



SAM ENGINEERING & EQUIPMENT (M) BERHAD

(Incorporated in Malaysia)

UNAUDITED INTERIM FINANCIAL REPORT FOR QUARTER ENDED 31 MARCH 2022

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SAM ENGINEERING & EQUIPMENT (M) BERHAD

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2022 (The figures have not been audited)

	Note	As at 31-Mar-22 RM'000	As at 31-Mar-21 RM'000 (Audited)
Assets			
Property, plant and equipment		295,907	313,883
Right-of-use assets		35,315	42,770
Intangible assets		10,706	12,641
Deferred tax assets		4,796	2,132
Prepayments		22,712	2,943
Total non-current assets		<u>369,436</u>	<u>374,369</u>
Inventories		335,095	176,501
Contract assets		150,335	134,585
Trade and other receivables		316,639	234,386
Derivative financial assets	24	147	41
Current tax assets		4,446	11
Cash and bank balances		31,063	16,107
Total current assets		<u>837,725</u>	<u>561,631</u>
Total assets		<u>1,207,161</u>	<u>936,000</u>
Equity			
Share capital		213,967	212,731
Reserves		480,718	413,713
Equity attributable to owners of the Company		<u>694,685</u>	<u>626,444</u>
Liabilities			
Loans and borrowings	23	5,852	12,428
Lease liabilities		20,408	26,638
Deferred income		8,266	1,051
Provisions		193	220
Deferred tax liabilities		13,471	6,904
Total non-current liabilities		<u>48,190</u>	<u>47,241</u>
Loans and borrowings	23	205,188	77,840
Lease liabilities		7,059	7,548
Deferred income		1,606	4,288
Trade and other payables		230,013	151,292
Contract liabilities		615	1,268
Derivative financial liabilities	24	872	1,213
Provisions		7,767	8,566
Current tax liabilities		11,166	10,300
Total current liabilities		<u>464,286</u>	<u>262,315</u>
Total liabilities		<u>512,476</u>	<u>309,556</u>
Total equity and liabilities		<u>1,207,161</u>	<u>936,000</u>
Net assets per share (sen) *		<u>128</u>	<u>116</u>

* Comparative figures are adjusted to reflect the bonus issue which was completed on 3 March 2022.

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 31 March 2021.
The accompanying notes form an integral part of this interim report.

SAM ENGINEERING & EQUIPMENT (M) BERHAD
 (Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
 COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2022**

(The figures have not been audited)

	Note	Current Quarter 3 months ended		Cumulative Quarter 12 months ended	
		31-Mar-22	31-Mar-21	31-Mar-22	31-Mar-21
		RM'000	RM'000	RM'000	RM'000
Revenue		358,928	276,425	1,147,645	873,681
Cost of sales		(320,241)	(246,637)	(1,018,883)	(786,856)
Gross profit		38,687	29,788	128,762	86,825
Other operating income		10,949	2,401	25,681	25,520
Distribution and administrative expenses		(17,049)	(8,739)	(44,771)	(32,290)
Net gain on impairment of financial instruments					
contract assets		1,130	8,001	537	8,121
Other operating expenses		(3,361)	(2,494)	(7,339)	(4,438)
Net finance costs		(705)	(534)	(2,419)	(2,775)
Profit before tax		29,651	28,423	100,451	80,963
Income tax expense	21	(7,889)	(4,721)	(24,996)	(22,149)
Profit for the year	9	21,762	23,702	75,455	58,814
Items that are or may be reclassified subsequently to profit and loss					
Cash flow hedge		(106)	(1,379)	(1,219)	601
Foreign currency translation differences		(4,556)	12,952	8,488	(24,612)
		(4,662)	11,573	7,269	(24,011)
Total comprehensive income for the year		17,100	35,275	82,724	34,803
Profit attributable to:					
Owners of the Company		21,762	23,702	75,455	58,814
Total comprehensive income attributable to:					
Owners of the Company		17,100	35,275	82,724	34,803
Earnings per share					
Basic/Diluted earnings per ordinary share (sen)	27	4.02	4.55	13.94	11.04

* Comparative figures are adjusted to reflect the bonus issue which was completed on 3 March 2022.

The Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 March 2021.

The accompanying notes form an integral part of this interim report.

SAM ENGINEERING & EQUIPMENT (M) BERHAD

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2022

(The figures have not been audited)

	<----- Non Distributable ----->				Distributable	Total Equity
	Share Capital	Employees' Share Grant Scheme Reserve	Hedging Reserve	Translation Reserve	Retained Earnings	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 April 2020	212,731	664	(637)	93,872	303,258	609,888
Total comprehensive income/(expense) for the year	-	-	601	(24,612)	59,699	35,688
Transactions with owners of the Company						
- Dividends to owners of the Company (Note 8)	-	-	-	-	(19,951)	(19,951)
- Share-based payment transactions	-	819	-	-	-	819
	-	819	-	-	(19,951)	(19,132)
At 31 March 2021	<u>212,731</u>	<u>1,483</u>	<u>(36)</u>	<u>69,260</u>	<u>343,006</u>	<u>626,444</u>
At 1 April 2021	212,731	1,483	(36)	69,260	343,006	626,444
Total comprehensive income/(expense) for the year	-	-	(1,219)	8,488	75,455	82,724
Transactions with owners of the Company						
- Issuance of shares pursuant to Employees' Share Grant Scheme	1,236	(1,236)	-	-	-	-
- Dividends to owners of the Company (Note 8)	-	-	-	-	(14,929)	(14,929)
- Share-based payment transactions	-	446	-	-	-	446
	1,236	(790)	-	-	(14,929)	(14,483)
At 31 March 2022	<u>213,967</u>	<u>693</u>	<u>(1,255)</u>	<u>77,748</u>	<u>403,532</u>	<u>694,685</u>

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the financial year ended 31 March 2021. The accompanying notes form an integral part of this interim report.

SAM ENGINEERING & EQUIPMENT (M) BERHAD
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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR
ENDED 31 MARCH 2022**

(The figures have not been audited)

	Year Ended	
	31-Mar-22 RM'000	31-Mar-21 RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	100,451	81,848
Adjustments for:		
Accretion of interest on lease liabilities	1,256	1,718
Amortisation of intangible assets	2,733	2,769
Amortisation of government grants	(10,908)	(2,216)
Depreciation of property, plant and equipment	48,493	43,570
Depreciation of right-of-use assets	8,950	8,211
Employees' Share Grant Scheme expenses	446	819
Fair value gain on derivatives	(1,695)	(2,044)
Gain on derecognition of right-of-use assets	-	(4)
Gain on disposal of plant and equipment	(146)	(222)
Interest expenses	1,191	1,098
Interest income	(28)	(41)
Net gain on impairment on		
- trade receivables	(462)	(5,801)
- contract assets	(75)	(2,320)
Property, plant and equipment written off	38	15
Provision for warranties	1,270	2,575
Reversal of provision for warranties	(2,168)	(1,970)
Reversal of provision for onerous contract	(33)	(109)
Operating profit before changes in working capital	149,313	127,896
Changes in working capital :		
Trade and other receivables	(81,748)	(6,149)
Inventories	(158,828)	(30,872)
Contract assets	(15,675)	7,094
Trade and other payables	78,346	12,977
Contract liabilities	(653)	(3,301)
Provisions	209	(488)
Deferred income	1,860	2,287
Cash (used in)/generated from operations	(27,176)	109,444
Income tax paid	(25,015)	(22,656)
Net cash (used in)/generated from operating activities	(52,191)	86,788

SAM ENGINEERING & EQUIPMENT (M) BERHAD

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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2022 (CONT'D)

(The figures have not been audited)

	Year Ended	
	31-Mar-22	31-Mar-21
	RM'000	RM'000
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(47,708)	(48,385)
Purchase of intangible assets	(680)	(2,063)
Interest received	28	41
Proceeds from disposal of property, plant and equipment	147	222
Receipt of capital grant from government	13,593	-
Net cash used in investing activities	<u>(34,620)</u>	<u>(50,185)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Dividends paid	(14,929)	(19,951)
Interest paid	(2,447)	(2,816)
Repayment of term loans	(6,490)	(7,780)
Drawdown of other borrowings	127,262	15,809
Payment of lease liabilities	(8,192)	(6,848)
Net cash generated from/(used in) financing activities	<u>95,204</u>	<u>(21,586)</u>
Net increase in cash and cash equivalents	8,393	15,017
Cash and cash equivalents at beginning of period	16,107	14,792
Effect of exchange rate fluctuations	6,563	(13,702)
Cash and cash equivalents at end of period	<u><u>31,063</u></u>	<u><u>16,107</u></u>

Cash and cash equivalents at the end of the financial period comprise the following:

Cash and bank balances	<u><u>31,063</u></u>	<u><u>16,107</u></u>
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The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 31 March 2021.
 The accompanying notes form an integral part of this interim report.

SAM ENGINEERING & EQUIPMENT (M) BERHAD
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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORT
(The figures have not been audited)

1. Basis of preparation

The condensed consolidated interim financial report is unaudited and has been prepared in accordance with MFRS 134, Interim Financial Reporting Standards in Malaysia, IAS 34, Interim Financial Reporting and applicable disclosure provisions of the Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial report should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 March 2021. These explanatory notes attached to the condensed consolidated interim financial report provide an explanation of the events and transactions that are significant to the understanding of the changes in the financial position and performance of the Group since the financial year ended 31 March 2021.

2. Significant accounting policies

The interim report of the Group has been prepared in accordance with Malaysian Financial Reporting Standards (“MFRSs”), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

The following are accounting standards, interpretations and amendments of the MFRSs that have been issued by the Malaysian Accounting Standards Board (“MASB”) but have not been adopted by the Group and the Company:

MFRSs and amendments effective for annual periods beginning on or after 1 January 2022

- Amendments to MFRS 1, First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2018–2020)
- Amendments to MFRS 3, Business Combinations – Reference to the Conceptual Framework
- Amendments to MFRS 9, Financial Instruments (Annual Improvements to MFRS Standards 2018–2020)
- Amendments to Illustrative Examples accompanying MFRS 16, Leases (Annual Improvements to MFRS Standards 2018–2020)
- Amendments to MFRS 116, Property, Plant and Equipment – Proceeds before Intended Use
- Amendments to MFRS 137, Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts – Cost of Fulfilling a Contract
- Amendments to MFRS 141, Agriculture (Annual Improvements to MFRS Standards 2018–2020)

2. Significant accounting policies (Cont'd)

MFRSs and amendments effective for annual periods beginning on or after 1 January 2023

- MFRS 17, Insurance Contracts
- Amendments to MFRS 101, Presentation of Financial Statements – Classification of Liabilities as Current or Non-current and Disclosures of Accounting Policies
- Amendments to MFRS 108, Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates
- Amendments to MFRS 112, Income Taxes – Deferred Tax related to Assets and Liabilities arising from a Single Transaction
- Amendments to MFRS 17, Insurance Contracts – Initial Application of MFRS 17 and MFRS 9 – Comparative Information

MFRSs and amendments effective for annual periods beginning on or after a date yet to be confirmed

- Amendments to MFRS 10, Consolidated Financial Statements and MFRS 128, Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associates or Joint Venture

The Group plan to apply the abovementioned amendments, where applicable, in the respective financial years when the abovementioned amendments become effective.

The Group do not plan to apply MFRS 17, Insurance Contracts that is effective for annual periods beginning on or after 1 January 2023 as it is not applicable to the Group.

The initial application of the amendments is not expected to have any material financial impacts to the current period and prior period financial statements of the Group.

3. Audit opinion

The audit report for the audited financial statements of the Group for the financial year ended 31 March 2021 was not subject to any qualification.

4. Seasonality or cyclical of interim operations

The Group's operation is dependent on the cyclical trend of the semiconductors and electronics industries.

5. Unusual items due to their nature, size or incidence

There were no unusual items affecting assets, liabilities, equity, net income or cash flows during the current quarter.

6. Changes in estimates

There were no changes in estimates that have material effect in the current quarter.

7. Debt and equity securities

On 7 April 2021, 182,930 new ordinary shares of the Company were allotted to the eligible employees of the Company pursuant to Employees' Share Grant Scheme at the issue price of RM6.7543 per share. Consequently, the total issued share capital of the Company has increased from 135,166,967 to 135,349,897.

On 3 March 2022, the Company has issued 406,049,691 of bonus shares on the basis of three (3) bonus shares for every one (1) existing share of the Company.

Saved as disclosed above, there were no issuances, cancellations, repurchases, resale and repayment of debt and equity securities for the financial year ended 31 March 2022.

8. Dividends

A single tier first interim dividend of 2.76 sen per ordinary share (after adjusting for bonus issue exercise on 3 March 2022) totaling RM14.9 million for the financial year ended 31 March 2021 was paid on 18 August 2021.

In preceding year, a single tier first interim dividend of 3.69 sen per ordinary share (after adjusting for bonus issue exercise on 3 March 2022) totaling RM20.0 million for the financial year ended 31 March 2020 was paid on 26 August 2020.

9. Profit for the year

Profit for the year is arrived at after charging/ (crediting):

	Current Quarter 3 months ended		Cumulative Quarter 12 months ended	
	31-Mar-22	31-Mar-21	31-Mar-22	31-Mar-21
	RM'000	RM'000	RM'000	RM'000
Accretion of interest on lease liabilities	277	326	1,256	1,718
Amortisation of intangible assets	653	918	2,733	2,769
Depreciation of property, plant and equipment	12,610	11,226	48,493	43,570
Depreciation of right-of-use assets	2,242	2,057	8,950	8,211
Fair value (gain)/loss on derivatives	(671)	1,247	(1,695)	(2,044)
Foreign exchange loss/(gain)	1,295	(779)	2,556	948
Gain on disposal of property, plant and equipment	(1)	(95)	(146)	(222)
Gain on derecognition of right-of-use assets	-	(4)	-	(4)
Government grants and subsidies	(6,283)	810	(13,128)	(17,095)
Interest expense	433	215	1,191	1,098
Interest income	(5)	(7)	(28)	(41)
Net gain on impairment of financial instruments and contract assets	(1,130)	(8,001)	(537)	(8,121)
Other income	(3,963)	(3,218)	(10,712)	(7,040)
Property, plant and equipment written off	1	10	38	15
Write down/(back) of inventories	2,037	(405)	7,265	425

10. Operating segments

Segment information is presented in respect of the Group's business segments, which is based on the Company's management and internal reporting structure. Inter-segment pricing is determined based on negotiated terms.

	Aerospace RM'000	Equipment RM'000	Eliminations RM'000	Consolidated RM'000
Revenue				
Revenue from external customers	251,789	895,856	-	1,147,645
Inter-segment revenue	3,088	-	(3,088)	-
	<u>254,877</u>	<u>895,856</u>	<u>(3,088)</u>	<u>1,147,645</u>
Results				
(Loss)/Profit before tax (segment profit)	<u>(11,662)</u>	<u>112,113</u>	<u>-</u>	<u>100,451</u>
Included in the measure of segment (loss)/profit are:				
- Write-down of inventories	(2,819)	(4,446)	-	(7,265)
- Depreciation and amortisation	(49,146)	(11,030)	-	(60,176)
- Amortisation of government grants	(10,908)	-	-	(10,908)
- Gain on disposal of property, plant and equipment	144	2	-	146
- Net (loss)/gain on impairment of financial instruments and contract assets	<u>(380)</u>	<u>917</u>	<u>-</u>	<u>537</u>

11. Property, plant and equipment

Property, plant and equipment amounting to RM47.7 million were acquired during the financial year ended 31 March 2022 (financial year ended 31 March 2021: RM48.4 million).

There were disposals of property, plant and equipment with net book value of RM1,000 during the financial year ended 31 March 2022 (financial year ended 31 March 2021: Nil).

12. Subsequent events

There were no material events subsequent to the end of the current quarter.

13. Changes in the composition of the Group

There were no changes in the composition of the Group during the current quarter.

14. Contingent liabilities

There is no contingent liability since the date of the last annual statement of financial position.

15. Capital commitments

	31-Mar-22 RM'000	31-Mar-21 RM'000
Contracted but not provided for	59,523	5,455

16. Significant related party transactions

Significant transactions with related parties are as follows:

	12 months ended 31-Mar-22 RM'000
<u>Provision of goods/ services to related parties</u>	
Sale of aerospace parts and other precision tools	14,908
Sale of fabrication, machining services and special process services	4,023
Provision of corporate management services, engineering and administrative services	597
<u>Purchase of goods/ services from related parties</u>	
Rental of office, factory premises and machines	5,731
Purchase of fabrication/ machining / special process services	3,152
Purchase of corporate management services, engineering & administrative services	5,892
Purchase of fabrication and machining parts and components	1,032

17. Review of performance

	Current	Immediate	Changes
	Quarter Ended	Preceding Quarter Ended	
	31-Mar-22	31-Dec-21	
	RM'000	RM'000	RM'000
Revenue	358,928	351,113	7,815
Operating profit	30,356	34,119	(3,763)
Profit before interest and tax	30,361	34,129	(3,768)
Profit before tax	29,651	33,460	(3,809)
Profit for the period	21,762	25,201	(3,439)
Profit attributable to Owners of the Company	21,762	25,201	(3,439)

The increase in Group revenue of RM7.8 million was due to the increase in revenue from the Aerospace and Equipment segments of RM1.7 million and RM6.1 million respectively. The higher revenue from the Aerospace segment was due to increase in sales of casing and aerostructures products. For the Equipment segment, the higher revenue was mainly due to increase in demand from the semiconductor and data storage customers.

The decrease in Group profit before tax of RM3.8 million was attributable to lower profit from the Aerospace and Equipment segments of RM1.6 million and RM2.2 million respectively. The lower profit contribution for Aerospace segment was mainly due to escalation of employment costs causing by competitive job market condition and higher utility expenses due to surge in electricity tariff offset with higher government grants. The profit before tax for Equipment segment was lower mainly due to escalation of employment costs and start-up cost in Thailand.

18. Variation of results against immediate preceding year's corresponding quarter and cumulative quarter

	Current Quarter 3 months ended			Cumulative Quarter 12 months ended		
	31-Mar-22	31-Mar-21	Changes	31-Mar-22	31-Mar-21	Changes
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	358,928	276,425	82,503	1,147,645	873,681	273,964
Operating profit	30,356	29,842	514	102,870	84,623	18,247
Profit before interest and tax	30,361	29,849	512	102,898	84,664	18,234
Profit before tax	29,651	29,308	343	100,451	81,848	18,603
Profit for the period	21,762	24,587	(2,825)	75,455	59,699	15,756
Profit attributable to Owners of the Company	21,762	24,587	(2,825)	75,455	59,699	15,756

Current quarter compared with immediate preceding year's corresponding quarter

The increase in Group revenue of RM82.5 million was due to the increase in revenue from the Aerospace and Equipment segments of RM23.7 million and RM58.8 million respectively. The higher revenue from the Aerospace segment was mainly due to increase in sales of casing and aerostructures products. For the Equipment segment, the higher revenue was mainly due to increase in demand from the semiconductor and data storage customers.

The increase in Group profit before tax of RM0.3 million was attributable to the higher profit contribution from Aerospace segment of RM2.4 million offset by lower profit contribution from Equipment segment of RM2.1 million. The higher profit contribution from Aerospace segment was mainly due to higher sales and higher government grants offset with escalation of employment costs causing by competitive job market condition and higher net loss on impairment financial instruments and contract assets. The lower profit contribution from Equipment segment was mainly due to escalation of employment costs, start-up cost in Thailand and higher net loss on impairment financial instruments and contract assets.

Current cumulative quarter compared with immediate preceding year's cumulative quarter

The increase in Group revenue of RM273.9 million was due to the increase in revenue from the Aerospace and Equipment segments of RM79.9 million and RM194.0 million respectively. The higher revenue from the Aerospace segment was mainly due to increase in sales of casing and aerostructures products. For the Equipment segment, the higher revenue was mainly due to increase in demand from the semiconductor and data storage customers.

The increase in Group profit before tax of RM18.6 million was attributable to the higher profit contribution from Aerospace and Equipment segments of RM10.5 million and RM8.1 million respectively. The higher profit contribution from Aerospace segment was due to higher sales offset by lower government grants and escalation of employment costs. The profit before tax for Equipment segment was higher mainly due to higher sales offset by escalation of employment costs and start-up cost in Thailand.

19. Current year prospects

The International Air Transport Association reported that global air passenger travel in February 2022 has gradually recovered to 54.5% of pre-pandemic level (2019), largely led by domestic travel. With many countries opening up their borders, we are seeing strong demand for our A320neo and A220 aircraft products.

The mega trends over recent years in digitalisation and electrifications has spurred growth in cloud computing, 5G telecommunications, artificial intelligence (AI) and electric vehicles. This has led to soaring demands for semiconductor chips and storage devices. We are investing to enhance production capacities in Malaysia and Thailand to meet customers' increasing demands.

The recent Russia-Ukraine conflict and shutdown of some cities in China due to Covid-19 pandemic have created challenges to the global supply chain and market analysts are speculating negative impact to global economies. We continue to monitor the situation and are working closely with our customers and suppliers to mitigate all the related risks.

20. Profit forecast and profit guarantee

No profit forecast or profit guarantee has been issued by the Group.

21. Taxation

	Current Quarter 3 months ended		Cumulative Quarter 12 months ended	
	31-Mar-22 RM'000	31-Mar-21 RM'000	31-Mar-22 RM'000	31-Mar-21 RM'000
Current period				
- income tax	2,062	6,098	25,196	23,467
- deferred tax	2,652	(2,020)	(2,734)	(2,531)
	<u>4,714</u>	<u>4,078</u>	<u>22,462</u>	<u>20,936</u>
Prior period				
- provision for taxation	(4,037)	272	(4,037)	965
- deferred tax	7,212	371	6,571	248
	<u>7,889</u>	<u>4,721</u>	<u>24,996</u>	<u>22,149</u>

The effective tax rate excluding prior period provisions for the Group is lower than the statutory tax rate mainly due to the non-taxable income in the current quarter and financial year-to-date.

22. Corporate proposals

On 6 January 2022, the Company announced that it proposed to undertake a proposed bonus issue of up to 406,049,691 new ordinary shares in SAM Engineering & Equipment (M) Berhad (SAMEE Share(s)) (“Bonus Shares”) on the basis of 3 Bonus Shares for every 1 existing SAMEE Share (“Proposed Bonus Issue”). Proposed Bonus Issue has been completed on 3 March 2022.

Save as above, there were no other corporate proposals made for the financial period ended 31 March 2022.

23. Borrowings and debt securities

The Group’s total bank borrowings as at 31 March 2022 are as follows: -

	As at 31-Mar-22		As at 31-Mar-21	
	Unsecured RM’000	Total RM’000	Unsecured RM’000	Total RM’000
Short term borrowings				
Revolving credits	198,452	198,452	71,190	71,190
Term loan - variable rate	6,736	6,736	6,650	6,650
Long term borrowings				
Term loan - variable rate	5,852	5,852	12,428	12,428
Total borrowings	<u>211,040</u>	<u>211,040</u>	<u>90,268</u>	<u>90,268</u>

		As at 31-Mar-22		As at 31-Mar-21	
		Foreign Currency '000	RM Equivalent RM’000	Foreign Currency '000	RM Equivalent RM’000
Short Term Borrowings					
Unsecured	USD	48,802	205,188	USD	18,752
Long term borrowings					
Unsecured	USD	1,392	5,852	USD	2,994
Total borrowings			<u>211,040</u>		<u>90,268</u>

The Group’s total borrowings increased from RM90.3 million as at 31 March 2021 to RM211.0 million as at 31 March 2022 mainly due to the increase in utilisation of short term banking facilities to finance the increase in working capital.

24. Derivative financial instruments

	As at 31-Mar-22	
	Contract/ Notional RM'000	Fair value RM'000
Foreign exchange contracts		
- Less than 1 year	<u>145,337</u>	<u>(725)</u>

The foreign exchange contracts were entered into to hedge exposures to currency risk on working capital and capital expenditure requirements.

There is no significant change in the associated credit, market and liquidity risks and the policies for mitigating or controlling these risks. Furthermore, there is no significant change in the cash requirement and accounting policies relating to derivative financial instruments.

The fair value of the derivative financial instruments is estimated using inputs other than quoted prices that are observable for the derivative financial instruments. The gain/loss arising from the fair value changes of the derivative financial instruments as a result of fluctuation in these inputs is as disclosed in Note 9 above.

25. Material litigation

There was no pending material litigation as at the date of this report.

26. Dividend payable and distributable

For the financial year ended 31 March 2022, an interim single tier dividend of 3.50 sen per ordinary share has been declared on 24 May 2022 and will be paid on 18 August 2022 to depositors who are registered in the Records of Depositors at the close of business on 22 July 2022 (In respect of financial year ended 31 March 2021: 2.76 sen per ordinary share totaling RM14.9 million after the bonus issue exercise on 3 March 2022).

27. Earnings per ordinary share

The basic earnings per ordinary share has been calculated based on the Group's net profit attributable to ordinary shareholders over the weighted average number of ordinary shares.

	Current Quarter 3 months ended		Cumulative Quarter 12 months ended	
	31-Mar-22	31-Mar-21	31-Mar-22	31-Mar-21
Net profit attributable to ordinary shareholders (RM'000)	21,762	24,587	75,455	59,699
Weighted average no. of ordinary shares ('000) *	541,400	540,668	541,388	540,668
Basic earnings per ordinary share (sen) *	<u>4.02</u>	<u>4.55</u>	<u>13.94</u>	<u>11.04</u>

* Comparative figures are adjusted to reflect the bonus issue which was completed on 3 March 2022.

The diluted earnings per ordinary share is the same as basic earnings per ordinary share as there are no dilutive potential ordinary shares.

28. Authorisation for issue

The Board of Directors authorised the issue of this unaudited interim financial report.

By Order of the Board
SAM Engineering & Equipment (M) Berhad
Registration No: 199401012509 (298188-A)

Thum Sook Fun (SSM PC No. 201908000139, MIA 24701)
Chew Peck Kheng (SSM PC No. 202008001118, LS 0009559)
Company Secretaries
Penang
24 May 2022