

CAHYA MATA SARAWAK BERHAD

(Company No: 21076-T)
(Incorporated in Malaysia)

Interim Financial Report

Summary of Key Financial Information for the financial period ended 30 September 2023

	Note	3 months ended		Changes (%)	9 months ended		Changes (%)
		30.09.2023	30.09.2022		30.09.2023	30.09.2022	
		RM'000	RM'000	RM'000	RM'000		
Revenue	A8	301,902	278,390	8%	868,092	702,168	24%
Cost of sales		(229,860)	(219,806)		(673,881)	(553,895)	
Gross profit		72,042	58,584	23%	194,211	148,273	31%
Other income		10,373	109,837		48,502	122,749	
Administrative expenses		(38,285)	(16,351)		(96,949)	(48,654)	
Selling and marketing expenses		(7,233)	(3,856)		(21,374)	(9,224)	
Other expenses		(13,511)	(15,908)		(60,881)	(35,629)	
Operating profit		23,386	132,306	(82%)	63,509	177,515	(64%)
Finance costs		(20,271)	(2,893)		(26,187)	(13,196)	
Share of results of associates		13,950	42,225		43,051	124,843	
Share of results of joint ventures		6,628	8,351		17,910	17,846	
Profit before taxation		23,693	179,989	(87%)	98,283	307,008	(68%)
Income tax expense	B5	(18,853)	(26,521)		(39,402)	(45,584)	
Profit for the period		4,840	153,468	(97%)	58,881	261,424	(77%)
Other comprehensive income that may be reclassified to profit or loss in subsequent periods (net of tax):							
Share of other comprehensive income of associates		4,635	35,752		2,942	35,573	
Exchange differences on translation		(14,787)	-		(46,819)	-	
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		3,101	2,067		3,618	(5,685)	
Other comprehensive income for the period		(7,051)	37,819		(40,259)	29,888	
Total comprehensive income for the period		(2,211)	191,287	(101%)	18,622	291,312	(94%)
Profit attributable to:							
Owners of the Company		9,981	154,361	(94%)	78,884	265,950	(70%)
Non-controlling interests		(5,141)	(893)		(20,003)	(4,526)	
		4,840	153,468		58,881	261,424	
Total comprehensive income attributable to:							
Owners of the Company		852	192,132		47,681	295,898	
Non-controlling interests		(3,063)	(845)		(29,059)	(4,586)	
		(2,211)	191,287		18,622	291,312	
		sen	sen		sen	sen	
Earnings per share attributable to owners of the Company:							
Basic	B13	0.93	14.37		7.34	24.76	
Diluted		0.93	14.37		7.34	24.76	

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

Cahaya Mata Sarawak Berhad

(Company No: 21076-T)

Condensed consolidated statement of financial position as at 30 September 2023

	Note	Unaudited As at 30.09.2023 RM'000	Audited As at 31.12.2022 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment		1,396,771	1,439,436
Land held for property development		196,202	194,969
Investment properties		6,223	5,216
Intangible assets		8,267	6,901
Goodwill		68,485	68,485
Investments in associates		696,708	658,663
Investments in joint ventures		335,778	357,135
Deferred tax assets		6,258	6,258
Other receivables		442	1,511
Investment securities		109,397	100,923
		<u>2,824,531</u>	<u>2,839,497</u>
Current assets			
Property development costs		108,003	107,464
Inventories		470,750	413,999
Trade and other receivables		270,286	243,025
Other current assets		14,489	31,419
Investment securities		149,203	143,463
Derivative financial asset		96,649	96,649
Tax recoverable		12,293	14,932
Cash and bank balances		524,489	965,357
		<u>1,646,162</u>	<u>2,016,308</u>
TOTAL ASSETS		<u>4,470,693</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		(55,686)	(29,506)
Retained earnings		2,395,108	2,388,652
		<u>3,206,972</u>	<u>3,226,696</u>
Non-controlling interests		240,019	250,537
Total equity		<u>3,446,991</u>	<u>3,477,233</u>
Non-current liabilities			
Deferred tax liabilities		80,797	80,797
Loans and borrowings	B7	232,488	255,787
Lease liabilities		28,065	36,573
Trade and other payables		747	1,028
		<u>342,097</u>	<u>374,185</u>
Current liabilities			
Income tax payable		24,813	53,380
Loans and borrowings	B7	146,716	282,005
Lease liabilities		12,308	13,569
Trade and other payables		494,193	652,040
Other current liabilities		3,575	3,393
		<u>681,605</u>	<u>1,004,387</u>
Total liabilities		<u>1,023,702</u>	<u>1,378,572</u>
TOTAL EQUITY AND LIABILITIES		<u>4,470,693</u>	<u>4,855,805</u>
Net assets per share attributable to ordinary owners of the Company (RM)		<u>2.99</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 September 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
At 1 January 2023	3,477,233	3,226,696	867,902	(352)	(29,506)	2,388,652	250,537
Profit net of tax	58,881	78,884	-	-	-	78,884	(20,003)
Other comprehensive income, net of tax	(40,258)	(26,439)	-	-	(26,439)	-	(13,819)
Total comprehensive income	18,623	52,445	-	-	(26,439)	78,884	(33,822)
Transactions with owners:-							
Additional investment in a subsidiary	(13,236)	(40,380)	-	-	-	(40,380)	27,144
Grant of equity-settled share options to employees	436	436	-	-	436	-	-
Dividends on ordinary shares	(32,225)	(32,225)	-	-	-	(32,225)	-
Dividends paid to non-controlling interests	(3,840)	-	-	-	-	-	(3,840)
Total transactions with owners	(48,865)	(72,169)	-	-	436	(72,605)	23,304
Share of associates' reserves	-	-	-	-	(177)	177	-
At 30 September 2023	3,446,991	3,206,972	867,902	(352)	(55,686)	2,395,108	240,019

Cahaya Mata Sarawak Berhad

(Company No: 21076-T)

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

	< ----- Attributable to Owners of the Company ----- >						
	Total equity RM'000	< ----- Non-distributable ----- >			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			
At 1 January 2022	3,232,390	3,012,596	867,902	(352)	22,106	2,122,940	219,794
Profit net of tax	261,424	265,950	-	-	-	265,950	(4,526)
Other comprehensive income, net of tax	30,895	30,955	-	-	30,955	-	(60)
Total comprehensive income	292,319	296,905	-	-	30,955	265,950	(4,586)
Transactions with owners:-							
Grant of equity-settled share options to employees	2,225	2,225	-	-	2,225	-	-
Dividends on ordinary shares	(21,484)	(21,484)	-	-	-	(21,484)	-
Dividends paid to non-controlling interests	(1,059)	-	-	-	-	-	(1,059)
Total transactions with owners	(20,318)	(19,259)	-	-	2,225	(21,484)	(1,059)
Acquisition of a subsidiary	54,984	20,496	-	-	20,496	-	34,488
Share of associates' reserves	-	-	-	-	(121)	121	-
At 30 September 2022	3,559,375	3,310,738	867,902	(352)	75,661.00	2,367,527.00	248,637

Cahaya Mata Sarawak Berhad

(Company No: 21076-T)

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

	9 months ended 30.09.2023 RM'000	9 months ended 30.09.2022 RM'000
Profit before taxation from continuing operations	98,283	307,008
Adjustments for non-cash items:		
Non-cash items	(54,908)	(49,224)
Operating cash flows before changes in working capital	<u>43,375</u>	<u>257,784</u>
Changes in working capital		
(Increase) in current assets	(67,335)	(56,202)
(Increase) in non-current assets	(1,233)	-
(Decrease) in current liabilities	(157,594)	(1,955)
(Decrease)/increase in non-current liabilities	(275)	1,205
Cash flows used in operations	<u>(183,062)</u>	<u>200,832</u>
Interest received	8,460	2,871
Interest paid	(26,188)	(15,592)
Income tax paid, net of refund	(65,330)	(10,479)
Net cash flows used in operating activities	<u>(266,120)</u>	<u>177,632</u>
Investing activities		
Acquisition cost intangible assets	(1,604)	-
Acquisition of property, plant and equipment	(15,421)	(172,403)
Additional investments in investment securities	-	(52,743)
Acquisition of subsidiaries non controlling interest	(15,660)	-
Dividends from joint ventures	37,446	18,360
Dividends from associates	8,209	14,366
Dividends received from investments	1,855	4,713
Distribution from joint ventures	1,821	-
Proceeds from disposal of property, plant and equipment	444	5,442
Proceeds from disposal of investment securities	-	316,302
Advancement of shareholders' loan	-	2,133
Placement of deposits with licensed banks	-	(294)
Net cash from investing activities	<u>17,090</u>	<u>135,876</u>
Financing activities		
Deposit pledged to a licensed bank	(1,976)	(36)
Drawdown of borrowings	99,453	161,796
Repayments of borrowings	(258,041)	(618,153)
Repayment of lease liabilities	(10,614)	(7,679)
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 financing activities	<u>(206,436)</u>	<u>(485,771)</u>
Net increase in cash and cash equivalents	(455,466)	(172,263)
Effect of foreign exchange changes in cash and cash equivalents	12,622	(33)
Cash and cash equivalents as at 1 January	<u>965,357</u>	<u>540,747</u>
Cash and cash equivalents as at 30 September	<u><u>522,513</u></u>	<u><u>368,451</u></u>
Cash and cash equivalents as at 30 September comprised the following:		
Cash and short term deposits	524,489	373,508
Less: Deposits pledged to licensed banks	(1,976)	(1,946)
Less: Deposits with maturity of more than three months	-	(3,111)
	<u><u>522,513</u></u>	<u><u>368,451</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 – 30 SEPTEMBER 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 SEPTEMBER 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 September 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 September 2023, there was no repurchase and resell of treasury shares. As at 30 September 2023, the Company held 200,000 treasury shares in its books.

A7. Dividends paid

There was no dividend declared and paid during the quarter ended 30 September 2023.

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NOTES TO THE QUARTERLY REPORT – 30 SEPTEMBER 2023

A8. Segmental information

	3 months ended		9 months ended	
	30.09.2023	30.09.2022	30.09.2023	30.09.2022
	RM'000	RM'000	RM'000	RM'000
Segment Revenue				
Cement	177,125	166,681	493,913	438,014
Road maintenance	27,275	33,044	74,525	93,132
Property development	16,131	37,884	44,173	81,981
Phosphates	-	-	-	-
Oiltools	72,874	22,311	211,454	22,311
Strategic investments	14,766	22,529	54,852	73,053
Support Service	9,231	60,959	33,998	88,540
Total revenue including inter-segment sales	317,402	343,408	912,915	797,031
Elimination of inter-segment sales	(15,500)	(65,018)	(44,823)	(94,863)
Total revenue from continuing operations	301,902	278,390	868,092	702,168

	3 months ended		9 months ended	
	30.09.2023	30.09.2022	30.09.2023	30.09.2022
	RM'000	RM'000	RM'000	RM'000
Segment Results				
Operating profit/(loss):				
Cement	30,990	26,562	90,498	83,518
Road maintenance	2,048	6,715	5,111	10,865
Property development	2,622	14,978	6,655	26,722
Phosphates	(43,566)	(15,553)	(99,097)	(33,558)
Oiltools	9,558	62,975	25,800	62,975
Strategic investments	3,511	36,609	19,587	38,918
Support Services	(141)	2,870	1,098	1,347
	5,022	135,156	49,652	190,787
Corporate expenses	(1,907)	(5,743)	(12,330)	(26,468)
Share of results of associates	13,950	42,225	43,051	124,843
Share of results of joint ventures	6,628	8,351	17,910	17,846
Profit before tax	23,693	179,989	98,283	307,008
Income tax expenses	(18,853)	(26,521)	(39,402)	(45,584)
Profit for the period	4,840	153,468	58,881	261,424

NOTES TO THE QUARTERLY REPORT – 30 SEPTEMBER 2023

A9. Changes in composition of the Group

There have been no changes in the composition of the Group for the quarter ended 30 September 2023, except as disclosed in the following:

On 16 August 2023, the Group completed the acquisition of 10,038,461 ordinary shares, representing 4.81% of the equity interest in Cahya Mata Capital Sdn. Bhd. for a total cash consideration of RM15,659,999, thereby increasing the total equity in this subsidiary from 95.19% to 100%.

A10. Fair value of instruments

(a) Determination of fair value

Set out below is a comparison of the carrying amounts and fair values of the Group's financial instruments, by class, which are not carried at fair value in the financial statements. It does not include those short term/on demand financial assets and financial liabilities where the carrying amounts are reasonable approximation of their fair values:

	30 September 2023		31 December 2022	
	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	316,384	316,384	305,126	305,126
	<u>316,384</u>	<u>316,384</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 – 30 SEPTEMBER 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 September 2023				
Financial assets				
Investment securities				
- Equity instrument	72,869	-	-	72,869
- Income debt securities	-	149,203	-	149,203
- Redeemable preference shares	-	-	36,528	36,528
Derivative financial assets	-	-	96,649	96,649
	<u>72,869</u>	<u>149,203</u>	<u>133,177</u>	<u>355,249</u>
31 December 2022				
Financial assets				
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	-	-	96,649	96,649
	<u>69,251</u>	<u>143,463</u>	<u>128,321</u>	<u>341,035</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 SEPTEMBER 2023

A11. Capital & other commitments

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

Capital commitments

	As at 30.09.2023 RM'000	As at 31.12.2022 RM'000
Approved and contracted for:		
- Property, plant and equipment	44,819	46,284
- Intangible assets	11,677	13,312
- Investments in redeemable preference shares in joint ventures	5,326	13,702
	<u>61,822</u>	<u>73,298</u>
Approved but not contracted for:		
- Property, plant and equipment	111,708	120,677
- Intangible assets	-	37
	<u>111,708</u>	<u>120,714</u>
	<u>173,530</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 SEPTEMBER 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 September 2023 and 30 September 2022 as well as the balances with the related parties as at 30 September 2023 and 30 September 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	1,482	-	-	-
	2022	1,558	-	-	-
- SACOFA Sdn Bhd	2023	3,916	137	2,886	-
	2022	5,016	134	745	-
- OM Materials (Sarawak) Sdn Bhd	2023	-	-	-	-
	2022	6,637	-	12,201	-
- OM Materials (Samalaju) Sdn Bhd	2023	-	-	-	-
	2022	1,171	-	39,185	-
Joint Ventures:					
- SEDC Resources Group	2023	2,752	10,224	500	5,899
	2022	6,906	19,352	1,127	6,906
- PPES Works Group	2023	65,050	-	42,868	-
	2022	81,357	-	29,160	-
Key management personnel of the Group:					
- Directors' interests	2023	-	5,889	50	943
	2022	-	9,885	-	2,775

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 SEPTEMBER 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 RM868.09 million for the nine months ended 30 September 2023 (“PE2023”), an increase of 24% in comparison to the preceding year’s corresponding period’s (“PE2022”) revenue of RM702.17 million. Group revenue increased due to higher contributions from the Cement and Oiltools divisions.

The Group’s profit before tax (“PBT”) from operations was lower at RM98.28 million in comparison to PE2022’s PBT of RM307.01 million. The lower PBT stemmed from the one-off gains from the recognition of negative goodwill of RM62.47 million arising from the acquisition of Oiltools group & reversal of impairment of RM37.69 million on OM Materials investment and loan in PE2022. In addition, profit contributions from associates decreased by 66% to RM43.05 million from PE2022’s contribution of RM124.84 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 RM493.91 million and PBT of RM90.50 million in PE2023, 13% higher over YE2022’s revenue of RM438.01 million and 8% higher than PBT of RM83.52 million. The higher profitability of the division in PE2023 was mainly attributable to the increase in sales of its cement and lower input costs.
- (b) **Road Maintenance Division** - reported a PBT of RM5.11 million, a decrease of RM5.76 million in comparison to the preceding year’s PBT of RM10.87 million. Lower PBT was due to lower sales and reduced gross profit margin recorded in PE2023.
- (c) **Property Development Division** - reported a lower PBT of RM6.66 million in PE2023 in comparison to a PBT of RM26.72 million in PE2022. Lower PBT in PE2023 was mainly due to slower sales of properties and no land sales in PE2023.
- (d) **Phosphate Division** - Loss before tax of RM99.10 million was recorded for PE2023, higher than that of PE2022 loss of RM33.56 million. PE2022 was in the construction phase with most of cost incurred in PE2022 being capitalised. For PE2023, the commissioning and finance related costs incurred have been recognised in the statement of comprehensive income.
- (e) **Oiltools Division** - contributed PBT of RM25.80 million in PE2023 to the group results. In PE2022, there was a recognition of negative goodwill on consolidation amounting to RM62.47 million upon completion of the acquisition on 6 September 2022.

NOTES TO THE QUARTERLY REPORT – 30 SEPTEMBER 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 RM19.59 million in PE2023 as compared to PBT of RM38.92 million in PE2022. In PE2022, there was a reversal of impairment of RM37.69 million on investment and loan to an associate.
- (g) **Corporate expenses** - lower corporate expenses by RM14.14 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 3, 2023 (“3Q2023”) vs Quarter 3, 2022 (“3Q2022”)

	3rd Qtr 2023 RM'000	3rd Qtr 2022 RM'000	Changes %
Continuing operations:			
Revenue	301,902	278,390	8%
Gross profit	72,042	58,584	23%
Share of results of associates	13,950	42,225	(67%)
Share of results of joint ventures	6,628	8,351	(21%)
Profit before tax	23,693	179,989	(87%)
PATNCI	9,981	154,361	(94%)

Revenue for 3Q2023 increased by 8% compared to 3Q2022 mainly due to contribution from Oiltools Division of RM50.56 million.

The decrease in PBT and PATNCI was mainly attributable by one-off gains in PE2022 from the recognition of negative goodwill of RM62.47 million, reversal of impairment of RM37.69 million on OM Materials investment and loan, lower share of results of associates by RM28.28 million in PE2023 and the higher LBT recorded by the Phosphates division as it moves to the commissioning phase.

NOTES TO THE QUARTERLY REPORT – 30 SEPTEMBER 2023

B2. Material changes in profit before tax for the quarter (Quarter 3, 2023 vs Quarter 2, 2023)

	3rd Qtr 2023 RM'000	2nd Qtr 2023 RM'000	Changes %
Continuing operations			
Revenue	301,902	290,523	4%
Gross profit	72,042	58,775	23%
Share of results of associates	13,950	15,089	(8%)
Share of results of joint ventures	6,628	4,708	41%
Profit before tax	23,693	35,327	(33%)
PATNCI	9,981	26,345	(62%)

The Group's revenue increased by 4% in 3Q2023 to RM301.90 million from RM290.52 million in 2Q2023. This was mainly driven by higher sales from Cement Division.

The Group's PBT dropped by 33% to RM23.69 million in 3Q2023 from RM35.33 million in 2Q2023. This was mainly attributable by higher finance costs incurred by Phosphates Division.

B3. Prospects for the year ending 31 December 2023

The Group's performance for the first nine months have been within expectations, with the exception of Phosphates where operation was deferred. We expect the remainder of the year to be similar to the performances of previous quarters.

The Board of Directors continue to hold a positive view of the Sarawak economy, which augurs well for the Group as our businesses are well placed to benefit from the expected 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 SEPTEMBER 2023

B5. Income tax expense

	3 months ended		9 months ended	
	30.09.2023	30.09.2022	30.09.2023	30.09.2022
	RM'000	RM'000	RM'000	RM'000
Current income tax:				
- Malaysian income tax	18,853	26,521	39,402	45,584
Total income tax expense	18,853	26,521	39,402	45,584

The effective tax rate for the period ended 30 September 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 October 2023 is 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	26,436	93,271	Within 36 months
Capital expenditure	96,085	13,153	82,932	Within 24 months
Working capital	239,415	120,887	118,528	Within 24 months
Estimated Expenses	23,622	19,768	3,854	Upon completion of Corporate Proposal

NOTES TO THE QUARTERLY REPORT – 30 SEPTEMBER 2023

B7. Loans and borrowings

	As at 30.09.2023 RM'000	As at 31.12.2022 RM'000
Current		
Secured:		
Revolving credits	23,460	39,065
Term loan	82,276	47,007
Onshore foreign currency loan	31,905	84,948
Unsecured		
Banker's acceptances	-	56,894
Revolving credits	10,000	55,000
	147,641	282,914
Structuring and management fee	(925)	(909)
	146,716	282,005
Non-current		
Secured		
Term loan	234,108	258,119
Structuring and management fee	(1,620)	(2,332)
	232,488	255,787
Total	379,204	537,792

Loans and borrowings that are not denominated in Ringgit Malaysia amounted to RM316,669,989 (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 SEPTEMBER 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, except as disclosed in the following:

Via Notice of Arbitration dated 25.05.2023, one of the shareholder of Cahya Mata Phosphates Industries Sdn Bhd ("CMPI"), Malaysian Phosphate Venture Sdn Bhd ("MPV") sought to commence arbitration proceeding against both CMPI and Samalaju Industries Sdn Bhd ("SISB") and subsequently on 13.10.2023, MPV had through its solicitor, Messrs Harold, Lam Partnership Advocates and Solicitors, served its Statement of Claim and its Bundle of Documents on Messrs Murali Sangaran, the solicitor acting for and on behalf of CMPI and SISB.

This is an arbitration arising from a shareholder agreement dispute between the shareholders of CMPI, namely MPV and SISB. In this arbitration, MPV is alleging minority oppression and claiming for an order that SISB purchase MPV's 86,856,800 shares at the price of RM86,856,800 and other damages (to be assessed) against SISB and CMPI.

The current status of the case is that given the relief sought are that which are available for minority oppression under the Companies Act 2016, SISB and CMPI have filed an application to challenge the jurisdiction of the arbitral tribunal to administer and arbitrate this dispute. The parties are waiting for the tribunal to render further directions pertaining to hearing of the jurisdictional challenge

B12. Dividend payable

No interim dividend has been declared for the financial period ended 30 September 2023 (30 September 2022: Nil).

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NOTES TO THE QUARTERLY REPORT – 30 SEPTEMBER 2023

B13. Earnings per share

Basic earnings per share amounts are calculated by dividing profit for the period, net of tax, attributable to the owners of the Company by the weighted average number of ordinary shares outstanding, which takes into account the weighted average effect of changes in treasury shares transactions during the period.

Diluted EPS is calculated by dividing the profit attributable to ordinary equity holders of the parent (after adjusting for Employees' Share Option Scheme (ESOS)) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

The following reflect the profit and share data used in the computation of basic earnings per share:

	3 months ended		9 months ended	
	30.09.2023	30.09.2022	30.09.2023	30.09.2022
Profit net of tax attributable to owners of the Company (RM'000)	9,981	154,361	78,884	265,950
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)	<u>1,074,176</u>	<u>1,074,176</u>	<u>1,074,176</u>	<u>1,074,176</u>
Earnings per share (sen):				
- Basic	0.93	14.37	7.34	24.76
- Diluted	<u>0.93</u>	<u>14.37</u>	<u>7.34</u>	<u>24.76</u>

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.

NOTES TO THE QUARTERLY REPORT – 30 SEPTEMBER 2023

B15. Additional disclosure on profit for the period

	Quarter ended 30.09.2023 RM'000	Financial period ended 30.09.2023 RM'000
Profit for the period is arrived at after charging/(crediting):		
Amortisation of intangible assets	80	242
Depreciation of property, plant and equipment	15,814	58,047
Depreciation of investment properties	23	141
Gain on disposal of property, plant and equipment	(137)	(274)
Proceed on disposal of PPE	259	444
(Loss)/Gain on foreign exchange - realised	(762)	1,053
Gain on foreign exchange - unrealised	(149)	(12,561)
Interest expense	20,271	26,187
Interest income	(2,130)	(8,460)
Net fair value changes in investment securities	11,423	2,350