

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 September 2015

	Note	3 months ended		9 months ended	
		30.9.2015 RM'000	30.9.2014 RM'000	30.9.2015 RM'000	30.9.2014 RM'000
Revenue	A8	411,844	413,067	1,279,688	1,169,668
Cost of sales		(294,085)	(314,223)	(983,185)	(875,493)
Gross profit		117,759	98,844	296,503	294,175
Other income		7,246	15,946	18,919	25,831
Administrative expenses		(13,657)	(13,284)	(48,688)	(47,618)
Selling and marketing expenses		(2,783)	(2,415)	(9,444)	(8,299)
Other expenses		(1,728)	(2,190)	(7,020)	(5,257)
Operating profit		106,837	96,901	250,270	258,832
Finance costs		(963)	(981)	(2,660)	(2,784)
Share of results of associates		(2,782)	7,950	15,431	11,221
Share of results of joint ventures		1,472	309	3,240	1,749
Profit before taxation		104,564	104,179	266,281	269,018
Income tax expense	B5	(27,145)	(18,483)	(67,716)	(59,348)
Profit for the period		77,419	85,696	198,565	209,670
Other comprehensive income/(expense)					
Foreign currency translation, net of tax		19	4	32	(156)
Share of other comprehensive income/(expenses) of associates, net of tax		(1,447)	2,871	(11,936)	1,738
Other comprehensive income/(expense) for the period, net of tax		(1,428)	2,875	(11,904)	1,582
Total comprehensive income for the period, net of tax		75,991	88,571	186,661	211,252
Profit attributable to:					
Owners of the Company		65,480	72,379	163,564	177,392
Non-controlling interests		11,939	13,317	35,001	32,278
		77,419	85,696	198,565	209,670
Total comprehensive income attributable to:					
Owners of the Company		64,110	75,139	153,334	178,904
Non-controlling interests		11,881	13,432	33,327	32,348
		75,991	88,571	186,661	211,252
		sen	sen	sen	sen
Earnings per share attributable to owners of the Company:					
Basic	B13	6.09	6.97	15.41	17.20
Diluted		N/A	6.95	N/A	17.09

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 September 2015

	Note	Unaudited As at 30.09.2015 RM'000	Audited As at 31.12.2014 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment		693,840	597,214
Prepaid land lease payments		16,165	16,738
Land held for property development		318,146	61,815
Investment properties		5,538	5,626
Intangible assets		3,668	2,320
Goodwill		61,709	61,709
Investments in associates		466,862	403,945
Investments in joint ventures		3,600	1,395
Deferred tax assets		23,680	27,075
Other receivables		39,216	10,432
Investment securities		8,434	9,461
		<u>1,640,858</u>	<u>1,197,730</u>
Current assets			
Property development costs		235,911	161,894
Inventories		129,469	121,520
Trade and other receivables		451,641	278,694
Other current assets		53,387	46,180
Investment securities		96,643	128,686
Tax recoverable		2,451	1,434
Cash and bank balances		473,452	829,590
		<u>1,442,954</u>	<u>1,567,998</u>
Assets classified as held for sale		34,403	34,403
		<u>1,477,357</u>	<u>1,602,401</u>
TOTAL ASSETS		<u>3,118,215</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		(38,192)	(15,329)
Retained earnings		1,090,774	1,018,004
		<u>1,920,487</u>	<u>1,811,731</u>
Non-controlling interests		<u>273,778</u>	<u>262,802</u>
Total equity		<u>2,194,265</u>	<u>2,074,533</u>
Non-current liabilities			
Deferred tax liabilities		39,598	39,070
Loans and borrowings	B7	90,603	30,177
Trade and other payables	A14	225,406	16,889
		<u>355,607</u>	<u>86,136</u>
Current liabilities			
Income tax payable		24,904	21,224
Loans and borrowings	B7	88,563	74,619
Trade and other payables		390,695	520,364
Other current liabilities		64,181	23,255
		<u>568,343</u>	<u>639,462</u>
Total liabilities		<u>923,950</u>	<u>725,598</u>
TOTAL EQUITY AND LIABILITIES		<u>3,118,215</u>	<u>2,800,131</u>
Net assets per share attributable to ordinary owners of the Company (RM)		<u>1.79</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 September 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	198,565	163,564	0	0	0	163,564	35,001
Other comprehensive expense, net of tax	(13,622)	(11,948)	0	0	(11,948)	0	(1,674)
Total comprehensive income/(expense)	184,943	151,616	0	0	(11,948)	163,564	33,327
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
Dividend payable	(16,116)	(16,116)	0	0	0	(16,116)	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	(65,211)	(42,860)	17,436	41,413	(10,915)	(90,794)	(22,351)
At 30 September 2015	2,194,265	1,920,487	537,188	330,717	(38,192)	1,090,774	273,778

Cahaya Mata Sarawak Berhad

(Company No: 21076-T)

Condensed consolidated statement of changes in equity for the period ended 30 September 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	209,670	177,392	0	0	0	0	177,392	32,278
Other comprehensive expense, net of tax	1,582	1,512	0	0	0	1,512	0	70
Total comprehensive income/(expense)	211,252	178,904	0	0	0	1,512	177,392	32,348
Transaction with owners:-								
Grant of equity-settled share options to employees	5,041	5,041	0	0	0	5,041	0	0
Exercise of employees' share options	14,843	14,843	7,210	0	13,215	(5,582)	0	0
Bonus issue	0	0	172,710	0	(172,710)	0	0	0
Acquisition of non-controlling interests	(40)	(871)	0	0	0	(871)	0	831
Liquidation of subsidiaries	(15,458)	(15,458)	0	0	0	(15,184)	(274)	0
Sale of treasury shares	5,743	5,743	0	3,629	0	0	2,114	0
Dividend payable	(15,589)	(15,589)	0	0	0	0	(15,589)	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	(62,926)	(47,725)	179,920	3,629	(159,495)	(16,596)	(55,183)	(15,201)
At 30 September 2014	2,036,032	1,785,296	519,624	0	289,168	(798)	977,302	250,736

Cahaya Mata Sarawak Berhad

(Company No: 21076-T)

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

	9 months ended 30.9.2015 RM'000	9 months ended 30.9.2014 RM'000
Profit before taxation	266,281	269,018
Adjustments for non-cash items:		
Non-cash items	(27,950)	(3,809)
Operating cash flows before changes in working capital	<u>238,331</u>	<u>265,209</u>
Changes in working capital		
Increase in current assets	(261,726)	(128,461)
Increase in non-current assets	(256,331)	(6,132)
(Decrease)/increase in current liabilities	(104,550)	7,296
Increase in non-current liabilities	208,518	1,054
Cash flows (used in)/from operations	<u>(175,758)</u>	<u>138,966</u>
Interest received	2,856	2,606
Interest paid	(1,652)	(2,767)
Income tax paid, net of refund	(61,158)	(56,807)
Net cash flows (used in)/from operating activities	<u>(235,712)</u>	<u>81,998</u>
Investing activities		
Purchases of investment securities	(40,399)	(15,462)
Dividends from investment securities	50,283	15,506
Dividends from associates	4,054	2,584
Additional investment in associates	(65,961)	(29,394)
Acquisition of property, plant and equipment	(134,364)	(104,917)
Additional investment in investment properties	(1,088)	0
Proceeds from disposal of property, plant and equipment	63	605
Proceeds from disposal of investment securities	70,417	11,264
Redemption of redeemable preference shares	4,267	2,400
Others	(654)	1,205
Net cash used in investing activities	<u>(113,382)</u>	<u>(116,209)</u>
Financing activities		
Drawdown/(repayments) of borrowings	74,369	(21,735)
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	(27,821)	0
Proceeds from disposal of treasury shares	0	5,743
Proceeds from exercise of employee share options	43,588	14,843
Net cash used in financing activities	<u>(7,044)</u>	<u>(58,615)</u>
Net decrease in cash and cash equivalents	<u>(356,138)</u>	<u>(92,826)</u>
Cash and cash equivalents as at 1 January	<u>829,590</u>	<u>613,708</u>
Cash and cash equivalents as at 30 September	<u><u>473,452</u></u>	<u><u>520,882</u></u>
Cash and cash equivalents as at 30 September comprised the following:		
Cash and short term funds	473,452	520,882
Bank overdrafts	0	0
	<u><u>473,452</u></u>	<u><u>520,882</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 SEPTEMBER 2015

Part A – Explanatory notes pursuant to MFRS 134

A1. Basis of preparation

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

NOTES TO THE QUARTERLY REPORT – 30 SEPTEMBER 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

There were no issuances, cancellation, repurchases, resale and repayments of debt and equity securities for the financial period under review.

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 SEPTEMBER 2015

A8. Segmental information

	3 months ended		9 months ended	
	30.09.2015	30.09.2014	30.09.2015	30.09.2014
	RM'000	RM'000	RM'000	RM'000
Segment Revenue				
Cement	149,027	146,057	443,511	424,357
Construction materials & trading	147,965	175,930	508,579	436,949
Construction & road maintenance	110,689	88,242	329,661	251,054
Property development	19,101	18,772	54,185	91,938
Samalaju development #	4,189	2,879	9,333	7,656
Strategic investments *	2,388	3,757	7,081	9,149
Others	5,219	6,846	18,909	47,338
Total revenue including inter-segment sales	438,578	442,483	1,371,259	1,268,441
Elimination of inter-segment sales	(26,734)	(29,416)	(91,571)	(98,773)
	<u>411,844</u>	<u>413,067</u>	<u>1,279,688</u>	<u>1,169,668</u>
Segment Results				
Operating profit/(loss):				
Cement	34,637	33,650	89,230	92,417
Construction materials & trading	24,452	21,679	72,790	50,602
Construction & road maintenance	43,904	21,170	89,022	58,478
Property development	3,574	6,860	9,602	46,054
Samalaju development #	6,146	769	5,078	7,008
Strategic investments *	(457)	(508)	(1,117)	(1,456)
Others	(1)	15,378	(20)	15,423
	<u>112,255</u>	<u>98,998</u>	<u>264,585</u>	<u>268,526</u>
Unallocated corporate expenses	(6,381)	(3,078)	(16,975)	(12,478)
Share of results of associates	(2,782)	7,950	15,431	11,221
Share of results of joint ventures	1,472	309	3,240	1,749
Profit before tax	104,564	104,179	266,281	269,018
Income tax expenses	(27,145)	(18,483)	(67,716)	(59,348)
Profit for the year	<u>77,419</u>	<u>85,696</u>	<u>198,565</u>	<u>209,670</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 September 2015.

NOTES TO THE QUARTERLY REPORT – 30 SEPTEMBER 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 September 2015		30 September 2014	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	RM'000	RM'000	RM'000	RM'000
Financial assets:				
Available-for-sale financial assets:				
- Equity instruments	300	300	300	300
- Redeemable participating shares	8,134	8,134	7,058	7,058
	<u>8,434</u>	<u>8,434</u>	<u>7,358</u>	<u>7,358</u>
Financial liabilities:				
Interest-bearing loans and borrowings				
- Bankers' acceptances	40,012	40,012	37,000	37,000
- Term loans	89,500	89,684	21,360	21,422
- Finance lease liabilities	-	-	3	3
- Revolving credits	48,000	48,000	14,000	14,000
- Loans from corporate shareholders	1,654	1,799	6,004	6,822
	<u>179,166</u>	<u>179,495</u>	<u>78,367</u>	<u>79,247</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 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 September 2015				
Financial assets				
Income debt securities fund	-	63,539	-	63,539
Equity instruments	33,104	-	-	33,104
Unit trust funds	-	-	-	-
Wholesale fund	-	-	-	-
	<u>33,104</u>	<u>63,539</u>	<u>-</u>	<u>96,643</u>
30 September 2014				
Financial assets				
Income debt securities fund	-	61,046	-	61,046
Equity instruments	41,120	-	-	41,120
Unit trust funds	28,148	-	-	28,148
Wholesale fund	-	1,674	-	1,674
	<u>69,268</u>	<u>62,720</u>	<u>-</u>	<u>131,988</u>

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 September 2015 was as follows:

	RM'000
Approved and contracted for:	
- Property, plant and equipment	85,443
- Others	12,390
	<u>97,833</u>
Approved and not contracted for:	
- Property, plant and equipment	190,497
- Intangible assets	674
- Investment properties	37,500
- Investment in associates	110,300
- Others	19,569
	<u>358,540</u>
	<u>456,373</u>

NOTES TO THE QUARTERLY REPORT – 30 SEPTEMBER 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 September 2015 and 30 September 2014 as well as the balances with the related parties as at 30 September 2015 and 30 September 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	307	103	-	-
	2014	349	155	-	-
- COPE-KPF Opportunities 1 Sdn	2015	1,223	-	-	-
	2014	1,246	-	-	-
- KKB Engineering Bhd	2015	31	-	30	-
	2014	61	-	-	-
- Harum Bidang Sdn Bhd	2015	-	57,941	-	2,434
	2014	-	131,679	-	36,442
- Kenanga Investors Bhd	2015	15,456	60	-	-
	2014	12,647	773	-	-
Joint Venture:					
- PPES Works Wibawa	2015	105	-	71	-
	2014	124	-	-	-
Key management personnel of the Group:					
- Directors' interest	2015	19,861	1,925	1,831	29
	2014	32,115	1,608	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.

NOTES TO THE QUARTERLY REPORT – 30 SEPTEMBER 2015

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 other than as follows:

On 2 April 2015, the Company announced that it had entered into a conditional share purchase agreement with The State Financial Secretary of Sarawak (“SFS”) for the proposed acquisition of 42,435,817 ordinary shares of RM1.00 each in Sacofa Sdn. Bhd. (“Sacofa”) representing 50.0% of the issued and paid-up share capital of Sacofa.

On 23 October 2015, the proposed acquisition was completed following the fulfilment of all Conditions Precedent including satisfactory completion of the due diligence exercise by the Company and the execution of a supplemental agreement with SFS for the acquisition of 18,444,697 warrants of Sacofa for a total purchase consideration of RM35,413,818.24 to be satisfied entirely in cash. Both the balance purchase consideration for the Sale Shares of RM186,790,429.00 and the Sale Warrants Purchase Consideration have been settled by the Company to SFS on the even date.

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NOTES TO THE QUARTERLY REPORT – 30 SEPTEMBER 2015

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

B1. Review of performance

Quarter 3, 2015 (“3Q15”) vs Quarter 3, 2014 (“3Q14”)

The Group’s profit before tax (“PBT”) PBT for 3Q15 maintained at RM104 million despite a substantial one-off gain on liquidation of subsidiaries in 3Q14. The performances of the major contributors are as follows:

- (a) **Cement Division** – PBT in 3Q15 of RM34.64 million was slightly higher than 3Q14 of RM33.65 million. Higher cement production volume and no shutdown of plants for maintenance in the current year’s third quarter had reduced the impact of higher cost of imported cement and raw materials resulted from the surge in US dollar.
- (b) **Construction Materials & Trading Division** - PBT in 3Q15 grew by 13% to RM24.45 million from RM21.68 million in 3Q14. This was primarily due to the higher allocation secured from 2015 JKR MARRIS fund program (state and rural roads maintenance) and increased premix sales to the federal roads maintenance and state rehabilitation program. However, this was partially offset by the Trading Company’s lower revenue in 3Q2015 due to fulfilment of a contract for supply of pipes to a major project in May 2015.
- (c) **Construction & Road Maintenance Division** – PBT in 3Q15 increased by more than one-fold to RM45.38 million from RM21.48 million in 3Q14, due mainly to arrears of revenue for the routine maintenance recognised as well as more works undertaken.
- (d) **Property Development Division** - PBT in 3Q15 was lower at RM3.57 million as compared to RM6.86 million in 3Q14. The higher PBT in 3Q14 was due to a land sale recognised.

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

Group revenue rose 9% to RM1.28 billion in PE2015 from RM1.17 billion in PE2014, mainly driven by the Construction Materials & Trading Division and Construction & Road Maintenance Division.

However, Group PBT declined by 1% to RM266.28 million from RM269.02 million in PE2014, mainly due to higher cost of sales which was affected by the significant increase in USD exchange rate. Included in PE2014 PBT were gain on liquidation of subsidiaries of RM15.62 million and profit from land sales of RM38.26 million. Excluding these two items, PBT in PE2015 would have increased by 24%.

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

- (a) **Cement Division** - recorded a 3% lower PBT of RM89.23 million in PE2015 over PE2014’s PBT of RM92.42 million despite a 3% higher revenue in the current period under review. The decline was due to higher costs of raw materials and imported cement resulted from stronger US dollar. The impact of stronger US dollar was partially mitigated by higher cement and clinker production volumes and lower clinker price.

NOTES TO THE QUARTERLY REPORT – 30 SEPTEMBER 2015

B1. Review of performance (contd.)

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

- (b) **Construction Materials and Trading Division** - reported a remarkably high PBT of RM72.79 million for PE2015, exceeding PE2014's PBT of RM50.60 million by 44%. 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.
- (c) **Construction & Road Maintenance Division** - posted a PBT of RM92.26 million which included the share of profit of joint ventures in PE2015, representing an increase of 53% over PE2014's profit of RM60.23 million. The higher PBT was on the back of more works undertaken and arrears of revenue from routine maintenance works recognised.
- (d) **Property Development Division** - PBT declined to RM9.60 million in PE2015 from a PBT of RM46.05 million in PE2014, a decrease of 79%. 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** - PBT dropped to RM5.08 million in PE2015 from a PBT of RM7.01 million (excluding the associates) in PE2014, a decrease of 27%. This was due to mainly due to the loss suffered by the Hotel Company.
- (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 3, 2015 vs Quarter 2, 2015)

Group PBT surged by 57% to RM104.56 million in the current quarter from RM66.71 million in the preceding quarter. All Divisions with the exception of the Property Development Division performed better in 3Q15.

- (a) **Cement Division** – PBT increased by 37% from RM25.22 million in 2Q15 to RM34.64 million in 3Q15 although cement sale volume was 1% lower (3Q15: 438,047MT vs 2Q15: 443,975MT). This was mainly due to cheaper production cost of cement as a result of higher volumes of clinker and cement produced.
- (b) **Construction Materials & Trading Division** – This Division continued to perform excellently. PBT for 3Q15 of RM24.45 million was 36% higher than 2Q15's RM18.02 million, a result of full implementation of projects under 2015 JKR MARRIS program in 3Q15.
- (c) **Construction & Road Maintenance Division** – PBT increased by more than one-fold from RM20.67 million in 2Q15 to RM45.38 million in 3Q15, as a result of reinstatement and recognition of arrears for routine road maintenance revenue for previous years in 3Q15.

NOTES TO THE QUARTERLY REPORT – 30 SEPTEMBER 2015

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		9 months ended	
	30.09.2015	30.09.2014	30.09.2015	30.09.2014
	RM'000	RM'000	RM'000	RM'000
Current income tax:				
- Malaysian income tax	25,158	20,997	65,909	59,870
- Under/(over) provision in respect of previous years	1,949	(417)	1,950	(1,756)
Deferred tax	38	(2,097)	(143)	1,234
Total income tax expense	<u>27,145</u>	<u>18,483</u>	<u>67,716</u>	<u>59,348</u>

The effective tax rate for the quarter and period ended 30 September 2014 was lower than the statutory tax rate principally due to non-taxable gain on liquidation of subsidiaries.

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 SEPTEMBER 2015

B7. Borrowings

	As at 30.09.2015 RM'000	As at 31.12.2014 RM'000
Secured		
Revolving credits	13,000	14,000
Unsecured		
Revolving credits	35,000	-
Bankers' acceptances	40,012	38,708
Term loans	89,500	46,360
Loan from corporate shareholder	1,654	5,728
Total	<u>179,166</u>	<u>104,796</u>
Maturity		
Repayable within one year	88,563	74,619
One year to five years	90,603	30,177
	<u>179,166</u>	<u>104,796</u>

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 SEPTEMBER 2015

B12. Dividend payable

The first interim tax exempt (single-tier) dividend of 1.5 sen per ordinary share of RM0.50 each for the financial year ending 31 December 2015 amounting to RM 16,115,636 was paid on 22 October 2015.

The total dividend for the current financial year ending 31 December 2015 is 1.5 sen (2014: 1.5 sen) per ordinary share.

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		9 months ended	
	30.09.2015	30.09.2014	30.09.2015	30.09.2014
Profit net of tax attributable to owners of the Company used in the computation of earnings per share (RM'000)	65,480	72,379	163,564	177,392
Weighted average number of ordinary shares in issue ('000)	1,074,376	1,038,509	1,061,529	1,031,341
Basic earnings per share (sen)	6.09	6.97	15.41	17.20
Weighted average number of ordinary shares for diluted earnings per share computation ('000)	N/A	1,041,955	N/A	1,037,885
Diluted earnings per share (sen)	N/A	6.95	N/A	17.09

No diluted earnings per share for the quarter and period ended 30 September 2015 are disclosed as the Company's ESOS was expired.

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 SEPTEMBER 2015

B15. Additional disclosure on profit for the period

	Quarter ended 30.09.2015 RM'000	Financial period ended 30.09.2015 RM'000
Profit for the period is arrived at after charging/(crediting):		
Amortisation of intangible assets	91	273
Amortisation of prepaid land lease payments	191	572
Bad debt written off	-	-
Property, plant and equipment written off	-	2
Depreciation of property, plant and equipment	13,310	38,552
Depreciation of investment properties	75	108
(Gain)/loss on foreign exchange	(475)	1,002
(Gain)/loss on disposal of property, plant and equipment	(289)	(336)
(Gain)/loss on disposal of investments	739	(661)
(Gain)/loss on fair value changes of derivatives	-	-
Impairment loss on trade receivables	-	-
Interest expense	950	2,602
Interest income	(1,599)	(4,455)
Inventory written off	-	-
Net fair value changes in investment securities	2,047	1,298
Reversal of allowance for impairment loss on trade receivables	-	(1,424)
Reversal of allowance for obsolete inventory	-	-
Write down of inventory	-	-

B16. Realised and unrealised profits/losses

	As at 30 September 2015 RM'000	As at 31 December 2014 RM'000
Total retained earnings of the Company and its subsidiaries:		
- Realised	1,160,915	1,086,361
- Unrealised	(16,905)	(13,731)
	<u>1,144,010</u>	<u>1,072,630</u>
Total retained earnings from associates:		
- Realised	(2,620)	(585)
- Unrealised	8,424	6,020
	<u>5,804</u>	<u>5,435</u>
Total retained earnings from jointly controlled entities:		
- Realised	3,600	1,395
	<u>1,153,414</u>	<u>1,079,460</u>
Add: consolidation adjustments	(62,640)	(61,456)
Total Group retained earnings as per consolidated accounts	<u><u>1,090,774</u></u>	<u><u>1,018,004</u></u>