

CAHYA MATA SARAWAK BERHAD

(Company No: 21076-T)

(Incorporated in Malaysia)

Interim Financial Report

Summary of Key Financial Information for the financial period ended 30 September 2022

	Note	3 months ended		Changes (%)	9 months ended		Changes (%)
		30.09.2022	30.09.2021		30.09.2022	30.09.2021	
		RM'000	RM'000	RM'000	RM'000		
Revenue	A8	278,390	185,868	50%	702,168	572,926	23%
Cost of sales		(219,806)	(149,773)		(553,895)	(461,738)	
Gross profit		58,584	36,095	62%	148,273	111,188	33%
Other income		109,837	(481)		122,749	51,323	
Administrative expenses		(16,351)	(11,198)		(48,654)	(34,741)	
Selling and marketing expenses		(3,856)	(2,368)		(9,224)	(8,248)	
Other expenses		(15,908)	(209)		(35,629)	(17,469)	
Operating profit		132,306	21,839	506%	177,515	102,053	74%
Finance costs		(2,893)	(7,161)		(13,196)	(21,281)	
Share of results of associates		42,225	37,962		124,843	99,125	
Share of results of joint ventures		8,351	9,446		17,846	22,215	
Profit before taxation		179,989	62,086	190%	307,008	202,112	52%
Income tax expense	B5	(26,521)	(8,819)		(45,584)	(24,609)	
Profit for the period		153,468	53,267	188%	261,424	177,503	47%
Other comprehensive income							
Other comprehensive income that will be reclassified to profit or loss in subsequent periods:							
Share of other comprehensive income of associates		35,752	1,679		35,573	9,913	
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		2,067	0		(5,685)	0	
Other comprehensive income for the period		37,819	1,679		29,888	9,913	
Total comprehensive income for the period		191,287	54,946	248%	291,312	187,416	55%
Profit attributable to:							
Owners of the Company		154,361	53,879	186%	265,950	179,064	49%
Non-controlling interests		(893)	(612)		(4,526)	(1,561)	
		153,468	53,267		261,424	177,503	
Total comprehensive income attributable to:							
Owners of the Company		192,132	55,573		295,898	188,972	
Non-controlling interests		(845)	(627)		(4,586)	(1,556)	
		191,287	54,946		291,312	187,416	
		sen	sen		sen	sen	
Earnings per share attributable to owners of the Company:							
Basic	B13	14.37	5.02		24.76	16.73	
Diluted		14.37	5.00		24.76	16.68	

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 30 September 2022

	Note	Unaudited As at 30.09.2022 RM'000	Audited As at 31.12.2021 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment		1,485,625	1,342,344
Land held for property development		194,743	194,743
Investment properties		6,395	4,804
Intangible assets		839	587
Goodwill		61,709	61,709
Investments in associates		692,628	992,477
Investments in joint ventures		342,555	343,069
Deferred tax assets		4,511	4,511
Other receivables		75,934	69,549
Investment securities		100,762	105,833
		<u>2,965,701</u>	<u>3,119,626</u>
Current assets			
Property development costs		107,974	124,076
Inventories		338,014	314,074
Trade and other receivables		256,913	190,995
Other current assets		36,636	37,533
Investment securities		141,559	407,875
Derivative financial asset		100,038	100,038
Tax recoverable		10,927	9,539
Cash and bank balances		373,508	545,737
		<u>1,365,569</u>	<u>1,729,867</u>
Assets classified as held for sale		458,088	-
		<u>1,823,657</u>	<u>1,729,867</u>
TOTAL ASSETS		<u>4,789,358</u>	<u>4,849,493</u>
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital		867,902	867,902
Treasury shares		(352)	(352)
Other reserves		75,661	22,106
Retained earnings		2,367,527	2,122,940
		<u>3,310,738</u>	<u>3,012,596</u>
Non-controlling interests		<u>248,637</u>	<u>219,794</u>
Total equity		<u>3,559,375</u>	<u>3,232,390</u>
Non-current liabilities			
Deferred tax liabilities		60,643	60,203
Loans and borrowings	B7	286,201	273,436
Lease liabilities		38,816	20,728
Trade and other payables		3,807	2,602
		<u>389,467</u>	<u>356,969</u>
Current liabilities			
Income tax payable		39,431	3,378
Loans and borrowings	B7	180,201	625,128
Lease liabilities		18,682	6,047
Trade and other payables		581,122	615,899
Other current liabilities		21,080	9,682
		<u>840,516</u>	<u>1,260,134</u>
Total liabilities		<u>1,229,983</u>	<u>1,617,103</u>
TOTAL EQUITY AND LIABILITIES		<u>4,789,358</u>	<u>4,849,493</u>
Net assets per share attributable to ordinary owners of the Company (RM)		<u>3.08</u>	<u>2.80</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 period ended 30 September 2022

	< ----- Attributable to Owners of the Company ----- >						
	Total equity RM'000	< ----- Non-distributable ----- >				Distributable	
Total RM'000		Share capital RM'000	Treasury shares RM'000	Other reserves RM'000	Retained earnings RM'000	Non-controlling interests RM'000	RM'000
At 1 January 2022	3,232,390	3,012,596	867,902	(352)	22,106	2,122,940	219,794
Profit net of tax	261,424	265,950	0	0	0	265,950	(4,526)
Other comprehensive income, net of tax	30,895	30,955	0	0	30,955	0	(60)
Total comprehensive income	292,319	296,905	0	0	30,955	265,950	(4,586)
Transactions with owners:-							
Grant of equity-settled share options to employees	2,225	2,225	0	0	2,225	0	0
Dividends on ordinary shares	(21,484)	(21,484)	0	0	0	(21,484)	0
Dividends paid to non-controlling interests	(1,059)	0	0	0	0	0	(1,059)
Total transactions with owners	(20,318)	(19,259)	0	0	2,225	(21,484)	(1,059)
Acquisition of a subsidiary	54,984	20,496	0	0	20,496	0	34,488
Disposal of a subsidiary	0	0	0	0	0	0	0
Deemed acquisition of a subsidiary	0	0	0	0	0	0	0
Share of associates' reserves	0	0	0	0	(121)	121	0
At 30 September 2022	3,559,375	3,310,738	867,902	(352)	75,661	2,367,527	248,637

Cahya Mata Sarawak Berhad

(Company No: 21076-T)

Condensed consolidated statement of changes in equity for the period ended 30 September 2021

	< ----- Attributable to Owners of the Company ----- >						Non-controlling interests RM'000
	< ----- 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	
At 1 January 2021	3,019,524	2,786,277	867,902	(19,994)	6,520	1,931,849	233,247
Profit net of tax	177,503	179,064	0	0	0	179,064	(1,561)
Other comprehensive income, net of tax	9,913	9,908	0	0	9,908	0	5
Total comprehensive income	187,416	188,972	0	0	9,908	179,064	(1,556)
Transactions with owners:-							
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	4,651	4,651	0	0	4,651	0	0
Dividends on ordinary shares	(21,484)	(21,484)	0	0	0	(21,484)	0
Dividends paid to non-controlling interests	(1,289)	0	0	0	0	0	(1,289)
Total transactions with owners	6,524	7,813	0	19,642	4,651	(16,480)	(1,289)
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	409	(409)	0
At 30 September 2021	3,213,464	2,983,007	867,902	(352)	18,034	2,097,423	230,457

Cahaya Mata Sarawak Berhad

(Company No: 21076-T)

Condensed consolidated statement of cash flows for the period ended 30 September 2022

	9 months ended 30.09.2022 RM'000	9 months ended 30.09.2021 RM'000
Profit before taxation from continuing operations	307,008	202,112
Adjustments for non-cash items:		
Non-cash items	(114,887)	(90,271)
Operating cash flows before changes in working capital	192,121	111,841
Changes in working capital		
Decrease in current assets	12,267	(4,532)
Decrease in non-current assets	0	1,067
Decrease in current liabilities	(25,343)	(41,116)
(Decrease)/increase in non-current liabilities	1,205	716
Cash flows (used in)/from operations	180,250	67,976
Interest received	1,791	4,433
Interest paid	(15,481)	(18,955)
Income tax paid, net of refund	(17,734)	(10,944)
Net cash flows used in operating activities	148,826	42,510
Investing activities		
Acquisition of subsidiary	(13,505)	0
Acquisition of property, plant and equipment	(129,427)	(104,907)
Additional investment in joint ventures	0	(3,037)
Additional investments in investment securities	(52,743)	(56,513)
Additional investment in an associate	0	(9,228)
Distribution of profit from joint ventures	18,360	15,415
Dividends from associates	14,366	31,505
Dividends received from investments	5,482	4,042
Proceeds from disposal of an associate	0	86,069
Proceeds from disposal of property, plant and equipment	214	21,208
Proceeds from disposal of investment securities	316,302	0
Advancement of shareholders' loan	0	0
Others	(325)	(270)
Net cash from investing activities	158,725	(15,716)
Financing activities		
(Increase)/decrease in deposit pledged to a licensed bank	(36)	54
Drawdown of borrowings	105,513	62,345
Repayments of borrowings	(561,870)	(16,072)
Repayment of lease liabilities	(2,596)	(8,075)
Proceeds from lease receivables	1,717	0
Dividends paid to shareholders of the Company	(21,484)	(21,484)
Dividends paid to non-controlling interests	(1,059)	(1,289)
Net proceeds from disposal of treasury shares	0	28,369
Repurchase of treasury shares	0	(3,723)
Others	0	35
Net cash from financing activities	(479,815)	40,160
Net (decrease)/increase in cash and cash equivalents	(172,263)	66,954
Effect of foreign exchange changes in cash and cash equivalents	(33)	1,238
Cash and cash equivalents as at 1 January	540,747	277,224
Cash at bank attributable to assets classified as held for sale	0	(365)
Cash and cash equivalents as at 30 September	368,451	345,051
Cash and cash equivalents as at 30 June comprised the following:		
Cash and short term deposits	373,508	349,660
Less: Deposits pledged to licensed banks	(1,946)	(1,916)
Less: Deposits with maturity of more than three months	(3,111)	(2,693)
	368,451	345,051

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 – 30 SEPTEMBER 2022

Part A – Explanatory notes pursuant to MFRS 134

A1. Basis of preparation

These condensed consolidated interim financial statements, for the period ended 30 September 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 non-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 30 September 2022.

NOTES TO THE QUARTERLY REPORT – 30 SEPTEMBER 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 30 September 2022, there was no repurchase and resell of treasury shares. As at 30 September 2022, the Company held 200,000 treasury shares in its books.

A7. Dividends paid

The first and final tax exempt (single-tier) dividend of 2.0 sen per ordinary share for the financial year ended 31 December 2021 amounting to RM21,483,514 was paid on 27 June 2022.

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NOTES TO THE QUARTERLY REPORT – 30 SEPTEMBER 2022

A8. Segmental information

	3 months ended		9 months ended	
	30.09.2022	30.09.2021	30.09.2022	30.09.2021
	RM'000	RM'000	RM'000	RM'000
Segment Revenue				
Cement	166,681	115,613	438,014	353,460
Trading	22,084	25,817	72,284	74,664
Road maintenance	33,044	27,006	93,132	80,831
Property development	37,884	18,685	81,981	68,963
Oiltools	22,311	-	22,311	-
Strategic investments	445	-	769	-
Others	60,959	13,073	88,540	37,526
Total revenue including inter-segment sales	343,408	200,194	797,031	615,444
Elimination of inter-segment sales	(65,018)	(14,326)	(94,863)	(42,518)
Total revenue from continuing operations	278,390	185,868	702,168	572,926

	3 months ended		9 months ended	
	30.09.2022	30.09.2021	30.09.2022	30.09.2021
	RM'000	RM'000	RM'000	RM'000
Segment Results				
Operating profit/(loss):				
Cement	26,562	20,136	83,518	61,654
Trading	611	1,418	2,311	4,164
Road maintenance	6,715	2,786	10,865	7,261
Property development	14,978	4,614	26,722	15,876
Phosphate	(15,553)	(4,673)	(33,558)	(15,771)
Oiltools	62,975	-	62,975	-
Strategic investments	627	439	1,237	6,489
Others	38,240	1,032	36,717	1,559
	135,155	25,752	190,787	81,232
Corporate expenses	(5,742)	(11,074)	(26,468)	(460)
Share of results of associates	42,225	37,962	124,843	99,125
Share of results of joint ventures	8,351	9,446	17,846	22,215
Profit before tax	179,989	62,086	307,008	202,112
Income tax expenses	(26,521)	(8,819)	(45,584)	(24,609)
Profit for the period	153,468	53,267	261,424	177,503

NOTES TO THE QUARTERLY REPORT – 30 SEPTEMBER 2022

A9. Changes in composition of the Group

There have been no changes in the composition of the Group for the quarter ended 30 September 2022, except as disclosed in the following:

(a) Acquisition of subsidiaries

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 Oiltools group of companies (collectively known as the “Oiltools Group”) for a total purchase consideration of RM21 million.

The first SPA is for the acquisition of Oiltools 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 now holds 52% equity interest in Scomi KMC.

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

Subsequent to the said announcement, the Company had on 6 September 2022 further announced the completion of the Proposed Acquisition. As at 6 September 2022, the fair value of Oiltools Group’s identifiable assets, liabilities and contingent liabilities can only be determined provisionally pending the completion of purchase price allocation (“PPA”) exercise on Oiltools Group’s identifiable assets, liabilities and contingent liabilities. The Oiltools Group’s business combination has been accounted for using the provisional values. The Group shall recognize any adjustments to the provisional values upon completion of the PPA exercise within twelve months from the acquisition date. The initial accounting entry by using the provisional values has resulted in a negative goodwill on consolidation amounting to RM62.47 million reflected in the consolidated statement of financial position of the Group as at 30 September 2022.

NOTES TO THE QUARTERLY REPORT – 30 SEPTEMBER 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:

	30 September 2022		31 December 2021	
	Carrying Amount RM'000	Fair Value RM'000	Carrying Amount RM'000	Fair Value RM'000
Financial liabilities:				
Interest-bearing loans and borrowings				
- Term loans	321,103	321,103	340,655	340,655
- Islamic medium term notes	-	-	500,000	508,015
	<u>321,103</u>	<u>321,103</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 – 30 SEPTEMBER 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
30 September 2022				
Financial assets				
Investment securities				
- Equity instrument	70,285	-	-	70,285
- Income debt securities	-	140,601	-	140,601
- Redeemable preference shares	-	-	28,409	28,409
- Money market funds	5	-	-	5
Derivative financial assets	-	-	100,038	100,038
	<u>70,290</u>	<u>140,601</u>	<u>128,447</u>	<u>339,338</u>
31 December 2021				
Financial assets				
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 – 30 SEPTEMBER 2022

A11. Capital & other commitments

The amount of commitments not provided for in the interim financial statements as at 30 September 2022 and 31 December 2021 was as follows:

Capital commitments

	As at 30.09.2022 RM'000	As at 31.12.2021 RM'000
Approved and contracted for:		
- Property, plant and equipment	11,748	44,605
- Intangible assets	350	1,409
- Investments in redeemable preference shares in joint ventures	19,790	20,026
	<u>31,888</u>	<u>66,040</u>
Approved but not contracted for:		
- Property, plant and equipment	39,193	144,593
- Intangible assets	3,418	5,711
- Investments in subsidiaries	22,551	14,300
	<u>65,162</u>	<u>164,604</u>
	<u>97,050</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 – 30 SEPTEMBER 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 30 September 2022 and 30 September 2021 as well as the balances with the related parties as at 30 September 2022 and 30 September 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
Associates:					
- Kenanga Investment Bank Bhd	2022	1,558	-	-	-
	2021	517	-	-	-
- SACOFA Sdn Bhd	2022	5,016	134	745	-
	2021	13,481	147	5,932	5
- OM Materials (Sarawak) Sdn Bhd	2022	6,637	-	12,201	-
	2021	6,094	-	12,745	-
- OM Materials (Samalaju) Sdn Bhd	2022	1,171	-	39,185	-
	2021	1,062	-	33,917	-
Joint Ventures:					
- SEDC Resources Group	2022	6,906	19,352	1,127	6,906
	2021	7,757	13,543	1,209	9,879
- PPES Works Group	2022	81,357	-	29,160	-
	2021	74,931	-	39,543	-
Key management personnel of the Group:					
- Directors' interests	2022	-	9,885	-	2,775
	2021	-	10,914	-	3,627

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

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NOTES TO THE QUARTERLY REPORT – 30 SEPTEMBER 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 (“PE2022”) vs Year-to-date, 2021 (“PE2021”)

For the nine months ended 30 September 2022 ("PE2022"), the Group reported total revenue of RM702.17 million, representing an increase of 23% in comparison to PE2021's revenue of RM572.93 million. Group revenue increased due to higher contributions across all divisions except for the Trading Division. The Group's profit after tax and non-controlling interests ("PATNCI") increased significantly by RM86.89 million or 49% from RM179.64 million to RM265.95 million.

The Group's profit before tax ("PBT") from continuing operations improved significantly by RM104.90 million in comparison to PE2021. The significant improvement in Group's PBT was attributed to negative goodwill of RM62.47 million arising from the acquisition of Oiltools group, reversal of impairment of RM37.69 million on investment and loan to an associate and improvements in associates' performances in current period which contributed to an increase in share of profit by RM25.72 million.

On a normalised basis, PE2022 PBT is higher by 29% as compared to PE2021.

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

- (a) **Cement Division** - reported a 24% and 35% higher revenue and PBT of RM438.01 million and RM83.52 million respectively in PE2022 over PE2021's revenue of RM353.46 million and RM61.65 million. The higher profitability of the division in PE2022 was mainly attributable to higher sales volume coupled with improved cost efficiencies.
- (b) **Trading Division** - reported a PBT of RM2.31 million, a decrease of 45% in comparison to PE2021's PBT of RM4.16 million. The lower PBT in PE2022 was due to drop in gross margin as a result of hike in material price and delays in take up of products which has led to lower customer orders.
- (c) **Road Maintenance Division** - reported a PBT of RM10.87 million, an increase of 50% in comparison to the preceding year's corresponding period PBT of RM7.26 million.
- (d) **Property Development Division** - reported a higher PBT of RM26.72 million in PE2022 in comparison to a PBT of RM15.88 million in PE2021 despite revenue only increasing by 19%. Higher PBT in PE2022 was mainly due to recognition of gain from land sale of RM12.4 million.

NOTES TO THE QUARTERLY REPORT – 30 SEPTEMBER 2022

B1. Review of performance (contd.)

Year-to-date, 2022 (“PE2022”) vs Year-to-date, 2021 (“PE2021”) (contd.)

- (e) **Oiltools Division** - In view of the completion of the acquisition on 6 September, the financial results effective from the acquisition date had been included in the Group consolidated financial statements. The initial purchase price allocation accounting entry by using the provisional values has resulted in a recognition of negative goodwill on consolidation amounting to RM62.47 million.
- (f) **Phosphate Division** - The integrated phosphate complex (phase 1) has yet to reach commercial phase in PE2022. Higher gross loss before tax was mainly due to higher unrealised foreign exchange losses recognised in the current period due to strengthening of USD. This relates to our conversion of borrowing denominated in USD.
- (g) **Strategic Investments Division** - reported a PBT of RM1.24 million in PE2022 as compared to PBT of RM6.49 million in PE2021. PE2021 PBT included a gain from disposal of KIBB shares amounted to RM5.39 million.
- (h) **Others** - reported a gain before tax of RM36.72 million in PE2022 as compared to a PBT of RM1.56 million in PE2021, mainly due to reversal of impairment of RM37.69 million on investment and loan to an associate.
- (i) **Corporate expenses** - There were one-off gains in PE2021. On a normalised basis, PE2021 corporate expenses would have been higher than PE2022 mainly due to lesser interest expense in PE2022 upon full repayment of Sukuk in May 2022.
- (j) **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 RM34.27 million.

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NOTES TO THE QUARTERLY REPORT – 30 SEPTEMBER 2022

B1. Review of performance (contd.)

Quarter 3, 2022 (“3Q2022”) vs Quarter 3, 2021 (“3Q2021”)

	3rd Qtr 2022 RM'000	3rd Qtr 2021 RM'000	Changes %
Continuing operations:			
Revenue	278,390	185,868	50%
Share of results of associates	42,225	37,962	11%
Share of results of joint ventures	8,351	9,446	(12%)
Profit before tax	179,989	62,086	190%
PATNCI	154,361	53,879	186%

Revenue for 3Q2022 increased by 50% compared to 3Q2021. The performance for 3Q2021 was impacted by the restricted movement due to the Covid 19 pandemic.

Significant improvement in PBT and PATNCI was mainly attributable by recognition of negative goodwill of RM62.47 million arising from the acquisition of Oiltools group, reversal of impairment of RM37.69 million on investment and loan to an associate recorded in 3Q2022.

B2. Material changes in profit before tax for the quarter (Quarter 3, 2022 vs Quarter 2, 2022)

	3rd Qtr 2022 RM'000	2nd Qtr 2022 RM'000	Changes %
Continuing operations			
Revenue	278,390	209,736	33%
Gross margin	58,584	36,364	61%
Share of results of associates	42,225	36,902	14%
Share of results of joint ventures	8,351	4,347	92%
Profit before tax	179,989	43,164	317%
PATNCI	154,361	39,570	290%

The Group's overall 3Q2022 results improved as compared to 2Q2022. This was due to higher gross profit from subsidiaries by 61% to RM58.58 million, increase in share of results of associates by 14% to RM42.22 million and a recognition of negative goodwill of RM62.47 million arising from the acquisition of Oiltools group and reversal of impairment of RM37.69 million on investment and loan to an associate.

NOTES TO THE QUARTERLY REPORT – 30 SEPTEMBER 2022

B3. Prospects for the year ending 31 December 2022

The second half for the Group has been challenging. Nevertheless, there has been marginal reduction in material costs which should augur well for the next financial year. The infrastructure and rural development projects in Sarawak Territory remains intact.

The management continues to hold a longer-term view that once logistical bottlenecks and raw material costs stabilizes, activities will further pick up and will benefit the Group's businesses. With the completion of the acquisition of the Oiltools business, the Group foresees a positive contribution from this division in the coming quarters.

The phosphate plant project under MPAS is scheduled to complete its commissioning activities 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		9 months ended	
	30.09.2022	30.9.2021	30.09.2022	30.09.2021
	RM'000	RM'000	RM'000	RM'000
Current income tax:				
- Malaysian income tax	26,521	8,819	45,584	24,609
Total income tax expense	<u>26,521</u>	<u>8,819</u>	<u>45,584</u>	<u>24,609</u>

The effective tax rates for the periods ended 30 September 2022 and 30 September 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.

CAHYA MATA SARAWAK BERHAD

(Company No. 21076-T)

NOTES TO THE QUARTERLY REPORT – 30 SEPTEMBER 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:

- (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.

On 14 June 2022, SISB entered into a conditional share sale agreement with OMS for the proposed disposals. The Company has obtained the shareholders’ approval at the Extraordinary General Meeting on 26 August 2022.

Conditions Precedent for Share Sale Agreement (“SSA”) were fulfilled on 15 September 2022. Accordingly, the SSA has become unconditional.

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NOTES TO THE QUARTERLY REPORT – 30 SEPTEMBER 2022

B7. Loans and borrowings

	As at 30.09.2022 RM'000	As at 31.12.2021 RM'000
Current		
Secured:		
Revolving credits	40,205	33,880
Term loan	29,323	44,874
Onshore foreign currency loan	379	18,196
Unsecured		
Banker's acceptances	53,188	-
Revolving credits	55,000	10,000
Term loan	3,015	19,087
Islamic medium term notes	-	500,000
	181,110	626,037
Structuring and management fee	(909)	(909)
	180,201	625,128
Non-current		
Secured		
Term loan	288,765	276,694
Structuring and management fee	(2,564)	(3,258)
	286,201	273,436
Total	466,402	898,564

Loans and borrowings that are not denominated in Ringgit Malaysia amounted to RM287,423,677 (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.

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

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

NOTES TO THE QUARTERLY REPORT – 30 SEPTEMBER 2022

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, except as disclosed in the following:

- (a) On 21 July 2022, CMSB together with Samalaju Industries Sdn. Bhd. (“SISB”), a wholly-owned subsidiary of CMSB, commenced and filed a writ action as joint Plaintiffs against six Defendants in the High Court of Sabah and Sarawak.

This action is based on breaches of the fiduciary duties owed by the Defendants to CMSB and SISB respectively when the Defendants were the directors of CMSB and SISB, in respect of development of an integrated phosphate additives plant situated in Samalaju Sarawak with Malaysian Phosphate Additives Sdn Bhd (“MPA”) as a joint venture party (“the Project”).

CMSB and SISB claimed as follows:-

- (i) A declaration that the Defendants are jointly and severally liable to the Plaintiffs for their breaches of fiduciary duties and breaches of statutory duties in the Companies Act 2016;
- (ii) An order for special damages of RM52,685,077.09;
- (iii) An order for general damages;
- (iv) Costs; and
- (v) Further or other relief that the court thinks fit.

It was noted that there is no significant financial impact on CMSB in commencing this legal action and furthermore there has not been a need to adjust the accounts for the respective years in question of the case as the said losses have been accounted for in the final accounts.

- (b) On 21 July 2022, CMSB which has an indirect interest in Malaysian Phosphate Additives (Sarawak) Sdn Bhd (“MPAS”) through its wholly owned subsidiary company, SISB commenced and filed a writ action against a former director / managing director of MPAS in the High Court of Sabah and Sarawak for breaches of fiduciary duties owed to MPAS in connection with the development of an integrated phosphate additives plant situated in Samalaju Sarawak with Malaysian Phosphate Additives Sdn Bhd (“MPA”) as a joint venture party (“the Project”).

MPAS claims the followings :-

- (i) A declaration that Lim is liable to MPAS for his breaches of fiduciary duties and breaches of statutory duties in the Companies Act 2016;
- (ii) An order for general damages;
- (iii) Costs; and
- (iv) Further or other relief that the court thinks fit.

There is no significant financial impact on CMSB in commencing this legal action and furthermore there has not been a need to adjust the accounts for the respective years in question of the case as the said losses have been accounted for in the final accounts.

NOTES TO THE QUARTERLY REPORT – 30 SEPTEMBER 2022

B12. Dividend payable

No interim dividend has been declared for the financial period ended 30 September 2022 (30 September 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		9 months ended	
	30.09.2022	30.09.2021	30.09.2022	30.09.2021
Profit net of tax attributable to owners of the Company (RM'000)	154,361	53,879	265,950	179,064
Weighted average number of ordinary shares in issue ('000)	1,074,176	1,074,176	1,074,176	1,070,637
Effect of dilution from:				
Employees' Share Option Scheme (ESOS) ('000)	-	2,872	-	2,975
Weighted average number of ordinary shares adjusted for the effect of dilution ('000)	<u>1,074,176</u>	<u>1,077,048</u>	<u>1,074,176</u>	<u>1,073,612</u>
Earnings per share (sen):				
- Basic	14.37	5.02	24.76	16.73
- Diluted	<u>14.37</u>	<u>5.00</u>	<u>24.76</u>	<u>16.68</u>

NOTES TO THE QUARTERLY REPORT – 30 SEPTEMBER 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 30.09.2022 RM’000	Financial period ended 30.09.2022 RM’000
Profit for the period is arrived at after charging/(crediting):		
Amortisation of intangible assets	22	60
Property, plant and equipment written off	115	116
Depreciation of property, plant and equipment	13,503	41,043
Depreciation of investment properties	473	1,418
Gain on disposal of property, plant and equipment	(419)	(328)
Loss on foreign exchange - realised	271	304
Loss on foreign exchange - unrealised	8,722	21,997
Interest expense	2,746	12,985
Interest income	(721)	(1,791)
Net fair value changes in investment securities	776	2,961
Loss on disposal of investment securities	-	451

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