

**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 March 2023**

	Note	3 months ended		Changes (%)	3 months ended		Changes (%)
		31.03.2023	31.03.2022		31.03.2023	31.03.2022	
		RM'000	RM'000	RM'000	RM'000		
Revenue	A8	275,667	214,042	29%	275,667	214,042	29%
Cost of sales		(212,273)	(160,707)		(212,273)	(160,707)	
<b>Gross profit</b>		63,394	53,335	19%	63,394	53,335	19%
Other income		16,293	3,127		16,293	3,127	
Administrative expenses		(26,766)	(11,855)		(26,766)	(11,855)	
Selling and marketing expenses		(7,228)	(2,457)		(7,228)	(2,457)	
Other expenses		(23,624)	(2,411)		(23,624)	(2,411)	
<b>Operating profit</b>		22,069	39,739	44%	22,069	39,739	(44%)
Finance costs		(3,392)	(6,748)		(3,392)	(6,748)	
Share of results of associates		14,012	45,716		14,012	45,716	
Share of results of joint ventures		6,574	5,148		6,574	5,148	
<b>Profit before taxation</b>		39,263	83,855	(53%)	39,263	83,855	(53%)
Income tax expense	B5	(11,927)	(10,979)		(11,927)	(10,979)	
<b>Profit for the period</b>		27,336	72,876	(62%)	27,336	72,876	(62%)
Other comprehensive income that may be reclassified to profit or loss in subsequent periods (net of tax):							
Share of other comprehensive income of associates		(605)	1,944		(605)	1,944	
Exchange differences on translation		(4,208)	-		(4,208)	-	
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods (net of tax):							
Net gain/(loss) on equity instrument designated as fair value through other comprehensive income		2,067	(517)		2,067	(517)	
<b>Other comprehensive income for the period</b>		(2,746)	1,427		(2,746)	1,427	
<b>Total comprehensive income for the period</b>		24,590	74,303	(67%)	24,590	74,303	(67%)
Profit attributable to:							
Owners of the Company		42,558	72,019	(41%)	42,558	72,019	(41%)
Non-controlling interests		(15,222)	857		(15,222)	857	
		27,336	72,876		27,336	72,876	
Total comprehensive income attributable to:							
Owners of the Company		42,734	73,484		42,734	73,484	
Non-controlling interests		(18,144)	819		(18,144)	819	
		24,590	74,303		24,590	74,303	
		sen	sen		sen	sen	
<b>Earnings per share attributable to owners of the Company:</b>							
Basic	B13	3.96	6.70		3.96	6.70	
Diluted		3.96	6.70		3.96	6.70	

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 2023**

	Note	Unaudited As at 31.03.2023 RM'000	Audited As at 31.12.2022 RM'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		1,432,161	1,439,436
Land held for property development		194,971	194,969
Investment properties		6,320	5,216
Intangible assets		7,612	6,901
Goodwill		68,485	68,485
Investments in associates		672,070	658,663
Investments in joint ventures		363,434	357,135
Deferred tax assets		6,258	6,258
Other receivables		1,126	1,511
Investment securities		109,701	100,923
		<u>2,862,138</u>	<u>2,839,497</u>
<b>Current assets</b>			
Property development costs		107,991	107,464
Inventories		446,889	413,999
Trade and other receivables		274,023	243,025
Other current assets		17,306	31,419
Investment securities		146,060	143,463
Derivative financial asset		96,649	96,649
Tax recoverable		11,679	14,932
Cash and bank balances		817,481	965,357
		<u>1,918,078</u>	<u>2,016,308</u>
<b>TOTAL ASSETS</b>		<b><u>4,780,216</u></b>	<b><u>4,855,805</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		(29,097)	(29,506)
Retained earnings		2,392,249	2,388,652
		<u>3,230,702</u>	<u>3,226,696</u>
<b>Non-controlling interests</b>		271,584	250,537
<b>Total equity</b>		<u>3,502,286</u>	<u>3,477,233</u>
<b>Non-current liabilities</b>			
Deferred tax liabilities		80,797	80,797
Loans and borrowings	B7	264,915	255,787
Lease liabilities		34,027	36,573
Trade and other payables		664	1,028
		<u>380,403</u>	<u>374,185</u>
<b>Current liabilities</b>			
Income tax payable		56,741	53,380
Loans and borrowings	B7	246,463	282,005
Lease liabilities		15,245	13,569
Trade and other payables		575,066	652,040
Other current liabilities		4,012	3,393
		<u>897,527</u>	<u>1,004,387</u>
<b>Total liabilities</b>		<u>1,277,930</u>	<u>1,378,572</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b><u>4,780,216</u></b>	<b><u>4,855,805</u></b>
<b>Net assets per share attributable to ordinary owners of the Company (RM)</b>		<b><u>3.01</u></b>	<b><u>3.00</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 2023**

	< ----- Attributable to Owners of the Company ----- >						
	< ----- Non-distributable ----- >					Distributable	
	Total equity	Total	Share capital	Treasury shares	Other reserves	Retained earnings	Non-controlling interests
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>At 1 January 2023</b>	3,477,233	3,226,696	867,902	(352)	(29,506)	2,388,652	250,537
Profit net of tax	27,336	42,558	-	-	-	42,558	(15,222)
Other comprehensive income, net of tax	(2,746)	176	-	-	176	-	(2,922)
Total comprehensive income	24,590	42,734	-	-	176	42,558	(18,144)
<b>Transactions with owners:-</b>							
Additional investment in a subsidiary	-	(39,191)	-	-	-	(39,191)	39,191
Grant of equity-settled share options to employees	463	463	-	-	463	-	-
Total transactions with owners	463	(38,728)	-	-	463	(39,191)	39,191
Share of associates' reserves	-	-	-	-	(230)	230	-
<b>At 1 March 2023</b>	<b>3,502,286</b>	<b>3,230,702</b>	<b>867,902</b>	<b>(352)</b>	<b>(29,097)</b>	<b>2,392,249</b>	<b>271,584</b>

**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 ----- >						
	Total equity RM'000	< ----- Non-distributable ----- >			Other reserves RM'000	Distributable Retained earnings RM'000	Non-controlling interests RM'000
		Total RM'000	Share capital RM'000	Treasury shares 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	-	-	-	72,019	857
Other comprehensive income, net of tax	1,428	1,465	-	-	1,465	-	(37)
Total comprehensive income	74,304	73,484	-	-	1,465	72,019	820
<b>Transactions with owners:-</b>							
Grant of equity-settled share options to employees	1,965	1,965	-	-	1,965	-	-
Total transactions with owners	1,965	1,965	-	-	1,965	-	-
Share of associates' reserves	-	-	-	-	(107)	107	-
<b>At 31 March 2022</b>	<b>3,308,659</b>	<b>3,088,045</b>	<b>867,902</b>	<b>(352)</b>	<b>25,429</b>	<b>2,195,066</b>	<b>220,614</b>

**Cahaya Mata Sarawak Berhad**

(Company No: 21076-T)

**Condensed consolidated statement of cash flows for the period ended 31 March 2023**

	<b>3 months ended 31.03.2023 RM'000</b>	<b>3 months ended 31.03.2022 RM'000</b>
<b>Profit before taxation from continuing operations</b>	39,263	83,855
Adjustments for non-cash items:		
Non-cash items	14,235	(29,323)
<b>Operating cash flows before changes in working capital</b>	<u>53,498</u>	<u>54,532</u>
Changes in working capital		
(Increase)/decrease in current assets	(51,006)	37,062
Increase in non-current assets	(2)	-
(Decrease) in current liabilities	(76,809)	(101,494)
Decrease in non-current liabilities	(364)	(2,031)
<b>Cash flows used in operations</b>	<u>(74,683)</u>	<u>(11,931)</u>
Interest received	5,103	1,342
Interest paid	(12,675)	(1,578)
Income tax paid, net of refund	(4,859)	(5,281)
<b>Net cash flows used in operating activities</b>	<u>(87,114)</u>	<u>(17,448)</u>
<b>Investing activities</b>		
Acquisition of investment securities	-	(51,262)
Acquisition cost intangible assets	(903)	-
Acquisition of property, plant and equipment	(18,377)	(34,733)
Distribution of profit from joint ventures	276	2,842
Dividends received from investments	-	1,027
Proceeds from disposal of investment securities	-	50,483
Proceeds from disposal of property, plant and equipment	116	46
Placement of deposits with licensed banks	-	(1,520)
<b>Net cash used in investing activities</b>	<u>(18,888)</u>	<u>(33,117)</u>
<b>Financing activities</b>		
Deposit pledged to a licensed bank	(11)	(10)
Drawdown of borrowings	112,331	18,731
Repayments of borrowings	(138,745)	(5,357)
Repayment of lease liabilities	(17,966)	(2,596)
Proceeds from lease receivables	1,126	409
<b>Net cash (used in)/from financing activities</b>	<u>(43,265)</u>	<u>11,177</u>
<b>Net increase in cash and cash equivalents</b>	(149,267)	(39,388)
<b>Effect of foreign exchange changes in cash and cash equivalents</b>	1,381	(7)
<b>Cash and cash equivalents as at 1 January</b>	<u>963,421</u>	<u>540,747</u>
<b>Cash and cash equivalents as at 31 March</b>	<u><u>815,535</u></u>	<u><u>501,352</u></u>
Cash and cash equivalents as at 31 March comprised the following:		
Cash and short term deposits	817,481	506,368
Less: Deposits pledged to licensed banks	(1,946)	(5,016)
	<u><u>815,535</u></u>	<u><u>501,352</u></u>

**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 2023**

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

**A1. Basis of preparation**

These condensed consolidated interim financial statements, for the period ended 31 March 2023 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 2022.

**A2. Changes in accounting policies**

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

On 1 January 2023, the Group and the Company adopted the following new and amended MFRSs mandatory for annual financial periods beginning on or after 1 January 2023.

- MFRS 17: Insurance Contracts
- Amendments to MFRS 17 Insurance Contracts: Initial Application of MFRS 17 and MFRS 9 – Comparative Information
- Amendments to MFRS 112: Deferred Tax related to Assets and Liabilities arising from a Single Transaction
- Amendments to MFRS 101: Disclosure of Accounting Policies
- Amendments to MFRS 108: Definition of Accounting Estimates

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.

**NOTES TO THE QUARTERLY REPORT – 31 MARCH 2023**

**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 2023, except as disclosed in A9.

**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 2023, there was no repurchase and resell of treasury shares. As at 31 March 2023, the Company held 200,000 treasury shares in its books.

**A7. Dividends paid**

There was no dividend paid during the quarter ended 31 March 2023.

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**NOTES TO THE QUARTERLY REPORT – 31 MARCH 2023**

**A8. Segmental information**

	3 months ended	
	31.03.2023	31.03.2022
	RM'000	RM'000
<b>Segment Revenue</b>		
Cement	159,302	136,641
Road maintenance	21,833	36,311
Property development	10,855	20,193
Oiltools	66,957	-
Strategic investments	21,584	22,191
Support services	14,811	13,344
Total revenue including inter-segment sales	295,342	228,680
Elimination of inter-segment sales	(19,675)	(14,638)
	<u>275,667</u>	<u>214,042</u>

	3 months ended	
	31.03.2023	31.03.2022
	RM'000	RM'000
<b>Segment Results</b>		
Operating profit/(loss):		
Cement	37,547	29,153
Road maintenance	(111)	10,037
Property development	938	6,735
Phosphates	(25,699)	(4,075)
Oiltools	4,614	-
Strategic investments	4,495	(47)
Support services	393	836
	<u>22,177</u>	<u>42,639</u>
Corporate expenses	(3,502)	(9,648)
Share of results of associates	14,013	45,716
Share of results of joint ventures	6,575	5,148
Profit before tax	39,263	83,855
Income tax expenses	(11,927)	(10,979)
Profit for the period	<u>27,336</u>	<u>72,876</u>



**NOTES TO THE QUARTERLY REPORT – 31 MARCH 2023**

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

There have been no changes in the composition of the Group for the quarter ended 31 March 2023, except as disclosed:

On 28 February 2023, Samalaju Industries Sdn. Bhd. ("SISB") and Cahya Mata Professionals Sdn Bhd ("Cahya Mata Professionals"), wholly owned subsidiaries of Cahya Mata Sarawak Berhad, had subscribed for a total capital call of RM319,547,819, for a total of 319,547,819 shares in Cahya Mata Phosphates Industries Sdn Bhd ("Cahya Mata Phosphates Industries"). SISB subscribed to 315,649,514 shares via debt conversion of amounts owing by Cahya Mata Phosphates Industries. Cahya Mata Professionals subscribed to 3,898,305 shares via cash injection.

The Group's effective shareholding increased from 60.73% to 80.18% in Cahya Mata Phosphates.

**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 2023		31 December 2022	
	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	327,852	327,852	305,126	305,126
	<u>327,852</u>	<u>327,852</u>	<u>305,126</u>	<u>305,126</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 2023**

**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 2023</b>				
<b>Financial assets</b>				
Investment securities				
- Equity instrument	71,318	-	-	71,318
- Income debt securities	-	146,060	-	146,060
- Redeemable preference shares	-	-	38,383	38,383
Derivative financial assets	-	-	96,650	96,650
	<u>71,318</u>	<u>146,060</u>	<u>135,033</u>	<u>352,411</u>
<b>31 December 2022</b>				
<b>Financial assets</b>				
Investment securities				
- Equity instrument	69,251	-	-	69,251
- Income debt securities	-	143,463	-	143,463
- Redeemable preference shares	-	-	31,672	31,672
Derivative financial assets	-	-	96,650	96,650
	<u>69,251</u>	<u>143,463</u>	<u>128,322</u>	<u>341,036</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 MARCH 2023**

**A11. Capital & other commitments**

The amount of commitments not provided for in the interim financial statements as at 31 March 2023 and 31 December 2022 was as follows:

Capital commitments

	As at 31.03.2023 RM'000	As at 31.12.2022 RM'000
Approved and contracted for:		
- Property, plant and equipment	18,091	46,284
- Intangible assets	304	304
- Investments in redeemable preference shares in joint ventures	13,702	13,702
	<u>32,097</u>	<u>60,290</u>
Approved but not contracted for:		
- Property, plant and equipment	104,135	110,778
- Intangible assets	12,468	13,045
	<u>116,603</u>	<u>123,823</u>
	<u>148,700</u>	<u>184,113</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 2023**

**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 2023 and 31 March 2022 as well as the balances with the related parties as at 31 March 2023 and 31 March 2022:

		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	2023	509	-	-	-
	2022	393	-	-	-
- SACOFA Sdn Bhd	2023	3,587	92	2,074	299
	2022	2,507	105	1,488	-
- OM Materials (Sarawak) Sdn Bhd	2023	-	-	-	-
	2022	2,161	-	12,641	-
- OM Materials (Samalaju) Sdn Bhd	2023	-	-	-	-
	2022	-	-	34,104	-
<b>Joint Ventures:</b>					
- SEDC Resources Group	2023	988	1,248	3,505	13,484
	2022	3,253	4,630	905	14,815
- PPES Works Group	2023	25,293	22,845	53,250	-
	2022	38,634	-	64,570	23
<b>Others</b>					
- Corporate shareholders	2023	-	29,946	-	19,820
	2022	-	476	-	15,531
<b>Key management personnel of the Group:</b>					
- Directors' interests	2023	-	2,276	-	3,189
	2022	-	3,815	-	4,216

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 2023**

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

**B1. Review of performance**

**Year-to-date, 2023 (“PE2023”) vs Year-to-date, 2022 (“PE2022”)**

The Group reported a revenue of RM275.67 million for the three months ended 31 March 2023 ("PE2023"), an increase of 29% in comparison to the preceding year's ("PE2022") revenue of RM214.04 million. Group revenue increased due to higher contributions from the Cement and Oiltools divisions.

The Group's profit before tax ("PBT") from operations dipped to RM39.26 million in comparison to PE2022's PBT of RM83.86 million. The lower PBT stemmed from lower profit contributions from the Road Maintenance, Property Development and Phosphates Division. Profit contributions from associates decreased by 69% to RM14.01 million from PE2022's contribution of RM45.72 million. The Group no longer recognises profits from an associate which was disposed in December 2022.

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

- (a) **Cement Division** - reported a higher revenue of RM159.30 million and PBT of RM37.55 million in PE2023, 17% higher over YE2022's revenue of RM136.64 million and 29% higher than PBT of RM29.15 million. The higher profitability of the division in PE2023 was mainly attributable to an increase in sales.
- (b) **Road Maintenance Division** - reported a loss before tax ("LBT") of RM0.11 million, a decrease of RM10.15 million in comparison to the preceding year's PBT of RM10.04 million. LBT in PE2023 was attributable to a lower revenue recognition as there were delays in Instructed Works contracts. In PE2022, there was also an upward revenue adjustment of RM6.92 million.
- (c) **Property Development Division** - reported a lower PBT of RM0.94 million in PE2023 in comparison to a PBT of RM6.74 million in PE2022. Lower PBT in PE2023 was mainly due to slower sales of properties.
- (d) **Phosphate Division** - Higher loss before tax of RM25.70 million was recorded for PE2023, considerably higher than that of PE2022 loss of RM4.08 million. PE2022 was in a construction phase and most of cost incurred in PE2022 were capitalised. For PE2023, the commissioning costs incurred have been recognised in the statement of comprehensive income.
- (e) **Oiltools Division** - contributed PBT of RM4.61 million in PE2023 to the group results.

**NOTES TO THE QUARTERLY REPORT – 31 MARCH 2023**

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

**Year-to-date, 2023 (“PE2023”) vs Year-to-date, 2022 (“PE2022”) (contd.)**

- (f) **Strategic Investments Division** - reported a PBT of RM4.50 million in PE2023 as compared to LBT of RM0.05 million in PE2022 mainly due to the fair value gain in an investment security of RM 6.71 million in PE2023.
- (g) **Corporate expenses** - lower corporate expenses by RM6.15 million mainly due to a net interest income in PE2023.
- (h) **Share of results of associates** - Profit contributions from associates were lower in PE2023 as compared to PE2022. The Group no longer recognises profits from an associate which was disposed in December 2022.

**Quarter 1, 2023 (“1Q2023”) vs Quarter 1, 2022 (“1Q2022”)**

	1st Qtr 2023 RM'000	1st Qtr 2022 RM'000	Changes %
<b>Continuing operations:</b>			
Revenue	275,667	214,042	29%
Gross profit	63,394	53,335	19%
Share of results of associates	14,012	45,716	(69%)
Share of results of joint ventures	6,574	5,148	28%
Profit before tax	39,263	83,855	(53%)
PATNCI	42,558	72,019	(41%)

Revenue for 1Q2023 increased by 29% compared to 1Q2022 mainly due to contribution from Oiltools Division of RM66.96 million.

The decrease in PBT and PATNCI was mainly attributable by lower share of results of associates by RM31.70 million and the higher LBT recorded by the Phosphates division as it moves to the commissioning phase.

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**NOTES TO THE QUARTERLY REPORT – 31 MARCH 2023**

**B2. Material changes in profit before tax for the quarter (Quarter 1, 2023 vs Quarter 4, 2022)**

	1st Qtr 2023 RM'000	4th Qtr 2022 RM'000	Changes %
<b>Continuing operations</b>			
Revenue	275,667	308,402	(11%)
Gross profit	63,394	40,214	58%
Share of results of associates	14,012	14,270	(2%)
Share of results of joint ventures	6,574	13,669	(52%)
Profit before tax	39,263	90,989	(57%)
PATNCI	42,558	21,184	101%

The Group's PBT in 1Q2023 were lower as compared to 4Q2022. Higher group's PBT in 4Q2022 mainly attributable by a gain on disposal of associates of RM89.02 million.

**B3. Prospects for the year ending 31 December 2023**

The performance of our divisions in 1Q2023 reflects the active infrastructure and rural development works in Sarawak. This is expected to continue for the remainder of financial year 2023.

Our Group of companies are in position to benefit from these developments. The Board of Directors holds a long term view that the Sarawak economy will remain robust.

**B4. Profit forecast or profit guarantee**

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

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**NOTES TO THE QUARTERLY REPORT – 31 MARCH 2023**

**B5. Income tax expense**

	3 months ended	
	31.03.2023	31.03.2022
	RM'000	RM'000
Current income tax:		
- Malaysian and foreign income tax	11,927	10,979
Total income tax expense	<u>11,927</u>	<u>10,979</u>

The effective tax rate for the period ended 31 March 2023 was higher than the statutory tax rate principally due to the losses of certain subsidiaries which cannot be set off against taxable profits made by other subsidiaries.

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

**B6. Corporate proposals**

- (a) There were no other corporate proposals that have been announced but not completed as at the date of this announcement
- (b) Status of Utilisation of Proceeds

Pursuant to the corporate proposal which was duly completed on 6 December 2022 following the full settlement of the disposal consideration by the OM Materials (S) Pte. Ltd, the gross proceeds raised from this disposal was USD120,000,000.

The utilisation of the proceeds as at 31 March 2023 is as set out below:

Purpose	Proposed Utilisation (RM'000)	Actual Utilisation (RM'000)	Balance/ (Deviation) (RM'000)	Intended Timeframe for Utilisation from date of listing of the Corporate Proposal
Future acquisition/ investments	119,707	-	119,707	Within 36 months
Capital expenditure	96,085	130	95,955	Within 24 months
Working capital	239,415	49,577	189,838	Within 24 months
Estimated Expenses	23,622	19,768	3,854	Upon completion of Corporate Proposal



**NOTES TO THE QUARTERLY REPORT – 31 MARCH 2023**

**B7. Loans and borrowings**

	As at 31.03.2023 RM'000	As at 31.12.2022 RM'000
<b>Current</b>		
<b>Secured:</b>		
Revolving credits	39,201	39,065
Term loan	62,724	47,007
Onshore foreign currency loan	76,298	84,948
<b>Unsecured</b>		
Banker's acceptances	59,167	56,894
Revolving credits	10,000	55,000
	<u>247,390</u>	<u>282,914</u>
Structuring and management fee	(927)	(909)
	<u>246,463</u>	<u>282,005</u>
<b>Non-current</b>		
<b>Secured</b>		
Term loan	267,015	258,119
Structuring and management fee	(2,100)	(2,332)
	<u>264,915</u>	<u>255,787</u>
<b>Total</b>	<u>511,378</u>	<u>537,792</u>

Loans and borrowings that are not denominated in Ringgit Malaysia amounted to RM368,112,136 (31 December 2022: RM287,423,677).

**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 2023**

**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 2022.

**B12. Dividend payable**

No interim dividend has been declared for the financial period ended 31 March 2023 (31 March 2022: 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	
	31.03.2023	31.03.2022
Profit net of tax attributable to owners of the Company (RM'000)	42,558	72,019
Weighted average number of ordinary shares in issue ('000)	1,074,176	1,074,176
Effect of dilution from:		
Employees' Share Option Scheme (ESOS) ('000)	-	-
Weighted average number of ordinary shares adjusted for the effect of dilution ('000)	<u>1,074,176</u>	<u>1,074,176</u>
Earnings per share (sen):		
- Basic	3.96	6.70
- Diluted	<u>3.96</u>	<u>6.70</u>

**NOTES TO THE QUARTERLY REPORT – 31 MARCH 2023**

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

The auditors’ report on the financial statements for the year ended 31 December 2022 was not subject to any qualification.

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

	Quarter ended 31.03.2023 RM’000	Financial period ended 31.03.2023 RM’000
Profit for the period is arrived at after charging/(crediting):		
Amortisation of intangible assets	192	192
Depreciation of property, plant and equipment	23,796	23,796
Depreciation of investment properties	80	80
Gain on disposal of property, plant and equipment	(32)	(32)
Proceed on disposal of PPE	46	46
Impairment loss on trade and other receivables	(41)	(41)
Loss on foreign exchange - realised	886	886
Loss on foreign exchange - unrealised	1,381	1,381
Interest expense	3,392	3,392
Interest income	(3,073)	(3,073)
Net fair value changes in investment securities	(8,360)	(8,360)