

CAHYA MATA SARAWAK BERHAD

(Company No: 21076-T)

(Incorporated in Malaysia)

Interim Financial Report

Summary of Key Financial Information for the financial period ended 31 December 2022

	Note	3 months ended		Changes (%)	12 months ended		Changes (%)
		31.12.2022	31.12.2021		31.12.2022	31.12.2021	
		RM'000	RM'000	RM'000	RM'000		
Revenue	A8	306,800	241,624	27%	1,008,968	814,550	24%
Cost of sales		(267,055)	(207,551)		(820,950)	(669,289)	
Gross profit		39,745	34,073	17%	188,018	145,261	29%
Other income		110,811	14,046		233,560	65,369	
Administrative expenses		(42,525)	(19,845)		(91,179)	(54,586)	
Selling and marketing expenses		(8,646)	(2,798)		(17,870)	(11,046)	
Other expenses		(17,422)	(65,457)		(53,051)	(82,926)	
Operating profit		81,963	(39,981)	305%	259,478	62,072	318%
Finance costs		(5,211)	(7,023)		(18,407)	(28,304)	
Share of results of associates		14,270	67,609		139,113	166,734	
Share of results of joint ventures		14,271	11,890		32,117	34,105	
Profit before taxation		105,293	32,495	224%	412,301	234,607	76%
Income tax expense	B5	(65,131)	(5,250)		(110,715)	(29,859)	
Profit for the period		40,162	27,245	47%	301,586	204,748	47%
Other comprehensive income							
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:							
Equity instrument measured at fair value		(3,101)	1,034		(8,786)	1,034	
Share of other comprehensive income of associates		(15,700)	(2,042)		19,873	7,871	
Other comprehensive income for the period		(18,801)	(1,008)		11,087	8,905	
Total comprehensive income for the period		21,361	26,237	-19%	312,673	213,653	46%
Profit attributable to:							
Owners of the Company		32,110	25,154	28%	298,060	204,218	46%
Non-controlling interests		8,052	2,091		3,526	530	
		40,162	27,245		301,586	204,748	
Total comprehensive income attributable to:							
Owners of the Company		13,363	24,211		309,261	213,183	
Non-controlling interests		7,998	2,026		3,412	470	
		21,361	26,237		312,673	213,653	
		sen	sen		sen	sen	
Earnings per share attributable to owners of the Company:							
Basic	B13	2.99	2.34		27.75	19.06	
Diluted		2.99	2.34		27.75	19.06	

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 December 2022

	Note	Unaudited As at 31.12.2022 RM'000	Audited As at 31.12.2021 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment		1,419,967	1,342,344
Land held for property development		194,969	194,743
Investment properties		6,366	4,804
Intangible assets		2,397	587
Goodwill		68,485	61,709
Investments in associates		658,663	992,477
Investments in joint ventures		357,737	343,069
Deferred tax assets		4,748	4,511
Other receivables		53,263	69,549
Investment securities		100,923	105,833
		<u>2,867,518</u>	<u>3,119,626</u>
Current assets			
Property development costs		108,151	124,076
Inventories		428,703	314,074
Trade and other receivables		250,491	190,995
Other current assets		28,477	37,533
Investment securities		143,571	407,875
Derivative financial asset		106,795	100,038
Tax recoverable		15,105	9,539
Cash and bank balances		965,340	545,737
		<u>2,046,633</u>	<u>1,729,867</u>
TOTAL ASSETS		<u>4,914,151</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		(32,247)	22,106
Retained earnings		2,399,578	2,122,940
		<u>3,234,881</u>	<u>3,012,596</u>
Non-controlling interests		<u>253,914</u>	<u>219,794</u>
Total equity		<u>3,488,795</u>	<u>3,232,390</u>
Non-current liabilities			
Deferred tax liabilities		83,271	60,203
Loans and borrowings	B7	255,787	273,436
Lease liabilities		32,031	20,728
Trade and other payables		3,653	2,602
		<u>374,742</u>	<u>356,969</u>
Current liabilities			
Income tax payable		53,336	3,378
Loans and borrowings	B7	282,005	625,128
Lease liabilities		13,765	6,047
Trade and other payables		688,153	615,899
Other current liabilities		13,355	9,682
		<u>1,050,614</u>	<u>1,260,134</u>
Total liabilities		<u>1,425,356</u>	<u>1,617,103</u>
TOTAL EQUITY AND LIABILITIES		<u>4,914,151</u>	<u>4,849,493</u>
Net assets per share attributable to ordinary owners of the Company (RM)		<u>3.01</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 31 December 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
At 1 January 2022	3,232,390	3,012,596	867,902	(352)	22,106	2,122,940	219,794
Profit net of tax	301,586	298,060	-	-	-	298,060	3,526
Other comprehensive income, net of tax	11,087	11,201	-	-	11,201	-	(114)
Total comprehensive income	312,673	309,261	-	-	11,201	298,060	3,412
Transfer of gain on disposal of equity investment to profit and loss	(57,937)	(57,937)	-	-	(57,937)	-	-
Transactions with owners:-							
Grant of equity-settled share options to employees	4,024	4,024	-	-	4,024	-	-
Dividends on ordinary shares	(21,483)	(21,483)	-	-	-	(21,483)	-
Dividends paid to non-controlling interests	(2,022)	-	-	-	-	-	(2,022)
Total transactions with owners	(19,481)	(17,459)	-	-	4,024	(21,483)	(2,022)
Acquisition of a subsidiary	21,150	(11,580)	-	-	(11,333)	(247)	32,730
Share of associates' reserves	-	-	-	-	(308)	308	-
At 1 December 2022	3,488,795	3,234,881	867,902	(352)	(32,247)	2,399,578	253,914

Cahaya Mata Sarawak Berhad

(Company No: 21076-T)

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

	< ----- Attributable to Owners of the Company ----- >						Non-controlling interests
	< ----- 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	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	204,748	204,218	-	-	-	204,218	530
Other comprehensive income, net of tax	8,905	8,965	-	-	8,965	-	(60)
Total comprehensive income	213,653	213,183	-	-	8,965	204,218	470
Transactions with owners:-							
Acquisition of treasury shares	(3,723)	(3,723)	-	(3,723)	-	-	-
Disposal of treasury shares	28,369	28,369	-	23,365	-	5,004	-
Grant of equity-settled share options to employees	10,029	10,029	-	-	10,029	-	-
Dividends on ordinary shares	(21,484)	(21,484)	-	-	-	(21,484)	-
Dividends paid to non-controlling interests	(13,978)	-	-	-	-	0	(13,978)
Total transactions with owners	(787)	13,191	-	19,642	10,029	(16,480)	(13,978)
Arising from partial disposal of investment in an associate	-	(55)	-	-	(3,454)	3,399	55
Share of associates' reserves	-	-	-	-	46	(46)	-
At 31 December 2021	3,232,390	3,012,596	867,902	(352)	22,106	2,122,940	219,794

Cahaya Mata Sarawak Berhad

(Company No: 21076-T)

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

	12 months ended 31.12.2022 RM'000	12 months ended 31.12.2021 RM'000
Profit before taxation from continuing operations	412,301	234,607
Adjustments for non-cash items:		
Non-cash items	(273,219)	(93,077)
Operating cash flows before changes in working capital	139,082	141,530
Changes in working capital		
(Increase)/decrease in current assets	(33,118)	10,635
Increase in non-current assets	(226)	(1,912)
(Decrease)/increase in current liabilities	(32,147)	124,381
Increase/(decrease) in non-current liabilities	1,051	(455)
Cash flows from operations	74,642	274,179
Interest received	7,791	6,308
Interest paid	(34,828)	(41,297)
Income tax paid, net of refund	(37,864)	(18,519)
Net cash flows from operating activities	9,741	220,671
Investing activities		
Acquisition of subsidiaries	(19,447)	-
Acquisition of investment securities	(57,160)	(63,016)
Acquisition of land held for property development	-	(16)
Acquisition of property, plant and equipment	(43,705)	(88,844)
Acquisition cost incurred on intangible asset	-	(202)
Additional investment in an associate	-	(9,228)
Additional investment in joint ventures	(910)	(3,947)
Distribution of profit from joint ventures	18,360	16,639
Dividends received from investments	5,865	6,814
Dividend received from associated company	68,260	31,506
Placement of deposits with licensed banks	2,342	(455)
Proceeds from disposal of associates	479,092	86,069
Proceeds from disposal of investment securities	316,302	-
Proceeds from disposal of property, plant and equipment	6,176	22,223
Proceeds from disposal of investment properties	-	27,500
Loan repayment from associates	48,368	-
Net cash from investing activities	823,543	25,043
Financing activities		
Deposit pledged to a licensed bank	(36)	60
Drawdown of borrowings	173,830	66,003
Repayments of borrowings	(550,328)	(29,328)
Repayment of lease liabilities	(10,480)	(10,743)
Dividends paid to shareholders of the Company	(21,483)	(21,484)
Dividends paid to non-controlling interests	(2,022)	(13,978)
Proceeds from sale of treasury shares	-	28,369
Proceeds from lease receivables	-	1,523
Repurchase of treasury shares	-	(3,723)
Net cash (used in)/from financing activities	(410,519)	16,699
Net increase in cash and cash equivalents	422,765	262,413
Effect of foreign exchange changes in cash and cash equivalents	(856)	1,110
Cash and cash equivalents as at 1 January	540,747	277,224
Cash and cash equivalents as at 31 December	962,656	540,747
Cash and cash equivalents as at 31 December comprised the following:		
Cash and short term deposits	965,340	545,737
Less: Deposits pledged to licensed banks	(1,946)	(1,910)
Less: Deposits with maturity of more than three months	(738)	(3,080)
	962,656	540,747

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 2022

Part A – Explanatory notes pursuant to MFRS 134

A1. Basis of preparation

These condensed consolidated interim financial statements, for the year ended 31 December 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 does not 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 year ended 31 December 2022, except as disclosed in A9 and B1.

NOTES TO THE QUARTERLY REPORT – 31 DECEMBER 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 December 2022, there was no repurchase and resell of treasury shares. As at 31 December 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 – 31 DECEMBER 2022

A8. Segmental information

	3 months ended		12 months ended	
	31.12.2022	31.12.2021	31.12.2022	31.12.2021
	RM'000	RM'000	RM'000	RM'000
Segment Revenue				
Cement	163,872	129,776	601,886	483,236
Trading	18,556	28,809	90,840	103,473
Road maintenance	41,484	39,640	134,616	120,471
Property development	23,031	45,299	105,012	114,262
Oiltools	66,825	-	89,136	-
Others	95,643	12,987	184,952	50,513
Total revenue including inter-segment sales	409,411	256,511	1,206,442	871,955
Elimination of inter-segment sales	(102,611)	(14,887)	(197,474)	(57,405)
Total revenue from continuing operations	306,800	241,624	1,008,968	814,550

	3 months ended		12 months ended	
	31.12.2022	31.12.2021	31.12.2022	31.12.2021
	RM'000	RM'000	RM'000	RM'000
Segment Results				
Operating profit/(loss):				
Cement	(3,298)	(7)	80,220	61,647
Trading	50	1,946	2,361	6,110
Road maintenance	6,243	2,330	17,108	9,591
Property development	6,445	16,550	33,167	32,426
Phosphate	(24,348)	(2,341)	(57,906)	(18,112)
Oiltools	10,380	-	73,355	-
Others	79,511	(54,942)	117,465	(46,894)
	74,983	(34,464)	265,770	44,768
Corporate expenses	1,769	(10,540)	(24,699)	(11,000)
Share of results of associates	14,270	67,609	139,113	166,734
Share of results of joint ventures	14,271	11,890	32,117	34,105
Profit before tax	105,293	32,495	412,301	234,607
Income tax expenses	(65,131)	(5,250)	(110,715)	(29,859)
Profit for the period	40,162	27,245	301,586	204,748

NOTES TO THE QUARTERLY REPORT – 31 DECEMBER 2022

A9. Changes in composition of the Group

There have been no changes in the composition of the Group for the quarter ended 31 December 2022, except as disclosed:

On 2 May 2022, Samalaju Industries Sdn. Bhd. (“SISB”), a wholly-owned subsidiary of Cahya Mata Sarawak Berhad, 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 disposal was completed following the full settlement of the disposal consideration by the purchaser on 6 December 2022. On completion, OM Materials (Sarawak) Sdn. Bhd. and OM Materials (Samalaju) Sdn. Bhd. ceased to be associates of the Group.

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 2022		31 December 2021	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	RM’000	RM’000	RM’000	RM’000
Financial liabilities:				
Interest-bearing loans and borrowings				
- Term loans	305,126	305,126	340,655	340,655
- Islamic medium term notes	-	-	500,000	512,000
	<u>305,126</u>	<u>305,126</u>	<u>840,655</u>	<u>852,655</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 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
31 December 2022				
Financial assets				
Investment securities				
- Equity instrument	69,251	-	-	69,251
- Income debt securities	-	143,571	-	143,571
- Redeemable preference shares	-	-	31,672	31,672
Derivative financial assets	-	-	106,795	106,795
	<u>69,251</u>	<u>143,571</u>	<u>138,467</u>	<u>351,289</u>
31 December 2021				
Financial assets				
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>

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

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NOTES TO THE QUARTERLY REPORT – 31 DECEMBER 2022

A11. Capital & other commitments

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

Capital commitments

	As at 31.12.2022 RM'000	As at 31.12.2021 RM'000
Approved and contracted for:		
- Property, plant and equipment	11,339	44,605
- Intangible assets	350	1,409
- Investments in redeemable preference shares in joint ventures	13,702	20,026
	<u>25,391</u>	<u>66,040</u>
Approved but not contracted for:		
- Property, plant and equipment	63,929	144,593
- Intangible assets	896	5,711
- Investment in subsidiaries	-	14,300
	<u>64,825</u>	<u>164,604</u>
	<u>90,216</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 DECEMBER 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 December 2022 and 31 December 2021 as well as the balances with the related parties as at 31 December 2022 and 31 December 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	2,005	-	-	-
	2021	698	-	-	-
- SACOFA Sdn Bhd	2022	5,694	152	2,074	299
	2021	19,809	229	1,488	-
- OM Materials (Sarawak) Sdn Bhd	2022	8,935	-	-	-
	2021	8,365	-	12,641	-
- OM Materials (Samalaju) Sdn Bhd	2022	1,752	-	-	-
	2021	1,428	-	34,104	-
Joint Ventures:					
- SEDC Resources Group	2022	10,858	36,731	3,505	13,484
	2021	10,212	30,542	905	14,815
- PPES Works Group	2022	119,300	-	53,250	-
	2021	106,320	-	64,570	23
Key management personnel of the Group:					
- Directors' interests	2022	-	12,338	-	3,189
	2021	-	15,547	-	4,216

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

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NOTES TO THE QUARTERLY REPORT – 31 DECEMBER 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 (“YE2022”) vs Year-to-date, 2021 (“YE2021”)

For the year ended 31 December 2022 ("YE2022"), the Group reported total revenue of RM1,008.97 million, representing an increase of 24% in comparison to YE2021's revenue of RM814.55 million. Group revenue increased due to higher contributions from Cement, Road Maintenance and new contribution from Oiltools Division. The Group's profit after tax and non-controlling interests ("PATNCI") increased to RM298.06 million in YE2022 from RM204.22 million in YE2021.

The Group's profit before tax ("PBT") from operations was RM412.30 million, a significant improvement from RM234.61 million posted in YE2021. The significant improvement in Group's PBT was attributed to negative goodwill of RM71.07 million arising from the acquisition of Oiltools group, and the reversal of impairment of RM37.69 million on investment and loan to an associate and gain on disposal of associates (OM Materials Sarawak & Samalaju) of RM89.02 million.

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

- (a) **Cement Division** - reported a higher revenue of RM601.89 million and PBT of RM80.22 million in YE2022, 25% higher over YE2021's revenue of RM483.24 million and 30% higher than PBT of RM61.65 million. The higher profitability of the division in YE2022 was mainly attributable to an increase in sales.
- (b) **Trading Division** - reported a PBT of RM2.36 million, a decrease of 61% in comparison to YE2021's PBT of RM6.11 million. The lower PBT in YE2022 were due to a result of higher overall material price and lower sales volume.
- (c) **Road Maintenance Division** - reported a PBT of RM17.11 million, an increase of 78% in comparison to the preceding year's PBT of RM9.59 million. Higher PBT was mainly attributable to improvement in gross profit margin.
- (d) **Property Development Division** - reported a slightly higher PBT of RM33.17 million in YE2022 in comparison to a PBT of RM32.43 million in YE2021. Higher PBT in YE2022 was mainly due to recognition of gain from land sale of RM12.40 million.

NOTES TO THE QUARTERLY REPORT – 31 DECEMBER 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 in September 2022, the financial results effective from the acquisition date had been included in the Group consolidated financial statements. The negative goodwill recognised on consolidation in YE2022 amounted to RM71.07 million.
- (f) **Phosphate Division** - The commissioning of the four furnaces was completed in December 2022 as planned. The commercialisation of the business is currently being implemented.
- (g) **Others** - reported a PBT of RM118.21 million in YE2022 as compared to a loss before tax of RM47.26 million in YE2021. Current year's gain was due to gain on disposal of shares in associate company amounted to RM89.02 million and reversal of impairment of RM37.69 million on investment and loan to an associate company.
- (h) **Share of results of associates** - Profit contributions from associates for YE2022 decreased to RM139.11 million as compared to YE2021 of RM166.73 million, mainly due to the sale of the Group's entire shareholding in OM Materials Sarawak and Samalaju.

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NOTES TO THE QUARTERLY REPORT – 31 DECEMBER 2022

B1. Review of performance (contd.)

Quarter 4, 2022 (“4Q2022”) vs Quarter 4, 2021 (“4Q2021”)

	4th Qtr 2022 RM'000	4th Qtr 2021 RM'000	Changes %
Continuing operations:			
Revenue	306,800	241,624	27%
Share of results of associates	14,270	67,609	(79%)
Share of results of joint ventures	14,271	11,890	20%
Profit before tax	105,293	32,495	224%
PATNCI	32,110	25,154	28%

Revenue for 4Q2022 of RM306.80 million increased by 27% compared to 4Q2021 mainly due to Cement Division and new contribution from Oiltools Division.

Significant improvement in PBT and PATNCI was mainly attributable by recognition of gain on disposal of associates of RM89.02 million.

B2. Material changes in profit before tax for the quarter (Quarter 4, 2022 vs Quarter 3, 2022)

	4th Qtr 2022 RM'000	3rd Qtr 2022 RM'000	Changes %
Continuing operations			
Revenue	306,800	278,390	10%
Share of results of associates	14,270	42,225	(66%)
Share of results of joint ventures	14,271	8,351	71%
Profit before tax	105,293	179,989	(42%)
PATNCI	32,110	154,361	(79%)

The Group's overall 4Q2022 results were lower as compared to 3Q2022 despite higher revenue. This was due to the Cement Division recording a lower contribution as it had its scheduled maintenance in 4Q2022.

There was also a recognition of gain from land sale of RM12.40 million in 3Q2022 from the Property Development Division and the lower share of results of associates was due to disposal of an associate company in 4Q2022.

NOTES TO THE QUARTERLY REPORT – 31 DECEMBER 2022

B3. Prospects for the year ending 31 December 2023

Despite the challenges of increased logistical and raw materials prices, Cahya Mata Group improved its operational performance for the YE2022. This was through improved operations management and effective marketing.

The Board of Directors continues to hold a longer-term view that infrastructure and rural development activities to remain active. Our group of companies should benefit from the strong economy in Sarawak.

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	
	31.12.2022	31.12.2021	31.12.2022	31.12.2021
	RM'000	RM'000	RM'000	RM'000
Current income tax:				
- Malaysian income tax	65,131	5,250	110,715	29,859
Total income tax expense	<u>65,131</u>	<u>5,250</u>	<u>110,715</u>	<u>29,859</u>

The effective tax rates for the years ended 31 December 2022 were higher than the statutory tax rate principally due to real property gain tax and deferred tax recognition on fair value instrument.

B6. Corporate proposals

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

NOTES TO THE QUARTERLY REPORT – 31 DECEMBER 2022

B7. Loans and borrowings

	As at 31.12.2022 RM'000	As at 31.12.2021 RM'000
Current		
Secured:		
Revolving credits	39,065	33,880
Term loan	47,007	44,874
Onshore foreign currency loan	84,948	18,196
Unsecured		
Banker's acceptances	56,894	-
Revolving credits	55,000	10,000
Term loan	-	19,087
Islamic medium term notes	-	500,000
	282,914	626,037
Structuring and management fee	(909)	(909)
	282,005	625,128
Non-current		
Secured		
Term loan	258,119	276,694
Structuring and management fee	(2,332)	(3,258)
	255,787	273,436
Total	537,792	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 – 31 DECEMBER 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 as following:

- (a) On 21 July 2022, Cahya Mata Sarawak Berhad (“Cahya Mata Sarawak”) together with Samalaju Industries Sdn. Bhd. (“SISB”), a wholly-owned subsidiary of Cahya Mata, 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 Cahya Mata Sarawak and SISB respectfully when the Defendants were the directors of Cahya Mata Sarawak 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”).

Cahya Mata Sarawak and SISB claimed as follows:-

- (i) A declaration that the Defendants, Syed Ahmad Alwee Alsree, Syed Hizam Alsagoff, Goh Chii Yew, Goh Chii Bing, Isaac Lugun and Ling Koah Wi, are jointly and severally liable to the Plaintiffs for their breaches of fiduciary duties and breaches of statutory duties pursuant to 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 Cahya Mata Sarawak 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, Cahya Mata Sarawak which has an indirect interest in Cahya Mata Phosphates Industries Sdn Bhd (“Phosphates Industries”) (formerly known as Malaysian Phosphate Additives (Sarawak) Sdn Bhd) through its wholly owned subsidiary company, SISB commenced and filed a writ action against a former director / managing director of Phosphates Industries in the High Court of Sabah and Sarawak for breaches of fiduciary duties owed to Phosphates Industries 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”).

Phosphates Industries claims the followings:-

- (i) A declaration that Lim Lee Wan is liable to Phosphates Industries for his breaches of fiduciary duties and breaches of statutory duties pursuant to 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 Cahya Mata Sarawak 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 – 31 DECEMBER 2022

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 3.0 sen per ordinary share (2021: 2.0 sen). The dividend entitlement and payment date for the final dividend will be announced at a later date.

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	
	31.12.2022	31.12.2021	31.12.2022	31.12.2021
Profit net of tax attributable to owners of the Company (RM'000)	32,110	25,154	298,060	204,218
Weighted average number of ordinary shares in issue ('000)	1,074,376	1,074,176	1,074,376	1,071,522
Weighted average number of ordinary shares adjusted for the effect of dilution ('000)	1,074,376	1,074,176	1,074,376	1,071,522
Earnings per share (sen):				
- Basic	2.99	2.34	27.75	19.06
- Diluted	2.99	2.34	27.75	19.06

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.

NOTES TO THE QUARTERLY REPORT – 31 DECEMBER 2022

B15. Additional disclosure on profit for the period

	Quarter ended 31.12.2022 RM'000	Financial year ended 31.12.2022 RM'000
Profit for the period is arrived at after charging/(crediting):		
Amortisation of intangible assets	43	81
Property, plant and equipment written off	-	117
Depreciation of property, plant and equipment	22,430	63,473
Depreciation of investment properties	5,712	7,603
Gain on disposal of property, plant and equipment	(184)	(716)
Gain on foreign exchange - realised	(2,362)	(2,362)
(Gain)/Loss on foreign exchange - unrealised	(8,520)	15,675
Interest expense	4,575	17,709
Interest income	(2,348)	(4,076)
Net fair value changes in investment securities	(751)	1,390
Gain on disposal of investment securities	(89,024)	(89,475)

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