

# CAHYA MATA SARAWAK BERHAD

(Company No: 21076-T)

(Incorporated in Malaysia)

## Interim Financial Report

**Condensed consolidated statements of comprehensive income for the period ended 31 March 2022**

	Note	3 months ended		Changes (%)	3 months ended		Changes (%)
		31.03.2022	31.03.2021		31.03.2022	31.03.2021	
		RM'000	RM'000	RM'000	RM'000		
Revenue	A8	214,042	202,057	6%	214,042	202,057	6%
Cost of sales		(160,707)	(165,626)		(160,707)	(165,626)	
<b>Gross profit</b>		53,335	36,431	46%	53,335	36,431	46%
Other income		3,127	45,008		3,127	45,008	
Administrative expenses		(11,855)	(11,705)		(11,855)	(11,705)	
Selling and marketing expenses		(2,457)	(2,766)		(2,457)	(2,766)	
Other expenses		(2,411)	(14,406)		(2,411)	(14,406)	
<b>Operating profit</b>		39,739	52,562	-24%	39,739	52,562	-24%
Finance costs		(6,748)	(7,233)		(6,748)	(7,233)	
Share of results of associates		45,716	30,295		45,716	30,295	
Share of results of joint ventures		5,148	6,931		5,148	6,931	
<b>Profit before taxation</b>		83,855	82,555	2%	83,855	82,555	2%
Income tax expense	B5	(10,979)	(7,411)		(10,979)	(7,411)	
<b>Profit for the period from continuing operations</b>		72,876	75,144	-3%	72,876	75,144	-3%
<b>Discontinued operations</b>							
Profit for the period from discontinued operations		0	0		0	0	
<b>Profit for the period</b>		72,876	75,144		72,876	75,144	
<b>Other comprehensive income</b>							
Other comprehensive income that will be reclassified to profit or loss in subsequent periods:							
Share of other comprehensive income of associates		1,944	4,194		1,944	4,194	
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:							
Net gain on equity instrument designated at fair value through other comprehensive income		(517)	0		(517)	0	
<b>Other comprehensive income for the period</b>		1,427	4,194		1,427	4,194	
<b>Total comprehensive income for the period</b>		74,303	79,338	-6%	74,303	79,338	-6%
Profit attributable to:							
Owners of the Company		72,019	77,795	-7%	72,019	77,795	-7%
Non-controlling interests		857	(2,651)		857	(2,651)	
		72,876	75,144		72,876	75,144	
Total comprehensive income attributable to:							
Owners of the Company		73,484	82,049		73,484	82,049	
Non-controlling interests		819	(2,711)		819	(2,711)	
		74,303	79,338		74,303	79,338	
		sen	sen		sen	sen	
<b>Earnings per share attributable to owners of the Company:</b>							
Basic	B13	6.70	7.32		6.70	7.32	
Diluted		6.70	7.21		6.70	7.21	

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

**Cahaya Mata Sarawak Berhad**

(Company No: 21076-T)

**Condensed consolidated statement of financial position as at 31 March 2022**

	Note	Unaudited As at 31.03.2022 RM'000	Audited As at 31.12.2021 RM'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		1,363,638	1,342,344
Land held for property development		194,743	194,743
Investment properties		5,968	4,804
Intangible assets		885	587
Goodwill		61,709	61,709
Investments in associates		1,040,136	992,477
Investments in joint ventures		345,375	343,069
Deferred tax assets		4,511	4,511
Other receivables		69,729	69,549
Investment securities		105,552	105,833
		<u>3,192,246</u>	<u>3,119,626</u>
<b>Current assets</b>			
Property development costs		126,217	124,076
Inventories		307,562	314,074
Trade and other receivables		157,840	190,995
Other current assets		39,017	37,533
Investment securities		408,157	407,875
Derivative financial asset		100,038	100,038
Tax recoverable		8,514	9,539
Cash and bank balances		506,368	545,737
		<u>1,653,713</u>	<u>1,729,867</u>
<b>TOTAL ASSETS</b>		<b><u>4,845,959</u></b>	<b><u>4,849,493</u></b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital		867,902	867,902
Treasury shares		(352)	(352)
Other reserves		25,429	22,106
Retained earnings		2,195,066	2,122,940
		<u>3,088,045</u>	<u>3,012,596</u>
<b>Non-controlling interests</b>		<u>220,614</u>	<u>219,794</u>
<b>Total equity</b>		<b><u>3,308,659</u></b>	<b><u>3,232,390</u></b>
<b>Non-current liabilities</b>			
Deferred tax liabilities		60,203	60,203
Loans and borrowings	B7	260,009	273,436
Lease liabilities		20,161	20,728
Trade and other payables		571	2,602
		<u>340,944</u>	<u>356,969</u>
<b>Current liabilities</b>			
Income tax payable		8,051	3,378
Loans and borrowings	B7	653,951	625,128
Lease liabilities		4,325	6,047
Trade and other payables		521,679	615,899
Other current liabilities		8,350	9,682
		<u>1,196,356</u>	<u>1,260,134</u>
<b>Total liabilities</b>		<b><u>1,537,300</u></b>	<b><u>1,617,103</u></b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b><u>4,845,959</u></b>	<b><u>4,849,493</u></b>
<b>Net assets per share attributable to ordinary owners of the Company (RM)</b>		<b><u>2.87</u></b>	<b><u>2.80</u></b>

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

**Cahaya Mata Sarawak Berhad**

(Company No: 21076-T)

**Condensed consolidated statement of changes in equity for the period ended 31 March 2022**

	< ----- 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 2022</b>	3,232,390	3,012,596	867,902	(352)	22,106	2,122,940	219,794
Profit net of tax	72,876	72,019	0	0	0	72,019	857
Other comprehensive income, net of tax	1,428	1,465	0	0	1,465	0	(37)
Total comprehensive income	74,304	73,484	0	0	1,465	72,019	820
<b>Transactions with owners:-</b>							
Grant of equity-settled share options to employees	1,965	1,965	0	0	1,965	0	0
Share of associates' reserves	0	0	0	0	(107)	107	0
<b>At 31 March 2022</b>	3,308,659	3,088,045	867,902	(352)	25,429	2,195,066	220,614

## Cahaya Mata Sarawak Berhad

(Company No: 21076-T)

### Condensed consolidated statement of changes in equity for the period ended 31 March 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	75,144	77,795	0	0	0	77,795	(2,651)
Other comprehensive income, net of tax	4,194	4,254	0	0	4,254	0	(60)
Total comprehensive income	79,338	82,049	0	0	4,254	77,795	(2,711)
<b>Transactions with owners:-</b>							
Acquisition of treasury shares	(3,371)	(3,371)	0	(3,371)	0	0	0
Disposal of treasury shares	7,841	7,841	0	6,459	0	1,382	0
Grant of equity-settled share options to employees	1,739	1,739	0	0	1,739	0	0
Total transactions with owners	6,209	6,209	0	3,088	1,739	1,382	0
Arising from disposal of investment in an associate	0	(55)	0	0	(3,454)	3,399	55
Share of associates' reserves	0	0	0	0	650	(650)	0
Share of joint ventures' reserves	0	0	0	0	31	(31)	0
<b>At 31 March 2021</b>	3,105,071	2,874,480	867,902	(16,906)	9,740	2,013,744	230,591

**Cahaya Mata Sarawak Berhad**

(Company No: 21076-T)

**Condensed consolidated statement of cash flows for the period ended 31 March 2022**

	<b>3 months ended 31.03.2022 RM'000</b>	<b>3 months ended 31.03.2021 RM'000</b>
<b>Profit before taxation from continuing operations</b>	83,855	82,555
Adjustments for non-cash items:		
Non-cash items	(29,323)	(44,573)
<b>Operating cash flows before changes in working capital</b>	54,532	37,982
Changes in working capital		
Decrease in current assets	37,062	39,171
Decrease in current liabilities	(101,494)	(27,827)
(Decrease)/increase in non-current liabilities	(2,031)	680
<b>Cash flows (used in)/from operations</b>	(11,931)	50,006
Interest received	1,342	1,300
Interest paid	(1,578)	(1,302)
Income tax paid, net of refund	(5,281)	(5,850)
<b>Net cash flows (used in)/from operating activities</b>	(17,448)	44,154
<b>Investing activities</b>		
Acquisition of property, plant and equipment	(34,733)	(23,075)
Additional investments in investment securities	(51,262)	(50,858)
Additional investment in an associate	0	(9,228)
Additional investment in a joint venture	0	(911)
Distribution of profit from joint ventures	2,842	475
Dividends received from investments	1,027	925
Proceeds from disposal of an associate	0	86,069
Proceeds from disposal of property, plant and equipment	46	20,961
Proceeds from disposal of investment securities	50,483	0
Others	(1,520)	(95)
<b>Net cash (used in)/from investing activities</b>	(33,117)	24,262
<b>Financing activities</b>		
(Increase)/decrease in deposit pledged to a licensed bank	(10)	1,900
Drawdown of borrowings	18,731	33,234
Repayments of borrowings	(5,357)	(5,357)
Repayment of lease liabilities	(2,596)	(3,187)
Proceeds from lease receivables	409	0
Net proceeds from disposal of treasury shares	0	7,842
Repurchase of treasury shares	0	(3,371)
<b>Net cash from financing activities</b>	11,177	31,061
<b>Net (decrease)/increase in cash and cash equivalents</b>	(39,388)	99,477
<b>Effect of foreign exchange changes in cash and cash equivalents</b>	(7)	913
<b>Cash and cash equivalents as at 1 January</b>	540,747	277,224
<b>Cash and cash equivalents as at 31 March</b>	501,352	377,614
Cash and cash equivalents as at 31 March comprised the following:		
Cash and short term deposits	506,368	380,310
Less: Deposits pledged to licensed banks	(5,016)	(2,696)
	501,352	377,614

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 MARCH 2022**

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

**A1. Basis of preparation**

These condensed consolidated interim financial statements, for the period ended 31 March 2022 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 2021.

**A2. Changes in accounting policies**

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

On 1 January 2022, the Group and the Company adopted the following new and amended MFRSs mandatory for annual financial periods beginning on or after 1 January 2022.

- Amendments to MFRS 16: COVID-19 - Related Rent Concessions beyond 30 June 2021
- Amendments to MFRS 3: Reference to the Conceptual Framework
- Amendments to MFRS 116: Property, Plant and Equipment - Proceeds before Intended Use
- Amendments to MFRS 137: Onerous Contracts - Cost of Fulfilling a Contract
- Annual Improvements to MFRS Standards 2018 – 2020 Cycle

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 period ended 31 March 2022.

**NOTES TO THE QUARTERLY REPORT – 31 MARCH 2022**

**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 March 2022, there was no repurchase and resell of treasury shares. As at 31 March 2022, the Company held 200,000 treasury shares in its books.

**A7. Dividends paid**

There was no dividend paid during the quarter ended 31 March 2022.

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**NOTES TO THE QUARTERLY REPORT – 31 MARCH 2022**

**A8. Segmental information**

	3 months ended	
	31.03.2022	31.03.2021
	RM'000	RM'000
<b>Segment Revenue</b>		
Cement	136,641	128,170
Trading	22,191	27,867
Road maintenance	36,311	26,727
Property development	20,193	21,950
Strategic investments	181	-
Others	13,163	13,349
Total revenue including inter-segment sales	228,680	218,063
Elimination of inter-segment sales	(14,638)	(16,006)
	<u>214,042</u>	<u>202,057</u>

	3 months ended	
	31.03.2022	31.03.2021
	RM'000	RM'000
<b>Segment Results</b>		
Operating profit/(loss):		
Cement	29,153	21,738
Trading	945	1,722
Road maintenance	10,037	1,674
Property development	6,735	2,904
Phosphate	(4,075)	(9,751)
Strategic investments	308	5,664
Others	(464)	1,888
	<u>42,639</u>	<u>25,839</u>
Unallocated corporate (expenses)/income	(9,648)	19,490
Share of results of associates	45,716	30,295
Share of results of joint ventures	5,148	6,931
Profit before tax	<u>83,855</u>	<u>82,555</u>
Income tax expenses	(10,979)	(7,411)
Profit for the period	<u>72,876</u>	<u>75,144</u>



**NOTES TO THE QUARTERLY REPORT – 31 MARCH 2022**

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

There have been no changes in the composition of the Group for the quarter ended 31 March 2022.

**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 March 2022		31 December 2021	
	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	355,558	355,558	340,655	340,655
- Islamic medium term notes	500,000	511,901	500,000	508,015
	<u>855,558</u>	<u>867,459</u>	<u>840,655</u>	<u>848,670</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 MARCH 2022**

**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 March 2022</b>				
<b>Financial assets</b>				
Investment securities				
- Equity instrument	77,520	-	-	77,520
- Income debt securities	-	252,952	-	252,952
- Redeemable preference shares	-	-	28,032	28,032
- Money market funds	155,205	-	-	155,205
Derivative financial assets	-	-	100,038	100,038
	<u>232,725</u>	<u>252,952</u>	<u>128,070</u>	<u>613,747</u>
<b>31 December 2021</b>				
<b>Financial assets</b>				
Investment securities				
- Equity instrument	78,037	-	-	78,037
- Income debt securities	-	253,213	-	253,213
- Redeemable preference shares	-	-	27,796	27,796
- Money market funds	154,662	-	-	154,662
Derivative financial assets	-	-	100,038	100,038
	<u>232,699</u>	<u>253,213</u>	<u>127,834</u>	<u>613,746</u>

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

**NOTES TO THE QUARTERLY REPORT – 31 MARCH 2022**

**A11. Capital & other commitments**

The amount of commitments not provided for in the interim financial statements as at 31 March 2022 and 31 December 2021 was as follows:

Capital commitments

	As at 31.03.2022 RM'000	As at 31.12.2021 RM'000
Approved and contracted for:		
- Property, plant and equipment	32,080	44,605
- Intangible assets	350	1,409
- Investments in redeemable preference shares in joint ventures	19,790	20,026
	<u>52,220</u>	<u>66,040</u>
Approved but not contracted for:		
- Property, plant and equipment	128,129	144,593
- Intangible assets	5,611	5,711
- Investments in subsidiaries	14,300	14,300
	<u>148,040</u>	<u>164,604</u>
	<u>200,260</u>	<u>230,644</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 MARCH 2022**

**A13. Related party transactions**

The following table provides information on the transactions which have been entered into with related parties during the period ended 31 March 2022 and 31 March 2021 as well as the balances with the related parties as at 31 March 2022 and 31 March 2021:

		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	2022	393	-	-	-
	2021	92	-	-	-
- SACOFA Sdn Bhd	2022	2,507	105	581	-
	2021	3,509	16	1,914	-
- OM Materials (Sarawak) Sdn Bhd	2022	2,161	-	11,554	-
	2021	1,875	-	10,702	-
- OM Materials (Samalaju) Sdn Bhd	2022	-	-	34,804	-
	2021	349	-	32,879	-
<b>Joint Ventures:</b>					
- SEDC Resources Group	2022	3,253	4,630	1,202	11,358
	2021	2,929	1,559	2,440	1,755
- PPES Works Group	2022	38,634	-	40,907	43
	2021	25,596	-	31,942	-
<b>Others</b>					
- Corporate shareholders	2022	-	476	-	-
	2021	-	-	-	-
<b>Key management personnel of the Group:</b>					
- Directors' interests	2022	-	3,815	-	3,074
	2021	-	3,586	-	3,162

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

**NOTES TO THE QUARTERLY REPORT – 31 MARCH 2022**

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

**B1. Review of performance**

**Year-to-date, 2022 (“1Q2022”) vs Year-to-date, 2021 (“1Q2021”)**

The Group reported a revenue of RM214.04 million for the three months ended 31 March 2022 ("1Q2022"), an increase of 6% in comparison to the preceding year's corresponding period's ("1Q2021") revenue of RM202.06 million. Group revenue increased due to higher contributions from the Cement and Road Maintenance divisions.

The Group's profit before tax ("PBT") improved by RM1.30 million in comparison to 1Q2021. Slight increase in Group PBT was mainly due to better performance by the Cement & Road Maintenance Divisions and higher share of results of associates by RM15.42 million. Included in 1Q2021 were one-off gains on disposal of KIBB shares amounting to RM28.52 million and disposal of land and investment properties of RM16.99 million.

The Group's profit after tax and non-controlling interest ("PATNCI") decreased by RM5.78 million or 7% from RM77.80 million to RM72.02 million despite higher PBT. This was due to higher tax expense recognised in relation to higher taxable income from the divisions.

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

- (a) **Cement Division** - reported a 7% and 34% higher revenue and PBT of RM136.64 million and 29.15 million respectively in 1Q2022 over 1Q2021's revenue of RM128.17 million and PBT 21.74 million. The higher profitability of the division in 1Q2022 was mainly attributable to an increase in demand coupled with lower selling and administrative expenses incurred.
- (b) **Trading Division** - reported a PBT of RM0.95 million, a decrease of 45% in comparison to 1Q2021's PBT of RM1.72 million. The lower PBT in 1Q2022 was due to delay in take up of telecommunication products and recent price hike in construction materials has led to lower customer orders.
- (c) **Road Maintenance Division** - reported a 36% and 500% higher revenue and PBT of RM36.31 million and RM10.04 million respectively in 1Q2022 over 1Q2021's revenue of RM26.73 million and PBT of RM1.67 million. Higher revenue and PBT was due to revenue adjustment of RM6.92 million recognised for routine road maintenance works.

**NOTES TO THE QUARTERLY REPORT – 31 MARCH 2022**

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

**Year-to-date, 2022 (“1Q2022”) vs Year-to-date, 2021 (“1Q2021”) (contd.)**

- (d) **Property Development Division** - reported a higher PBT of RM6.74 million in 1Q2022 in comparison to a PBT of RM2.90 million in 1Q2021 despite a lower revenue recorded by 8%. Higher PBT in 1Q2022 was mainly due to a downward revision of budgeted costs for the SEDC Office Building project of RM2.13 million in 1Q2022.
- (e) **Phosphate Division** - The integrated phosphate complex (phase 1) was still under construction in 1Q2022. Decrease in gross loss before tax was mainly due to lower unrealised foreign exchange loss of RM1.91 million in current quarter as compared to RM9.20 million loss in 1Q2021. This arose from conversion of borrowing denominated in USD.
- (f) **Strategic Investments Division** - reported a PBT of RM0.13 million in 1Q2022 as compared to PBT of RM5.66 million in 1Q2021. Decrease in PBT was attributable to a one-off gain on disposal of KIBB shares amounted to RM5.39 million in 1Q2021.
- (g) **Others** - reported a loss before tax of RM0.46 million in 1Q2022 as compared to a PBT of RM1.89 million in 1Q2021. The drop in profit in the current quarter was attributable to lower unrealised foreign exchange gain of RM0.43 million recognised in PE2022 as compared to PE2021’s unrealised foreign exchange gain of RM1.32 million. This arose from conversion of borrowing denominated in USD given to an associate.
- (h) **Unallocated corporate income** - Unallocated corporate income in 1Q2021 is due to a gain from disposal of land and a gain on disposal 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 YE2022 as compared to YE2021, mainly due to better performance of an associate by RM19.55 million.

**B2. Material changes in profit before tax for the quarter (Quarter 1, 2022 vs Quarter 4, 2021)**

	1st Qtr 2022 RM'000	4th Qtr 2021 RM'000	Changes %
<b>Continuing operations</b>			
Revenue	213,861	241,624	-11%
Share of results of associates	45,716	67,609	-32%
Share of results of joint ventures	5,148	11,890	-57%
Profit before tax	83,855	32,495	158%
PATNCI	72,019	25,154	186%

Despite lower revenue, higher PBT in 1Q2022 as compared to 4Q2021 was mainly due to improved results from Cement and Road Maintenance Division in 1Q2022 by RM15.78 million.

**CAHYA MATA SARAWAK BERHAD**

(Company No. 21076-T)

**NOTES TO THE QUARTERLY REPORT – 31 MARCH 2022****B3. Prospects for the year ending 31 December 2022**

The economy and prospects are bolstered by the increase in development expenditure both by the Federal government and the Sarawak state government. This is expected to lift the construction segment and its related industries. Thus, the Group expects improved performance across all its Divisions against the prospects of better economic growth, development spending and more positive business sentiment in 2022.

The Group also takes a longer-term view that projects will continue albeit delays and have been proactive in ensuring that we overcome the current situation. Our Cement Division has embarked on new cost efficiency initiatives to help cushion the impact of the increased materials costs for its products. The Construction and Trading Division continues to push its products out to the market to keep the momentum of business on a strong footing.

Our phosphate plant project under MPAS is scheduled for commercial operation by the end of 2022. The management is focusing to achieve this goal and is closely monitoring the key items and milestones for the success of this project.

**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	
	31.03.2022	31.03.2021
	RM'000	RM'000
Current income tax:		
- Malaysian income tax	10,979	7,411
- Over provision in respect of previous years	-	-
Deferred tax	-	-
Total income tax expense	<u>10,979</u>	<u>7,411</u>

The effective tax rates for the periods ended 31 March 2022 and 31 March 2021 were lower than the statutory tax rate principally due to share of associates' profit which was net of tax and certain income which were not subject to tax.

**NOTES TO THE QUARTERLY REPORT – 31 MARCH 2022**

**B6. Corporate proposals**

There were no other corporate proposals that have been announced but not completed as at the date of this announcement, except as disclosed in the following:

- (a) On 17 March 2022, Cahya Mata Oiltools Sdn. Bhd. (“Oiltools”) and Oiltools International Sdn. Bhd., (“Oiltools International”), two wholly-owned subsidiaries of the Company which were incorporated on 4 January 2022, entered into four conditional sale and purchase agreements (“SPA”) with Scomi Energy Services Berhad (“Scomi Energy”) to acquire Scomi Oilfield Ltd (“Oilfield”) together with certain companies and assets within the Oilfield group of companies (collectively known as the “Oilfield Group”) for a total purchase consideration of RM21 million.

The first SPA is for the acquisition of Oilfield and its nine subsidiaries as well as a 48% equity interest in Scomi KMC Sdn. Bhd. (“Scomi KMC”) from Scomi Energy for a cash consideration of RM13.5 million. The second SPA involves Oiltools International acquiring from Scomi Oiltools Sdn. Bhd. (Receiver & Manager appointed) (“SOSB”) a 4% equity interest in Scomi KMC, 25% equity interest in Scomi Oiltools Gulf W.L.L. and 25% equity interest in Continental Wire Cloth (Malaysia) Sdn. Bhd. (formerly known as Global Oilfield Products Sdn. Bhd.) for a cash consideration of RM2.6 million. Through the first and second SPAs, Oiltools will hold 52% equity interest in Scomi KMC.

The third SPA is for the acquisition of a 5-storey shop office located in Dataran Prima, Petaling Jaya, Selangor by Oilfield International from SOSB while the fourth SPA is for Oilfield International's acquisition of the inventory and equipment from SOSB for a total cash consideration of RM3.0 million and RM1.9 million respectively.

Prior to the completion of the SPA, the shareholding structure of Oiltools and Oiltools International will be revised such that the Group's shareholdings in Oiltools will be reduced to 75% whilst Oiltools International will be transferred to become a wholly-owned subsidiary of Oiltools. Local Capital Sdn. Bhd. (“Local Capital”) will subscribe for new shares in Oiltools as an investor for the proposed acquisitions whereby the total purchase consideration of RM21.0 million for the proposed acquisitions will be contributed by CMS and Local Capital according to their proportion of shareholdings in Oiltools.

The proposed acquisitions are expected to be completed in the third quarter of 2022.

- (b) On 2 May 2022, Samalaju Industries Sdn. Bhd. (“SISB”), a wholly-owned subsidiary of CMSB, had entered into a binding offer with OM Materials (S) Pte. Ltd. (“OMS”) for the proposed disposals of its entire 25% equity interests in OM Materials (Sarawak) Sdn. Bhd. and OM Materials (Samalaju) Sdn. Bhd. for a total cash consideration of USD120,000,000.

The offer is binding and is subject to a definitive agreement to be entered into between SISB and OMS on or before 30 May 2022.



**NOTES TO THE QUARTERLY REPORT – 31 MARCH 2022**

**B7. Loans and borrowings**

	As at 31.03.2022 RM'000	As at 31.12.2021 RM'000
<b>Current</b>		
<b>Secured:</b>		
Revolving credits	34,020	33,880
Term loan	60,292	44,874
Onshore foreign currency loan	18,318	18,196
<b>Unsecured</b>		
Revolving credits	10,000	10,000
Term loan	32,230	19,087
Islamic medium term notes	500,000	500,000
	<u>654,860</u>	<u>626,037</u>
Structuring and management fee	(909)	(909)
	<u>653,951</u>	<u>625,128</u>
<b>Non-current</b>		
<b>Secured</b>		
Term loan	263,036	276,694
Structuring and management fee	(3,027)	(3,258)
	<u>260,009</u>	<u>273,436</u>
<b>Total</b>	<u>913,960</u>	<u>898,564</u>

Loans and borrowings that are not denominated in Ringgit Malaysia amounted to RM303,558,615 (31 December 2021: RM301,536,817).

The Group had paid in full its Islamic medium term notes of RM500,000,000 in nominal value on its scheduled maturity date on 5 May 2022.

**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 MARCH 2022**

**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 2021.

**B12. Dividend payable**

No interim dividend has been declared for the financial period ended 31 March 2022 (31 March 2021: Nil).

**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	
	31.03.2022	31.03.2021
Profit net of tax attributable to owners of the Company (RM'000)	72,019	77,795
Weighted average number of ordinary shares in issue ('000)	1,074,176	1,063,493
Effect of dilution from:		
Employees' Share Option Scheme (ESOS) ('000)	-	15,138
Weighted average number of ordinary shares adjusted for the effect of dilution ('000)	<u>1,074,176</u>	<u>1,078,631</u>
Earnings per share (sen):		
- Basic	6.70	7.32
- Diluted	<u>6.70</u>	<u>7.21</u>

**NOTES TO THE QUARTERLY REPORT – 31 MARCH 2022**

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

The auditors’ report on the financial statements for the year ended 31 December 2021 was not subject to any qualification.

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

	Quarter ended 31.03.2022 RM’000	Financial period ended 31.03.2022 RM’000
Profit for the period is arrived at after charging/(crediting):		
Amortisation of intangible assets	14	14
Property, plant and equipment written off	1	1
Depreciation of property, plant and equipment	14,566	14,566
Depreciation of investment properties	-	-
Gain on disposal of property, plant and equipment	(1)	(1)
Gain on disposal of investment in an associate	-	-
Gain on disposal of investment properties	-	-
Gain on foreign exchange - realised	(103)	(103)
Loss on foreign exchange - unrealised	1,585	1,585
Interest expense	6,519	6,519
Interest income	(2,476)	(2,476)
Net fair value changes in investment securities	271	271
Fair value gain in a derivative financial asset	-	-