

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 2016

	Note	3 months ended		6 months ended	
		30.06.2016	30.06.2015	30.06.2016	30.06.2015
		RM'000	RM'000	RM'000	RM'000
Revenue	A8	398,817	376,855	745,723	867,844
Cost of sales		(307,718)	(299,719)	(597,948)	(689,100)
Gross profit		91,099	77,136	147,775	178,744
Other income		2,966	4,477	8,786	11,673
Administrative expenses		(8,425)	(14,126)	(23,536)	(35,031)
Selling and marketing expenses		(3,294)	(2,777)	(6,915)	(6,661)
Other expenses		(5,054)	(2,121)	(9,417)	(5,292)
Operating profit		77,292	62,589	116,693	143,433
Finance costs		(2,485)	(1,042)	(4,461)	(1,697)
Share of results of associates		(32,740)	4,479	(48,901)	18,213
Share of results of joint ventures		696	681	2,338	1,768
Profit before taxation		42,763	66,707	65,669	161,717
Income tax expense	B5	(22,364)	(16,575)	(35,331)	(40,571)
Profit for the period		20,399	50,132	30,338	121,146
Other comprehensive income/(expense)					
Foreign currency translation, net of tax		(5)	1	(5)	13
Share of other comprehensive income/(expenses) of associates, net of tax		27,840	1,116	38,558	(10,489)
Other comprehensive income/(expense) for the period, net of tax		27,835	1,117	38,553	(10,476)
Total comprehensive income for the period, net of tax		48,234	51,249	68,891	110,670
Profit attributable to:					
Owners of the Company		7,900	40,661	8,949	98,084
Non-controlling interests		12,499	9,471	21,389	23,062
		20,399	50,132	30,338	121,146
Total comprehensive income attributable to:					
Owners of the Company		35,676	41,758	47,448	89,224
Non-controlling interests		12,558	9,491	21,443	21,446
		48,234	51,249	68,891	110,670
		sen	sen	sen	sen
Earnings per share attributable to owners of the Company:					
Basic	B13	0.74	3.80	0.83	9.30
Diluted		N/A	3.79	N/A	9.27

The condensed consolidated statements of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2015 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 2016

	Note	Unaudited As at 30.06.2016 RM'000	Audited As at 31.12.2015 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment		728,438	730,028
Prepaid land lease payments		15,628	15,974
Land held for property development		308,043	297,022
Investment properties		5,450	5,508
Intangible assets		4,462	4,142
Goodwill		61,709	61,709
Investments in associates		815,770	671,280
Investments in joint ventures		34,212	34,090
Deferred tax assets		35,421	38,709
Other receivables		62,078	64,561
Investment securities		300	300
		<u>2,071,511</u>	<u>1,923,323</u>
Current assets			
Property development costs		327,472	265,972
Inventories		152,695	143,765
Trade and other receivables		382,098	400,324
Other current assets		37,354	37,102
Investment securities		25,703	98,116
Derivative financial asset		35,414	35,414
Tax recoverable		4,219	1,996
Cash and bank balances		271,998	325,067
		<u>1,236,953</u>	<u>1,307,756</u>
TOTAL ASSETS		<u>3,308,464</u>	<u>3,231,079</u>
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital		537,188	537,188
Share premium		330,716	330,716
Other reserves		20,138	(18,760)
Retained earnings		1,144,676	1,168,357
		<u>2,032,718</u>	<u>2,017,501</u>
Non-controlling interests		<u>292,085</u>	<u>295,226</u>
Total equity		<u>2,324,803</u>	<u>2,312,727</u>
Non-current liabilities			
Deferred tax liabilities		41,732	41,805
Loans and borrowings	B7	110,299	95,322
Trade and other payables		169,850	170,113
		<u>321,881</u>	<u>307,240</u>
Current liabilities			
Income tax payable		15,530	21,730
Loans and borrowings	B7	167,804	68,356
Trade and other payables		397,368	474,732
Other current liabilities		81,078	46,294
		<u>661,780</u>	<u>611,112</u>
Total liabilities		<u>983,661</u>	<u>918,352</u>
TOTAL EQUITY AND LIABILITIES		<u>3,308,464</u>	<u>3,231,079</u>
Net assets per share attributable to ordinary owners of the Company (RM)		<u>1.89</u>	<u>1.88</u>

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2015 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 2016

	Equity, total RM'000	< ----- Attributable to Owners of the Company ----- >					Non- controlling interests RM'000
		Total RM'000	< ----- Non-distributable ----- >			Distributable	
			Share capital RM'000	Share premium RM'000	Other reserves RM'000	Retained earnings RM'000	
At 1 January 2016	2,312,727	2,017,501	537,188	330,716	(18,760)	1,168,357	295,226
Profit net of tax	30,338	8,949	-	-	-	8,949	21,389
Other comprehensive income, net of tax	38,553	38,499	-	-	38,499	-	54
Total comprehensive income	68,891	47,448	-	-	38,499	8,949	21,443
Transaction with owners:-							
Share of associate's reserves	-	-	-	-	399	(399)	-
Dividends on ordinary shares	(32,231)	(32,231)	-	-	-	(32,231)	-
Dividends paid to non-controlling interests	(24,584)	-	-	-	-	-	(24,584)
Total transactions with owners	(56,815)	(32,231)	-	-	399	(32,630)	(24,584)
At 30 June 2016	2,324,803	2,032,718	537,188	330,716	20,138	1,144,676	292,085

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
		Total 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	98,084	23,062
Other comprehensive expense, net of tax	(12,194)	(10,578)	-	-	(10,578)	0	(1,616)
Total comprehensive income/(expense)	108,952	87,506	-	-	(10,578)	98,084	21,446
Transaction with owners:-							
Grant of equity-settled share options to employees	4,497	4,497	-	-	4,497	-	-
Exercise of employees' share options	43,588	43,588	17,436	41,413	(15,261)	-	-
Expiry on employees' share options	-	-	-	-	(151)	151	-
Dividends on ordinary shares	(74,829)	(74,829)	-	-	-	(74,829)	-
Dividends paid to non-controlling interests	(22,351)	-	-	-	-	-	(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 cash flows for the period ended 30 June 2016

	6 months ended 30.06.2016 RM'000	6 months ended 30.06.2015 RM'000
Profit before taxation	65,669	161,717
Adjustments for non-cash items:		
Non-cash items	76,389	(12,879)
Operating cash flows before changes in working capital	<u>142,058</u>	<u>148,838</u>
Changes in working capital		
Increase in current assets	(51,949)	(164,029)
Increase in land held for development	(11,021)	(252,434)
Decrease in current liabilities	(42,602)	(80,486)
(Decrease)/increase in non-current liabilities	(264)	208,518
Cash flows from/(used in) operations	<u>36,222</u>	<u>(139,593)</u>
Interest received	2,579	2,856
Interest paid	(4,461)	(1,652)
Income tax paid, net of refund	(40,539)	(31,218)
Net cash flows used in operating activities	<u>(6,199)</u>	<u>(169,607)</u>
Investing activities		
Purchases of investment securities	(19,068)	(26,232)
Dividends from investments	5,302	17,450
Dividends from associates	2,067	4,054
Additional investment in associates	(156,900)	(65,412)
Additional investment in joint ventures	(1,333)	-
Acquisition of property, plant and equipment	(29,882)	(104,282)
Additional investment in investment properties	-	(1,049)
Proceeds from disposal of property, plant and equipment	157	63
Proceeds from disposal of investment securities	92,455	60,044
Distribution of profit from joint ventures	3,549	-
Redemption of redeemable preference shares	-	4,267
Others	(849)	(1,389)
Net cash used in investing activities	<u>(104,502)</u>	<u>(112,486)</u>
Financing activities		
Drawdown of borrowings	114,447	31,089
Decrease/(increase) in deposits pledged to licensed banks	80	(41)
Decrease in wholesale fund pledged to a licensed bank	-	23,000
Dividends paid to shareholders of the Company	(32,231)	(74,829)
Dividends paid to non-controlling interests in subsidiary companies	(24,584)	(22,351)
Advancement of shareholder's loan	-	(21,790)
Proceeds from exercise of employee's share options	-	43,588
Net cash from/(used in) financing activities	<u>57,712</u>	<u>(21,334)</u>
Net decrease in cash and cash equivalents	<u>(52,989)</u>	<u>(303,427)</u>
Cash and cash equivalents as at 1 January	<u>323,003</u>	<u>804,676</u>
Cash and cash equivalents as at 30 June	<u><u>270,014</u></u>	<u><u>501,249</u></u>
Cash and cash equivalents as at 30 June comprised the following:		
Cash and short term deposits	271,998	503,204
Less: Deposits pledged to licensed banks	(1,984)	(1,955)
	<u><u>270,014</u></u>	<u><u>501,249</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 2015 and the accompanying explanatory notes attached to the interim financial report.

NOTES TO THE QUARTERLY REPORT – 30 JUNE 2016

Part A – Explanatory notes pursuant to MFRS 134

A1. Basis of preparation

These condensed consolidated interim financial statements, for the period ended 30 June 2016 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 2015. 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 2015.

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 2015, except with the adoption of the following Malaysian Financial Reporting Standards (“MFRS”), IC interpretations and Amendments to MFRSs and interpretations.

- Annual Improvements to MFRSs 2012 - 2014 Cycle
- Amendments to MFRS 116 and MFRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation
- Amendments to MFRS 116 and MFRS 141: Agriculture - Bearer Plants
- Amendments to MFRS 10, MFRS 12 and MFRS 128: Investments Entities - Applying the Consolidation Exception
- Amendments to MFRS 11: Accounting for Acquisitions of Interests in Joint Operations
- Amendments to MFRS 101: Disclosure Initiatives
- Amendments to MFRS 127: Equity Method in Separate Financial Statements
- MFRS 14: Regulatory Deferral Accounts

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.

NOTES TO THE QUARTERLY REPORT – 30 JUNE 2016

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 2016.

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 3.0 sen per share for the financial year ended 31 December 2015 amounting to RM32,231,272 was paid on 26 May 2016.

THE REMAINDER OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK

NOTES TO THE QUARTERLY REPORT – 30 JUNE 2016

A8. Segmental information

	3 months ended		6 months ended	
	30.06.2016 RM'000	30.06.2015 RM'000	30.06.2016 RM'000	30.06.2015 RM'000
Segment Revenue				
Cement	140,400	150,729	275,154	294,484
Construction materials & trading	159,602	138,134	276,509	360,614
Construction & road maintenance	98,115	92,175	187,550	218,972
Property development	22,124	18,544	41,204	35,084
Samalaju development #	-	2,939	-	5,144
Strategic investments *	2,456	2,304	5,050	4,694
Others	9,207	5,683	18,688	13,689
Total revenue including inter-segment sales	431,904	410,508	804,155	932,681
Elimination of inter-segment sales	(33,087)	(33,653)	(58,432)	(64,837)
	<u>398,817</u>	<u>376,855</u>	<u>745,723</u>	<u>867,844</u>
Segment Results				
Operating profit/(loss):				
Cement	32,072	25,220	41,689	54,594
Construction materials & trading	31,242	18,016	48,221	48,338
Construction & road maintenance	20,853	19,988	38,428	45,118
Property development	3,873	3,373	7,033	6,028
Samalaju development #	-	(343)	-	(1,068)
Strategic investments *	(747)	(659)	(1,690)	(659)
Others	(7,021)	(26)	(11,424)	(20)
	<u>80,272</u>	<u>65,569</u>	<u>122,257</u>	<u>152,331</u>
Unallocated corporate expenses	(5,465)	(4,022)	(10,025)	(10,595)
Share of results of associates	(32,740)	4,479	(48,901)	18,213
Share of results of joint ventures	696	681	2,338	1,768
Profit before tax	42,763	66,707	65,669	161,717
Income tax expenses	(22,364)	(16,575)	(35,331)	(40,571)
Profit for the year	<u>20,399</u>	<u>50,132</u>	<u>30,338</u>	<u>121,146</u>

Upon internal restructuring, the subsidiaries within the division have been reclassified to property development and others.

* 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 2016.

NOTES TO THE QUARTERLY REPORT – 30 JUNE 2016

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 2016		30 June 2015	
	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
	<u>300</u>	<u>300</u>	<u>8,434</u>	<u>8,434</u>
Financial liabilities:				
Interest-bearing loans and borrowings				
- Bankers' acceptances	60,100	60,100	32,400	32,400
- Term loans	121,300	121,521	58,831	75,049
- Revolving credits	95,600	95,600	43,000	43,000
- Loans from corporate shareholders	1,103	1,171	1,654	1,799
	<u>278,103</u>	<u>278,392</u>	<u>135,885</u>	<u>152,248</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 2016

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	Level 2	Level 3	Total
	RM'000	RM'000	RM'000	RM'000
30 June 2016				
Financial assets				
Income debt securities fund	-	5,028	-	5,028
Equity instruments	20,675	-	-	20,675
Derivative financial asset	-	-	35,414	35,414
	<u>20,675</u>	<u>5,028</u>	<u>35,414</u>	<u>61,117</u>
30 June 2015				
Financial assets				
Income debt securities fund	-	63,554	-	63,554
Equity instruments	32,083	-	-	32,083
	<u>32,083</u>	<u>63,554</u>	<u>-</u>	<u>95,637</u>

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

A11. Capital & other commitments

The amount of commitments not provided for in the interim financial statements as at 30 June 2016 was as follows:

(a) Capital commitments

	RM'000
Approved and contracted for:	
- Property, plant and equipment	31,667
- Investment properties	7,092
- Others	4,371
	<u>43,130</u>
Approved but not contracted for:	
- Property, plant and equipment	192,796
- Intangible assets	360
- Investment properties	9,445
- Investment in associates	298,271
- Others	6,667
	<u>507,539</u>
	<u>550,669</u>

(b) Other commitment

On 7 April 2016, the Company announced the subscription of RM110 million convertible preference share (“CPS”) in a 25% owned associate, OM Materials (Sarawak) Sdn. Bhd., by its wholly owned subsidiary, Samalaju Industries Sdn. Bhd. (“SISB”). SISB has the right to subscribe to the remaining RM190 million of the CPS.

NOTES TO THE QUARTERLY REPORT – 30 JUNE 2016

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 period ended 30 June 2016 and 30 June 2015 as well as the balances with the related parties as at 30 June 2016 and 30 June 2015:

		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:					
- KKB Engineering Bhd	2016	107	-	-	-
	2015	1	-	50	-
- Harum Bidang Sdn Bhd	2016	-	-	-	-
	2015	-	-	-	3,197
- Sacofa Sdn Bhd	2016	289	69	278	1
	2015	-	-	-	-
Joint Ventures:					
- PPES Works Wibawa	2016	74	-	39	-
	2015	-	-	41	-
- PPES Works Naim Land	2016	18	-	3	-
	2015	-	-	10	-
- PPES Works Larico	2016	244	-	258	-
	2015	-	-	73	-
- PPES Works PCSB	2016	799	-	613	-
	2015	-	-	-	-
Key management personnel of the Group:					
- Directors' interest	2016	777	1,100	40	-
	2015	10,123	944	1,557	3

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

A14. 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 2016

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

B1. Review of performance

Quarter 2, 2016 (“2Q16”) vs Quarter 2, 2015 (“2Q15”)

The Group’s profit before tax (“PBT”) was down by 36%, due mainly to the share of exceptional losses of an associate of the Group. Two core Divisions posted higher results in 2Q16 compared to 2Q15.

Cement Division’s current quarter’s PBT of RM32.07 million was 27% up, as a result of increase in cement selling price effective 1 January 2016. In 2Q15, more clinker was imported as production volume was affected by plant shut down. In addition, 2Q15 cement sale was supported by imported cement.

Construction Materials and Trading Division posted a 73% higher PBT in the current quarter on the back of higher sales volume and higher contract and freight services.

Year-to-date, 2016 (“PE2016”) v Year-to-date, 2015 (“PE2015”)

Revenue fell by 14% while PBT and profit after tax and non-controlling interest (“PATNCI”) decreased by 59% and 91% respectively in comparison to preceding year’s corresponding period’s high result. The substantial reduction in the PBT and PATNCI was attributed to the Group’s share of substantial losses in its associates.

Gross profit margin remained strong at 20%.

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

- (a) **Cement Division** - recorded a 24% lower PBT of RM41.69 million in PE2016 over PE2015’s PBT of RM54.59 million. This was mainly attributable to lower sales volume, higher raw materials costs due to the weaker Ringgit, repair costs on plants shutdowns and costs linked to the new grinding mill. A 5% increase in cement selling price effective 1 January 2016 has helped to partially mitigate the higher costs.
- (b) **Construction Materials and Trading Division** – reported a strong PBT of RM48.22 million for PE2016, which matched up the high PBT of RM48.34 million for PE2015. This was attributable to higher gross profit margin.
- (c) **Construction & Road Maintenance Division** - posted a PBT of RM40.67 million which included the share of profit of joint ventures for PE2016, representing a decrease of 13% over PE2015’s profit of RM46.89 million. This was due to less construction works undertaken and higher costs for state road maintenance.
- (d) **Property Development Division** - PBT improved to RM7.03 million in PE2016 from a PBT of RM6.03 million in PE2015, an increase of 17%.

NOTES TO THE QUARTERLY REPORT – 30 JUNE 2016

B1. Review of performance (contd.)

Year-to-date, 2016 (“PE2016”) v Year-to-date, 2015 (“PE2015”) (contd.)

- (e) **Strategic Investments Division** – reported a slightly higher loss of RM1.69 million for PE2016 (PE2015: loss of RM659k). The education subsidiary saw a higher loss whilst the investment holding subsidiary lower PBT.
- (f) **Others** – Included in this Division in PE2016 are CMS Management Services Sdn. Bhd. and Samalaju Industries Sdn. Bhd., which have been classified under this “other” effective 1 January 2016 upon internal restructuring.
- (g) **Associates** – The Group recorded losses of RM48.90 million in PE 2016 (PE 2015: profit RM18.21 million) from the share of results of its associates, largely due to the significant losses reported by the Group’s 25% associates, OM Materials (Sarawak) Sdn. Bhd..

B2. Material changes in profit before tax for the quarter (Quarter 2, 2016 vs Quarter 1, 2016)

The Group’s 2Q16 PBT was higher than 1Q16, on the back of higher revenue and lower overhead cost. In the preceding quarter, all Divisions’ performances were impacted by exceptionally inclement weather. The higher share of losses in associates had watered down the overall Group PBT for 2Q16.

Cement Division posted a PBT of RM32.07 million, up 233% on the back of higher cement sales volume and more clinker produced.

Construction Materials and Trading Division’s PBT of RM31.24 million was 84% higher, attributable to higher revenue and gross profit margin.

B3. Prospects for the year ending 31 December 2016

Whilst the operating environment surrounding the Group is expected to remain challenging, the Group’s healthy financial position through our diversified portfolio of Sarawak-based businesses is positioned to weather this challenging environment.

We remain focused on growing our portfolio of businesses by taking advantage of the opportunities in Sarawak. Our strong fundamentals and resilience will enable us to perform and to deliver a satisfactory financial performance for the year 2016 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 – 30 JUNE 2016

B5. Income tax expense

	3 months ended		6 months ended	
	30.06.2016	30.06.2015	30.06.2016	30.06.2015
	RM'000	RM'000	RM'000	RM'000
Current income tax:				
- Malaysian income tax	23,084	16,622	36,050	40,751
- Under/(over) provision in respect of previous years	91	1	91	1
Deferred tax	(810)	(48)	(810)	(181)
Total income tax expense	<u>22,365</u>	<u>16,575</u>	<u>35,331</u>	<u>40,571</u>

The effective tax rates for the quarter and period ended 30 June 2016 were higher than the statutory tax rate principally due to the losses of certain subsidiaries and share of associates' losses which cannot be set off against taxable profits made by other subsidiaries.

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
	30.06.2016	31.12.2015
	RM'000	RM'000
Secured		
Revolving credits	50,600	21,000
Unsecured		
Revolving credits	45,000	11,000
Bankers' acceptances	60,100	33,500
Term loans	121,300	96,800
Loan from corporate shareholder	1,103	1,378
Total	<u>278,103</u>	<u>163,678</u>
Maturity		
Repayable within one year	110,299	68,356
One year to five years	167,804	95,322
	<u>278,103</u>	<u>163,678</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.

NOTES TO THE QUARTERLY REPORT – 30 JUNE 2016

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 2015.

B12. Dividend payable

No interim dividend has been declared for the financial period ended 30 June 2016 (2015: 1.5 sen).

NOTES TO THE QUARTERLY REPORT – 30 JUNE 2016

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	
	30.06.2016	30.06.2015	30.06.2016	30.06.2016
Profit net of tax attributable to owners of the Company used in the computation of earnings per share (RM'000)	7,900	40,661	8,949	98,084
Weighted average number of ordinary shares in issue ('000)	1,074,376	1,070,448	1,074,376	1,055,106
Basic earnings per share (sen)	0.74	3.80	0.83	9.30
Weighted average number of ordinary shares for diluted earnings per share computation ('000)	N/A	1,073,599	N/A	1,057,872
Diluted earnings per share (sen)	N/A	3.79	N/A	9.27

Diluted earnings per share for the quarter and period ended 30 June 2016 were not applicable as the Company's Employee Share Option Scheme ("ESOS") had 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 2015 was not subject to any qualification.

THE REMAINDER OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK

NOTES TO THE QUARTERLY REPORT – 30 JUNE 2016

B15. Additional disclosure on profit for the period

	Quarter ended 30.06.2016 RM'000	Financial period ended 30.06.2016 RM'000
Profit for the period is arrived at after charging/(crediting):		
Amortisation of intangible assets	407	530
Amortisation of prepaid land lease payments	191	382
Bad debt written off	-	-
Property, plant and equipment written off	-	-
Depreciation of property, plant and equipment	15,558	31,342
Depreciation of investment properties	30	59
(Gain)/loss on foreign exchange	(471)	1,362
(Gain)/loss on disposal of property, plant and equipment	(70)	(82)
(Gain)/loss on disposal of investments	(295)	602
(Gain)/loss on fair value changes of derivatives	-	-
Impairment loss on trade receivables	636	636
Interest expense	2,485	4,461
Interest income	(1,988)	(4,407)
Inventory written off	93	93
Net fair value changes in investment securities	916	(1,578)
Reversal of allowance for impairment loss on trade receivables	(1,147)	(1,147)
Reversal of allowance for obsolete inventory	-	-
Write down of inventory	-	-

B16. Realised and unrealised profits/losses

	As at 30 June 2016 RM'000	As at 31 December 2015 RM'000
Total retained earnings of the Company and its subsidiaries:		
- Realised	1,161,519	1,202,273
- Unrealised	(6,234)	(4,126)
	<u>1,155,285</u>	<u>1,198,147</u>
Total retained earnings from associates:		
- Realised	9,161	65,129
- Unrealised	14,178	(29,381)
	<u>23,339</u>	<u>35,748</u>
Total retained earnings from jointly controlled entities:		
- Realised	(5,331)	(6,521)
- Unrealised	17,892	17,891
	<u>1,191,185</u>	<u>1,245,265</u>
Add: consolidation adjustments	(46,509)	(76,908)
Total Group retained earnings as per consolidated accounts	<u><u>1,144,676</u></u>	<u><u>1,168,357</u></u>