

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 June 2023

	Note	3 months ended		Changes (%)	6 months ended		Changes (%)
		30.06.2023	30.06.2022		30.06.2023	30.06.2022	
		RM'000	RM'000	RM'000	RM'000		
Revenue	A8	290,523	209,736	39%	566,190	423,778	34%
Cost of sales		(231,748)	(173,382)		(444,021)	(334,089)	
Gross profit		58,775	36,354	62%	122,169	89,689	36%
Other income		21,836	9,785		38,129	12,912	
Administrative expenses		(31,898)	(20,448)		(58,664)	(32,303)	
Selling and marketing expenses		(6,913)	(2,911)		(14,141)	(5,368)	
Other expenses		(23,746)	(17,310)		(47,370)	(19,721)	
Operating profit		18,054	5,470	230%	40,123	45,209	(11%)
Finance costs		(2,524)	(3,555)		(5,916)	(10,303)	
Share of results of associates		15,089	36,902		29,101	82,618	
Share of results of joint ventures		4,708	4,347		11,282	9,495	
Profit before taxation		35,327	43,164	(18%)	74,590	127,019	(41%)
Income tax expense	B5	(8,622)	(8,084)		(20,549)	(19,063)	
Profit for the period		26,705	35,080	(24%)	54,041	107,956	(50%)
Other comprehensive income that may be reclassified to profit or loss in subsequent periods (net of tax):							
Share of other comprehensive income of associates		(1,088)	(2,123)		(1,693)	(179)	
Exchange differences on translation		(27,824)	-		(32,032)	-	
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		(1,550)	(7,235)		517	(7,752)	
Other comprehensive income for the period		(30,462)	(9,358)		(33,208)	(7,931)	
Total comprehensive income for the period		(3,757)	25,722	(115%)	20,833	100,025	(79%)
Profit attributable to:							
Owners of the Company		26,345	39,570	(33%)	68,903	111,589	(38%)
Non-controlling interests		360	(4,490)		(14,862)	(3,633)	
		26,705	35,080		54,041	107,956	
Total comprehensive income attributable to:							
Owners of the Company		4,095	30,282		46,829	103,766	
Non-controlling interests		(7,852)	(4,560)		(25,996)	(3,741)	
		(3,757)	25,722		20,833	100,025	
		sen	sen		sen	sen	
Earnings per share attributable to owners of the Company:							
Basic	B13	2.45	6.70		6.41	10.39	
Diluted		2.45	6.70		6.41	10.39	

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 June 2023

	Note	Unaudited As at 30.06.2023 RM'000	Audited As at 31.12.2022 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment		1,417,430	1,439,436
Land held for property development		195,209	194,969
Investment properties		6,273	5,216
Intangible assets		8,261	6,901
Goodwill		68,485	68,485
Investments in associates		677,860	658,663
Investments in joint ventures		331,090	357,135
Deferred tax assets		6,258	6,258
Other receivables		807	1,511
Investment securities		109,220	100,923
		<u>2,820,893</u>	<u>2,839,497</u>
Current assets			
Property development costs		107,621	107,464
Inventories		514,622	413,999
Trade and other receivables		301,276	243,025
Other current assets		14,782	31,419
Investment securities		148,010	143,463
Derivative financial asset		96,649	96,649
Tax recoverable		12,120	14,932
Cash and bank balances		604,951	965,357
		<u>1,800,031</u>	<u>2,016,308</u>
TOTAL ASSETS		<u>4,620,924</u>	<u>4,855,805</u>
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital		867,902	867,902
Treasury shares		(352)	(352)
Other reserves		(49,875)	(29,506)
Retained earnings		2,384,765	2,388,652
		<u>3,202,440</u>	<u>3,226,696</u>
Non-controlling interests		<u>261,418</u>	<u>250,537</u>
Total equity		<u>3,463,858</u>	<u>3,477,233</u>
Non-current liabilities			
Deferred tax liabilities		80,797	80,797
Loans and borrowings	B7	258,638	255,787
Lease liabilities		31,286	36,573
Trade and other payables		753	1,028
		<u>371,474</u>	<u>374,185</u>
Current liabilities			
Income tax payable		29,742	53,380
Loans and borrowings	B7	249,449	282,005
Lease liabilities		12,935	13,569
Trade and other payables		489,457	652,040
Other current liabilities		4,009	3,393
		<u>785,592</u>	<u>1,004,387</u>
Total liabilities		<u>1,157,066</u>	<u>1,378,572</u>
TOTAL EQUITY AND LIABILITIES		<u>4,620,924</u>	<u>4,855,805</u>
Net assets per share attributable to ordinary owners of the Company (RM)		<u>2.98</u>	<u>3.00</u>

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 30 June 2023

	< ----- Attributable to Owners of the Company ----- >						
	Total equity	< ----- Non-distributable ----- >				Distributable	
		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
At 1 January 2023	3,477,233	3,226,696	867,902	(352)	(29,506)	2,388,652	250,537
Profit net of tax	54,041	68,903	-	-	-	68,903	(14,862)
Other comprehensive income, net of tax	(33,208)	(22,074)	-	-	(22,074)	-	(11,134)
Total comprehensive income	20,833	46,829	-	-	(22,074)	68,903	(25,996)
Transactions with owners:-							
Additional investment in a subsidiary	-	(40,717)	-	-	-	(40,717)	40,717
Grant of equity-settled share options to employees	1,857	1,857	-	-	1,857	-	-
Dividends on ordinary shares	(32,225)	(32,225)	-	-	-	(32,225)	-
Dividends paid to non-controlling interests	(3,840)	-	-	-	-	-	(3,840)
Total transactions with owners	(34,208)	(71,085)	-	-	1,857	(72,942)	36,877
Share of associates' reserves	-	-	-	-	(152)	152	-
At 30 June 2023	3,463,858	3,202,440	867,902	(352)	(49,875)	2,384,765	261,418

Cahaya Mata Sarawak Berhad

(Company No: 21076-T)

Condensed consolidated statement of changes in equity for the period ended 30 June 2022

	< ----- Attributable to Owners of the Company ----- >						Non-controlling interests
	Total equity RM'000	< ----- Non-distributable ----- >		Other reserves RM'000	Distributable Retained earnings RM'000		
Total RM'000		Share capital RM'000	Treasury shares 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	107,956	111,589	-	-	-	111,589	(3,633)
Other comprehensive income, net of tax	(7,931)	(7,823)	-	-	(7,823)	-	(108)
Total comprehensive income	100,025	103,766	-	-	(7,823)	111,589	(3,741)
Transactions with owners:-							
Grant of equity-settled share options to employees	2,279	2,279	-	-	2,279	-	-
Dividends on ordinary shares	(21,484)	(21,484)	-	-	-	(21,484)	-
Dividends paid to non-controlling interests	(1,059)	-	-	-	-	-	(1,059)
Total transactions with owners	(20,264)	(19,205)	-	-	2,279	(21,484)	(1,059)
Share of associates' reserves	-	-	-	-	(112)	112	-
At 30 June 2022	3,312,151	3,097,157	867,902	(352)	16,450	2,213,157	214,994

Cahaya Mata Sarawak Berhad

(Company No: 21076-T)

Condensed consolidated statement of cash flows for the period ended 30 June 2023

	6 months ended 30.06.2023 RM'000	6 months ended 30.06.2022 RM'000
Profit before taxation from continuing operations	74,590	127,019
Adjustments for non-cash items:		
Non-cash items	(13,127)	(44,077)
Operating cash flows before changes in working capital	<u>61,463</u>	<u>82,942</u>
Changes in working capital		
(Increase)/decrease in current assets	(142,474)	27,242
Increase in non-current assets	(240)	-
(Decrease) in current liabilities	(162,764)	(109,235)
(Decrease) in non-current liabilities	(275)	(2,031)
Cash flows used in operations	<u>(244,290)</u>	<u>(1,082)</u>
Interest received	6,330	403
Interest paid	(20,882)	(12,734)
Income tax paid, net of refund	(40,579)	(8,459)
Net cash flows used in operating activities	<u>(299,421)</u>	<u>(21,872)</u>
Investing activities		
Acquisition cost intangible assets	(1,522)	-
Acquisition of property, plant and equipment	(21,064)	(96,465)
Additional investments in investment securities	(1,070)	(52,283)
Distribution of profit from joint ventures	37,326	18,068
Dividends from associates	8,209	14,364
Dividends received from investments	3,101	4,255
Proceeds from disposal of property, plant and equipment	305	170
Proceeds from disposal of investment securities	-	316,302
Advancement of shareholders' loan	-	2,133
Placement of deposits with licensed banks	-	(1,372)
Net cash used in investing activities	<u>25,285</u>	<u>205,172</u>
Financing activities		
Deposit pledged to a licensed bank	(40)	(36)
Drawdown of borrowings	147,241	42,908
Repayments of borrowings	(176,946)	(538,770)
Repayment of lease liabilities	(6,765)	(2,596)
Proceeds from lease receivables	807	844
Dividends paid to shareholders of the Company	(32,225)	(21,484)
Dividends paid to non-controlling interests	(3,840)	(1,059)
Net cash (used in)/from financing activities	<u>(71,768)</u>	<u>(520,193)</u>
Net increase in cash and cash equivalents	(345,904)	(336,893)
Effect of foreign exchange changes in cash and cash equivalents	(14,542)	(33)
Cash and cash equivalents as at 1 January	<u>963,421</u>	<u>540,747</u>
Cash and cash equivalents as at 30 June	<u>602,975</u>	<u>203,821</u>
Cash and cash equivalents as at 30 June comprised the following:		
Cash and short term deposits	604,951	208,878
Less: Deposits pledged to licensed banks	(1,976)	(1,946)
Less: Deposits with maturity of more than three months	-	(3,111)
	<u>602,975</u>	<u>203,821</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 – 30 JUNE 2023

Part A – Explanatory notes pursuant to MFRS 134

A1. Basis of preparation

These condensed consolidated interim financial statements, for the period ended 30 June 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 – 30 JUNE 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 30 June 2023.

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 June 2023, there was no repurchase and resell of treasury shares. As at 30 June 2023, the Company held 200,000 treasury shares in its books.

A7. Dividends paid

There first and final tax exempt (single-tier) dividend of 3.0 sen per ordinary share for the financial year ended 31 December 2022 amounting to RM32,225,281 was paid on 28 June 2023.

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NOTES TO THE QUARTERLY REPORT – 30 JUNE 2023

A8. Segmental information

	3 months ended		6 months ended	
	30.06.2023	30.06.2022	30.06.2023	30.06.2022
	RM'000	RM'000	RM'000	RM'000
Segment Revenue				
Cement	157,486	134,692	316,788	271,333
Road maintenance	25,417	23,777	47,250	60,088
Property development	17,187	23,904	28,042	44,097
Oiltools	71,623	-	138,580	-
Strategic investments	18,502	28,152	40,086	50,524
Support Service	20,345	14,418	35,156	27,581
Total revenue including inter-segment sales	310,560	224,943	605,902	453,623
Elimination of inter-segment sales	(20,037)	(15,207)	(39,712)	(29,845)
Total revenue from continuing operations	290,523	209,736	566,190	423,778

	3 months ended		6 months ended	
	30.06.2023	30.06.2022	30.06.2023	30.06.2022
	RM'000	RM'000	RM'000	RM'000
Segment Results				
Operating profit/(loss):				
Cement	21,961	27,803	59,508	56,956
Road maintenance	3,174	(5,887)	3,063	4,150
Property development	3,095	5,009	4,033	11,744
Phosphate	(29,832)	(13,930)	(55,531)	(18,005)
Oiltools	11,628	-	16,242	-
Strategic investments	11,581	2,356	16,076	2,309
Support Services	845	(2,359)	1,238	(1,523)
	22,452	12,992	44,629	55,631
Corporate expenses	(6,920)	(11,077)	(10,422)	(20,725)
Share of results of associates	15,088	36,902	29,101	82,618
Share of results of joint ventures	4,707	4,347	11,282	9,495
Profit before tax	35,327	43,164	74,590	127,019
Income tax expenses	(8,622)	(8,084)	(20,549)	(19,063)
Profit for the period	26,705	35,080	54,041	107,956

NOTES TO THE QUARTERLY REPORT – 30 JUNE 2023

A9. Changes in composition of the Group

There have been no changes in the composition of the Group for the quarter ended 30 June 2023.

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 June 2023		30 June 2022	
	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	331,848	331,848	328,718	328,718
	<u>331,848</u>	<u>331,848</u>	<u>328,718</u>	<u>328,718</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 JUNE 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
30 June 2023				
Financial assets				
Investment securities				
- Equity instrument	69,768	-	-	69,768
- Income debt securities	-	148,010	-	148,010
- Redeemable preference shares	-	-	39,452	39,452
Derivative financial assets	-	-	96,649	96,649
	<u>69,768</u>	<u>148,010</u>	<u>136,101</u>	<u>353,879</u>

30 June 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>

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 – 30 JUNE 2023

A11. Capital & other commitments

The amount of commitments not provided for in the interim financial statements as at 30 June 2023 and 31 December 2022 was as follows:

Capital commitments

	As at 30.06.2023 RM'000	As at 31.12.2022 RM'000
Approved and contracted for:		
- Property, plant and equipment	44,581	46,284
- Intangible assets	11,759	13,312
- Investments in redeemable preference shares in joint ventures	12,631	13,702
	<u>68,971</u>	<u>73,298</u>
Approved but not contracted for:		
- Property, plant and equipment	104,439	120,677
- Intangible assets	-	37
	<u>104,439</u>	<u>120,714</u>
	<u>173,410</u>	<u>194,012</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 JUNE 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 30 June 2023 and 30 June 2022 as well as the balances with the related parties as at 30 June 2023 and 30 June 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
Associates:					
- Kenanga Investment Bank Bhd	2023	1,110	-	-	-
	2022	1,019	-	-	-
- KKB Engineering Sdn Bhd	2023	3,101	-	-	-
	2022	2,584	-	-	-
- SACOFA Sdn Bhd	2023	3,880	91	2,074	299
	2022	3,521	124	1,488	-
- OM Materials (Sarawak) Sdn Bhd	2023	-	-	-	-
	2022	4,349	-	12,641	-
- OM Materials (Samalaju) Sdn Bhd	2023	-	-	-	-
	2022	746	-	34,104	-
Joint Ventures:					
- SEDC Resources Group	2023	1,709	3,735	3,505	13,484
	2022	5,137	11,689	905	14,815
- PPES Works Group	2023	50,829	33,581	53,250	-
	2022	54,315	44,353	64,570	23
Others					
- Corporate shareholders	2023	-	62,265	-	19,820
	2022	-	76,340	-	15,531
Key management personnel of the Group:					
- Directors' interests	2023	-	4,105	-	3,189
	2022	-	7,043	-	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 – 30 JUNE 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 RM566.19 million for the six months ended 30 June 2023 ("PE2023"), an increase of 34% in comparison to the preceding year's corresponding period's ("PE2022") revenue of RM423.78 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 RM74.59 million in comparison to PE2022's PBT of RM127.02 million. The lower PBT stemmed from lower profit contributions from the Road Maintenance, Property Development and Phosphates Division. Profit contributions from associates decreased by 65% to RM29.10 million from PE2022's contribution of RM82.62 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 RM316.79 million and PBT of RM59.51 million in PE2023, 17% higher over YE2022's revenue of RM271.33 million and 4% higher than PBT of RM56.96 million. The higher profitability of the division in PE2023 was mainly attributable to an increase in sales.
- (b) **Road Maintenance Division** - reported a profit before tax ("LBT") of RM3.06 million, a decrease of RM2.55 million in comparison to the preceding year's PBT of RM4.15 million. Lower PBT was due to lower sales and gross profit recorded in PE2023.
- (c) **Property Development Division** - reported a lower PBT of RM4.03 million in PE2023 in comparison to a PBT of RM11.74 million in PE2022. Lower PBT in PE2023 was mainly due to slower sales of properties.
- (d) **Phosphate Division** - Higher loss before tax of RM55.53 million was recorded for PE2023, higher than that of PE2022 loss of RM18.01 million. PE2022 was in the 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 RM16.24 million in PE2023 to the group results.

NOTES TO THE QUARTERLY REPORT – 30 JUNE 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 RM16.08 million in PE2023 as compared to LBT of RM0.22 million in PE2022 mainly due to the unrealised foreign exchange gain of RM12.91 million and fair value gain in an investment security of RM 6.71 million in PE2023.
- (g) **Corporate expenses** - lower corporate expenses by RM10.33 million mainly due to an increase in the 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 2, 2023 (“2Q2023”) vs Quarter 2, 2022 (“2Q2022”)

	2nd Qtr 2023 RM'000	2nd Qtr 2022 RM'000	Changes %
Continuing operations:			
Revenue	290,523	209,736	39%
Gross profit	58,775	36,354	62%
Share of results of associates	15,089	36,902	(59%)
Share of results of joint ventures	4,708	4,347	8%
Profit before tax	35,327	43,164	(18%)
PATNCI	26,245	39,570	(33%)

Revenue for 2Q2023 increased by 39% compared to 2Q2022 mainly due to contribution from Oiltools Division of RM71.62 million.

The decrease in PBT and PATNCI was mainly attributable by lower share of results of associates by RM21.81 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 – 30 JUNE 2023

B2. Material changes in profit before tax for the quarter (Quarter 2, 2023 vs Quarter 1, 2023)

	2nd Qtr 2023 RM'000	1st Qtr 2023 RM'000	Changes %
Continuing operations			
Revenue	290,523	275,667	5%
Gross profit	58,775	63,394	(7%)
Share of results of associates	15,089	14,012	8%
Share of results of joint ventures	4,708	6,574	(28%)
Profit before tax	35,327	39,263	(10%)
PATNCI	26,345	42,558	(38%)

The Group's revenue increased by 5% in 2Q2023 to RM290.52 million from RM275.67 million in 1Q2023. This was driven by increases across the divisions with the exception of Cement and Strategic Investments division.

The Group's PBT dropped by 10% to RM35.33 million in 2Q2023 from RM39.26 million in 1Q2023. This was mainly attributable by lower gross margin from Cement division in 2Q2023.

B3. Prospects for the year ending 31 December 2023

The first half performance of the Group was impacted by delayed projects, plant commissioning and lower demand for construction products. Despite this, Operating Profit was comparable to the first half of FY2022.

The Board of Directors continues to hold a long-term view that the Sarawak economy will remain robust. Activities for infrastructure and rural development for the remainder of FY2023 is expected to pick-up. Our Group of companies would be in position to benefit from these developments.

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 – 30 JUNE 2023

B5. Income tax expense

	3 months ended		6 months ended	
	30.06.2023	30.06.2022	30.06.2023	30.06.2022
	RM'000	RM'000	RM'000	RM'000
Current income tax:				
- Malaysian income tax	8,622	8,084	20,549	19,063
Total income tax expense	<u>8,622</u>	<u>8,084</u>	<u>20,549</u>	<u>19,063</u>

The effective tax rate for the period ended 30 June 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 30 June 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 July 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	6,314	113,393	Within 36 months
Capital expenditure	96,085	142	95,943	Within 24 months
Working capital	239,415	94,372	145,043	Within 24 months
Estimated Expenses	23,622	19,768	3,854	Upon completion of Corporate Proposal

NOTES TO THE QUARTERLY REPORT – 30 JUNE 2023

B7. Loans and borrowings

	As at 30.06.2023 RM'000	As at 31.12.2022 RM'000
Current		
Secured:		
Revolving credits	40,447	39,065
Term loan	71,175	47,007
Onshore foreign currency loan	110,406	84,948
Unsecured		
Banker's acceptances	18,347	56,894
Revolving credits	10,000	55,000
	<u>250,375</u>	<u>282,914</u>
Structuring and management fee	(926)	(909)
	<u>249,449</u>	<u>282,005</u>
Non-current		
Secured		
Term loan	260,672	258,119
Structuring and management fee	(2,034)	(2,332)
	<u>258,638</u>	<u>255,787</u>
Total	<u>508,087</u>	<u>537,792</u>

Loans and borrowings that are not denominated in Ringgit Malaysia amounted to RM382,515,031 (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.

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 JUNE 2023

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 30 June 2023 (30 June 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		6 months ended	
	30.06.2023	30.06.2022	30.06.2023	30.06.2022
Profit net of tax attributable to owners of the Company (RM'000)	26,345	39,570	68,903	111,589
Weighted average number of ordinary shares in issue ('000)	1,074,176	1,074,176	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)	1,074,176	1,074,176	1,074,176	1,074,176
Earnings per share (sen):				
- Basic	2.45	6.70	6.41	10.39
- Diluted	2.45	6.70	6.41	10.39

NOTES TO THE QUARTERLY REPORT – 30 JUNE 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 30.06.2023 RM’000	Financial period ended 30.06.2023 RM’000
Profit for the period is arrived at after charging/(crediting):		
Amortisation of intangible assets	(29)	162
Depreciation of property, plant and equipment	18,359	42,233
Depreciation of investment properties	38	118
Gain on disposal of property, plant and equipment	(105)	(137)
Proceed on disposal of PPE	139	185
Loss on foreign exchange - realised	930	1,815
Gain on foreign exchange - unrealised	(14,091)	(12,710)
Interest expense	2,524	5,916
Interest income	(3,257)	(6,330)
Net fair value changes in investment securities	(713)	(9,073)