

# 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 2020

		3 months ended		Changes (%)	12 months ended		Changes (%)
		31.12.2020	31.12.2019		31.12.2020	31.12.2019	
		Note	RM'000	RM'000 (Restated)		RM'000	RM'000 (Restated)
<b>Continuing operations</b>							
Revenue	A8	206,716	291,043	-29%	758,536	1,114,361	-32%
Cost of sales		(171,122)	(270,847)		(632,215)	(925,070)	
<b>Gross profit</b>		35,594	20,196	76%	126,321	189,291	-33%
Other income		20,338	17,514		28,860	27,437	
Administrative expenses		(15,307)	(15,772)		(50,234)	(47,549)	
Selling and marketing expenses		(3,350)	(3,742)		(11,778)	(13,571)	
Other expenses		(103,816)	(11,884)		(105,469)	(12,638)	
<b>Operating profit</b>		(66,541)	6,312	-1154%	(12,300)	142,970	-109%
Finance costs		(8,475)	(15,898)		(30,497)	(41,557)	
Share of results of associates		4,018	2,596		48,587	58,396	
Share of results of joint ventures		2,228	3,336		681	(587)	
<b>Profit before taxation</b>		(68,770)	(3,654)	1782%	6,471	159,222	-96%
Income tax expense	B5	(5,160)	(4,239)		(24,131)	(40,970)	
<b>Profit for the period from continuing operations</b>		(73,930)	(7,893)		(17,660)	118,252	
<b>Discontinued operations</b>							
Profit for the period from discontinued operations	A14	162,948	15,945		207,158	69,865	
<b>Profit for the period/year</b>		89,018	8,052	1006%	189,498	188,117	1%
<b>Other comprehensive income</b>							
Other comprehensive income that will be reclassified to profit or loss in subsequent periods:							
Share of other comprehensive income of associates		(6,363)	(5,248)		984	1,579	
Share of other comprehensive income of joint ventures		317	(139)		206	(139)	
<b>Other comprehensive income for the period/year</b>		(6,046)	(5,387)		1,190	1,440	
<b>Total comprehensive income for the period/year</b>		82,972	2,665	3013%	190,688	189,557	1%
Profit attributable to:							
Owners of the Company		114,008	4,528	2418%	194,709	159,455	22%
Non-controlling interests		(24,990)	3,524		(5,211)	28,662	
		89,018	8,052		189,498	188,117	
Total comprehensive income attributable to:							
Owners of the Company		107,989	(852)		195,818	160,767	
Non-controlling interests		(25,017)	3,517		(5,130)	28,790	
		82,972	2,665		190,688	189,557	
		sen	sen		sen	sen	
<b>Earnings per share attributable to owners of the Company:</b>							
Basic/diluted	B13	10.69	0.42		18.18	14.87	

The condensed consolidated statements of comprehensive income should be read in conjunction with 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 2020**

	Note	Unaudited As at 31.12.2020 RM'000	Audited As at 31.12.2019 RM'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		1,312,746	1,332,139
Land held for property development		192,529	191,853
Investment properties		28,254	8,651
Intangible assets		423	15,934
Goodwill		61,709	83,678
Investments in associates		995,975	975,964
Investments in joint ventures		321,616	20,855
Deferred tax assets		4,816	15,444
Other receivables		95,688	89,737
Investment securities		19,961	11,525
		<u>3,033,717</u>	<u>2,745,780</u>
<b>Current assets</b>			
Property development costs		145,203	154,647
Inventories		327,065	342,322
Trade and other receivables		186,170	294,007
Other current assets		20,016	61,212
Investment securities		361,164	239,309
Derivative financial asset		96,698	90,058
Tax recoverable		8,824	6,511
Cash and bank balances		281,819	621,093
<b>Total current assets</b>		<u>1,426,959</u>	<u>1,809,159</u>
<b>TOTAL ASSETS</b>		<u><b>4,460,676</b></u>	<u><b>4,554,939</b></u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital		867,902	867,902
Treasury shares		(19,994)	(5,625)
Other reserves		6,211	14,049
Retained earnings		1,931,751	1,762,141
		<u>2,785,870</u>	<u>2,638,467</u>
<b>Non-controlling interests</b>		<u>232,935</u>	<u>513,479</u>
<b>Total equity</b>		<u><b>3,018,805</b></u>	<u><b>3,151,946</b></u>
<b>Non-current liabilities</b>			
Deferred tax liabilities		51,656	49,427
Loans and borrowings	<b>B7</b>	802,788	709,332
Lease liabilities		28,376	36,253
Trade and other payables		407	1,003
		<u>883,227</u>	<u>796,015</u>
<b>Current liabilities</b>			
Income tax payable		850	7,082
Loans and borrowings	<b>B7</b>	48,477	45,529
Lease liabilities		10,967	11,997
Trade and other payables		489,796	471,103
Other current liabilities		8,554	71,267
<b>Total current liabilities</b>		<u>558,644</u>	<u>606,978</u>
<b>Total liabilities</b>		<u>1,441,871</u>	<u>1,402,993</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><b>4,460,676</b></u>	<u><b>4,554,939</b></u>
<b>Net assets per share attributable to ordinary owners of the Company (RM)</b>		<u><b>2.62</b></u>	<u><b>2.46</b></u>

The condensed consolidated statement of financial position should be read in conjunction with 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 2020

< ----- Attributable to Owners of the Company ----- >

< ----- Non-distributable ----- >      Distributable

	Total equity RM'000	Total RM'000	Share capital RM'000	Treasury shares RM'000	Other reserves RM'000	Retained earnings RM'000	Non-controlling interests RM'000
<b>At 1 January 2020</b>	3,151,946	2,638,467	867,902	(5,625)	14,049	1,762,141	513,479
Profit net of tax	189,498	194,709	0	0	0	194,709	(5,211)
Other comprehensive income, net of tax	873	792	0	0	787	5	81
Total comprehensive income	190,371	195,501	0	0	787	194,714	(5,130)
<b>Transactions with owners:-</b>							
Acquisition of treasury shares	(14,369)	(14,369)	0	(14,369)	0	0	0
Disposal of treasury shares	0	0	0	0	0	0	0
Dividends on ordinary shares	(32,179)	(32,179)	0	0	0	(32,179)	0
Issuance of preference shares to a non-controlling interest	0	0	0	0	0	0	0
Issuance of shares to a non-controlling interest	0	0	0	0	0	0	0
Dividends paid to non-controlling interests	(107,488)	0	0	0	0	0	(107,488)
Total transactions with owners	(154,036)	(46,548)	0	(14,369)	0	(32,179)	(107,488)
Acquisition of a subsidiary	0	0	0	0	0	0	0
Disposal of a joint venture	8	0	0	0	151	0	8
Disposal of subsidiaries	(169,662)	(1,727)	0	0	(7,067)	5,340	(167,935)
Deemed acquisition of a subsidiary	0	0	0	0	0	0	0
Share of associates' reserves	27	26	0	0	(1,709)	1,735	1
Share of joint ventures' reserves	0	0	0	0	0	0	0
<b>At 31 December 2020</b>	3,018,654	2,785,719	867,902	(19,994)	6,211	1,931,751	232,935

# Cahaya Mata Sarawak Berhad

(Company No: 21076-T)

## Condensed consolidated statement of changes in equity for the year ended 31 December 2019

< ----- Attributable to Owners of the Company ----- >

< ----- Non-distributable ----- >      Distributable

	Total equity RM'000	Total RM'000	Share capital RM'000	Treasury shares RM'000	Other reserves RM'000	Retained earnings RM'000	Non- controlling interests RM'000
<b>At 1 January 2019</b>	2,916,211	2,548,906	867,902	(12,277)	13,589	1,679,692	367,305
Profit net of tax	188,117	159,455	0	0	0	159,455	28,662
Other comprehensive income, net of tax	1,440	1,312	0	0	511	801	128
Total comprehensive income	189,557	160,767	0	0	511	160,256	28,790
<b>Transactions with owners:-</b>							
Acquisition of treasury shares	(8,338)	(8,338)	0	(8,338)	0	0	0
Disposal of treasury shares	16,657	16,657	0	14,990	0	1,667	0
Dividends on ordinary shares	(79,374)	(79,374)	0	0	0	(79,374)	0
Issuance of preference shares to a non-controlling interest	300	0	0	0	0	0	300
Dividends paid to non-controlling interests	(14,535)	0	0	0	0	0	(14,535)
Total transactions with owners	(85,290)	(71,055)	0	6,652	0	(77,707)	(14,235)
Acquisition of a subsidiary	8,074	0	0	0	0	0	8,074
Disposal of a subsidiary	(39)	(39)	0	0	(39)	0	0
Deemed acquisition of a subsidiary	123,550	0	0	0	0	0	123,550
Share of associates' reserves	0	0	0	0	(12)	12	0
Share of joint ventures' reserves	(117)	(112)	0	0	0	(112)	(5)
<b>At 31 December 2019</b>	3,151,946	2,638,467	867,902	(5,625)	14,049	1,762,141	513,479

**Cahaya Mata Sarawak Berhad**

(Company No: 21076-T)

**Condensed consolidated statement of cash flows for the year ended 31 December 2020**

	Note	12 months ended 31.12.2020 RM'000	12 months ended 31.12.2019 RM'000
<b>Profit before taxation from continuing operations</b>		6,471	159,221
<b>Profit before taxation discontinued operations</b>		56,288	88,675
Adjustments for non-cash items:			
Non-cash items		85,256	17,553
<b>Operating cash flows before changes in working capital</b>		148,015	265,449
Changes in working capital			
(Increase)/decrease in current assets		(314,205)	111,910
(Increase)/decrease in non-current assets		(184)	45,802
Increase/(decrease) in current liabilities		221,713	(97,034)
(Decrease)/increase in non-current liabilities		(596)	595
<b>Cash flows from operations</b>		54,743	326,722
Interest received		11,699	18,254
Interest paid		(38,263)	(41,485)
Income tax paid, net of refund		(32,719)	(57,097)
<b>Net cash flows from operating activities</b>		(4,540)	246,394
<b>Investing activities</b>			
Advancement of shareholders' loan		(4,429)	0
Acquisition of investment properties		0	(3,650)
Acquisition of land held for property development		0	(15,816)
Acquisition of property, plant and equipment		(210,415)	(371,053)
Additional investment in an associate		0	(62,564)
Additional investment in joint ventures		(3,289)	0
Additional investments in investment securities		(134,941)	(147,978)
Distribution of profit from joint ventures		7,676	2,221
Dividends from associates		25,188	4,085
Dividends received from investments		28,931	10,222
Net cash inflows from disposal of subsidiaries	A14	1,771	26
Net cash outflows from acquisition of subsidiaries		0	(5,670)
Proceeds from disposal of a joint venture		2,500	0
Proceeds from disposal of investment		3,204	0
Proceeds from disposal of property, plant and equipment		9,070	5,634
Tax paid on gain on disposal of a subsidiary		(833)	0
Others		(1,699)	(8,693)
<b>Net cash used in investing activities</b>		(277,266)	(593,236)
<b>Financing activities</b>			
Acquisition of treasury shares		(14,369)	(8,338)
Deposit pledged to a licensed bank		(52)	181
Drawdown of borrowings		142,842	179,157
Repayments of borrowings		(36,619)	(37,129)
Repayment of lease liabilities		(9,235)	(11,404)
Dividends paid to shareholders of the Company		(32,179)	(79,374)
Dividends paid to non-controlling interests		(107,488)	(14,535)
Net proceeds from disposal of treasury shares		0	16,657
Proceeds from issuance of preference shares to a non-controlling interest		0	300
Proceeds from lease receivables		0	556
<b>Net cash (used in)/from financing activities</b>		(57,100)	46,071
<b>Net decrease in cash and cash equivalents</b>		(338,906)	(300,771)
<b>Effect of foreign exchange changes in cash and cash equivalents</b>		(420)	(963)
<b>Cash and cash equivalents as at 1 January</b>		619,175	918,440
<b>Cash and cash equivalents as at 31 December</b>		279,849	616,706
Cash and cash equivalents as at 31 December comprised the following:			
Cash and short term deposits		281,819	621,093
Less: Deposits pledged to licensed banks		(1,970)	(4,387)
		279,849	616,706

**The condensed consolidated statement of cash flows should be read in conjunction with the accompanying explanatory notes attached to the interim financial report.**

**NOTES TO THE QUARTERLY REPORT – 31 DECEMBER 2020**

**Part A – Explanatory notes pursuant to MFRS 134**

**A1. Basis of preparation**

These condensed consolidated financial statements, for the year ended 31 December 2020 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.

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 2019.

**A2. Changes in accounting policies**

The accounting policies are consistent with those of the previous financial year and the Group applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2020. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

**(a) Amendments to MFRS 3: *Definition of a Business***

The amendment to MFRS 3: Definition of a Business clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that, together, significantly contribute to the ability to create output. Furthermore, it clarifies that a business can exist without including all of the inputs and processes needed to create outputs. These amendments had no impact on the consolidated financial statements of the Group, but may impact future periods should the Group enter into any business combinations.

**(b) Amendments to MFRS 7, MFRS 9 and MFRS 139: *Interest Rate Benchmark Reform***

The amendments to MFRS 9 and MFRS 139 Financial Instruments: Recognition and Measurement provide a number of reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainty about the timing and/or amount of benchmark-based cash flows of the hedged item or the hedging instrument. These amendments have no impact on the consolidated financial statements of the Group as it does not have any interest rate hedge relationships.

**NOTES TO THE QUARTERLY REPORT – 31 DECEMBER 2020**

**A2. Changes in accounting policies (contd.)**

**(c) Amendments to MFRS 1 and MFRS 8: *Definition of Material***

The amendments provide a new definition of material that states, “information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.” The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. These amendments had no impact on the consolidated financial statements of, nor is there expected to be any future impact to the Group.

**(d) Conceptual Framework for Financial Reporting issued on 29 March 2018**

The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The purpose of the Conceptual Framework is to assist the MASB in developing standards, to help preparers develop consistent accounting policies where there is no applicable standard in place and to assist all parties to understand and interpret the standards. This will affect those entities which developed their accounting policies based on the Conceptual Framework. The revised Conceptual Framework includes some new concepts, updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts. These amendments had no impact on the consolidated financial statements of the Group.

**(e) Amendments to MFRS 16 Covid-19 Related Rent Concessions**

On 28 May 2020, the MASB issued Covid-19-Related Rent Concessions - amendment to MFRS 16 Leases. The amendments provide relief to lessees from applying MFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under MFRS 16, if the change were not a lease modification.

The amendment applies to annual reporting periods beginning on or after 1 June 2020. Earlier application is permitted. This amendment had no impact on the consolidated financial statements of the Group.

**A3. Seasonal or cyclical factors**

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

**NOTES TO THE QUARTERLY REPORT – 31 DECEMBER 2020**

**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 31 December 2020 except as disclosed in A14 and B1.

**A5. Changes in estimates**

There were no changes in estimates that have had a material effect on the current quarter's results.

**A6. Debt and equity securities**

During the current quarter ended 31 December 2020, the Company repurchased 9,494,900 of its issued ordinary shares from the open market at an average price of RM1.51 per share. A total consideration paid for the repurchase including transaction costs was RM14,369,038 and this was financed by internally generated funds. The shares repurchased are being held as treasury shares in accordance with Section 127 (16) of the Companies Act 2016. As at 31 December 2020, the Company held a total of 11,246,000 treasury shares in its books.

**A7. Dividends paid**

The final tax exempt (single-tier) dividend of 3.00 sen per share for the financial year ended 31 December 2019 amounting to RM32,178,739 was paid on 17 September 2020.

**A8. Segmental information**

	3 months ended		12 months ended	
	31.12.2020	31.12.2019	31.12.2020	31.12.2019
	RM'000	RM'000	RM'000	RM'000
<b>Segment Revenue</b>				
Cement	139,291	153,096	476,029	601,621
Construction materials & trading	28,577	34,593	91,100	134,276
Construction & road maintenance	24,429	75,614	129,894	244,672
Property development	18,457	27,102	71,310	135,789
Strategic investments	-	2,431	-	9,968
Others	12,040	16,090	57,224	68,575
Total revenue including inter-segment	222,794	308,926	825,557	1,194,901
Elimination of inter-segment sales	(16,078)	(17,883)	(67,021)	(80,540)
Total revenue from continuing operations	206,716	291,043	758,536	1,114,361
Revenue from discontinued operations	-	161,627	365,888	626,167
	206,716	452,670	1,124,424	1,740,528



**NOTES TO THE QUARTERLY REPORT – 31 DECEMBER 2020**

**A8. Segmental information (contd.)**

	3 months ended		12 months ended	
	31.12.2020	31.12.2019	31.12.2020	31.12.2019
	RM'000	RM'000	RM'000	RM'000
<b>Segment Results</b>				
Operating profit/(loss):				
Cement	5,507	7,596	48,443	73,113
Construction materials & trading	1,357	2,142	3,829	8,976
Construction & road maintenance	5,732	(4,353)	19,139	37,188
Property development	(12,259)	(6,288)	(5,335)	20,061
Phosphate	(49,659)	679	(54,176)	(2,484)
Strategic investments	(6,632)	(2,626)	(5,599)	(3,326)
Others	(9,950)	1,905	(11,527)	3,028
	(65,904)	(945)	(5,226)	136,556
Unallocated corporate expenses	(9,112)	(8,641)	(37,571)	(35,143)
Share of results of associates	4,018	2,596	48,587	58,396
Share of results of joint ventures	2,228	3,336	681	(587)
Profit before tax	(68,770)	(3,654)	6,471	159,222
Income tax expenses	(5,160)	(4,239)	(24,131)	(40,970)
(Loss)/profit from continuing operations	(73,930)	(7,893)	(17,660)	118,252
Profit from discontinued operations	162,948	15,945	207,158	69,865
Profit for the year	89,018	8,052	189,498	188,117

**A9. Changes in composition of the Group**

There have been no changes in the composition of the Group for the quarter ended 31 December 2020, except as disclosed in A14 and the following:

On 1 October 2020, CMS Capital Sdn. Bhd. (“CMSC”), a 95.2% owned subsidiary of Cahya Mata Sarawak Berhad completed a disposal of its 510,000 shares in COPE Private Equity Sdn. Bhd. (“COPE”), a jointly controlled entity of CMSC, representing 51% equity interest in COPE, for a cash consideration of RM2,500,000. COPE cased to be a jointly controlled entity of CMSC accordingly.

**A10. Changes in contingent liabilities and contingent assets**

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

**NOTES TO THE QUARTERLY REPORT – 31 DECEMBER 2020**

**A11. 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 2020		31 December 2019	
	Carrying Amount RM'000	Fair Value RM'000	Carrying Amount RM'000	Fair Value RM'000
<b>Financial liabilities:</b>				
Interest-bearing loans and borrowings				
- Term loans	329,293	329,293	235,703	235,703
- Islamic medium term notes	500,000	527,925	500,000	525,600
	<u>829,293</u>	<u>857,218</u>	<u>735,703</u>	<u>761,303</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 – 31 DECEMBER 2020**

**A11. 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
<b>31 December 2020</b>				
<b>Financial assets</b>				
Investment securities				
- Income debt securities	-	207,596	-	207,596
- Redeemable preference shares	-	-	19,961	19,961
- Money market funds	153,568	-	-	153,568
Derivative financial assets	-	-	96,698	96,698
	<u>153,568</u>	<u>207,596</u>	<u>116,659</u>	<u>477,823</u>
<b>31 December 2019</b>				
<b>Financial assets</b>				
Investment securities				
- Income debt securities	-	103,292	-	103,292
- Real Estate Investment Trust	3,700	-	-	3,700
- Redeemable preference shares	-	-	11,525	11,525
- Money market funds	132,317	-	-	132,317
Derivative financial assets	-	-	90,058	90,058
	<u>136,017</u>	<u>103,292</u>	<u>101,583</u>	<u>340,892</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 2020**

**A12. Capital & other commitments**

The amount of commitments not provided for in the interim financial statements as at 31 December 2020 and 31 December 2019 was as follows:

Capital commitments

	As at 3.12.2020 RM'000	As at 31.12.2019 RM'000
Approved and contracted for:		
- Property, plant and equipment	109,997	251,196
- Land held for property development	-	2,223
- Intangible assets	1,553	9,536
- Investments in redeemable preference shares in joint ventures	29,682	39,868
	<u>141,232</u>	<u>302,823</u>
Approved but not contracted for:		
- Property, plant and equipment	153,832	255,288
- Intangible assets	384	-
- Investments in associates	81,232	392,605
	<u>235,448</u>	<u>647,893</u>
	<u>376,680</u>	<u>950,716</u>

***THE REMAINDER OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK***

**NOTES TO THE QUARTERLY REPORT – 31 DECEMBER 2020**

**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 2020 and 31 December 2019 as well as the balances with the related parties as at 31 December 2020 and 31 December 2019:

		Interest/fee/ rental 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
<b>Associates:</b>					
- Kenanga Investment Bank Bhd.	2020	785	70	-	-
	2019	2,105	-	-	-
- KKB Engineering Bhd.	2020	-	-	-	-
	2019	-	4,506	-	-
- SACOFA Sdn. Bhd.	2020	11,839	267	2,785	-
	2019	10,340	204	2,670	95
- OM Materials (Sarawak) Sdn. Bhd.	2020	6,868	-	10,700	-
	2019	8,884	-	10,260	-
- OM Materials (Samalaju) Sdn. Bhd.	2020	1,525	-	31,492	-
	2019	397	-	2	-
<b>Joint Ventures:</b>					
- PPES Works Larico	2020	173	-	766	-
	2019	1,009	-	976	-
- PPES Works PCSB	2020	1,525	379	-	379
	2019	-	-	-	2,823
- COPE Private Equity Sdn. Bhd.	2020	23	-	-	1
	2019	40	-	13	-
- SEDC Resources Group	2020	4,776	2,303	638	1,232
	2019	-	-	-	-
- PPES Works Group	2020	28,240	-	31,460	-
	2019	-	-	-	-
<b>Others</b>					
- Corporate shareholders	2020	272	83,076	91	20,997
	2019	2,413	153,964	41	10,788
<b>Key management personnel of the Group:</b>					
- Directors' interests	2020	-	7,493	-	3,576
	2019	-	5,030	-	582

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

**NOTES TO THE QUARTERLY REPORT – 31 DECEMBER 2020**

**A14. Discontinued operations**

On 28 August 2020, Cahya Mata Sarawak Berhad (“CMSB”) and CMS Works Sdn. Bhd. (“CMSW”), a wholly owned subsidiary of CMSB, entered into a share sale agreement with Sarawak Economic Development Corporation for the disposal of:

- (i) 13,220 ordinary shares in SEDC Resources Sdn. Bhd. (formerly known as CMS Resources Sdn. Bhd.) (“SEDCR”), a 51% owned subsidiary of CMSB, representing 2% equity interest in SEDCR, for a cash consideration of RM9,900,000; and
- (ii) 200,000 ordinary shares in PPES Works (Sarawak) Sdn. Bhd. (“PPESW”), a 51% owned subsidiary of CMSW, representing 2% equity interest in PPESW, for a cash consideration of RM7,600,000.

The disposal was completed on 2 October 2020 upon completion of the share transfer and SEDCR and PPESW ceased to be subsidiaries and became jointly controlled entities of the Group. Results from SEDCR and PPESW prior to the disposal are presented separately on the income statements as discontinued operations.

An analysis of the results of discontinued operations is as follows:

	2020	2019
	RM'000	RM'000
Revenue	365,888	626,166
Profit before tax	56,288	88,674
Income tax expense	(12,078)	(18,809)
Results from discontinued operations, net of tax	44,210	69,865
Gain on disposals	11,559	-
Remeasurement gains	151,389	-
	207,158	69,865
Tax on gain on sale of discontinued operations	(833)	-
Profit for the year	206,325	69,865

**NOTES TO THE QUARTERLY REPORT – 31 DECEMBER 2020**

**A14. Discontinued operations (contd.)**

The value of assets and liabilities of SEDCR and PPESW recorded in the consolidated financial statements as at 2 October 2020, and the effects of the disposal were:

	RM'000
Property, plant and equipment	124,098
Goodwill	21,969
Investment properties	3,441
Intangible assets	8,421
Investment in joint ventures	5,422
Deferred tax assets	10,385
Inventories	15,692
Trade and other receivables	368,001
Other current assets	95,503
Current tax assets	1,985
Cash and bank balances	15,729
Trade and other payables	(306,408)
Other current liabilities	(13,100)
Current tax liabilities	(6,909)
Lease liabilities	(1,869)
Deferred taxation	(4,340)
Identifiable net assets	<u>338,020</u>
Less: Non-controlling interests	(167,935)
Less: Premium on acquisition	<u>(2,925)</u>
Identifiable net assets disposed	<u>167,160</u>
Cash consideration	17,500
Cash and bank balances	<u>(15,729)</u>
Net cash inflows on disposals	<u>1,771</u>
Cash consideration	17,500
Net assets derecognised	(167,160)
Fair value of retained interests	<u>312,608</u>
Gain on disposals and remeasurement gains	<u>162,948</u>

**NOTES TO THE QUARTERLY REPORT – 31 DECEMBER 2020**

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

**B1. Review of performance**

**Year 2020 (“YE2020”) vs Year 2019 (“YE2019”)**

With the completion of disposal of 2% equity interest in SEDC Resources Sdn. Bhd. ("SEDCR") and PPES Works (Sarawak) Sdn. Bhd. ("PPESW") on 2 October 2020, the Group's investments in the retained 49% equity interest in SEDCR Group and PPESW Group have been classified as joint ventures in accordance with MFRS 10. With that, the Group only includes its share of profit after tax and non-controlling interests ("PATNCI") of the two groups as the share of results of joint ventures.

For reporting purposes, the Group presented the businesses of SEDCR Group & PPESW Group before 2 October 2020 as discontinued operations in accordance with MFRS 5. Comparative figures for prior periods have been restated accordingly. The Group presents a single amount of the profit after tax ("PAT") and gain on re-measurements and gain on the disposals in the statement of profit or loss.

The COVID-19 Movement Control Order ("MCO") period from 18 March to 18 May 2020 has resulted in poor performance for the Group's traditional core businesses. The Group's performance for YE2020 was also impacted by shorter road length maintained and an impairment on other receivables on the phosphate plant.

For the year ended 31 December 2020 ("YE2020"), the Group's continuing operations posted total revenue of RM758.54 million and a profit before tax ("PBT") of RM6.47 million - a 32% and 96% dipped in revenue and PBT respectively in comparison to YE2019's revenue of RM1.11 billion and PBT of RM159.22 million.

For the year ended 31 December 2020, the Group's discontinued operations posted total revenue of RM365.89 million and a PAT of RM207.16 million as compared to RM626.17 million and RM69.87 million for the year ended 31 December 2019 respectively. The higher profit despite lower revenue was due to the gain arising from the change in the Group's shareholdings in SEDCR and PPESW totalling RM162.95 million. YE2020 saw lower revenue as only nine months of revenue was included.

The performances of the Group's respective Divisions are analysed as follows:

- (a) **Cement Division** - YE2020 revenue of RM476.03 million and PBT of RM48.44 million declined by 21% and 34% as compared to YE2019's revenue of RM601.62 million and PBT of RM73.11 million respectively. The profitability of the Division for YE2020 was contributed by the cement operations. The concrete business posted a loss on the back of lower revenue and an impairment on trade receivables and property, plant & equipment. The lower revenue and PBT were mainly due to non-operating days during the MCO. However, despite lower revenue and production volume in YE2020, the Division's gross profit margin was 1% higher than that of YE2019. This was contributed by the drop in prices of key raw materials and implementation of various regimes to reduce costs.



**NOTES TO THE QUARTERLY REPORT – 31 DECEMBER 2020**

**B1. Review of performance (contd.)**

**Year 2020 (“YE2020”) vs Year 2019 (“YE2019”) (contd.)**

**(b) Construction Materials & Trading Division:**

- (i) Continuing operations - The trading and wire operations were affected by the MCO and lesser order of pipes and fittings and water treatment chemicals from JKR.
- (ii) Discontinued operations - PAT for YE2020 of RM34.25 million was lower than YE2019's RM65.58 million. Higher PAT in YE2019 was mainly due to a reversal of provision of RM14.83 million for the soil erosion remedial action.

**(c) Construction & Road Maintenance Division:**

- (i) Continuing operations - Revenue and PBT for YE2020 decreased by 47% and 49% to RM129.89 million and RM19.14 million from YE2019's RM244.67 million and RM37.19 million respectively. This was on the back of shorter road length maintained by almost 50%.
- (ii) Discontinued operations - PAT of RM9.96 million was higher compared to RM4.29 million in YE2019. This was due to a loss recognised on the Pan Borneo Highway project in YE2019.

**(d) Property Development Division** - YE2020 revenue declined by 47% to RM71.31 million in comparison to RM135.79 million in YE2019. This was due to a drop in the number of properties sold and a lower land sale revenue. The Division's PBT was also affected by Samalaju Hotel Management Sdn. Bhd.'s impairment on property, plant & equipment and Samalaju Properties Sdn. Bhd.'s project costs written off amounting to RM11.26 million and 5.19 million respectively.

**(e) Phosphate Division** - The integrated phosphate complex (phase I) was still under construction as at 31 December 2020. Loss for YE2020 was due to an impairment on property, plant and equipment amounting to RM51.75 million which is related to phase II.

**(f) Strategic Investments Division** - The loss in the current year was mainly due to a loss on disposal of a joint venture and a dilution loss on deemed disposal of a listed associate. The Division's YE2019 loss was from the education subsidiary which had ceased operations since the end of YE2019.

**(g) Others** - Total pre-tax loss of RM11.52 million in YE2020 was mainly due to an impairment on intangible assets.

**(h) Unallocated corporate expenses** - YE2020 saw a slight increase in unallocated corporate expenses. This was attributable to higher net interest expenses, partially mitigated by lower administrative expenses.

**NOTES TO THE QUARTERLY REPORT – 31 DECEMBER 2020**

**B1. Review of performance (contd.)**

**Year 2020 (“YE2020”) vs Year 2019 (“YE2019”) (contd.)**

- (i) **Share of results of joint-ventures** – Mainly comprised the following:
- (i) SEDCR Group - The Group's share of profit of SEDCR Group (quarry and premix sectors) was RM6.88 million (October to December 2020). The profit was after a specific impairment on a debtor amounting to RM7.7 million and a goodwill impairment of RM5 million.
  - (ii) PPESW Group - The Group's share of results of PPESW Group was a loss of RM4.34 million. The loss was mainly due to a weak performance on the Pan Borneo Highway project.
  - (iii) Help Ibraco CMS Sdn. Bhd. - The Group's share of loss was up to the investment cost of RM1.50 million. The joint venture company reported a loss of RM7.86 million in its maiden year of operation.

**Quarter 4, 2020 (“4Q2020”) vs Quarter 4, 2019 (“4Q2019”)**

	4th Qtr 2020 RM'000	4th Qtr 2019 RM'000 (Restated)	Changes %
<b>Continuing operations</b>			
Revenue	206,716	291,460	-29%
Share of results of associates	4,018	2,596	55%
Share of results of joint ventures	2,228	3,336	-33%
Profit before tax	(68,770)	(3,654)	-1783%
<b>Discontinued operations</b>			
Profit after tax	162,948	15,945	921%

- (a) The Group reported a lower revenue in the current quarter as compared to 4Q2019 as SEDCR Group and PPESW Group are no longer subsidiaries since 2 October 2020.
- (b) The Group's continuing operations reported a higher pre-tax loss in 4Q2020 compared to 4Q2019 due to impairment on the property, plant & equipment as well as project costs written off.
- (c) PAT of RM162.95 under discontinued operations was gain on disposals and re-measurement gain arising from the disposal of 2% equity interest in SEDCR and PPESW.

**NOTES TO THE QUARTERLY REPORT – 31 DECEMBER 2020**

**B2. Material changes in profit before tax for the quarter (Quarter 4, 2020 vs Quarter 3, 2020)**

	4th Qtr 2020 RM'000	3rd Qtr 2020 RM'000 (Restated)	Changes %
<b>Continuing operations</b>			
Revenue	206,716	226,096	-9%
Share of results of associates	4,018	12,652	-68%
Share of results of joint ventures	2,228	(217)	1127%
(Loss)/profit before tax	(68,770)	38,668	-278%
<b>Discontinued operations</b>			
Profit after tax	162,948	34,543	372%

- (a) The Group reported a lower revenue in the current quarter as compared to 3Q2020 as SEDCR Group and PPESW Group are no longer subsidiaries since 2 October 2020.
- (b) The Group's continuing operations reported a loss of RM68.77 million due to impairment on the property, plant & equipment as well as project costs written off.
- (c) PAT of RM162.95 under discontinued operations was gain on disposal and re-measurement gain arising from the disposal of 2% equity interest in SEDCR and PPESW.

**B3. Prospects for the year ending 31 December 2021**

The current COVID-19 pandemic has brought about significant disruption and uncertainty to businesses and economies globally. Management has stepped up efforts to navigate the turbulence, overcome challenges with grit and persistence to ensure that our operations get back on track in due course and regain the positive momentum that we were on before it all came to a halt when the MCO was initiated by the government.

We remain focused on growing our portfolio of businesses by taking advantage of the opportunities in Sarawak especially in the area of energy intensive businesses. With our increasingly strong business fundamentals, coupled with other measures taken by Management to fortify the Group's long-term revenue and profitability growth, we are cautiously optimistic that we are able to deliver a satisfactory performance for 2021 given the current pandemic environment.

The prospects on each Division for the next financial year are as follows:

The Cement Division will continue with its production optimisation and cost control initiatives to minimise the impact of the weak economy due to the pandemic. On a positive note, the global uncertainties have weakened the demand for clinker thereby softening prices. This trend is expected to continue in the near term, which will have a positive impact on average cement production costs.

**NOTES TO THE QUARTERLY REPORT – 31 DECEMBER 2020**

**B3. Prospects for the year ending 31 December 2021 (contd.)**

The quarry and premix sectors, now the Group's joint ventures under the Construction Materials & Trading Division were buoyant in the 4th quarter of 2020. The huge demand of crushed aggregates is expected to continue which will auger well for the joint venture's quarry sector for 2021. SEDC Premix Sdn. Bhd. ("SEDC Premix") is aiming to expand its presence in the state leveraging on its existing localities across the state. Supported by the quarry operations, SEDC Premix is well supported to respond to the increased demand from the rollout of road infrastructure across the state. With such demand, the premix sector has seen a mushrooming of new entrants, which will likely result in a rationalisation of pricing. However, with the joint venture's firm control of its supply chain, SEDC Premix stands to benefit from its current position.

The Group's construction joint venture company namely PPES Works (Sarawak) Sdn. Bhd. is making every effort to bolster its competitive edge as it bids for new projects related to Sarawak's costal road network and the second trunk road projects. The joint venture company plans to stay competitive by procuring new projects in the construction of roads, buildings, drainage, water, power transmission lines and telecommunication line projects in Sarawak.

The Covid-19 pandemic has caused a severe dampening effect on the global and Malaysian economy. The Property Development Division anticipates disruptive implications of the pandemic on the overall market environment, together with the uncertainty of commodity prices and volatility of foreign exchange rates.

It is anticipated that construction cost would increase by 10% - 15% in the FY 2021, contributed by the following: -

- (a) increase in the price of steel bar by 20%;
- (b) acute shortage of cheaper foreign labour; and
- (c) additional compliance cost mandated by authorities as a result of the pandemic.

With the stimulus measures rolled out by Government in the recent Budget 2021, whereby all first-time buyers to get full stamp duty exemption for the memorandum of transfer and for the loan agreement for houses worth up to RM500,000; will take effect from 1 January 2021 until 31 December 2025. The exemption granted will help to encourage sales to first-time home buyers as it lessens the affordability gap for them.

During the exemption period, the sales of our development at Projek Bandar Samariang which offer houses in the <RM500,000 category, are likely to see continuous demand in the forthcoming financial year.

**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 2020**

**B5. Income tax expense**

	3 months ended		9 months ended	
	31.12.2020	31.12.2019	31.12.2020	31.12.2019
	RM'000	RM'000	RM'000	RM'000
		(Restated)		(Restated)
Current income tax:				
- Malaysian income tax	(221)	(6,339)	18,639	27,397
- (Over)/under provision in respect of previous years	(3,095)	(224)	(2,984)	156
Deferred tax	7,643	10,802	7,643	13,417
Real property gain tax	833	-	833	-
Total income tax expense	<u>5,160</u>	<u>4,239</u>	<u>24,131</u>	<u>40,970</u>

The effective tax rates for the quarter and year ended 31 December 2020 were higher than the statutory tax rate principally due to losses of certain subsidiaries which cannot be set off against taxable profits made by other subsidiaries and certain expenses which are not deductible for tax purposes.

The effective tax rates for the quarter and year ended 31 December 2019 was lower than the statutory tax rate principally due to share of associates' profit which was net of tax.

**B6. Corporate proposals**

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

***THE REMAINDER OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK***

**CAHYA MATA SARAWAK BERHAD**  
(Company No. 21076-T)

**NOTES TO THE QUARTERLY REPORT – 31 DECEMBER 2020**

**B7. Loans and borrowings**

	As at 31.12.2020 RM'000	As at 31.12.2019 RM'000
<b>Current</b>		
<b>Secured:</b>		
Revolving credits	17,049	15,000
Term loan	923	-
<b>Unsecured</b>		
Revolving credits	10,000	10,000
Term loan	21,428	21,428
	<u>49,400</u>	<u>46,428</u>
Structuring and management fee	(923)	(899)
	<u>48,477</u>	<u>45,529</u>
<b>Non-current</b>		
<b>Secured</b>		
Term loan	287,855	173,760
<b>Unsecured</b>		
Term loan	19,087	40,515
Islamic medium term notes	500,000	500,000
	<u>806,942</u>	<u>714,275</u>
Structuring and management fee	(4,154)	(4,943)
	<u>802,788</u>	<u>709,332</u>
<b>Total</b>	<u>851,265</u>	<u>754,861</u>

Loans and borrowings that are not denominated in Ringgit Malaysia amounted to RM233,428,532 (31 December 2019: RM140,721,651).

**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.

**NOTES TO THE QUARTERLY REPORT – 31 DECEMBER 2020**

**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 2019.

**B12. Dividend payable**

The Board of Directors has proposed to declare a first and final tax exempt (single-tier) dividend at the coming Annual General Meeting of 2.0 sen per ordinary share (2019: 3.0 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 2020 is 2.0 sen (2019: 3.0 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, which takes into account the weighted average effect of changes in treasury shares transactions during the period.

The following reflect the profit and share data used in the computation of basic earnings per share:

	3 months ended		12 months ended	
	31.12.2020	31.12.2019	31.12.2020	31.12.2019
Profit net of tax attributable to owners of the Company used in the computation of earnings per share (RM'000)	114,008	4,528	194,709	159,455
Weighted average number of ordinary shares in issue ('000)	1,066,340	1,072,625	1,071,053	1,072,595
Basic earnings per share (sen)	10.69	0.42	18.18	14.87

The Group has no dilution in its earning per share in the current and the preceding financial period as there are no dilutive potential ordinary shares.

**B14. Auditor's report on preceding annual financial statements**

The auditors' report on the financial statements for the year ended 31 December 2019 was not subject to any qualification.

**NOTES TO THE QUARTERLY REPORT – 31 DECEMBER 2020**

**B15. Additional disclosure on profit for the period**

	Quarter ended 31.12.2020 RM'000	Financial year ended 31.12.2020 RM'000
Profit for the period is arrived at after charging/(crediting):		
Amortisation of intangible assets	5	1,092
Bad debts written off	19	19
Depreciation of investment properties	132	411
Depreciation of property, plant and equipment	13,739	72,990
(Gain)/loss on disposal of property, plant and equipment	(1,974)	(2,670)
(Gain)/loss on foreign exchange – unrealised	(10,796)	(9,130)
Impairment loss on intangible assets	7,810	7,810
Impairment loss on property, plant and equipment	63,012	63,012
Impairment loss on property development costs	1,225	1,225
Impairment loss on trade and other receivables	5,135	5,879
Interest expense	19,867	41,870
Interest income	(1,422)	(11,876)
Inventory written off	3,091	3,107
Loss on foreign exchange - realised	3,929	1,175
Loss on disposal of investment properties	-	31
Net fair value changes in investment securities	(4,475)	(5,194)
Property, plant and equipment written off	3,004	3,147
Property development costs written off	5,560	5,560
Reversal of impairment loss on trade and other receivables	(5,704)	(5,757)