

CAHYA MATA SARAWAK BERHAD

(Company No: 21076-T)

(Incorporated in Malaysia)

Interim Financial Report

Condensed consolidated statements of comprehensive income for the period ended 30 June 2015

	Note	3 months ended		6 months ended	
		30.6.2015 RM'000	30.6.2014 RM'000	30.6.2015 RM'000	30.6.2014 RM'000
Revenue	A8	376,855	383,362	867,844	756,601
Cost of sales		(299,719)	(274,764)	(689,100)	(561,270)
Gross profit		77,136	108,598	178,744	195,331
Other income		4,477	7,502	11,673	9,885
Administrative expenses		(14,126)	(13,545)	(35,031)	(34,334)
Selling and marketing expenses		(2,777)	(2,636)	(6,661)	(5,884)
Other expenses		(2,121)	(1,417)	(5,292)	(3,067)
Operating profit		62,589	98,502	143,433	161,931
Finance costs		(1,042)	(926)	(1,697)	(1,803)
Share of results of associates		4,479	1,158	18,213	3,271
Share of results of joint ventures		681	(86)	1,768	1,440
Profit before taxation		66,707	98,648	161,717	164,839
Income tax expense	B5	(16,575)	(22,376)	(40,571)	(40,865)
Profit for the period		50,132	76,272	121,146	123,974
Other comprehensive income/(expense)					
Foreign currency translation, net of tax		1	(4)	13	(160)
Share of other comprehensive income/(expenses) of associates, net of tax		1,116	592	(10,489)	(1,133)
Other comprehensive income/(expense) for the period, net of tax		1,117	588	(10,476)	(1,293)
Total comprehensive income for the period, net of tax		51,249	76,860	110,670	122,681
Profit attributable to:					
Owners of the Company		40,661	66,117	98,084	105,013
Non-controlling interests		9,471	10,155	23,062	18,961
		50,132	76,272	121,146	123,974
Total comprehensive income attributable to:					
Owners of the Company		41,758	66,906	89,224	103,765
Non-controlling interests		9,491	10,197	21,446	18,916
		51,249	77,103	110,670	122,681
		sen	sen	sen	sen
Earnings per share attributable to owners of the Company:					
Basic	B13	3.80	6.39	9.30	10.22
Diluted		3.79	6.35	9.27	10.14

The condensed consolidated statements of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2014 and 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 2015

	Note	Unaudited As at 30.06.2015 RM'000	Audited As at 31.12.2014 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment		675,999	597,214
Prepaid land lease payments		16,356	16,738
Land held for property development		314,248	61,815
Investment properties		6,642	5,626
Intangible assets		3,459	2,320
Goodwill		61,709	61,709
Investments in associates		470,541	403,945
Investments in joint ventures		3,163	1,395
Deferred tax assets		25,843	27,075
Other receivables		33,043	10,432
Investment securities		8,434	9,461
		<u>1,619,437</u>	<u>1,197,730</u>
Current assets			
Property development costs		206,897	161,894
Inventories		132,432	121,520
Trade and other receivables		389,367	278,694
Other current assets		44,137	46,180
Investment securities		95,637	128,686
Tax recoverable		3,102	1,434
Cash and bank balances		503,204	829,590
		<u>1,374,776</u>	<u>1,567,998</u>
Assets classified as held for sale		<u>34,403</u>	<u>34,403</u>
		<u>1,409,179</u>	<u>1,602,401</u>
TOTAL ASSETS		<u>3,028,616</u>	<u>2,800,131</u>
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital		537,188	519,752
Share premium		330,717	289,304
Other reserves		(36,822)	(15,329)
Retained earnings		1,041,410	1,018,004
		<u>1,872,493</u>	<u>1,811,731</u>
Non-controlling interests		<u>261,897</u>	<u>262,802</u>
Total equity		<u>2,134,390</u>	<u>2,074,533</u>
Non-current liabilities			
Deferred tax liabilities		39,489	39,070
Loans and borrowings	B7	49,294	30,177
Trade and other payables	A14	225,406	16,889
		<u>314,189</u>	<u>86,136</u>
Current liabilities			
Income tax payable		30,622	21,224
Loans and borrowings	B7	86,591	74,619
Trade and other payables		420,776	520,364
Other current liabilities		42,048	23,255
		<u>580,037</u>	<u>639,462</u>
Total liabilities		<u>894,226</u>	<u>725,598</u>
TOTAL EQUITY AND LIABILITIES		<u>3,028,616</u>	<u>2,800,131</u>
Net assets per share attributable to ordinary owners of the Company (RM)		<u>1.74</u>	<u>1.74</u>

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2014 and 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 2015

	Equity, total RM'000	< ----- Attributable to Owners of the Company ----- >					Non-controlling interests RM'000
		Equity attributable to owners of the Company RM'000	< ----- Non-distributable ----- >			Distributable	
			Share capital RM'000	Share premium RM'000	Other reserves RM'000	Retained earnings RM'000	
At 1 January 2015	2,074,533	1,811,731	519,752	289,304	(15,329)	1,018,004	262,802
Profit net of tax	121,146	98,084	0	0	0	98,084	23,062
Other comprehensive expense, net of tax	(12,194)	(10,578)	0	0	(10,578)	0	(1,616)
Total comprehensive income/(expense)	108,952	87,506	0	0	(10,578)	98,084	21,446
Transaction with owners:-							
Grant of equity-settled share options to employees	4,497	4,497	0	0	4,497	0	0
Exercise of employees' share options	43,588	43,588	17,436	41,413	(15,261)	0	0
Expiry of employees' share options	0	0	0	0	(151)	151	0
Dividends on ordinary shares	(74,829)	(74,829)	0	0	0	(74,829)	0
Dividends paid to non-controlling interests	(22,351)	0	0	0	0	0	(22,351)
Total transactions with owners	(49,095)	(26,744)	17,436	41,413	(10,915)	(74,678)	(22,351)
At 30 June 2015	2,134,390	1,872,493	537,188	330,717	(36,822)	1,041,410	261,897

Cahaya Mata Sarawak Berhad

(Company No: 21076-T)

Condensed consolidated statement of changes in equity for the period ended 30 June 2014

	Equity, total RM'000	< ----- Attributable to Owners of the Company ----- >					Non-controlling interests RM'000	
		Equity attributable to owners of the Company RM'000	< ----- Non-distributable ----- >			Distributable		
			Share capital RM'000	Treasury shares RM'000	Share premium RM'000	Other reserves RM'000		Retained earnings RM'000
At 1 January 2014	1,887,706	1,654,117	339,704	(3,629)	448,663	14,286	855,093	233,589
Profit net of tax	123,974	105,013	0	0	0	0	105,013	18,961
Other comprehensive expense, net of tax	(1,293)	(1,248)	0	0	0	(1,248)	0	(45)
Total comprehensive income/(expense)	122,681	103,765	0	0	0	(1,248)	105,013	18,916
Transaction with owners:-								
Grant of equity-settled share options to employees	2,744	2,744	0	0	0	2,744	0	0
Exercise of employees' share options	12,630	12,630	5,717	0	11,596	(4,683)	0	0
Liquidation of a subsidiary	0	0	0	0	0	275	(275)	0
Sale of treasury shares	5,743	5,743	0	3,629	0	0	2,114	0
Dividends on ordinary shares	(41,434)	(41,434)	0	0	0	0	(41,434)	0
Dividends paid to non-controlling interests	(16,032)	0	0	0	0	0	0	(16,032)
Total transactions with owners	(36,349)	(20,317)	5,717	3,629	11,596	(1,664)	(39,595)	(16,032)
At 30 June 2014	1,974,038	1,737,565	345,421	0	460,259	11,374	920,511	236,473

Cahaya Mata Sarawak Berhad

(Company No: 21076-T)

Condensed consolidated statement of cash flows for the year ended 30 June 2015

	6 months ended 30.6.2015 RM'000	6 months ended 30.6.2014 RM'000
Profit before taxation	161,717	164,839
Adjustments for non-cash items:		
Non-cash items	(12,879)	8,463
Operating cash flows before changes in working capital	<u>148,838</u>	<u>173,302</u>
Changes in working capital		
Increase in current assets	(164,029)	(91,449)
Increase in non-current assets	(252,434)	(5,725)
Decrease in current liabilities	(80,487)	(18,533)
Increase in non-current liabilities	208,518	678
Cash flows (used in)/from operations	<u>(139,594)</u>	<u>58,273</u>
Interest received	2,031	1,830
Interest paid	(827)	(1,803)
Income tax paid, net of refund	(31,218)	(32,576)
Net cash flows (used in)/from operating activities	<u>(169,608)</u>	<u>25,724</u>
Investing activities		
Purchases of investment securities	(26,232)	(11,156)
Dividends from investment securities	17,450	10,638
Dividends from associates	4,054	2,584
Additional investment in associates	(65,412)	(14,693)
Acquisition of property, plant and equipment	(104,282)	(65,950)
Additional investment in investment properties	(1,049)	0
Proceeds from disposal of property, plant and equipment	63	339
Proceeds from disposal of investment securities	60,044	10,770
Redemption of redeemable preference shares	4,267	2,400
Others	(1,389)	1,410
Net cash used in investing activities	<u>(112,486)</u>	<u>(63,658)</u>
Financing activities		
Drawdown/(repayments) of borrowings	31,089	(14,546)
Dividends paid to shareholders of the Company	(74,829)	(41,434)
Dividends paid to non-controlling interests in subsidiary companies	(22,351)	(16,032)
Advancement of shareholder's loan	(21,790)	0
Purchase of treasury shares	0	0
Proceeds from disposal of treasury shares	0	5,743
Proceeds from exercise of employee share options	43,589	12,630
Net cash used in financing activities	<u>(44,292)</u>	<u>(53,639)</u>
Net decrease in cash and cash equivalents	<u>(326,386)</u>	<u>(91,573)</u>
Cash and cash equivalents as at 1 January	<u>829,590</u>	<u>613,708</u>
Cash and cash equivalents as at 30 June	<u><u>503,204</u></u>	<u><u>522,135</u></u>
Cash and cash equivalents as at 30 June comprised the following:		
Cash and short term funds	503,204	522,135
Bank overdrafts	0	0
	<u><u>503,204</u></u>	<u><u>522,135</u></u>

The condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the year ended 31 December 2014 and the accompanying explanatory notes attached to the interim financial report.

NOTES TO THE QUARTERLY REPORT – 30 JUNE 2015

Part A – Explanatory notes pursuant to MFRS 134

A1. Basis of preparation

These condensed consolidated interim financial statements, for the period ended 30 June 2015 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.

These condensed consolidated interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2014. 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 2014.

A2. Changes in accounting policies

The significant accounting policies adopted by the Group in these condensed consolidated interim financial statements are consistent with those of the audited financial statements for the year ended 31 December 2014, except with the adoption of the following Malaysian Financial Reporting Standards (“MFRS”), IC interpretations and Amendments to MFRSs and interpretations.

- Amendments to MFRS 119: Defined Benefit Plans - Employee Contributions
- Annual Improvements to MFRSs 2010 - 2012 Cycle
- Annual Improvements to MFRSs 2011 - 2013 Cycle

The initial application of the above is not expected to have any material financial impact on the Group’s results.

A3. Seasonal or cyclical factors

The business operations of the Group are generally non-cyclical or seasonal.

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 2015.

NOTES TO THE QUARTERLY REPORT – 30 JUNE 2015

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 financial quarter ended 30 June 2015, the Company issued 34,463,000 ordinary shares of RM0.50 each for cash pursuant to the Company's Employee Share Option Scheme ("ESOS") at exercise prices of RM0.74, RM0.75 and RM2.29 per ordinary share.

On 22 June 2015, the Company's ESOS expired. The balance of unexercised options of 453,090 were lapsed. The employee share option reserve was transferred to retained earning upon expiring of the share options.

A7. Dividends paid

The final tax exempt (single-tier) dividend of 7 sen per share for the financial year ended 31 December 2014 amounting to RM74,828,881 was paid on 29 May 2015.

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NOTES TO THE QUARTERLY REPORT – 30 JUNE 2015

A8. Segmental information

	3 months ended		6 months ended	
	30.06.2015	30.06.2014	30.06.2015	30.06.2014
	RM'000	RM'000	RM'000	RM'000
Segment Revenue				
Cement	150,729	145,823	294,484	278,300
Construction materials & trading	138,134	128,252	360,614	261,020
Construction & road maintenance	92,175	76,149	218,972	162,812
Property development	18,544	43,888	35,084	73,166
Samalaju development #	2,939	2,602	5,144	4,777
Strategic investments *	2,304	2,647	4,694	5,391
Others	5,683	32,796	13,689	40,492
Total revenue including inter-segment sales	410,508	432,157	932,681	825,958
Elimination of inter-segment sales	(33,653)	(48,795)	(64,837)	(69,357)
	<u>376,855</u>	<u>383,362</u>	<u>867,844</u>	<u>756,601</u>
Segment Results				
Operating profit/(loss):				
Cement	25,220	38,331	54,594	58,767
Construction materials & trading	18,016	16,541	48,338	28,923
Construction & road maintenance	19,988	20,969	45,118	37,308
Property development	3,373	20,497	6,028	39,195
Samalaju development #	(343)	2,642	(1,068)	6,239
Strategic investments *	(659)	37	(659)	(949)
Others	(26)	(22)	(20)	44
	<u>65,569</u>	<u>98,995</u>	<u>152,331</u>	<u>169,527</u>
Unallocated corporate expenses	(4,022)	(1,419)	(10,595)	(9,399)
Share of results of associates	4,479	1,158	18,213	3,271
Share of results of joint ventures	681	(86)	1,768	1,440
Profit before tax	66,707	98,648	161,717	164,839
Income tax expenses	(16,575)	(22,376)	(40,571)	(40,865)
Profit for the year	<u>50,132</u>	<u>76,272</u>	<u>121,146</u>	<u>123,974</u>

Lodging and catering services.

* Financial services and education.

A9. Changes in composition of the Group

There have been no changes in the composition of the Group for the quarter ended 30 June 2015 except for the member's voluntary winding up of I-Systems (Guangzhou) Co Ltd ("ISG), a wholly-owned subsidiary company of CMS I-Systems Berhad, which in-turn is a wholly owned subsidiary of the Company. The Company had received notification on 10 June 2015 that the dissolution of ISG had been approved on 8 June 2015.

NOTES TO THE QUARTERLY REPORT – 30 JUNE 2015

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 2015		30 June 2014	
	Carrying Amount RM'000	Fair Value RM'000	Carrying Amount RM'000	Fair Value RM'000
Financial assets:				
Available-for-sale financial assets:				
- Equity instruments	300	300	300	300
- Redeemable participating shares	8,134	8,134	6,988	6,988
	<u>8,434</u>	<u>8,434</u>	<u>7,288</u>	<u>7,288</u>
Financial liabilities:				
Interest-bearing loans and borrowings				
- Bankers' acceptances	32,400	32,400	33,465	33,465
- Term loans	58,831	75,049	32,080	32,582
- Finance lease liabilities	-	-	8	8
- Revolving credits	43,000	43,000	14,000	14,000
- Loans from corporate shareholders	1,654	1,799	6,004	6,822
	<u>135,885</u>	<u>152,248</u>	<u>85,557</u>	<u>86,877</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 2015

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 2015				
Financial assets				
Income debt securities fund	-	63,554	-	63,554
Equity instruments	32,083	-	-	32,083
Unit trust funds	-	-	-	-
Wholesale fund	-	-	-	-
	32,083	63,554	-	95,637
30 June 2014				
Financial assets				
Income debt securities fund	-	59,899	-	59,899
Equity instruments	39,329	-	-	39,329
Unit trust funds	28,341	-	-	28,341
Wholesale fund	-	1,064	-	1,064
	67,670	60,963	-	128,633

There have been no transfers between any levels during the current interim period and the comparative period.

A11. Capital commitments

The amount of commitments not provided for in the interim financial statements as at 30 June 2015 was as follows:

	RM'000
Approved and contracted for:	
- Property, plant and equipment	100,874
- Others	9,716
	110,590
Approved and not contracted for:	
- Property, plant and equipment	197,776
- Intangible assets	674
- Investment properties	37,500
- Investment in associates	110,300
- Others	18,253
	364,503
	475,093

NOTES TO THE QUARTERLY REPORT – 30 JUNE 2015

A12. Changes in contingent liabilities and contingent assets

There were no changes in the contingent liabilities or contingent assets since the last annual reporting date.

A13. Related party transactions

The following table provides information on the transactions which have been entered into with related parties during the six-month period ended 30 June 2015 and 30 June 2014 as well as the balances with the related parties as at 30 June 2015 and 30 June 2014:

		Interest/ fee 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	2015	257	-	-	-
	2014	230	134	-	-
- COPE-KPF Opportunities 1 Sdn	2015	816	-	-	-
	2014	838	-	-	-
- KKB Engineering Bhd	2015	1	-	1	-
	2014	61	-	-	-
- Harum Bidang Sdn Bhd	2015	-	57,941	-	6,502
	2014	-	78,205	-	36,442
- Kenanga Investors Bhd	2015	10,905	37	-	-
	2014	8,821	758	-	-
Joint Venture:					
- PPES Works Wibawa	2015	-	-	-	-
	2014	98	-	-	-
Key management personnel of the Group:					
- Directors' interest	2015	11,569	1,070	1,962	1
	2014	26,700	1,065	5,025	8

All outstanding balances with these related parties are unsecured and are to be settled in cash within the financial year.

A14. Trade and other payables

The significant increase in non-current trade and other payables was mainly due to land premium on alienation in Samalaju, Bintulu.

A15. Subsequent event

There was no material event subsequent to the statement of financial position date that has not been reflected in the quarterly financial statements.

NOTES TO THE QUARTERLY REPORT – 30 JUNE 2015

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

B1. Review of performance

Quarter 2, 2015 (“2Q15”) vs Quarter 2, 2014 (“2Q14”)

The Group’s profit before tax (“PBT”) for 2Q15 was 32% lower than 2Q14. All Divisions except the Construction Materials & Trading Division reported lower PBT in 2Q15. The major factors for the variance were:

- (a) **Cement Division** - recorded a 34% decrease in PBT of RM25.22 million in 2Q15 over 2Q14’s PBT of RM38.33 million. The decline was attributed to:-
 - Higher repair and maintenance cost as a result of scheduled shutdown of the clinker plant
 - More costly raw materials and imported cement as a result of higher USD exchange rates and additional external port discharging cost since end of April 2015
 - Higher volume of imported cement.
- (b) **Construction Materials & Trading Division** - PBT in 2Q15 grew by 9% to RM18.02 million from RM16.54 million in 2Q14. This was primarily due to the stronger revenue from 2015 JKR MARRIS fund program (state and rural roads maintenance) as a result of the early implementation in March 2015 (2014 program was implemented in June 2014) and increased premix sales to the federal roads maintenance program. However, this was partially offset by the trading company’s lower revenue in PE2015 due to fulfilment of a contract for supply of pipes to a major project. In addition, the wires business reported a marginal loss in the current year’s second quarter as compared to an exceptional results in last year’s second quarter, from a recovery of RM2.72 million debt.
- (c) **Property Development Division** - PBT declined to RM3.37 million in 2Q15 from a PBT of RM20.50 million in 2Q14, a decrease of 84%. The higher PBT in 2Q14 was due to the land sales recognised.

Year-to-date, 2015 (“PE2015”) v Year-to-date, 2014 (“PE2014”)

Group revenue rose 15% to RM867.84 million in PE2015 from RM756.60 million in PE2014, mainly driven by the Construction Materials & Trading Division and Construction & Road Maintenance Division.

However, PBT slipped by 2% to RM161.72 million from RM164.84 million in PE2014, due to higher costs and overheads but offset by higher share of results in associates.

Profit after tax and non-controlling interests (“PATNCI”) of RM98.08 million was 7% lower than the PATNCI of RM105.01 million reported in PE2014 as the increase in PBT was mostly contributed by the 51% owned subsidiaries.

NOTES TO THE QUARTERLY REPORT – 30 JUNE 2015

B1. Review of performance (contd.)

Year-to-date, 2015 (“PE2015”) v Year-to-date, 2014 (“PE2014”) (contd.)

The performance of the Group’s respective Divisions are analysed as follows:

- (a) **Cement Division** - recorded a 7% lower PBT of RM54.59 million in PE2015 over PE2014’s PBT of RM58.77 million despite a 6% higher revenue in the current period under review. The decline was due to higher costs of raw materials and imported cement resulted from higher USD exchange rates coupled with higher repair and maintenance cost.
- (b) **Construction Materials and Trading Division** - reported a remarkably high PBT of RM48.34 million for PE2015, exceeding PE2014’s PBT of RM28.92 million by 67%. This was attributed to the strong revenue from greater sales volume of quarry aggregates and premix, as well as a rise in contract work and services, arising from the spill-over projects from 2014.
- (c) **Construction & Road Maintenance Division** - posted a PBT of RM46.89 million which included the share of profit of joint ventures in PE2015, representing an increase of 21% over PE2014’s profit of RM38.75 million. The higher PBT was on the back of more works undertaken and longer road length maintained.
- (d) **Property Development Division** - PBT declined to RM6.03 million in PE2015 from a PBT of RM39.20 million in PE2014, a decrease of 85%. The higher PBT in the previous year’s same period was attributed to the recognition of profit from the land sales. For the current period under review, there was no land sale and lower property sales were recognised but this was however partially mitigated by higher construction activities.
- (e) **Samalaju Division** - registered a minimal loss of RM1.07 million, from a PBT of RM6.24 million (excluding the associates) in PE2014, due to higher costs as well as the loss suffered by the Hotel Company which commenced operations officially in April this year.
- (f) **Strategic Investments Division (excluding the listed and unlisted associates)** - reported a marginally lower loss in PE2015 compared to PE2014, due to lower loss reported by the Education Company and higher PBT by the Investment Company.

B2. Material changes in profit before tax for the quarter (Quarter 2, 2015 vs Quarter 1, 2015)

The Group’s 2Q15 results were lower than 1Q15. This was mainly attributable to:

- (a) **Cement Division** – PBT for 2Q15 of RM25.22 million was 14% lower than 1Q15’s RM29.37 million, despite a 5% higher revenue. This was mainly due to:-
 - Scheduled shutdown of clinker plant which had resulted in higher repair and maintenance cost and lower clinker production volume.
 - Higher costs of imported raw materials in 2Q15 resulted from the higher USD exchange rates and additional cost of discharging due to closure of Kuching jetty for refurbishment and installation of a new unloading crane since end of April 2015.
 - Cement production volume was lower in 2Q15 and the higher sales volume was supported by imported cement.

NOTES TO THE QUARTERLY REPORT – 30 JUNE 2015

B2. Material changes in profit before tax for the quarter (Quarter 2, 2015 vs Quarter 1, 2015) (contd.)

- (b) **Construction Materials & Trading Division** – PBT for 2Q15 of RM18.01 million was 41% lower than 1Q15's RM30.32 million. 1Q15 revenue was exceptionally high as portion of it was realised from the spill over works from 2014.
- (c) **Construction & Road Maintenance Division** – PBT was down by 21% from RM26.22 million in 1Q15 to RM20.67 million in 2Q15, due to lower revenue from projects.

B3. Prospects for the year ending 31 December 2015

Whilst the operating environment faced by the Group will remain challenging, the Board expects that the prospects for the year to be satisfactory and, coupled with other measures Management are taking, the Group is positioning itself for long term revenue and profitability growth.

B4. Profit forecast or profit guarantee

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

B5. Income tax expense

	3 months ended		6 months ended	
	30.06.2015	30.06.2014	30.06.2015	30.06.2014
	RM'000	RM'000	RM'000	RM'000
Current income tax:				
- Malaysian income tax	16,622	20,416	40,751	38,873
- Under/(over) provision in respect of previous years	1	(1,339)	1	(1,339)
Deferred tax	(48)	3,299	(181)	3,331
Total income tax expense	<u>16,575</u>	<u>22,376</u>	<u>40,571</u>	<u>40,865</u>

The effective tax rate for the quarter and period ended 30 June 2014 was lower than the statutory tax rate principally due to the over provision of tax in respect of prior years.

B6. Corporate proposals

There were no other corporate proposals that have been announced but not completed as at the date of this announcement.

NOTES TO THE QUARTERLY REPORT – 30 JUNE 2015

B7. Borrowings

	As at 30.06.2015 RM'000	As at 31.12.2014 RM'000
Secured		
Revolving credits	13,000	14,000
Unsecured		
Revolving credits	30,000	-
Bankers' acceptances	32,400	38,708
Term loans	58,831	46,360
Loan from corporate shareholder	1,654	5,728
Total	135,885	104,796
Maturity		
Repayable within one year	86,591	74,619
One year to five years	49,294	30,177
	135,885	104,796

All borrowings were denominated in Ringgit Malaysia.

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.

B11. Changes in material litigation

There were no changes in material litigation since the last annual statement of financial position date of 31 December 2014.

NOTES TO THE QUARTERLY REPORT – 30 JUNE 2015

B12. Dividend payable

The Board of directors has on 26 August 2015 declared an interim tax exempt (single-tier) dividend of 1.5 sen (2014: 1.5 sen) per share in respect of the financial year ending 31 December 2015. The entitlement date and dividend payment date for the interim dividend will be on 23 September 2015 and 22 October 2015, respectively.

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 during the period.

Diluted 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 during the period plus the weighted average number of ordinary shares that would be issued on the 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 and diluted earnings per share:

	3 months ended		6 months ended	
	30.06.2015	30.06.2014	30.06.2015	30.06.2014
Profit net of tax attributable to owners of the Company used in the computation of earnings per share (RM'000)	40,661	66,117	98,084	105,013
Weighted average number of ordinary shares in issue ('000)	1,070,448	1,034,814	1,055,106	1,027,757
Basic earnings per share (sen)	3.80	6.39	9.30	10.22
Weighted average number of ordinary shares for diluted earnings per share computation ('000)	1,073,599	1,041,189	1,057,872	1,035,574
Diluted earnings per share (sen)	3.79	6.35	9.27	10.14

B14. Auditor's report on preceding annual financial statements

The auditors' report on the financial statements for the year ended 31 December 2014 was not subject to any qualification.

NOTES TO THE QUARTERLY REPORT – 30 JUNE 2015

B15. Additional disclosure on profit for the period

	Quarter ended 30.06.2015 RM'000	Financial period ended 30.06.2015 RM'000
Profit for the period is arrived at after charging/(crediting):		
Amortisation of intangible assets	91	182
Amortisation of prepaid land lease payments	191	382
Bad debt written off	-	-
Property, plant and equipment written off	(1)	1
Depreciation of property, plant and equipment	13,089	25,242
Depreciation of investment properties	4	33
(Gain)/loss on foreign exchange	25	1,478
(Gain)/loss on disposal of property, plant and equipment	(3)	(47)
(Gain)/loss on disposal of investments	(1,926)	(1,400)
(Gain)/loss on fair value changes of derivatives	-	-
Impairment loss on trade receivables	-	-
Interest expense	1,016	1,652
Interest income	(1,688)	(2,856)
Inventory written off	-	-
Net fair value changes in investment securities	2,978	(749)
Reversal of allowance for impairment loss on trade receivables	(570)	(1,424)
Reversal of allowance for obsolete inventory	-	-
Write down of inventory	-	-

B16. Realised and unrealised profits/losses

	As at 30 June 2015 RM'000	As at 31 December 2014 RM'000
Total retained earnings of the Company and its subsidiaries:		
- Realised	1,103,544	1,086,361
- Unrealised	(14,633)	(13,731)
	<u>1,088,911</u>	<u>1,072,630</u>
Total retained earnings from associates:		
- Realised	5,240	(585)
- Unrealised	4,792	6,020
	<u>10,032</u>	<u>5,435</u>
Total retained earnings from jointly controlled entities:		
- Realised	3,163	1,395
	<u>1,102,106</u>	<u>1,079,460</u>
Add: consolidation adjustments	(60,696)	(61,456)
Total Group retained earnings as per consolidated accounts	<u><u>1,041,410</u></u>	<u><u>1,018,004</u></u>