



SAM ENGINEERING & EQUIPMENT (M) BERHAD

(Incorporated in Malaysia)

UNAUDITED INTERIM FINANCIAL REPORT FOR QUARTER ENDED 31 DECEMBER 2023

CONTENTS

	Page
CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION	2
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME	3
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY	4
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS	5
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORT	7

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

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT
 31 DECEMBER 2023**

(The figures have not been audited)

	Note	As at 31-Dec-23 RM'000	As at 31-Mar-23 RM'000 (Audited)
Assets			
Property, plant and equipment		496,622	476,786
Right-of-use assets		33,890	38,003
Intangible assets		16,594	12,311
Deferred tax assets		23,191	13,310
Prepayments		39,510	23,570
Total non-current assets		<u>609,807</u>	<u>563,980</u>
Inventories		392,502	481,113
Contract assets		221,639	191,841
Trade and other receivables		422,182	342,067
Derivative financial assets	24	1,683	2,370
Current tax assets		4,016	5,221
Cash and bank balances		60,524	21,045
Total current assets		<u>1,102,546</u>	<u>1,043,657</u>
Total assets		<u>1,712,353</u>	<u>1,607,637</u>
Equity			
Share capital		214,784	214,784
Reserves		699,302	600,080
Equity attributable to owners of the Company		<u>914,086</u>	<u>814,864</u>
Liabilities			
Loans and borrowings	23	20,616	74,920
Lease liabilities		16,265	19,267
Deferred income		487	627
Provisions		56	812
Deferred tax liabilities		17,214	17,523
Total non-current liabilities		<u>54,638</u>	<u>113,149</u>
Loans and borrowings	23	449,009	404,601
Lease liabilities		9,555	10,885
Deferred income		215	207
Trade and other payables		248,517	241,177
Derivative financial liabilities	24	4,530	959
Provisions		7,464	8,151
Current tax liabilities		24,339	13,644
Total current liabilities		<u>743,629</u>	<u>679,624</u>
Total liabilities		<u>798,267</u>	<u>792,773</u>
Total equity and liabilities		<u>1,712,353</u>	<u>1,607,637</u>
Net assets per share (sen)		<u>169</u>	<u>150</u>

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 31 March 2023.

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

SAM ENGINEERING & EQUIPMENT (M) BERHAD

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31 DECEMBER 2023

(The figures have not been audited)

	Note	Current Quarter 3 months ended		Cumulative Quarter 9 months ended	
		31-Dec-23 RM'000	31-Dec-22 RM'000	31-Dec-23 RM'000	31-Dec-22 RM'000
Revenue		387,278	347,212	1,123,784	1,107,703
Cost of sales		(328,877)	(308,685)	(957,355)	(978,080)
Gross profit		58,401	38,527	166,429	129,623
Other operating income		4,665	6,287	25,708	16,900
Distribution and administrative expenses		(15,115)	(16,149)	(51,134)	(43,585)
Net (loss)/gain on impairment of financial instruments and contract assets		(195)	(102)	(1,013)	683
Other operating expenses		(1,063)	(1,471)	(8,588)	(6,963)
Net finance costs		(6,943)	(4,030)	(22,285)	(7,414)
Profit before tax		39,750	23,062	109,117	89,244
Income tax expense	21	(10,431)	(3,876)	(26,636)	(19,588)
Profit for the period	9	29,319	19,186	82,481	69,656
Items that are or may be reclassified subsequently to profit and loss					
Cash flow hedge		(3,064)	4,538	(5,259)	2,603
Foreign currency translation differences		(1,699)	(23,658)	34,253	30,358
		(4,763)	(19,120)	28,994	32,961
Total comprehensive income for the period		24,556	66	111,475	102,617
Profit attributable to:					
Owners of the Company		29,319	19,186	82,481	69,656
Total comprehensive income attributable to:					
Owners of the Company		24,556	66	111,475	102,617
Earnings per share					
Basic/Dilluted earnings per ordinary share (sen)	27	5.41	3.54	15.23	12.86

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 March 2023.

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 PERIOD ENDED 31 DECEMBER 2023

(The figures have not been audited)

	←	Non-distributable	→			
	Share Capital	Employees' Share Grant Scheme Reserve	Hedging Reserve	Translation Reserve	Distributable Retained Earnings	Total Equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 April 2022	213,967	693	(1,255)	77,748	403,532	694,685
Total comprehensive income for the period	-	-	2,603	30,358	69,656	102,617
Transactions with owners of the Company						
- Issuance of shares pursuant to Employees' Share Grant Scheme	818	(818)	-	-	-	-
- Dividends to owners of the Company (Note 8)	-	-	-	-	(18,949)	(18,949)
- Share-based payment transactions	-	125	-	-	-	125
	818	(693)	-	-	(18,949)	(18,824)
At 31 December 2022	<u>214,785</u>	<u>-</u>	<u>1,348</u>	<u>108,106</u>	<u>454,239</u>	<u>778,478</u>
At 1 April 2023	214,784	106	1,333	125,209	473,432	814,864
Total comprehensive income for the period	-	-	(5,259)	34,253	82,481	111,475
Transactions with owners of the Company						
- Dividends to owners of the Company (Note 8)	-	-	-	-	(13,540)	(13,540)
- Share-based payment transactions	-	1,287	-	-	-	1,287
	-	1,287	-	-	(13,540)	(12,253)
At 31 December 2023	<u>214,784</u>	<u>1,393</u>	<u>(3,926)</u>	<u>159,462</u>	<u>542,373</u>	<u>914,086</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 2023. The accompanying notes form an integral part of this interim report.

SAM ENGINEERING & EQUIPMENT (M) BERHAD

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 31 DECEMBER 2023

(The figures have not been audited)

	Period Ended	
	31-Dec-23 RM'000	31-Dec-22 RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	109,117	89,244
Adjustment for:		
Accretion of interest on lease liabilities	532	1,124
Amortisation of intangible assets	2,339	2,081
Amortisation of government grants	(165)	(1,297)
Depreciation of property, plant and equipment	45,438	41,548
Depreciation of right-of-use assets	8,059	7,972
Employees' Share Grant Scheme expenses	1,287	125
Fair value gain on derivatives	(1,001)	(1,972)
Gain on disposal of plant and equipment	(50)	(85)
Interest expenses	21,822	6,332
Interest income	(69)	(42)
Net loss/(gain) on impairment on		
- trade and other receivables	599	(349)
- contract assets	414	(334)
Property, plant and equipment written off	12	10
Provision for warranties	61	416
(Reversal of)/provision for onerous contract	(1,186)	223
Reversal of provision for warranties	(682)	(514)
Operating profit before changes in working capital	186,527	144,482
Changes in working capital:		
Trade and other receivables	(82,154)	(45,780)
Inventories	87,639	(90,513)
Contract assets	(22,346)	(28,592)
Trade and other payables	6,921	(4,407)
Contract liabilities	-	1,810
Provisions	61	416
Cash generated from/(used in) operations	176,648	(22,584)
Income tax paid	(25,043)	(20,569)
Net cash generated from/(used in) operating activities	151,605	(43,153)

SAM ENGINEERING & EQUIPMENT (M) BERHAD

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 31 DECEMBER 2023 (CONT'D)

(The figures have not been audited)

	Period Ended	
	31-Dec-23 RM'000	31-Dec-22 RM'000
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(63,148)	(188,868)
Purchase of intangible assets	(6,241)	(1,717)
Interest received	69	42
Proceeds from disposal of plant and equipment	57	85
Net cash used in investing activities	<u>(69,263)</u>	<u>(190,458)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Dividends paid	(13,540)	(18,949)
Interest paid	(22,354)	(7,456)
(Repayment)/drawdown of term loans	(3,591)	16,360
(Repayment)/drawdown of other borrowings	(6,060)	234,550
Payment of lease liabilities	(8,093)	(6,153)
Net cash (used in)/generated from financing activities	<u>(53,638)</u>	<u>218,352</u>
Net increase/(decrease) in cash and cash equivalents	28,704	(15,259)
Cash and cash equivalents at beginning of year	21,045	31,063
Effect of exchange rate fluctuations	10,775	18,872
Cash and cash equivalents at end of period	<u>60,524</u>	<u>34,676</u>

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 31 March 2023.

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

SAM ENGINEERING & EQUIPMENT (M) BERHAD

(Incorporated in Malaysia)

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 2023. 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 2023.

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 2024

- Amendments to MFRS 16, Leases – Lease Liability in a Sale and Leaseback
- Amendments to MFRS 101, Presentation of Financial Statements – Non-current Liabilities with Covenants and Classification of Liabilities as Current or Non-current
- Amendments to MFRS 107 Statement of Cash Flows and MFRS 7 Financial Instruments: Disclosures – Supplier Finance Arrangements

MFRSs and amendments effective for annual periods beginning on or after 1 January 2025

- Amendments to MFRS 121 The Effects of Changes in Foreign Exchange Rates – Lack of Exchangeability

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 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 2023 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

There were no issuances, cancellations, repurchases, resale and repayment of debt and equity securities for the financial period ended 31 December 2023.

8. Dividends

A single tier first interim dividend of 2.50 sen per ordinary share totaling RM13.5 million for the financial year ended 31 March 2023 was paid on 8 August 2023.

In preceding year, a single tier first interim dividend of 3.50 sen per ordinary share totaling RM18.9 million for the financial year ended 31 March 2022 was paid on 18 August 2022.

9. Profit for the year

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

	Current Quarter 3 months ended		Cumulative Quarter 9 months ended	
	31-Dec-23 RM'000	31-Dec-22 RM'000	31-Dec-23 RM'000	31-Dec-22 RM'000
Accretion of interest on lease liabilities	258	357	532	1,124
Amortisation of intangible assets	806	730	2,339	2,081
Depreciation of property, plant and equipment	15,396	14,678	45,438	41,548
Depreciation of right-of-use assets	2,413	2,754	8,059	7,972
Fair value gain on derivatives	(2,857)	(3,689)	(1,001)	(1,972)
Foreign exchange loss	1,376	1,835	3,698	4,354
Gain on disposal of property, plant and equipment	-	(23)	(50)	(85)
Government grants and subsidies	(204)	(408)	(9,443)	(3,232)
Interest expense	6,709	3,700	21,822	6,332
Interest income	(24)	(27)	(69)	(42)
Net loss/(gain) on impairment of financial instruments and contract assets	195	102	1,013	(683)
Other income	(3,749)	(3,832)	(15,503)	(11,621)
Property, plant and equipment written off	10	10	12	10
Write (back)/down of inventories	(752)	1,522	756	912

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	312,031	811,753	-	1,123,784
Inter-segment revenue	1,659	80	(1,739)	-
	<u>313,690</u>	<u>811,833</u>	<u>(1,739)</u>	<u>1,123,784</u>
Results				
Profit before tax (segment profit)	<u>12,615</u>	<u>96,502</u>	-	<u>109,117</u>
Included in the measure of segment profit are:				
- Write back/(down) of inventories	702	(1,458)	-	(756)
- Depreciation and amortisation	(37,982)	(17,854)	-	(55,836)
- Amortisation of government grants	165	-	-	165
- Gain on disposal of property, plant and equipment	-	50	-	50
- Net loss on impairment of financial instruments and contract assets	(901)	(112)	-	(1,013)

11. Property, plant and equipment

Property, plant and equipment amounting to RM63.1 million were acquired during the financial period ended 31 December 2023 (financial period ended 31 December 2022: RM188.9 million).

There were disposals of property, plant and equipment with net book value of RM7,000 during the financial period ended 31 December 2023 (financial period ended 31 December 2022: RMNil).

12. Subsequent events

There were no material events subsequent to the end of the current quarter except for the corporate proposals disclosed in Note 22.

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 material contingent liability since the date of the last annual statement of financial position.

15. Capital commitments

	31-Dec-23 RM'000	31-Dec-22 RM'000
Contracted but not provided for	50,721	63,556

16. Significant related party transaction

Significant transactions with related parties are as follows:

	9 months ended 31-Dec-23 RM'000
<u>Provision of goods/ services to related parties</u>	
Sale of aerospace parts and other precision tools	11,011
Sale of fabrication, machining services and special process services	3,949
Provision of corporate management services, engineering and administrative services	1,374
<u>Purchase of goods/ services from related parties</u>	
Rental of office, factory premises and machines	4,607
Purchase of fabrication/ machining services/ special process services	11,962
Purchase of corporate management services, engineering & administrative services	5,634

17. Review of performance

	Current Quarter Ended	Immediate Preceding Quarter Ended	Changes
	31-Dec-23	30-Sep-23	
	RM'000	RM'000	
Revenue	387,278	428,616	(41,338)
Operating profit	46,693	53,289	(6,596)
Profit before interest and tax	46,717	53,321	(6,604)
Profit before tax	39,750	44,293	(4,543)
Profit for the period	29,319	32,628	(3,309)
Profit attributable to Owners of the Company	29,319	32,628	(3,309)

The decrease in Group revenue of RM41.3 million was due to the decrease in revenue from Equipment and Aerospace segment of RM24.8 million and RM16.5 million respectively. The lower revenue from Equipment segment was mainly due to lower demand from the semiconductor customers. For the Aerospace segment, the revenue was lower mainly due to decrease in sales of casing and aerostructures products.

The decrease in Group profit before tax of RM4.5 million was attributable to lower profit contribution from the Equipment and Aerospace segment of RM3.6 million and RM0.9 million respectively. The lower profit contribution from the Equipment and Aerospace segment was mainly due to lower sales.

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

	Current Quarter 3 months ended			Cumulative Quarter 9 months ended		
	31-Dec-23	31-Dec-22	Changes	31-Dec-23	31-Dec-22	Changes
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	387,278	347,212	40,066	1,123,784	1,107,703	16,081
Operating profit	46,693	27,092	19,601	131,402	96,658	34,744
Profit before interest and tax	46,717	27,119	19,598	131,471	96,700	34,771
Profit before tax	39,750	23,062	16,688	109,117	89,244	19,873
Profit for the period/year	29,319	19,186	10,133	82,481	69,656	12,825
Profit attributable to Owners of the Company	29,319	19,186	10,133	82,481	69,656	12,825

Current quarter compared with immediate preceding year's corresponding quarter

The increase in Group revenue of RM40.1 million was due to the increase in revenue from the Equipment and Aerospace segment of RM27.5 million and RM12.6 million respectively mainly due to the increase in demand from the customers and favourable foreign exchange translation.

The increase in Group profit before tax of RM16.7 million was attributable to the higher profit from Equipment and Aerospace segment of RM13.5 million and RM3.2 million respectively. The higher profit contribution from the Equipment segment was mainly due to increase in sales and higher sales of higher margin products offset with higher interest expenses. For the Aerospace segment, the higher profit contribution was mainly due to higher sales.

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

The increase in Group revenue of RM16.1 million was due to the increase in revenue from Aerospace segment of RM77.8 mil offset with decrease in revenue from Equipment segment of RM61.7 million. The higher revenue from the Aerospace segment was mainly due to increase in sales of casing and aerostructures products and favourable foreign exchange translation. For the Equipment segment, the lower revenue was mainly due to decrease in demand from the data storage customers offset with favourable foreign exchange translation.

The increase in Group profit before tax of RM19.9 million was attributable to the higher profit contribution from the Aerospace and Equipment segment of RM18.4 million and RM1.5 million respectively. The higher profit contribution from Aerospace segment was mainly due to higher sales and government grants. For the Equipment segment, the higher profit was mainly due to higher sales of higher margin products and favourable foreign exchange translation offset with higher interest expenses.

19. Current year prospects

The International Air Transport Association (IATA) reported that global air passenger travel has recovered to more than 99% of the pre-pandemic (2019) level as of November 2023. With increased confidence in the future, Airbus and Boeing received record orders in 2023, resulting in order backlogs extending beyond 10 years and 7.7 years, respectively. The aerospace recovery will continue steadily but may be restrained by supply chain capacity and uncertainties arising from the Middle East conflict. We are closely engaging with our customers to well position ourselves to meet the anticipated aircraft production rate increase.

Semiconductor Equipment and Materials International (SEMI), in its December 2023 report, estimated the global sales of semiconductor manufacturing equipment by OEMs at USD 100 billion in 2023, a 6.1% dip from the record high of USD 107 billion in 2022. Global sales are forecasted to reach USD 105 billion in 2024 and a new high of USD 124 billion in 2025. While the semiconductor equipment industry is witnessing a recovery in sales, fab utilisation was low (~70%) in 2H 2023. It may take time for fab utilisation to fully recover and for our customers to consume excess equipment inventories before demand increases in tandem with the global forecast. Meanwhile, we have secured new projects that should contribute to our revenue growth in the near future.

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 9 months ended	
	31-Dec-23 RM'000	31-Dec-22 RM'000	31-Dec-23 RM'000	31-Dec-22 RM'000
Current period				
- income tax	14,185	5,412	37,471	25,457
- deferred tax	(1,420)	823	(7,786)	(3,572)
	<u>12,765</u>	<u>6,235</u>	<u>29,685</u>	<u>21,885</u>
Prior period				
- provision for taxation	(688)	(1,514)	(688)	(1,514)
- deferred tax	(1,646)	(845)	(2,361)	(783)
	<u>10,431</u>	<u>3,876</u>	<u>26,636</u>	<u>19,588</u>

The effective tax rate exclude prior period provisions for the Group is higher than the statutory tax rate mainly due to the deferred tax assets on losses recognised for a subsidiary is at lower statutory tax rate.

22. Corporate proposal

On 25 September 2023, the Company announced that it had entered into a conditional share sale agreement with Singapore Aerospace Manufacturing Pte Ltd, the holding company of the Company, to acquire the entire equity interest in Aviatron (M) Sdn Bhd for a cash consideration of USD43,400,000 (“Proposed Acquisition”). In conjunction with the Proposed Acquisition, the Company proposed to undertake a renounceable rights issue of 135,397,357 new ordinary shares in the Company (“SAMEE Shares” or “Shares”) (“Rights Shares”) at an issue price to be determined and announced by the board of directors of the Company at a later date on the basis of one (1) Rights Share for every four (4) existing SAMEE Shares held on an entitlement date to be determined and announced later (“Proposed Rights Issue”), to finance the Proposed Acquisition, repay the bank borrowings of the Company and its subsidiaries and defray the expenses relating to the Proposed Acquisition and Proposed Rights Issue.

On 16 November 2023, the Company announced that Bursa Malaysia Securities Berhad (“Bursa Securities”) had, vide its letter dated 16 November 2023, approved the listing and quotation of the 135,397,357 Rights Shares on the Main Market of Bursa Securities.

On 7 December 2023, the Company’s shareholders approved the Proposed Acquisition and Proposed Rights Issue at the extraordinary general meeting held.

On 9 January 2024, the Company announced the entitlement date as well as the important relevant dates for the Proposed Rights Issue.

On 23 January 2024, the Company had issued the Abridged Prospectus in relation to the Proposed Rights Issue.

On 20 February 2024, the Company announced that the Proposed Rights Issue has been fully subscribed. The Rights Shares will be listed on 26 February 2024.

Save for the above, there is no other corporate proposal which is pending completion as at the date of this interim report.

23. Borrowings and debt securities

The Group's total bank borrowings as at 31 December 2023 are as follows: -

	As at 31-Dec-23		As at 31-Dec-22	
	Unsecured RM'000	Total RM'000	Unsecured RM'000	Total RM'000
Short term borrowings				
Revolving credits, promissory notes and trust receipts	441,394	441,394	433,002	433,002
Term loan – variable rate	7,615	7,615	7,035	7,035
Long term borrowings				
Term loan – variable rate	20,616	20,616	21,913	21,913
Total borrowings	469,625	469,625	461,950	461,950

		As at 31-Dec-23			As at 31-Dec-22	
		Foreign Currency '000	RM Equivalent RM'000		Foreign Currency '000	RM Equivalent RM'000
Short term borrowings						
Unsecured	USD	96,096	449,009	USD	100,949	440,037
Long term borrowings						
Unsecured	USD	4,412	20,616	USD	5,027	21,913
Total borrowings			469,625			461,950

The Group's total borrowings increased to RM469.6 million as at 31 December 2023 as compared to RM462.0 million as at 31 December 2022 mainly due to the increase in utilisation of banking facilities to finance the purchase of property, plant and equipment and increase in working capital.

24. Derivative financial instruments

	As at 31-Dec-23	
	Contract/ Notional RM'000	Fair value RM'000
Foreign exchange contracts		
- Less than 1 year	122,936	(2,847)

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. Proposed dividend

No dividend has been recommended in respect of the current quarter.

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 9 months ended	
	31-Dec-23 RM'000	31-Dec-22 RM'000	31-Dec-23 RM'000	31-Dec-22 RM'000
Net profit attributable to ordinary shareholders (RM'000)	29,319	19,186	82,481	69,656
Weighted average no. of ordinary shares ('000)	541,589	541,589	541,589	541,480
Basic earnings per ordinary share (sen)	5.41	3.54	15.23	12.86

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)

Yeow Sze Min (SSM PC No. 201908003120, MAICSA 7065735)
Chew Peck Kheng (SSM PC No. 202008001118, LS 0009559)
Company Secretaries
Penang

23 February 2024