

CAHYA MATA SARAWAK BERHAD

(Company No: 21076-T)

(Incorporated in Malaysia)

Interim Financial Report

Condensed consolidated statements of comprehensive income for the year ended 31 December 2015

	Note	3 months ended		12 months ended	
		31.12.2015 RM'000	31.12.2014 RM'000	31.12.2015 RM'000	31.12.2014 RM'000
Revenue	A8	508,337	504,230	1,788,025	1,673,898
Cost of sales		(391,412)	(402,858)	(1,374,597)	(1,278,351)
Gross profit		116,925	101,372	413,428	395,547
Other income		6,310	3,772	25,229	29,603
Administrative expenses		(21,707)	(23,154)	(70,395)	(70,772)
Selling and marketing expenses		(4,053)	(3,705)	(13,497)	(12,004)
Other expenses		(1,156)	(9,953)	(8,176)	(15,210)
Operating profit		96,319	68,332	346,589	327,164
Finance costs		(1,344)	(773)	(4,004)	(3,557)
Share of results of associates		21,574	5,365	37,005	16,586
Share of results of joint ventures		(1,176)	(490)	2,064	1,259
Profit before taxation		115,373	72,434	381,654	341,452
Income tax expense	B5	(16,280)	(16,496)	(83,996)	(75,844)
Profit for the period		99,093	55,938	297,658	265,608
Other comprehensive income/(expense)					
Foreign currency translation, net of tax		0	4,042	32	3,886
Share of other comprehensive income/(expenses) of associates, net of tax		16,759	(23,922)	4,823	(22,184)
Other comprehensive income/(expense) for the period, net of tax		16,759	(19,880)	4,855	(18,298)
Total comprehensive income for the period, net of tax		115,852	36,058	302,513	247,310
Profit attributable to:					
Owners of the Company		78,023	43,943	241,587	221,335
Non-controlling interests		21,070	11,995	56,071	44,273
		99,093	55,938	297,658	265,608
Total comprehensive income attributable to:					
Owners of the Company		94,796	23,993	248,130	202,897
Non-controlling interests		21,056	12,065	54,383	44,413
		115,852	36,058	302,513	247,310
		sen	sen	sen	sen
Earnings per share attributable to owners of the Company:					
Basic	B13	7.26	4.23	22.69	21.42
Diluted		N/A	4.22	N/A	21.31

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 31 December 2015

	Note	Unaudited As at 31.12.2015 RM'000	Audited As at 31.12.2014 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment		728,967	597,214
Prepaid land lease payments		15,974	16,738
Land held for property development		297,022	61,815
Investment properties		6,570	5,626
Intangible assets		4,142	2,320
Goodwill		61,709	61,709
Investments in associates		691,944	403,945
Investments in joint ventures		2,873	1,395
Deferred tax assets		38,709	27,075
Other receivables		64,561	10,432
Investment securities		8,300	9,461
		<u>1,920,771</u>	<u>1,197,730</u>
Current assets			
Property development costs		265,972	161,894
Inventories		143,736	121,520
Trade and other receivables		407,065	278,694
Other current assets		33,015	46,180
Investment securities		98,115	128,686
Other investment		35,414	0
Tax recoverable		2,025	1,434
Cash and bank balances		325,067	829,590
		<u>1,310,409</u>	<u>1,567,998</u>
Assets classified as held for sale		<u>0</u>	<u>34,403</u>
		<u>1,310,409</u>	<u>1,602,401</u>
TOTAL ASSETS		<u>3,231,180</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		(14,463)	(15,329)
Retained earnings		1,161,795	1,018,004
		<u>2,015,237</u>	<u>1,811,731</u>
Non-controlling interests		<u>294,834</u>	<u>262,802</u>
Total equity		<u>2,310,071</u>	<u>2,074,533</u>
Non-current liabilities			
Deferred tax liabilities		41,805	39,070
Loans and borrowings	B7	95,322	30,177
Trade and other payables	A14	170,113	16,889
		<u>307,240</u>	<u>86,136</u>
Current liabilities			
Income tax payable		21,730	21,224
Loans and borrowings	B7	68,356	74,619
Trade and other payables		477,489	520,364
Other current liabilities		46,294	23,255
		<u>613,869</u>	<u>639,462</u>
Total liabilities		<u>921,109</u>	<u>725,598</u>
TOTAL EQUITY AND LIABILITIES		<u>3,231,180</u>	<u>2,800,131</u>
Net assets per share attributable to ordinary owners of the Company (RM)		<u>1.88</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 year ended 31 December 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	297,658	241,587	0	0	0	241,587	56,071
Other comprehensive expense, net of tax	3,137	4,825	0	0	4,825	0	(1,688)
Total comprehensive income/(expense)	300,795	246,412	0	0	4,825	241,587	54,383
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	(3)	(3)	0	0	(151)	148	0
Share of associate's reserves	(43)	(43)	0	0	6,956	(6,999)	0
Dividends on ordinary shares	(90,945)	(90,945)	0	0	0	(90,945)	0
Dividends paid to non-controlling interests	(22,351)	0	0	0	0	0	(22,351)
Total transactions with owners	(65,257)	(42,906)	17,436	41,413	(3,959)	(97,796)	(22,351)
At 31 December 2015	2,310,071	2,015,237	537,188	330,717	(14,463)	1,161,795	294,834

Cahaya Mata Sarawak Berhad

(Company No: 21076-T)

Condensed consolidated statement of changes in equity for the year ended 31 December 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	265,608	221,335	0	0	0	0	221,335	44,273
Other comprehensive expense, net of tax	(18,298)	(18,438)	0	0	0	(18,438)	0	140
Total comprehensive income/(expense)	247,310	202,897	0	0	0	(18,438)	221,335	44,413
Transaction with owners:-								
Grant of equity-settled share options to employees	7,293	7,293	0	0	0	7,293	0	0
Exercise of employees' share options	15,032	15,032	7,338	0	13,351	(5,657)	0	0
Bonus issue	0	0	172,710	0	(172,710)	0	0	0
Share of associate's reserves	0	0	0	0	0	3,241	(3,241)	0
Acquisition of non-controlling interests	(40)	(871)	0	0	0	(871)	0	831
Liquidation of subsidiaries	(15,458)	(15,458)	0	0	0	(15,183)	(275)	0
Sale of treasury shares	5,743	5,743	0	3,629	0	0	2,114	0
Dividends on ordinary shares	(57,022)	(57,022)	0	0	0	0	(57,022)	0
Dividends paid to non-controlling interests	(16,031)	0	0	0	0	0	0	(16,031)
Total transactions with owners	(60,483)	(45,283)	180,048	3,629	(159,359)	(11,177)	(58,424)	(15,200)
At 31 December 2014	2,074,533	1,811,731	519,752	0	289,304	(15,329)	1,018,004	262,802

Cahaya Mata Sarawak Berhad

(Company No: 21076-T)

Condensed consolidated statement of cash flows for the year ended 31 December 2015

	12 months ended 31.12.2015 RM'000	12 months ended 31.12.2014 RM'000
Profit before taxation	381,654	341,452
Adjustments for non-cash items:		
Non-cash items	(58,061)	3,238
Operating cash flows before changes in working capital	323,593	344,690
Changes in working capital		
Increase in current assets	(217,678)	(42,202)
(Increase)/decrease in land held for development	(235,207)	4,139
(Decrease)/increase in current liabilities	(19,370)	173,357
Increase in non-current liabilities	153,224	8,456
Cash flows from operations	4,562	488,440
Interest received	6,473	3,914
Interest paid	(4,114)	(3,199)
Income tax paid, net of refund	(93,007)	(74,963)
Net cash flows (used in)/from operating activities	(86,086)	414,192
Investing activities		
Purchases of investment securities	(51,175)	(23,276)
Dividends from investment securities	74,090	20,107
Dividends from associates	4,054	2,584
Additional investment in associates	(252,752)	(29,395)
Acquisition of property, plant and equipment	(185,286)	(141,660)
Acquisition of other investment	(35,414)	0
Additional investment in investment properties	(1,145)	0
Proceeds from disposal of property, plant and equipment	833	1,237
Proceeds from disposal of investment securities	83,685	15,472
Redemption of redeemable preference shares	4,267	2,612
Others	(928)	1,593
Net cash used in investing activities	(359,771)	(150,726)
Financing activities		
Drawdown/(repayments) of borrowings	58,882	4,694
Increase in deposits pledged to licensed banks	(150)	(151)
Decrease in wholesale fund pledged to a licensed bank	23,000	0
Dividends paid to shareholders of the Company	(90,945)	(57,022)
Dividends paid to non-controlling interests in subsidiary companies	(22,351)	(16,031)
Advancement of shareholder's loan	(47,840)	0
Proceeds from disposal of treasury shares	0	5,743
Proceeds from exercise of employee share options	43,588	15,032
Net cash used in financing activities	(35,816)	(47,735)
Net (decrease)/increase in cash and cash equivalents	(481,673)	215,731
Cash and cash equivalents as at 1 January	804,676	588,945
Cash and cash equivalents as at 31 December	323,003	804,676
Cash and cash equivalents as at 31 December comprised the following:		
Cash and short term deposits	325,067	829,590
Less: Deposit pledged to licensed banks	(2,064)	(1,914)
Less: Wholesale fund pledged to a licensed bank	0	(23,000)
	323,003	804,676

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 – 31 DECEMBER 2015

Part A – Explanatory notes pursuant to MFRS 134

A1. Basis of preparation

These condensed consolidated interim financial statements, for the year ended 31 December 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 year ended 31 December 2015.

NOTES TO THE QUARTERLY REPORT – 31 DECEMBER 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.

The first interim tax exempt (single-tier) dividend of 1.5 sen per share for the financial year ended 31 December 2015 amounting to RM16,115,636 was paid on 22 October 2015.

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NOTES TO THE QUARTERLY REPORT – 31 DECEMBER 2015

A8. Segmental information

	3 months ended		12 months ended	
	31.12.2015 RM'000	31.12.2014 RM'000	31.12.2015 RM'000	31.12.2014 RM'000
Segment Revenue				
Cement	157,377	161,465	600,887	585,822
Construction materials & trading	203,479	229,014	712,058	665,964
Construction & road maintenance	129,824	115,422	459,485	366,476
Property development	35,857	21,905	90,042	113,843
Samalaju development #	7,557	7,240	16,891	14,896
Strategic investments *	1,875	2,243	8,956	11,391
Others	4,048	(18,420)	22,957	28,918
Total revenue including inter-segment sales	540,017	518,869	1,911,276	1,787,310
Elimination of inter-segment sales	(31,680)	(14,639)	(123,251)	(113,412)
	508,337	504,230	1,788,025	1,673,898
Segment Results				
Operating profit/(loss):				
Cement	13,943	28,065	103,173	120,483
Construction materials & trading	35,203	25,877	107,993	76,477
Construction & road maintenance	44,206	24,496	133,228	82,974
Property development	10,251	(427)	19,853	45,628
Samalaju development #	(2,886)	2,447	2,192	9,455
Strategic investments *	(930)	(1,772)	(2,047)	(3,228)
Others	26	(118)	6	15,305
	99,813	78,568	364,398	347,094
Unallocated corporate expenses	(4,838)	(11,009)	(21,813)	(23,487)
Share of results of associates	21,574	5,365	37,005	16,586
Share of results of joint ventures	(1,176)	(490)	2,064	1,259
Profit before tax	115,373	72,434	381,654	341,452
Income tax expenses	(16,280)	(16,496)	(83,996)	(75,844)
Profit for the year	99,093	55,938	297,658	265,608

Lodging and catering services.

* Financial services and education.

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NOTES TO THE QUARTERLY REPORT – 31 DECEMBER 2015

A9. Changes in composition of the Group

There have been no changes in the composition of the Group for the quarter ended 31 December 2015 other than as follows:

- (a) On 23 October 2015, the Company completed its acquisition of a new associate, Sacofa Sdn. Bhd., which entails the acquisition of 42,435,817 ordinary shares representing 50% equity interest of the issued and paid up capital in Sacofa Sdn. Bhd. for a total cash consideration of RM186,790,429. Upon completion of the acquisition, Sacofa Sdn. Bhd. became an associate to the Group.
- (b) On 12 November 2015, the final meeting for the members' voluntary winding up of CMS Steel Berhad ("CMS Steel") and CMS Energy Sdn Bhd ("CMS Energy") were duly convened on that date. A return by liquidator relating to final meeting of CMS Steel and CMS Energy were lodged on 12 November 2015 with the Companies Commission of Malaysia and the official receiver. Pursuant to Section 272(5) of the Companies Act, 1965, CMS Steel and CMS Energy will be dissolved on the expiration of three (3) months after the said lodgement date.
- (c) On 12 November 2015, the final meeting for the members' voluntary winding up of Samalaju Aluminium Industries Sdn Bhd ("SAI"), a wholly-owned subsidiary company of Samalaju Industries Sdn Bhd which in turn is a wholly owned subsidiary of the Company was duly convened. A return by liquidator to final meeting was lodged on 12 November 2015 with the Companies Commission of Malaysia and the official Receiver. Pursuant to Section 272(5) of the Companies Act, 1965, SAI will be dissolved on the expiration of three months after the said lodgement date.
- (d) On 14 December 2015, CMS Agrotech Sdn Bhd ("CMS Agrotech"), a wholly-owned subsidiary company of CMS Infra Trading Sdn Bhd which in turn is a subsidiary company of the Company, was placed into members' voluntary liquidation.

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:

	31 December 2015		31 December 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	8,000	8,000	9,161	9,161
	<u>8,300</u>	<u>8,300</u>	<u>9,461</u>	<u>9,461</u>

NOTES TO THE QUARTERLY REPORT – 31 DECEMBER 2015

A10. Fair value of instruments (contd.)

(a) Determination of fair value (contd.)

	31 December 2015		31 December 2014	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	RM'000	RM'000	RM'000	RM'000
Financial liabilities:				
Interest-bearing loans and borrowings				
- Bankers' acceptances	33,500	33,500	38,708	38,708
- Term loans	96,800	97,005	46,360	49,599
- Revolving credits	32,000	32,000	14,000	14,000
- Loans from corporate shareholders	1,378	1,481	5,728	6,491
	<u>163,678</u>	<u>163,986</u>	<u>104,796</u>	<u>108,798</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).

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	Level 2	Level 3	Total
	RM'000	RM'000	RM'000	RM'000
31 December 2015				
Financial assets				
Income debt securities fund	-	64,052	-	64,052
Equity instruments	34,063	-	-	34,063
Unit trust funds	-	-	-	-
Wholesale fund	-	-	-	-
	<u>34,063</u>	<u>64,052</u>	<u>-</u>	<u>98,115</u>
31 December 2014				
Financial assets				
Income debt securities fund	-	61,523	-	61,523
Equity instruments	37,826	-	-	37,826
Unit trust funds	27,951	-	-	27,951
Wholesale fund	-	1,386	-	1,386
	<u>65,777</u>	<u>62,909</u>	<u>-</u>	<u>128,686</u>

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

NOTES TO THE QUARTERLY REPORT – 31 DECEMBER 2015

A11. Capital commitments

The amount of commitments not provided for in the interim financial statements as at 31 December 2015 was as follows:

	RM'000
Approved and contracted for:	
- Property, plant and equipment	32,748
- Others	<u>8,725</u>
	<u>41,473</u>
Approved and not contracted for:	
- Property, plant and equipment	258,211
- Intangible assets	1,734
- Investment properties	48,812
- Investment in associates	110,300
- Others	<u>9,874</u>
	<u>428,931</u>
	<u>470,404</u>

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.

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NOTES TO THE QUARTERLY REPORT – 31 DECEMBER 2015

A13. Related party transactions

The following table provides information on the transactions which have been entered into with related parties during the year ended 31 December 2015 and 31 December 2014 as well as the balances with the related parties as at 31 December 2015 and 31 December 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	324	844	-	-
	2014	487	155	-	-
- COPE-KPF Opportunities 1 Sdn	2015	1,631	-	-	-
	2014	1,654	-	-	-
- KKB Engineering Bhd	2015	68	-	50	-
	2014	61	-	-	-
- Harum Bidang Sdn Bhd	2015	-	68,736	-	3,197
	2014	-	170,110	-	36,442
- Kenanga Investors Bhd	2015	18,732	80	-	-
	2014	16,110	791	-	-
Joint Venture:					
- PPES Works Wibawa	2015	167	-	41	-
	2014	124	-	-	-
- PPES Works Naim Land	2015	17	-	10	-
	2014	-	-	-	-
- PPES Works Larico	2015	109	-	73	-
	2014	-	-	-	-
Key management personnel of the Group:					
- Directors' interest	2015	15,979	2,629	1,648	3
	2014	34,282	2,159	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 – 31 DECEMBER 2015

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

B1. Review of performance

Quarter 4, 2015 (“4Q15”) vs Quarter 4, 2014 (“4Q14”)

The Group’s profit before tax (“PBT”) for 4Q15 of RM115.37 million was 59% higher as compared to RM72.43 million achieved in 4Q14. The higher PBT in the current quarter was mainly contributed by the associates and the Construction Materials & Trading and Construction & Road Maintenance Divisions.

The significant higher share of results of associates was largely contributed by a newly acquired associate.

The Construction Materials & Trading Division attributed its stellar performance in 4Q15 to a better weather condition for road works with less rainfall and less materials shortage issue.

The Construction & Road Maintenance Division recorded a higher PBT in 4Q15 as compared to 4Q14. PBT for 4Q15 included profit recognised from completed projects upon final accounts.

Year-to-date, 2015 (“YE2015”) v Year-to-date, 2014 (“YE2014”)

Group revenue rose 7% to RM1.79 billion in YE2015 from RM1.67 billion in YE2014, mainly driven by the Construction Materials & Trading Division and Construction & Road Maintenance Division.

Group PBT grew by 12% to RM381.65 million from RM341.45 million in YE2014, mainly due to higher revenue recorded by the two Divisions mentioned above and higher share of results of associates contributed by a newly acquired associate.

In tandem with the PBT, the Group’s PATNCI for YE2015 increased by 9% compared to PATNCI reported in YE2014.

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

- (a) **Cement Division** - recorded a 14% lower PBT of RM103.17 million in YE2015 over YE2014’s PBT of RM120.48 million despite a 2% higher revenue. The decline in PBT was attributed to higher cost in raw materials and imported cement which arose from stronger USD.
- (b) **Construction Materials and Trading Division** - reported a remarkably high PBT of RM107.99 million for YE2015, exceeding YE2014’s PBT of RM76.48 million by 41%. 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.

NOTES TO THE QUARTERLY REPORT – 31 DECEMBER 2015

B1. Review of performance (contd.)

Year-to-date, 2015 (“YE2015”) v Year-to-date, 2014 (“YE2014”) (contd.)

- (c) **Construction & Road Maintenance Division** - posted a PBT of RM135.29 million which included the share of profit of joint ventures in YE2015, representing an increase of 61% over YE2014's profit of RM84.23 million. The higher PBT was on the back of more works undertaken and arrears of revenue from routine maintenance works recognised upon agreement of contract rates.
- (d) **Property Development Division** - PBT declined to RM19.85 million in YE2015 from a PBT of RM45.63 million in YE2014, a decrease of 56%. The higher PBT in the previous year was largely attributed to the recognition of profit from the land sales. However, in 2015, the Division saw profit from higher construction activities.
- (e) **Samalaju Division** - PBT dropped to RM2.92 million in YE2015 from a PBT of RM9.46 million (excluding the associates) in YE2014, a decrease of 77%. This was mainly due to lower lodges revenue and the loss suffered by the new Hotel Company.
- (f) **Strategic Investments Division (excluding the listed and unlisted associates)** - reported a marginally lower loss in YE2015 compared to YE2014, 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 4, 2015 vs Quarter 3, 2015)

Group PBT rose by 10% to RM115.37 million in the current quarter from RM104.56 million in the preceding quarter.

The Construction Materials & Trading Division's PBT escalated from RM24.45 million in 3Q15 to RM35.22 million in 4Q15.

The Property Development Division also saw a rise in its PBT from RM3.57 million in the preceding quarter to RM10.25 million in the current quarter.

The increase in share of results of associates was attributed to the acquisition of a new associate.

B3. Prospects for the year ending 31 December 2016

Whilst the operating environment faced by the Group will remain challenging, the Board expects that the Group's financial performance 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.

NOTES TO THE QUARTERLY REPORT – 31 DECEMBER 2015

B5. Income tax expense

	3 months ended		12 months ended	
	31.12.2015	31.12.2014	31.12.2015	31.12.2014
	RM'000	RM'000	RM'000	RM'000
Current income tax:				
- Malaysian income tax	22,413	18,312	88,322	78,182
- Under/(over) provision in respect of previous years	2,330	(1,872)	4,280	(3,628)
Deferred tax	(8,463)	56	(8,606)	1,290
Total income tax expense	16,280	16,496	83,996	75,844

The effective tax rate for the quarter and year ended 31 December 2014 was lower than the statutory tax rate principally due to the reversal of tax provision in respect of prior years and non-taxable gain on liquidation of subsidiaries.

The effective tax rate for the quarter and year ended 31 December 2015 was lower than the statutory tax rate mainly due to recognition of deferred tax asset in relation to the reinvestment tax allowance for the new cement grinding plant.

B6. Corporate proposals

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

B7. Borrowings

	As at	As at
	31.12.2015	31.12.2014
	RM'000	RM'000
Secured		
Revolving credits	21,000	14,000
Unsecured		
Revolving credits	11,000	-
Bankers' acceptances	33,500	38,708
Term loans	96,800	46,360
Loan from corporate shareholder	1,378	5,728
Total	163,678	104,796
Maturity		
Repayable within one year	68,356	74,619
One year to five years	95,322	30,177
	163,678	104,796

All borrowings were denominated in Ringgit Malaysia.

CAHYA MATA SARAWAK BERHAD

(Company No. 21076-T)

NOTES TO THE QUARTERLY REPORT – 31 DECEMBER 2015

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.

B12. Dividend payable

The Board of Directors has proposed to declare a final tax exempt (single-tier) dividend at the coming Annual General Meeting of 3.0 sen per ordinary share (2014: 7.0 sen). The dividend entitlement and payment date for the final dividend will be announced at a later date.

The total dividend for the current financial year ended 31 December 2015 is 4.5 sen (2014: 8.5 sen) per ordinary share.

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NOTES TO THE QUARTERLY REPORT – 31 DECEMBER 2015

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		12 months ended	
	31.12.2015	31.12.2014	31.12.2015	31.12.2014
Profit net of tax attributable to owners of the Company used in the computation of earnings per share (RM'000)	78,023	43,943	241,587	221,335
Weighted average number of ordinary shares in issue ('000)	1,074,376	1,039,385	1,064,741	1,033,352
Basic earnings per share (sen)	7.26	4.23	22.69	21.42
Weighted average number of ordinary shares for diluted earnings per share computation ('000)	N/A	1,042,017	N/A	1,038,810
Diluted earnings per share (sen)	N/A	4.22	N/A	21.31

No diluted earnings per share for the quarter and year ended 31 December 2015 are disclosed as the Company's Employee Share Option Scheme ("ESOS") has expired in June 2015.

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.

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NOTES TO THE QUARTERLY REPORT – 31 DECEMBER 2015

B15. Additional disclosure on profit for the period

	Quarter ended 31.12.2015 RM'000	Financial year ended 31.12.2015 RM'000
Profit for the period is arrived at after charging/(crediting):		
Amortisation of intangible assets	195	376
Amortisation of prepaid land lease payments	382	763
Bad debt written off	-	-
Property, plant and equipment written off	61	62
Depreciation of property, plant and equipment	27,511	52,753
Depreciation of investment properties	168	201
(Gain)/loss on foreign exchange	(8,370)	(6,857)
(Gain)/loss on disposal of property, plant and equipment	(351)	(398)
(Gain)/loss on disposal of investments	739	(661)
(Gain)/loss on fair value changes of derivatives	-	-
Impairment loss on trade receivables	1,304	1,304
Interest expense	1,317	3,919
Interest income	(2,018)	(6,473)
Inventory written off	1,571	1,571
Net fair value changes in investment securities	2,047	1,298
Reversal of allowance for impairment loss on trade receivables	(653)	(2,077)
Reversal of allowance for obsolete inventory	-	-
Write down of inventory	42	42

B16. Realised and unrealised profits/losses

	As at 31 December 2015 RM'000	As at 31 December 2014 RM'000
Total retained earnings of the Company and its subsidiaries:		
- Realised	1,196,075	1,086,361
- Unrealised	(4,819)	(13,731)
	<u>1,191,256</u>	<u>1,072,630</u>
Total retained earnings from associates:		
- Realised	116,660	(585)
- Unrealised	(72,564)	6,020
	<u>44,096</u>	<u>5,435</u>
Total retained earnings from jointly controlled entities:		
- Realised	2,873	1,395
	<u>1,238,225</u>	<u>1,079,460</u>
Add: consolidation adjustments	(76,430)	(61,456)
Total Group retained earnings as per consolidated accounts	<u>1,161,795</u>	<u>1,018,004</u>