interests		126	(24,705)		(1,430)	(4,818)	
		23,569	83,374		210,985	191,090	

  

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<b>Earnings per share attributable to owners of the Company:</b>							
Basic	B13						
- from continuing operations		2.27	(4.50)	18.98	0.79		
- from discontinued operations		0.00	15.00	0.00	17.39		
		2.27	10.50	18.98	18.18		
Diluted							
- from continuing operations		2.27	(4.44)	18.98	0.79		
- from discontinued operations		0.00	14.81	0.00	17.30		
		2.27	10.37	18.98	18.09		

The condensed consolidated statements of comprehensive income should be read in conjunction with the accompanying explanatory notes attached to the interim financial report.

**Cahya Mata Sarawak Berhad**

(Company No: 21076-T)

**Condensed consolidated statement of financial position as at 31 December 2021**

	Note	Unaudited As at 31.12.2021 RM'000	Audited As at 31.12.2020 RM'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		1,420,172	1,312,746
Land held for property development		192,545	192,529
Investment properties		4,804	28,255
Intangible assets		586	423
Goodwill		61,709	61,709
Investments in associates		987,873	995,975
Investments in joint ventures		342,341	321,656
Deferred tax assets		3,120	4,816
Other receivables		69,896	95,688
Investment securities		105,833	19,961
		<u>3,188,879</u>	<u>3,033,758</u>
<b>Current assets</b>			
Property development costs		126,331	145,203
Inventories		309,100	327,065
Trade and other receivables		190,690	186,244
Other current assets		37,942	19,021
Investment securities		407,875	361,164
Derivative financial asset		107,038	96,698
Tax recoverable		7,047	9,394
Cash and bank balances		545,737	281,819
<b>Total current assets</b>		<u>1,731,760</u>	<u>1,426,608</u>
<b>TOTAL ASSETS</b>		<u><b>4,920,639</b></u>	<u><b>4,460,366</b></u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital		867,902	867,902
Treasury shares		(352)	(19,994)
Other reserves		22,145	6,520
Retained earnings		2,122,133	1,931,849
		<u>3,011,828</u>	<u>2,786,277</u>
<b>Non-controlling interests</b>		217,894	233,247
<b>Total equity</b>		<u>3,229,722</u>	<u>3,019,524</u>
<b>Non-current liabilities</b>			
Deferred tax liabilities		60,182	51,551
Loans and borrowings	B7	273,091	803,711
Lease liabilities		21,898	25,726
Trade and other payables		3,790	3,057
		<u>358,961</u>	<u>884,045</u>
<b>Current liabilities</b>			
Income tax payable		3,918	850
Loans and borrowings	B7	625,473	47,555
Lease liabilities		4,904	10,967
Trade and other payables		687,979	489,287
Other current liabilities		9,682	8,138
<b>Total current liabilities</b>		<u>1,331,956</u>	<u>556,797</u>
<b>Total liabilities</b>		<u>1,690,917</u>	<u>1,440,842</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><b>4,920,639</b></u>	<u><b>4,460,366</b></u>
<b>Net assets per share attributable to ordinary owners of the Company (RM)</b>		<u><b>2.80</b></u>	<u><b>2.62</b></u>

The condensed consolidated statement of financial position should be read in conjunction with the accompanying explanatory notes attached to the interim financial report.

## Cahya Mata Sarawak Berhad

(Company No: 21076-T)

### Condensed consolidated statement of changes in equity for the year ended 31 December 2021

	< ----- Attributable to Owners of the Company ----- >						
	< ----- Non-distributable ----- >				Distributable		
	Total equity RM'000	Total RM'000	Share capital RM'000	Treasury shares RM'000	Other reserves RM'000	Retained earnings RM'000	Non-controlling interests RM'000
<b>At 1 January 2021</b>	3,019,524	2,786,277	867,902	(19,994)	6,520	1,931,849	233,247
Profit net of tax	202,041	203,411	0	0	0	203,411	(1,370)
Other comprehensive income, net of tax	8,944	9,004	0	0	9,004	0	(60)
Total comprehensive income	210,985	212,415	0	0	9,004	203,411	(1,430)
<b>Transactions with owners:-</b>							
Acquisition of treasury shares	(3,723)	(3,723)	0	(3,723)	0	0	0
Disposal of treasury shares	28,369	28,369	0	23,365	0	5,004	0
Grant of equity-settled share options to employees	10,029	10,029	0	0	10,029	0	0
Dividends on ordinary shares	(21,484)	(21,484)	0	0	0	(21,484)	0
Dividends paid to non-controlling interests	(13,978)	0	0	0	0	0	(13,978)
Total transactions with owners	(787)	13,191	0	19,642	10,029	(16,480)	(13,978)
Arising from partial disposal of investment in an associate	0	(55)	0	0	(3,454)	3,399	55
Share of associates' reserves	0	0	0	0	46	(46)	0
<b>At 31 December 2021</b>	3,229,722	3,011,828	867,902	(352)	22,145	2,122,133	217,894

## Cahaya Mata Sarawak Berhad

(Company No: 21076-T)

### Condensed consolidated statement of changes in equity for the year ended 31 December 2020

	< ----- Attributable to Owners of the Company ----- >						Non-controlling interests RM'000
	Total equity RM'000	Total RM'000	Share capital RM'000	Treasury shares RM'000	Other reserves RM'000	Retained earnings RM'000	
<b>At 1 January 2020</b>	3,151,946	2,638,467	867,902	(5,625)	14,049	1,762,141	513,479
Profit net of tax	189,908	194,807	0	0	0	194,807	(4,899)
Other comprehensive income, net of tax	1,182	1,101	0	0	1,096	5	81
Total comprehensive income	191,090	195,908	0	0	1,096	194,812	(4,818)
<b>Transactions with owners:-</b>							
Acquisition of treasury shares	(14,369)	(14,369)	0	(14,369)	0	0	0
Grant of equity-settled share options to employees	1,198	1,198	0	0	1,198	0	0
Dividends on ordinary shares	(32,179)	(32,179)	0	0	0	(32,179)	0
Dividends paid to non-controlling interests	(107,488)	0	0	0	0	0	(107,488)
Total transactions with owners	(152,838)	(45,350)	0	(14,369)	1,198	(32,179)	(107,488)
Arising from disposal of a joint venture	159	151	0	0	151	0	8
Arising from disposal of subsidiaries	(170,860)	(2,925)	0	0	(8,265)	5,340	(167,935)
Share of associates' reserves	27	26	0	0	(1,709)	1,735	1
<b>At 31 December 2020</b>	3,019,524	2,786,277	867,902	(19,994)	6,520	1,931,849	233,247

**Cahaya Mata Sarawak Berhad**

(Company No: 21076-T)

**Condensed consolidated statement of cash flows for the year ended 31 December 2021**

	12 months ended 31.12.2021 RM'000	12 months ended 31.12.2020 RM'000
<b>Profit before taxation from continuing operations</b>	235,761	6,206
<b>Profit before taxation from discontinued operations</b>	0	219,236
Adjustments for non-cash items:		
Non-cash items	(97,462)	(41,283)
<b>Operating cash flows before changes in working capital</b>	138,299	184,159
Changes in working capital		
Decrease/(increase) in current assets	12,352	(320,657)
Decrease in non-current assets	1,350	1,945
Increase in current liabilities	196,489	263,310
Increase in non-current liabilities	733	2,054
<b>Cash flows from operations</b>	349,223	130,811
Interest received	6,152	10,890
Interest paid	(38,889)	(36,300)
Income tax paid, net of refund	(17,979)	(32,185)
<b>Net cash flows from operating activities</b>	298,507	73,216
<b>Investing activities</b>		
Acquisition of land held for property development	0	(2,385)
Acquisition of property, plant and equipment	(165,329)	(265,186)
Additional investment in an associate	(9,228)	0
Additional investments in joint ventures	(3,947)	(1,819)
Additional investments in investment securities	(63,016)	(134,872)
Distribution of profit from joint ventures	16,638	7,676
Dividends received from associates	31,506	25,187
Dividends received from investments	6,814	8,727
Net cash inflow arising from disposals of subsidiaries	0	1,771
Proceeds from disposal of an associate	86,069	0
Proceeds from disposal of a joint venture	0	2,500
Proceeds from disposal of investment properties	27,500	0
Proceeds from disposal of property, plant and equipment	22,256	8,948
Proceeds from disposal of investment securities	0	3,204
Tax paid on gain on disposal of a subsidiary	0	(833)
Advancement of shareholders' loan	0	(4,644)
Others	(656)	(1,762)
<b>Net cash used in investing activities</b>	(51,393)	(353,488)
<b>Financing activities</b>		
Decrease/(increase) in deposit pledged to a licensed bank	50	(52)
Drawdown of borrowings	55,762	132,560
Repayments of borrowings	(19,087)	(26,173)
Repayment of lease liabilities	(10,980)	(11,907)
Dividends paid to shareholders of the Company	(21,484)	(32,179)
Dividends paid to non-controlling interests	(13,978)	(107,488)
Proceeds from lease receivables	360	1,250
Proceeds from sale of treasury shares	28,369	0
Repurchase of treasury shares	(3,723)	(14,369)
Transaction costs paid on borrowings	0	(154)
<b>Net cash from/(used in) financing activities</b>	15,289	(58,512)
<b>Net increase/(decrease) in cash and cash equivalents</b>	262,403	(338,784)
<b>Effect of foreign exchange changes in cash and cash equivalents</b>	1,110	(698)
<b>Cash and cash equivalents as at 1 January</b>	277,224	616,706
<b>Cash and cash equivalents as at 31 December</b>	540,737	277,224
Cash and cash equivalents as at 31 December comprised the following:		
Cash and short term deposits	545,737	281,819
Less: Deposits pledged to licensed banks	(1,920)	(1,970)
Less: Deposits with maturity of more than three months	(3,080)	(2,625)
	540,737	277,224

The condensed consolidated statement of cash flows should be read in conjunction with the accompanying explanatory notes attached to the interim financial report.

**NOTES TO THE QUARTERLY REPORT – 31 DECEMBER 2021**

**Part A – Explanatory notes pursuant to MFRS 134**

**A1. Basis of preparation**

These condensed consolidated interim financial statements, for the year ended 31 December 2021 are unaudited and have been prepared in accordance with MFRS 134 Interim Financial Reporting issued by the Malaysian Accounting Standards Board (“MASB”), and Paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. These condensed consolidated interim financial statements also comply with IAS 34 Interim Financial Reporting issued by the International Accounting Standards Board.

The explanatory notes attached to these condensed consolidated interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 December 2020.

**A2. Changes in accounting policies**

The accounting policies adopted are consistent with those of the previous financial year except as follows:

On 1 January 2021, the Group and the Company adopted the following new and amended MFRSs mandatory for annual financial periods beginning on or after 1 January 2021.

- Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16: Interest Rate Benchmark Reform - Phase 2
- Amendments to MFRS 16: Covid-19-Related Rent Concessions beyond 30 June 2021

The adoption of these standards is not expected to have any material effect on the financial performance or position of the Group.

**A3. Seasonal or cyclical factors**

The business operations of the Group are generally non-cyclical or seasonal.

**A4. Unusual items due to their nature, size and incidence**

There were no unusual items affecting assets, liabilities, equity, net income or cash flows of the Group for the year ended 31 December 2021.

**NOTES TO THE QUARTERLY REPORT – 31 DECEMBER 2021**

**A5. Changes in estimates**

There were no changes in estimates that have had a material effect on the current quarter's results.

**A6. Debt and equity securities**

During the current quarter ended 31 December 2021, there was no repurchase and resell of treasury shares. As at 31 December 2021, the Company held 200,000 treasury shares in its books.

**A7. Dividends paid**

There was no dividend paid during the quarter ended 31 December 2021.

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**NOTES TO THE QUARTERLY REPORT – 31 DECEMBER 2021**

**A8. Segmental information**

	3 months ended		12 months ended	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020
	RM'000	RM'000	RM'000	RM'000
<b>Segment Revenue</b>				
Cement	129,783	139,291	483,243	476,029
Trading	28,808	28,578	103,472	91,101
Road maintenance	38,884	24,429	119,715	129,894
Property development	45,297	18,060	114,260	70,913
Others	12,987	12,612	50,513	57,796
Total revenue including inter-segment sales	255,759	222,970	871,203	825,733
Elimination of inter-segment sales	(14,887)	(15,987)	(57,405)	(62,945)
Total revenue from continuing operations	240,872	206,983	813,798	762,788
Revenue from discontinued operations	-	-	-	361,903
	240,872	206,983	813,798	1,124,691

	3 months ended		12 months ended	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020
	RM'000	RM'000	RM'000	RM'000
<b>Segment Results</b>				
Operating profit/(loss):				
Cement	(26)	5,507	61,628	48,443
Trading	1,945	1,357	6,109	3,829
Road maintenance	2,183	5,732	9,444	19,140
Property development	16,205	(12,258)	32,081	(5,334)
Phosphate	(2,304)	(49,659)	(18,075)	(54,176)
Strategic investments	(2,475)	(6,633)	4,014	(5,600)
Others	(48,816)	(9,950)	(47,257)	(11,527)
	(33,288)	(65,903)	47,944	(5,225)
Unallocated corporate expenses	(3,623)	(9,106)	(4,083)	(37,566)
Share of results of associates	59,399	3,709	158,524	48,278
Share of results of joint ventures	11,161	2,266	33,376	719
Profit before tax	33,649	(69,035)	235,761	6,206
Income tax expenses	(9,111)	(4,484)	(33,720)	(23,456)
Profit from continuing operations	24,538	(73,519)	202,041	(17,250)
Profit from discontinued operations	-	162,947	-	207,158
Profit for the period	24,538	89,428	202,041	189,908



**NOTES TO THE QUARTERLY REPORT – 31 DECEMBER 2021**

**A9. Changes in composition of the Group**

There have been no changes in the composition of the Group for the quarter ended 31 December 2021, except as disclosed in the following:

On 23 December 2021, Cahya Mata Sarawak Berhad’s (“CMSB”) interest in KKB Engineering Berhad (“KKB”) had been diluted from 20.00% to 17.90% following 30,935,040 shares being issued by KKB pursuant to a private placement. Accordingly, investment in KKB was derecognised as investment in an associate and become a simple investment classified as investment securities under non-current assets due to loss of significant influence.

**A10. Fair value of instruments**

**(a) Determination of fair value**

Set out below is a comparison of the carrying amounts and fair values of the Group’s financial instruments, by class, which are not carried at fair value in the financial statements. It does not include those short term/on demand financial assets and financial liabilities where the carrying amounts are reasonable approximation of their fair values:

	31 December 2021		31 December 2020	
	Carrying Amount RM’000	Fair Value RM’000	Carrying Amount RM’000	Fair Value RM’000
<b>Financial liabilities:</b>				
Interest-bearing loans and borrowings				
- Term loans	340,655	340,655	329,294	329,294
- Islamic medium term notes	500,000	512,000	500,000	527,925
	<u>840,655</u>	<u>852,655</u>	<u>829,294</u>	<u>857,219</u>

**(b) Fair value hierarchy**

The Group classifies fair value measurement using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 - Quoted prices in active markets for identical assets or liabilities,

Level 2 - Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly; and

Level 3 - Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

**NOTES TO THE QUARTERLY REPORT – 31 DECEMBER 2021**

**A10. Fair value of instruments (contd.)**

**(b) Fair value hierarchy (contd.)**

As at the reporting date, the Group held the following financial assets and liabilities that were measured at fair value by level of fair value hierarchy:

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
<b>31 December 2021</b>				
<b>Financial assets</b>				
Investment securities				
- Income debt securities	-	253,213	-	253,213
- Redeemable preference shares	-	-	27,796	27,796
- Money market funds	154,662	-	-	154,662
- Equity securities	78,037	-	-	78,037
Derivative financial assets	-	-	107,038	107,038
	<u>232,699</u>	<u>253,213</u>	<u>134,834</u>	<u>620,746</u>
<b>31 December 2020</b>				
<b>Financial assets</b>				
Investment securities				
- Income debt securities	-	207,596	-	207,596
- Redeemable preference shares	-	-	19,961	19,961
- Money market funds	153,568	-	-	153,568
Derivative financial assets	-	-	96,698	96,698
	<u>153,568</u>	<u>207,596</u>	<u>116,659</u>	<u>477,823</u>

There have been no transfers between any levels during the current interim period and the comparative period.

**NOTES TO THE QUARTERLY REPORT – 31 DECEMBER 2021**

**A11. Capital & other commitments**

The amount of commitments not provided for in the interim financial statements as at 31 December 2021 and 31 December 2020 was as follows:

Capital commitments

	As at 31.12.2021 RM'000	As at 31.12.2020 RM'000
Approved and contracted for:		
- Property, plant and equipment	174,185	142,586
- Intangible assets	1,409	1,553
- Investments in redeemable preference shares in joint ventures	20,026	29,682
	<u>195,620</u>	<u>173,821</u>
Approved but not contracted for:		
- Property, plant and equipment	43,101	82,260
- Intangible assets	5,611	383
- Investments in associates	-	83,826
- Investment in a joint venture	-	2,126
	<u>48,712</u>	<u>168,595</u>
	<u>244,332</u>	<u>342,416</u>

**A12. Changes in contingent liabilities and contingent assets**

There were no material changes in the contingent liabilities or contingent assets since the last annual reporting date.

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**NOTES TO THE QUARTERLY REPORT – 31 DECEMBER 2021**

**A13. Related party transactions**

The following table provides information on the transactions which have been entered into with related parties during the year ended 31 December 2021 and 31 December 2020 as well as the balances with the related parties as at 31 December 2021 and 31 December 2020:

		Interest/fee/ rental income from/sales to related parties RM '000	Purchases from/payment for services to related parties RM '000	Amounts owed by related parties RM '000	Amounts owed to related parties RM '000
<b>Associates:</b>					
- Kenanga Investment Bank Bhd	2021	698	-	-	-
	2020	785	70	-	-
- KKB Engineering Bhd	2021	3	-	-	-
	2020	-	-	-	-
- SACOFA Sdn Bhd	2021	19,809	229	1,488	-
	2020	9,823	222	769	-
- OM Materials (Sarawak) Sdn Bhd	2021	8,365	-	12,641	-
	2020	6,868	-	10,700	-
- OM Materials (Samalaju) Sdn Bhd	2021	1,428	-	34,104	-
	2020	1,525	-	31,492	-
<b>Joint Ventures:</b>					
- PPES Works Larico	2021	-	-	-	-
	2020	173	-	766	-
- PPESW PCSB JV	2021	-	-	-	-
	2020	-	379	-	379
- COPE Private Equity Sdn. Bhd.	2021	-	-	-	-
	2020	23	-	-	1
- SEDC Resources Group	2021	10,202	28,628	900	14,419
	2020	4,822	2,807	879	1,232
- PPES Works Group	2021	106,038	282	64,570	23
	2020	26,949	-	30,703	-
<b>Others</b>					
- Corporate shareholders	2021	-	-	-	-
	2020	272	83,076	91	20,997
<b>Key management personnel of the Group:</b>					
- Directors' interests	2021	-	15,395	-	4,216
	2020	-	7,348	-	3,576

All outstanding balances with these related parties are unsecured and are to be settled in cash within the financial period.

## CAHYA MATA SARAWAK BERHAD

(Company No. 21076-T)

### NOTES TO THE QUARTERLY REPORT – 31 DECEMBER 2021

#### Part B – Explanatory notes pursuant to Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad

##### B1. Review of performance

###### Year 2021 (“YE2021”) vs Year 2020 (“YE2020”)

For the year ended 31 December 2021 ("YE2021"), the Group reported total revenue of RM813.80 million and profit before tax ("PBT") of RM235.76 million, representing an increase of 7% and 3,699% respectively, in comparison to YE2020's revenue of RM762.79 million and PBT of RM6.21 million. The Group's profit after tax and non-controlling interests ("PATNCI") increased by RM8.60 million from RM194.81 million to RM203.41 million.

Revenue increased due to higher contributions from the Cement, Trading and Property Development Divisions. The increase was partially offset by a dip in revenue from the Road Maintenance Division.

The Group's profit before tax ("PBT") from continuing operations improved significantly by RM229.56 million in comparison to YE2020. The significant improvement in Group's PBT was attributed to better performance across all divisions except Road Maintenance Division, gain on disposal of KIBB shares amounting to RM28.52 million, gain on disposal of land and investment properties of RM16.99 million and improvements in associates' and joint ventures' performances in current year which contributed to an increase in share of profit by RM142.90 million. This was partially offset by diminution in value of an investment of associate and impairment loss on advance to an associate.

The performances of the Group's respective Divisions are analysed as follows:

- (a) **Cement Division** - reported a 2% higher revenue of RM483.24 million and 27% higher PBT of RM61.63 million in YE2021 over YE2020's revenue of RM476.03 million and PBT of RM48.44 million. The lower revenue and profitability in YE2020 were mainly due to non-operating days during MCO and impairment made on trade receivables and property, plant and equipment. The increase in YE2021 PBT outpaced increase in revenue was mainly attributable to lesser impairment loss recorded in YE2021 and lesser interest expense incurred following reduction in term loan.
- (b) **Trading Division** - reported a PBT of RM6.11 million, an increase of 60% in comparison to YE2020's PBT of RM3.83 million. The higher PBT in YE2021 was due to higher sales in water treatment chemicals, pipes and fittings to JKR as well as revenue and profit recognised on a project.
- (c) **Road Maintenance Division** - YE2021 revenue declined by 8% to RM119.72 million from RM129.89 million in YE2020 due to low work progress from instructed works and road maintenance works. Its PBT contracted by 51% to RM9.44 million from RM19.14 million in YE2020 due to a drop in gross margin from 15% to 12% and higher administrative expenses incurred.

**NOTES TO THE QUARTERLY REPORT – 31 DECEMBER 2021**

**B1. Review of performance (contd.)**

**Year 2021 (“YE2021”) vs Year 2020 (“YE2020”) (contd.)**

- (d) **Property Development Division** - reported a higher revenue of RM114.26 million and PBT of RM32.08 million in YE2021 in comparison to a revenue of RM70.91 million and loss before tax ("LBT") of RM5.33 in YE2020, representing an increase of 61% and 701% respectively. Higher PBT in YE2021 was mainly due to higher sales in properties and land, improved revenue and gross margin from lodges and hotel businesses, and a downward revision of budgeted costs for a project.
- (e) **Phosphate Division** - The integrated phosphate complex (phase 1) was still under construction in YE2021. Lower LBT in YE2021 was mainly due to impairment of RM51.75 million made on property, plant and equipment in YE2020 and this was partially offset by higher foreign exchange loss of RM9.80 million recorded in YE2021 as compared to foreign exchange gain of RM8.2 million recorded in YE2020.
- (f) **Strategic Investments Division** - reported a PBT of RM4.01 million in YE2021 as compared to LBT of RM5.60 million in YE2020. The improvement in PBT was attributable to a gain on disposal of KIBB shares of RM5.39 million in YE2021 while a dilution loss of RM3.70 was recognised in YE2020.
- (g) **Others** - reported a higher LBT of RM47.26 million in YE2021 as compared to a LBT of RM11.53 million in YE2020. This was mainly due to recognition of diminution in value of an investment in associate of RM15.91 million and impairment loss on a loan to an associate of RM28.50 million in YE2021.
- (h) **Unallocated corporate income** - Lower unallocated corporate expenses in YE2021 was due to recognition of gain from disposal of land and a gain on disposal of KIBB shares amounted to RM12.74 million and RM23.12 million respectively.
- (i) **Share of results of associates** - Profit contributions from associates were higher in YE2021 as compared to YE2020, mainly due to better performances from an associate by RM111.46 million while it was incurring loss in YE2020.
- (j) **Share of results of joint ventures** – In YE2021, this comprised mainly SEDC Resources Sdn. Bhd. (“SEDCR”) and PPES Works Sarawak Sdn. Bhd. (“PPESW”) (results for YE2020 were classified as discontinued operations).
- SEDCR Group - YE2021 performance was better than YE2020 due to higher revenue and higher gross profit. Improvement in gross profit was mainly due to higher sales and a reversal of an impairment on a long outstanding customer of RM6.80 million in YE2021.
  - PPESW Group recorded loss after tax in YE2021 of RM1.87 million despite higher revenue as a result of recognition of additional cost for a project and reversal of deferred tax assets.

**NOTES TO THE QUARTERLY REPORT – 31 DECEMBER 2021**

**B1. Review of performance (contd.)**

**Quarter 4, 2021 (“4Q2021”) vs Quarter 4, 2020 (“4Q2020”)**

	4th Qtr 2021 RM'000	4th Qtr 2020 RM'000	Changes %
<b>Continuing operations:</b>			
Revenue	240,872	206,983	16%
Share of results of associates	59,399	3,710	1,501%
Share of results of joint ventures	11,161	2,266	393%
Profit before tax	33,649	(69,035)	149%
<b>Discontinued operations:</b>			
Profit after tax	-	162,947	-100%

The Group's revenue for 4Q2021 increased by 16% or RM33.89 million compared to 4Q2020. This was mainly attributed by better sales from Property Development division by RM26.84 as a result of land sale in 4Q2021 of RM20.02 million with gross profit of RM9.32 million.

Improvement in PBT in 4Q2021 was mainly due to better performance in associates and joint ventures which contributed to an increase in PBT by RM64.58 million as compared to 4Q2020.

PAT of RM162.95 million under discontinued operations in 4Q2020 was a gain on disposals and re-measurement gain arising from the disposal of 2% equity interest in SEDCR and PPESW.

**B2. Material changes in profit before tax for the quarter (Quarter 4, 2021 vs Quarter 3, 2021)**

	4th Qtr 2021 RM'000	3rd Qtr 2021 RM'000	Changes %
<b>Continuing operations</b>			
Revenue	240,872	185,868	30%
Share of results of associates	59,399	37,962	56%
Share of results of joint ventures	11,161	9,446	18%
Profit before tax	33,649	62,086	-46%
PATNCI	24,347	53,879	-55%

The Group's 4Q2021 revenue increased by 30% to RM240.87 million as compared to 3Q2021 of RM185.87 million, stemming from higher revenue contributions by all Divisions, due to sales catch up in 4Q2021 following Sarawak entering into Phase 3 of the National Recovery Plan ("NRP").

PBT has dropped 46% from RM62.09 million in 3Q2021 to RM33.65 million in 4Q2021 mainly due to impairment on investment and loan to an associate. This was partially offset by higher share of profit from an associate by RM25.60 million.

**NOTES TO THE QUARTERLY REPORT – 31 DECEMBER 2021**

**B3. Prospects for the year ending 31 December 2022**

The Group expects improved performances in all its Divisions on the back of projected economic growth and better business climate in 2022. Overall, the prospect on each Division for the next financial year are as follows:

Following the National Recovery Plan (NRP) 4.0 implemented by the federal government and the expected resumption of the ongoing projects, including major infrastructure projects in Sarawak such as the Pan Borneo Highway and Coastal Highway projects, the Group's Cement Division expects the demand for cement to pick-up in 2022.

The Construction Materials Division is expected to remain strong in 2022 in anticipation of Government's continued emphasis on infrastructure and rural area development projects despite the COVID-19 pandemic.

The Construction Division's order book was RM0.67 billion as of 31 December 2021. The Division is making every effort in its bids for new projects related to infrastructure works.

The Road Maintenance Division continues to deliver its existing contracts and is currently active in biddings for new projects.

The Property Development Division will focus on the timely delivery of properties currently under construction and new projects. The Division is expected to deliver a satisfactory performance in the coming financial year.

The Malaysian Phosphate Additives Sarawak ("MPAS") project which has faced delays in commissioning due to the pandemic, the availability of foreign workforce and supply chain disruption has not been progressing as scheduled. The Group is taking proactive measures to commission the plant and continues to evaluate all options on the future direction of the MPAS project.

The Group is on track to enhance its corporate governance framework, management accountability and proactively raise its risk management capability. This aims to build a culture of governance and growth across the Group which will strengthen accountability and integrity at all levels.

In 2022, the Malaysian economy is expected to rebound as activities in various economic sectors are expected to pick-up. The key driver of this rebound is the resumption of economic activities without the risk of further wide lockdowns. Taking into account the improved market conditions and barring unforeseen circumstances, the Board expects the financial performance for the financial year ending 31st December 2022 to be satisfactory.



**NOTES TO THE QUARTERLY REPORT – 31 DECEMBER 2021**

**B4. Profit forecast or profit guarantee**

Not applicable as there was no profit forecast nor profit guarantee issued.

**B5. Income tax expense**

	3 months ended		12 months ended	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020
	RM'000	RM'000	RM'000	RM'000
Current income tax:				
- Malaysian income tax	(758)	(791)	23,831	18,069
- Over provision in respect of previous years	(458)	(3,096)	(438)	(2,984)
Deferred tax	10,327	7,538	10,327	7,538
Real property gain tax	-	833	-	833
Total income tax expense	<u>9,111</u>	<u>4,484</u>	<u>33,720</u>	<u>23,456</u>

The effective tax rate for the quarter and period ended 31 December 2021 were lower than the statutory tax rate principally due to share of associates' profit which were net of tax as well as certain income which are not subject to tax.

The effective tax rate for the quarter and period ended 31 December 2020 was higher than the statutory tax rate principally due to losses of certain subsidiaries which cannot be set off against taxable profits made by other subsidiaries and certain expenses which are not deductible for tax purposes.

**B6. Corporate proposals**

There were no other corporate proposals that have been announced but not completed as at the date of this announcement.

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**NOTES TO THE QUARTERLY REPORT – 31 DECEMBER 2021**

**B7. Loans and borrowings**

	As at 31.12.2021 RM'000	As at 31.12.2020 RM'000
<b>Current</b>		
<b>Secured:</b>		
Revolving credits	33,880	17,050
Term loan	45,219	-
Onshore foreign currency loan	18,196	-
<b>Unsecured</b>		
Revolving credits	10,000	10,000
Term loan	19,087	21,428
Islamic medium term notes	500,000	-
	<u>626,382</u>	<u>48,478</u>
Structuring and management fee	(909)	(923)
	<u>625,473</u>	<u>47,555</u>
<b>Non-current</b>		
<b>Secured</b>		
Term loan	276,349	288,778
<b>Unsecured</b>		
Term loan	-	19,087
Islamic medium term notes	-	500,000
	<u>276,349</u>	<u>807,865</u>
Structuring and management fee	(3,258)	(4,154)
	<u>273,091</u>	<u>803,711</u>
<b>Total</b>	<u>898,564</u>	<u>851,266</u>

Loans and borrowings that are not denominated in Ringgit Malaysia amounted to RM301,536,817 (31 December 2020: RM233,428,532).

**B8. Off balance sheet financial instruments**

As at the date of this report, there are no financial instruments with off balance sheet risks entered into by the Group.

**B9. Derivatives**

There were no derivatives entered into by the Group as at the end of the quarter under review.

**NOTES TO THE QUARTERLY REPORT – 31 DECEMBER 2021**

**B10. Gains/losses arising from fair value changes of financial liabilities**

There were no gains/losses arising from fair value changes of financial liabilities.

**B11. Changes in material litigation**

There were no changes in material litigation since the last annual statement of financial position date of 31 December 2020.

**B12. Dividend payable**

The Board of Directors has proposed to declare a first and final tax exempt (single-tier) dividend at the coming Annual General Meeting of 2.0 sen per ordinary share (2020: 2.0 sen). The dividend entitlement and payment date for the final dividend will be announced at a later date

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**NOTES TO THE QUARTERLY REPORT – 31 DECEMBER 2021**

**B13. Earnings per share**

Basic earnings per share amounts are calculated by dividing profit for the period, net of tax, attributable to the owners of the Company by the weighted average number of ordinary shares outstanding, which takes into account the weighted average effect of changes in treasury shares transactions during the period.

Diluted EPS is calculated by dividing the profit attributable to ordinary equity holders of the parent (after adjusting for Employees' Share Option Scheme (ESOS)) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

The following reflect the profit and share data used in the computation of basic earnings per share:

	3 months ended		12 months ended	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020
Profit net of tax from continuing operations attributable to owners of the Company (RM'000)	24,347	(48,841)	203,411	(12,351)
Profit net of tax from discontinued operations attributable to owners of the Company (RM'000)	-	162,947	-	207,158
Profit net of tax attributable to owners of the Company (RM'000)	<u>24,347</u>	<u>114,106</u>	<u>203,411</u>	<u>194,807</u>
Weighted average number of ordinary shares in issue ('000)	1,074,176	1,086,351	1,071,522	1,071,053
Effect of dilution from:				
Employees' Share Option Scheme (ESOS) ('000)	(328)	13,875	(351)	5,738
Weighted average number of ordinary shares adjusted for the effect of dilution ('000)	<u>1,073,848</u>	<u>1,100,226</u>	<u>1,071,171</u>	<u>1,076,791</u>
Basic earnings per share (sen) for:				
- continuing operations	2.27	(4.50)	18.98	0.79
- discontinued operations	-	15.00	-	17.39
	<u>2.27</u>	<u>10.50</u>	<u>18.98</u>	<u>18.18</u>
Diluted earnings per share (sen) for:				
- continuing operations	2.27	(4.44)	18.98	0.79
- discontinued operations	-	14.81	-	17.30
	<u>2.27</u>	<u>10.37</u>	<u>18.98</u>	<u>18.09</u>

**NOTES TO THE QUARTERLY REPORT – 31 DECEMBER 2021**

**B14. Auditor’s report on preceding annual financial statements**

The auditors’ report on the financial statements for the year ended 31 December 2020 was not subject to any qualification.

**B15. Additional disclosure on profit for the period**

	Quarter ended 31.12.2021 RM’000	Financial period ended 31.12.2021 RM’000
Profit for the period is arrived at after charging/(crediting):		
Amortisation of intangible assets	11	38
Property, plant and equipment written off	5	45
Depreciation of property, plant and equipment	18,135	62,979
Depreciation of investment properties	38	203
Loss/(gain) on disposal of property, plant and equipment	110	(12,960)
Gain on disposal of investment in an associate	-	(28,515)
Gain on disposal of investment properties	(4,253)	(4,253)
(Gain)/loss on foreign exchange - unrealised	(532)	7,998
Loss on foreign exchange - realised	1,128	141
Interest expense	7,012	28,073
Interest income	(2,165)	(8,411)
Net fair value changes in investment securities	4,041	8,470
Fair value gain in a derivative financial asset	(10,340)	(10,340)