

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 2021

	Note	3 months ended		Changes (%)	6 months ended		Changes (%)
		30.06.2021	30.06.2020		30.06.2021	30.06.2020	
		RM'000	RM'000	RM'000	RM'000	RM'000	
Revenue	A8	185,001	139,878	32%	387,058	329,322	18%
Cost of sales		(146,339)	(127,575)		(311,965)	(279,472)	
Gross profit		38,662	12,303	214%	75,093	49,850	51%
Other income		6,796	2,246		51,804	6,588	
Administrative expenses		(11,838)	(9,170)		(23,543)	(23,067)	
Selling and marketing expenses		(3,114)	(2,770)		(5,880)	(6,243)	
Other expenses		(2,854)	3,648		(17,260)	(6,350)	
Operating profit		27,652	6,257	342%	80,214	20,778	286%
Finance costs		(6,887)	(7,196)		(14,120)	(14,792)	
Share of results of associates		30,868	20,532		61,163	31,917	
Share of results of joint ventures		5,838	(1,114)		12,769	(1,330)	
Profit before taxation		57,471	18,479	211%	140,026	36,573	283%
Income tax expense	B5	(8,379)	(2,585)		(15,790)	(9,853)	
Profit for the period from continuing operations		49,092	15,894	209%	124,236	26,720	365%
Discontinued operations							
Profit for the period from discontinued operations		0	3,161		0	9,667	
Profit for the period		49,092	19,055		124,236	36,387	
Other comprehensive income							
Other comprehensive income that will be reclassified to profit or loss in subsequent periods:							
Share of other comprehensive income of associates		4,040	907		8,234	12,119	
Share of other comprehensive income of joint ventures		0	(111)		0	(111)	
Other comprehensive income for the period		4,040	796		8,234	12,008	
Total comprehensive income for the period		53,132	19,851	168%	132,470	48,395	174%
Profit attributable to:							
Owners of the Company		47,390	16,707	184%	125,185	33,990	268%
Non-controlling interests		1,702	2,348		(949)	2,397	
		49,092	19,055		124,236	36,387	
Total comprehensive income attributable to:							
Owners of the Company		51,350	17,406		133,399	45,931	
Non-controlling interests		1,782	2,445		(929)	2,464	
		53,132	19,851		132,470	48,395	

sen sen

sen sen

Earnings per share attributable to owners of the Company:

Basic

B13

- from continuing operations
- from discontinued operations

4.41	1.27
0.00	0.29
4.41	1.56

11.71	2.27
0.00	0.90
11.71	3.17

Diluted

- from continuing operations
- from discontinued operations

4.37	1.27
0.00	0.29
4.37	1.56

11.60	2.27
0.00	0.90
11.60	3.17

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 30 June 2021

	Note	Unaudited As at 30.06.2021 RM'000	Audited As at 31.12.2020 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment		1,317,647	1,312,746
Land held for property development		192,545	192,529
Investment properties		28,144	28,255
Intangible assets		599	423
Goodwill		61,709	61,709
Investments in associates		987,608	995,975
Investments in joint ventures		322,203	321,656
Deferred tax assets		4,816	4,816
Other receivables		98,010	95,688
Investment securities		23,402	19,961
		<u>3,036,683</u>	<u>3,033,758</u>
Current assets			
Property development costs		137,325	145,203
Inventories		333,986	327,065
Trade and other receivables		152,197	186,244
Other current assets		26,736	19,021
Investment securities		408,920	361,164
Derivative financial asset		96,698	96,698
Tax recoverable		8,672	9,394
Cash and bank balances		375,272	281,819
		<u>1,539,806</u>	<u>1,426,608</u>
Asset classified as held for sales	A14	19,425	0
TOTAL ASSETS		<u>4,595,914</u>	<u>4,460,366</u>
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital		867,902	867,902
Treasury shares		(352)	(19,994)
Other reserves		15,083	6,520
Retained earnings		2,043,471	1,931,849
		<u>2,926,104</u>	<u>2,786,277</u>
Non-controlling interests		<u>231,085</u>	<u>233,247</u>
Total equity		<u>3,157,189</u>	<u>3,019,524</u>
Non-current liabilities			
Deferred tax liabilities		51,524	51,551
Loans and borrowings	B7	324,857	803,711
Lease liabilities		21,983	25,726
Trade and other payables		3,762	3,057
		<u>402,126</u>	<u>884,045</u>
Current liabilities			
Income tax payable		7,602	850
Loans and borrowings	B7	587,637	47,555
Lease liabilities		7,344	10,967
Trade and other payables		417,488	489,287
Other current liabilities		6,748	8,138
		<u>1,026,819</u>	<u>556,797</u>
Liabilities classified as held for sale	A14	9,780	0
Total liabilities		<u>1,438,725</u>	<u>1,440,842</u>
TOTAL EQUITY AND LIABILITIES		<u>4,595,914</u>	<u>4,460,366</u>
Net assets per share attributable to ordinary owners of the Company (RM)		<u>2.72</u>	<u>2.62</u>

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

Cahya Mata Sarawak Berhad

(Company No: 21076-T)

Condensed consolidated statement of changes in equity for the period ended 30 June 2021

	< ----- 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
At 1 January 2021	3,019,524	2,786,277	867,902	(19,994)	6,520	1,931,849	233,247
Profit net of tax	124,236	125,185	0	0	0	125,185	(949)
Other comprehensive income, net of tax	8,234	8,214	0	0	8,214	0	20
Total comprehensive income	132,470	133,399	0	0	8,214	125,185	(929)
Transactions with owners:-							
Acquisition of treasury shares	(3,723)	(3,723)	0	(3,723)	0	0	0
Disposal of treasury shares	28,369	28,369	0	23,365	0	5,004	0
Grant of equity-settled share options to employees	3,322	3,322	0	0	3,322	0	0
Dividends on ordinary shares	(21,484)	(21,484)	0	0	0	(21,484)	0
Dividends paid to non-controlling interests	(1,289)	0	0	0	0	0	(1,289)
Total transactions with owners	5,195	6,484	0	19,642	3,322	(16,480)	(1,289)
Arising from partial disposal of investment in an associate	0	(56)	0	0	(3,454)	3,398	56
Share of associates' reserves	0	0	0	0	481	(481)	0
At 30 June 2021	3,157,189	2,926,104	867,902	(352)	15,083	2,043,471	231,085

Cahaya Mata Sarawak Berhad

(Company No: 21076-T)

Condensed consolidated statement of changes in equity for the period ended 30 June 2020

	< ----- Attributable to Owners of the Company ----- >						
	< ----- Non-distributable ----- >				Distributable		
	Total equity	Total	Share capital	Treasury shares	Other reserves	Retained earnings	Non-controlling interests
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2020	3,151,946	2,638,467	867,902	(5,625)	14,049	1,762,141	513,479
Profit net of tax	36,387	33,990	0	0	0	33,990	2,397
Other comprehensive income, net of tax	12,008	11,941	0	0	11,931	10	67
Total comprehensive income	48,395	45,931	0	0	11,931	34,000	2,464
Transactions with owners:-							
Dividends paid to non-controlling interests	(16,578)	0	0	0	0	0	(16,578)
Total transactions with owners	(16,578)	0	0	0	0	0	(16,578)
Share of associates' reserves	51	48	0	0	(625)	673	3
At 30 June 2020	3,183,814	2,684,446	867,902	(5,625)	25,355	1,796,814	499,368

Cahya Mata Sarawak Berhad

(Company No: 21076-T)

Condensed consolidated statement of cash flows for the period ended 30 June 2021

	6 months ended 30.06.2021 RM'000	6 months ended 30.06.2020 RM'000
Profit before taxation from continuing operations	140,026	36,573
Profit before taxation from discontinued operations	0	13,227
Adjustments for non-cash items:		
Non-cash items	(61,753)	15,281
Operating cash flows before changes in working capital	78,273	65,081
Changes in working capital		
Decrease/(increase) in current assets	9,729	(1,911)
Decrease/(increase) in non-current assets	861	(2,351)
Decrease in current liabilities	(67,382)	(152,864)
Increase in non-current liabilities	705	0
Cash flows from/(used in) operations	22,186	(92,045)
Interest received	2,382	7,643
Interest paid	(17,953)	(11,144)
Income tax paid, net of refund	(8,119)	(16,641)
Net cash flows used in operating activities	(1,504)	(112,187)
Investing activities		
Acquisition of property, plant and equipment	(40,164)	(103,331)
Additional investments in joint ventures	(3,037)	0
Additional investments in investment securities	(54,728)	(23,294)
Additional investment in an associate	(9,228)	0
Dividends received from joint ventures	15,259	1,897
Dividends received from associates	29,439	22,087
Dividends received from investments	2,032	3,962
Proceeds from partial disposal of an associate	86,069	0
Proceeds from disposal of property, plant and equipment	20,976	298
Advancement of shareholders' loan	0	(946)
Others	(270)	(896)
Net cash from/(used in) investing activities	46,348	(100,223)
Financing activities		
Decrease in deposit pledged to a licensed bank	54	(46)
Drawdown of borrowings	62,847	97,267
Repayments of borrowings	(10,715)	(16,684)
Repayment of lease liabilities	(5,582)	(6,913)
Dividends paid to shareholders of the Company	(21,484)	0
Dividends paid to non-controlling interests	(1,289)	(16,578)
Net proceeds from disposal of treasury shares	28,369	0
Repurchase of treasury shares	(3,723)	0
Others	(168)	0
Net cash from financing activities	48,309	57,046
Net increase/(decrease) in cash and cash equivalents	93,153	(155,364)
Effect of foreign exchange changes in cash and cash equivalents	639	531
Cash and cash equivalents as at 1 January	277,224	619,175
Cash at bank attributable to assets classified as held for sale	(353)	(15,174)
Cash and cash equivalents as at 30 June	370,663	449,168
Cash and cash equivalents as at 30 June comprised the following:		
Cash and short term deposits	375,272	451,132
Less: Deposits pledged to licensed banks	(1,916)	(1,964)
Less: Deposits with maturity of more than three months	(2,693)	0
	370,663	449,168

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 – 30 JUNE 2021

Part A – Explanatory notes pursuant to MFRS 134

A1. Basis of preparation

These condensed consolidated interim financial statements, for the period ended 30 June 2021 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 2020.

A2. Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except as follows:

On 1 January 2021, the Group and the Company adopted the following new and amended MFRSs mandatory for annual financial periods beginning on or after 1 January 2021.

- Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16: Interest Rate Benchmark Reform - Phase 2

The adoption of these standards is not expected to have any material effect on the financial performance or position of the Group.

A3. Seasonal or cyclical factors

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

A4. Unusual items due to their nature, size and incidence

There were no unusual items affecting assets, liabilities, equity, net income or cash flows of the Group for the period ended 30 June 2021.

NOTES TO THE QUARTERLY REPORT – 30 JUNE 2021

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 30 June 2021, the Company repurchased 200,000 of its issued ordinary shares from the open market at an average price of RM1.76 per share. The total consideration paid for the repurchase including transaction costs was RM352,422 and this was financed by internally generated funds. The shares repurchased are being held as treasury shares in accordance with Section 127 (4) of the Companies Act 2016.

During the current quarter ended 30 June 2021, the Company had resold 9,194,500 treasury shares from the open market for a total consideration of RM20,527,409, net of commission. After the resale of the treasury shares, the Company holds 200,000 treasury shares in its books.

A7. Dividends paid

The first and final tax exempt (single-tier) dividend of 2.0 sen per ordinary share for the financial year ended 31 December 2020 amounting to RM21,483,514 was paid on 30 June 2021.

THE REMAINDER OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK

NOTES TO THE QUARTERLY REPORT – 30 JUNE 2021

A8. Segmental information

	3 months ended		6 months ended	
	30.06.2021	30.06.2020	30.06.2021	30.06.2020
	RM'000	RM'000	RM'000	RM'000
Segment Revenue				
Cement	109,677	75,015	237,847	195,259
Trading	20,980	11,056	48,847	32,163
Road maintenance	27,098	41,454	53,825	69,404
Property development	28,328	10,611	50,278	28,946
Others	11,104	13,468	24,453	32,358
Total revenue including inter-segment sales	197,187	151,604	415,250	358,130
Elimination of inter-segment sales	(12,186)	(11,726)	(28,192)	(28,808)
Total revenue from continuing operations	185,001	139,878	387,058	329,322
Revenue from discontinued operations	-	66,959	-	159,969
	185,001	206,837	387,058	486,291

	3 months ended		6 months ended	
	30.06.2021	30.06.2020	30.06.2021	30.06.2020
	RM'000	RM'000	RM'000	RM'000
Segment Results				
Operating profit/(loss):				
Cement	19,780	329	41,518	18,918
Trading	1,024	(108)	2,746	720
Road maintenance	2,801	3,808	4,475	7,051
Property development	8,358	1,219	11,262	5,602
Phosphate	(1,347)	1,297	(11,098)	(6,769)
Strategic investments	386	329	6,050	718
Others	(1,361)	(158)	527	1,031
	29,641	6,716	55,480	27,271
Unallocated corporate income/(expenses)	(8,876)	(7,655)	10,614	(21,285)
Share of results of associates	30,868	20,532	61,163	31,917
Share of results of joint ventures	5,838	(1,114)	12,769	(1,330)
Profit before tax	57,471	18,479	140,026	36,573
Income tax expenses	(8,379)	(2,585)	(15,790)	(9,853)
Profit from continuing operations	49,092	15,894	124,236	26,720
Profit from discontinued operations	-	3,161	-	9,667
Profit for the period	49,092	19,055	124,236	36,387

NOTES TO THE QUARTERLY REPORT – 30 JUNE 2021

A9. Changes in composition of the Group

There have been no changes in the composition of the Group for the quarter ended 30 June 2021.

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 2021		31 December 2020	
	Carrying Amount RM'000	Fair Value RM'000	Carrying Amount RM'000	Fair Value RM'000
Financial liabilities:				
Interest-bearing loans and borrowings				
- Term loans	353,706	353,706	329,294	329,294
- Islamic medium term notes	500,000	517,432	500,000	527,925
	<u>853,706</u>	<u>871,138</u>	<u>829,294</u>	<u>857,219</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 2021

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 2021				
Financial assets				
Investment securities				
- Income debt securities	-	254,873	-	254,873
- Redeemable preference shares	-	-	23,402	23,402
- Money market funds	154,047	-	-	154,047
Derivative financial assets	-	-	96,698	96,698
	<u>154,047</u>	<u>254,873</u>	<u>120,100</u>	<u>529,020</u>
31 December 2020				
Financial assets				
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>

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

NOTES TO THE QUARTERLY REPORT – 30 JUNE 2021

A11. Capital & other commitments

The amount of commitments not provided for in the interim financial statements as at 30 June 2021 and 31 December 2020 was as follows:

Capital commitments

	As at 30.06.2021 RM'000	As at 31.12.2020 RM'000
Approved and contracted for:		
- Property, plant and equipment	110,920	142,586
- Intangible assets	1,409	1,553
- Investments in redeemable preference shares in joint ventures	25,330	29,682
	<u>137,659</u>	<u>173,821</u>
Approved but not contracted for:		
- Property, plant and equipment	108,859	82,260
- Intangible assets	383	383
- Investments in associates	74,598	83,826
- Investment in a joint venture	-	2,126
	<u>183,840</u>	<u>168,595</u>
	<u>321,499</u>	<u>342,416</u>

A12. 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.

THE REMAINDER OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK

NOTES TO THE QUARTERLY REPORT – 30 JUNE 2021

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 2021 and 30 June 2020 as well as the balances with the related parties as at 30 June 2021 and 30 June 2020:

		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
Associates:					
- Kenanga Investment Bank Bhd	2021	334	-	-	-
	2020	432	-	-	-
- KKB Engineering Bhd	2021	3	-	3	-
	2020	-	-	-	-
- SACOFA Sdn Bhd	2021	7,201	136	4,193	95
	2020	3,146	27	1,599	-
- OM Materials (Sarawak) Sdn Bhd	2021	3,930	-	11,007	-
	2020	3,772	-	6,189	-
- OM Materials (Samalaju) Sdn Bhd	2021	699	-	2,620	-
	2020	800	-	1,199	-
Joint Ventures:					
- PPES Works Larico	2021	-	-	-	-
	2020	93	-	-	-
- COPE Private Equity Sdn. Bhd.	2021	-	-	-	-
	2020	19	-	2	-
- SEDC Resources Group	2021	5,073	5,594	892	3,366
	2020	-	-	-	-
- PPES Works Group	2021	49,604	-	41,956	-
	2020	-	-	-	-
Others					
- Corporate shareholders	2021	-	-	-	-
	2020	181	26,140	181	51
Key management personnel of the Group:					
- Directors' interests	2021	-	7,214	-	3,432
	2020	-	2,101	-	892

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

NOTES TO THE QUARTERLY REPORT – 30 JUNE 2021

A14. Disposal subsidiary held for sale

The assets and liabilities of CMS Infra Trading Sdn. Bhd., a 51% owned subsidiary of the Company, are presented as held for sale following the Company's commitment to a plan to dispose of 2% of the equity in this subsidiary. The sale is expected to be completed by the end of the year.

At 30 June 2021, the assets and liabilities of the disposal subsidiary are as follows:

	RM'000
Assets classified as held for sale:	
Property, plant and equipment	899
Trade and other receivables	18,173
Cash and bank balances	353
	<u>19,425</u>
Liabilities classified as held for sale:	
Deferred taxation	27
Trade and other payables	9,556
Current tax liabilities	197
	<u>9,780</u>

THE REMAINDER OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK

NOTES TO THE QUARTERLY REPORT – 30 JUNE 2021

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

B1. Review of performance

Year-to-date, 2021 (“PE2021”) vs Year-to-date, 2020 (“PE2020”)

For the six months ended 30 June 2021 ("PE2021"), the Group reported total revenue of RM387.06 million and profit before tax ("PBT") of RM140.03 million from continuing operations, representing an increase of 18% and 283% respectively, in comparison to PE2020's revenue of RM329.32 million and PBT of RM36.57 million. The Group's profit after tax and non-controlling interests ("PATNCI") increased significantly by RM91.20 million or 268% from RM33.99 million to RM125.19 million.

Revenue increased due to higher contributions from the Cement, Trading and Property Development Divisions.

The Group's PBT from continuing operations improved significantly by RM103.45 million in comparison to PE2020. The significant improvement in Group's PBT was gain on disposal of Kenanga Investment Bank Berhad (“KIBB”) shares amounting to RM28.52 million, gain on disposal of land of RM12.74 million and improvements in associates' performances in current period which contributed to an increase in share of profit by RM29.25 million.

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

- (a) **Cement Division** - reported a 22% and 119% higher revenue and PBT of RM237.85 million and RM41.52 million respectively in PE2021 over PE2020's revenue of RM195.26 million and PBT of RM18.92 million. The increase in PBT outpaced increase in revenue was mainly attributable to improvement in operational efficiency which has offset the rising imported clinker prices in 2Q2021.
- (b) **Trading Division** - reported a PBT of RM2.75 million, an increase of 281% in comparison to PE2020's PBT of RM0.72 million. The higher PBT in PE2021 was due to higher sales in water treatment chemicals, pipes and fittings to JKR as well as revenue and profit recognised on a project.
- (c) **Road Maintenance Division** - reported a lower PBT of RM4.48 million in PE2021, which was 37% lower than PE2020's PBT of RM7.05 million at the back of 22% lower revenue and gross profit. Gross profit margin was impacted by unexpected costs due to unfavourable onsite ground conditions on a project which had a gross profit of RM1.13 million in PE2020 as compared to gross loss of RM0.64 million in PE2021. However, this project still reported profit overall.
- (d) **Property Development Division** - reported a higher revenue of RM50.28 million and PBT of RM11.26 million in PE2021 in comparison to a revenue of RM28.95 million and PBT of RM5.60 in PE2020, representing an increase 74% and 101% respectively. Higher PBT in PE2021 was mainly due to higher sales in properties, improved revenue and gross margin from lodges and hotel businesses, and a downward revision of budgeted costs for a project.

NOTES TO THE QUARTERLY REPORT – 30 JUNE 2021

B1. Review of performance (contd.)

Year-to-date, 2021 (“PE2021”) vs Year-to-date, 2020 (“PE2020”) (contd.)

- (e) **Phosphate Division** - The integrated phosphate complex (phase 1) was still under construction in PE2021. Increase in loss before tax (“LBT”) was mainly due to higher staff costs in PE2021 by RM1.09 million due to a hike in headcount prior to targeted operation in September and higher unrealised foreign exchange loss of RM8.68 million as compared to RM5.46 million loss in PE2020.
- (f) **Strategic Investments Division** - reported a PBT of RM6.05 million in PE2021 as compared to PBT of RM0.72 million in PE2020. The improvement in PBT was attributable to a gain on disposal of KIBB shares amounted to RM5.39 million.
- (g) **Others** - reported a lower PBT of RM0.53 million in PE2021 as compared to a PBT of RM1.03 million in PE2020.
- (h) **Unallocated corporate income** - Unallocated corporate income in PE2021 was due to a gain from disposal of land and a gain on disposal KIBB shares amounted to RM12.74 million and RM23.13 million respectively. The gains were partially offset by higher unrealised loss of RM3.53 million on investment securities.
- (i) **Share of results of joint ventures** – In PE2021, this comprised mainly SEDC Resources Sdn. Bhd. (“SEDCR”) and PPES Works (Sarawak) Sdn. Bhd. (“PPESW”) (results for PE2020 are classified as discontinued operations).
- SEDCR Group - PE2021 performance was better than PE2020 due to higher revenue and higher gross profit margin. Improvement in gross profit margin was mainly due to reversal of an impairment on a long outstanding customer of RM3 million in PE2021, coupled with higher production volume and lower bitumen cost.
 - PPESW Group - PE2021 PBT was lower than PE2020 despite higher revenue was due to lower gross profit margin and lower interest income earned.

Quarter 2, 2021 (“2Q2021”) vs Quarter 2, 2020 (“2Q2020”)

	2nd Qtr 2021 RM'000	2nd Qtr 2020 RM'000	Changes %
Continuing operations:			
Revenue	185,001	139,878	32%
Share of results of associates	30,868	20,532	50%
Share of results of joint ventures	5,838	(1,113)	-625%
Profit before tax	57,471	18,479	211%
Discontinued operations:			
Profit before tax	-	3,161	-100%
PATNCI	47,390	16,707	184%

NOTES TO THE QUARTERLY REPORT – 30 JUNE 2021

B1. Review of performance (contd.)

Quarter 2, 2021 (“2Q2021”) vs Quarter 2, 2020 (“2Q2020”) (contd.)

Revenue for 2Q2021 increased by 32% or RM45.12 million compared to 2Q2020. The performance for 2Q2020 was impacted by the full lockdown effective from 18 March 2020 to 18 May 2020.

All the Group’s traditional core businesses Divisions reported higher revenue and PBT in 2Q2021 as compared to 2Q2020 except the Road Maintenance Division.

The Road Maintenance Division reported lower revenue by 35% or RM14.36 million in 2Q2021 as compared to 2Q2020. This was mainly due to no design and build contract revenue recorded in the current quarter compared to RM13.89 million in the previous year’s corresponding quarter. Lower PBT in the current quarter was also affected by the provision of service tax on the routine maintenance revenue in the current quarter.

B2. Material changes in profit before tax for the quarter (Quarter 2, 2021 vs Quarter 1, 2021)

	2nd Qtr 2021 RM'000	1st Qtr 2021 RM'000	Changes %
Continuing operations			
Revenue	185,001	202,057	-8%
Share of results of associates	30,868	30,295	2%
Share of results of joint ventures	5,838	6,931	-16%
Profit before tax	57,471	82,555	-30%
PATNCI	47,390	77,795	-39%

Revenue in 2Q2021 declined by 8% or RM17.06 million from 1Q2021 mainly attributable to the reinstatement of COVID-19 movement control order (MCO) 3.0 restriction from 29 May 2021 to 13 July 2021.

However, the decrease in PBT of 30% outpaced decrease in revenue. This was because the PBT in 1Q2021 was primarily driven by gain on disposal of shares in KIBB amounting to RM28.52 million. Excluding this gain, PBT for 2Q2021 would have been only lower than the adjusted PBT for 1Q2021 of RM54.04 million by RM3.43 million or 6%.

The Property Development and the Road Maintenance reported improved results in 2Q2021.

The Property Development Division reported a higher PBT of RM8.36 million for 2Q2021 than 1Q2021’s PBT of RM2.90 million. The better performance was on the back of higher revenue from lodges and hotel in view of the lockdown since mid-May 2021, higher rental income from unsold properties since March 2021, higher sale of properties and work-in-progress properties sold in previous quarters as well as downwards revision of budgeted costs for a condominium project.

CAHYA MATA SARAWAK BERHAD

(Company No. 21076-T)

NOTES TO THE QUARTERLY REPORT – 30 JUNE 2021

B2. Material changes in profit before tax for the quarter (Quarter 2, 2021 vs Quarter 1, 2021) (contd.)

The Road Maintenance Division reported a higher PBT of RM2.84 million for 2Q2021 than 1Q2021's PBT of RM2.52 million. This was mainly due to higher profit margin from instructed works in current quarter and unexpected costs was recorded in the previous quarter due to unfavourable onsite ground conditions on a project.

The Phosphate Division's lower LBT in 2Q2021 was mainly due to unrealised foreign exchange gain of RM0.15 million as compared to unrealised foreign exchange loss of RM8.83 million in 1Q2021.

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. The Group remains cautious about its prospects, in particular the Malaysia Phosphate Additives Sarawak project for the second half of the financial year amid the worsening COVID-19 situation.

The prospects on each Division for the remaining period of the financial year are as follows:

With the expedition of vaccination programme by the State Government, the Cement Division anticipates the market to rebound by the end of Q3-2021 and further improve in the fourth quarter. Management expects sales to pick up but forecasted to remain lower than budgeted due to the extension of MCO 3.0. However, the current pandemic still presents uncertainty in the progress of the various construction projects for the remaining period of 2021. Profitability of the division is expected to be adversely affected by the anticipation of price increase in the regional freight costs and steel rebar price where price softening is not foreseeable in the next half year. Hence, this will directly increase the imported clinker prices and production costs for cement and concrete operations.

The Group's Construction Materials Division, via a 49% owned joint venture company is expected to remain strong in 2021 due to anticipation of higher revenue from contract services and continuing demand for quarries and premix products. In addition, premix supply to the Pan Borneo Highway project is expected to peak this year. With a current portfolio of 4 quarries with approximately 4 million MT/annum production, the division is best positioned to support the State Government in realising its ambitious development plans. The strategic location of Sebuyau Granite and Borneo Granite Quarry enables it to play a leading role in the supply of aggregates to the Central Trunk Road and Coastal Highway projects. The management is also looking to increase its quarry assets by expanding their capacity and new sites across the State.

NOTES TO THE QUARTERLY REPORT – 30 JUNE 2021

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

The Group's Construction Division's via a 49% owned joint venture company, construction order book excluding road concessions was RM0.89 billion as at 30 June 2021. The Division continues to derive stable recurring income from its road concession that currently involves the maintenance of approximately 3,267 km of State roads throughout Sarawak. The Division is making every effort to bolster its competitive edge as it bids for new projects related to Sarawak's Coastal Road Network and the Second Trunk Road projects to grow its current construction order book. Some of the major anticipated projects involve the construction of coastal and rural roads, including bridges, the expansion of water and electricity grids to rural areas, and more extensive coverage of state roads for maintenance. The division is optimistic that the order book will be further strengthened with the award of new contracts for the remaining of 2021.

The Road Maintenance Division is applying for its own licences that would enable it to participate in more state and federal funded projects. The Division is also striving to ensure that it will maintain its dominant role in the State's road maintenance operations by capitalizing on its proven track record and cost advantage built up over the years and looking at new innovative ways to work more efficiently to overcome any hurdle in the ever increasing competitive environment.

The Property Development Division has delivered continuous performance in the affordable housing segment. The sales rate at the residential developments of Projek Bandar Samariang has remained strong with a takeup rate of >70%, meeting the demands of this segment in both product and pricing. MCO 3.0 has notably impacted the construction progress on some of these developments, however adequate float is in place for all projects to ensure no resultant liquidated ascertained damages. In Samalaju, the business is seeing strong rental demand with occupancy rates of between 70-98% across all its asset classes. The team remains focused for the remainder of 2021 at re-master planning its major land banks across the state to ensure a sustained development pipeline for the coming years.

The Malaysian Phosphate Additives Sarawak (MPAS) project has not been progressing as scheduled due to technical and commissioning issues, the extent of which are being assessed and solutions being actively worked at. The Company is evaluating all options on the future direction of the MPAS project.

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 2021

B5. Income tax expense

	3 months ended		6 months ended	
	30.06.2021	30.6.2020	30.06.2021	30.06.2020
	RM'000	RM'000	RM'000	RM'000
Current income tax:				
- Malaysian income tax	8,379	2,585	15,790	9,853
Total income tax expense	<u>8,379</u>	<u>2,585</u>	<u>15,790</u>	<u>9,853</u>

The effective tax rate for the quarter and period ended 30 June 2021 were lower than the statutory tax rate principally due to share of associates' and joint ventures' profit which were net of tax as well as certain income which are not subject to tax.

The effective tax rate for the quarter ended 30 June 2020 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

NOTES TO THE QUARTERLY REPORT – 30 JUNE 2021

B7. Loans and borrowings

	As at 30.06.2021 RM'000	As at 31.12.2020 RM'000
Current		
Secured:		
Revolving credits	33,772	17,050
Onshore foreign currency loan	19,648	-
Unsecured		
Revolving credits	10,000	10,000
Term loan	25,128	21,428
Islamic medium term notes	500,000	-
	<u>588,548</u>	<u>48,478</u>
Structuring and management fee	(911)	(923)
	<u>587,637</u>	<u>47,555</u>
Non-current		
Secured		
Term loan	320,205	288,778
Unsecured		
Term loan	8,372	19,087
Islamic medium term notes	-	500,000
	<u>328,577</u>	<u>807,865</u>
Structuring and management fee	(3,720)	(4,154)
	<u>324,857</u>	<u>803,711</u>
Total	<u>912,494</u>	<u>851,266</u>

Loans and borrowings that are not denominated in Ringgit Malaysia amounted to RM301,516,330 (31 December 2020: RM233,428,532).

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 – 30 JUNE 2021

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 2020.

B12. Dividend payable

No interim dividend has been declared for the financial period ended 30 June 2021 (30 June 2020: Nil).

THE REMAINDER OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK

NOTES TO THE QUARTERLY REPORT – 30 JUNE 2021

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.

Diluted EPS is calculated by dividing the profit attributable to ordinary equity holders of the parent (after adjusting for Employees' Share Option Scheme (ESOS)) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on 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 earnings per share:

	3 months ended		6 months ended	
	30.06.2021	30.06.2020	30.06.2021	30.06.2020
Profit net of tax from continuing operations attributable to owners of the Company (RM'000)	47,390	13,546	125,185	24,323
Profit net of tax from discontinued operations attributable to owners of the Company (RM'000)	-	3,161	-	9,667
Profit net of tax attributable to owners of the Company (RM'000)	<u>47,390</u>	<u>16,707</u>	<u>125,185</u>	<u>33,990</u>
Weighted average number of ordinary shares in issue ('000)	1,074,242	1,072,625	1,068,868	1,072,625
Effect of dilution from:				
Employees' Share Option Scheme (ESOS) ('000)	10,573	-	10,697	-
Weighted average number of ordinary shares adjusted for the effect of dilution ('000)	<u>1,084,815</u>	<u>1,072,625</u>	<u>1,079,565</u>	<u>1,072,625</u>
Basic earnings per share (sen) for:				
- continuing operations	4.41	1.27	11.71	2.27
- discontinued operations	-	0.29	-	0.90
	<u>4.41</u>	<u>1.56</u>	<u>11.71</u>	<u>3.17</u>
Diluted earnings per share (sen) for:				
- continuing operations	4.37	1.27	11.60	2.27
- discontinued operations	-	0.29	-	0.90
	<u>4.37</u>	<u>1.56</u>	<u>11.60</u>	<u>3.17</u>

NOTES TO THE QUARTERLY REPORT – 30 JUNE 2021

B14. Auditor’s report on preceding annual financial statements

The auditors’ report on the financial statements for the year ended 31 December 2020 was not subject to any qualification.

B15. Additional disclosure on profit for the period

	Quarter ended 30.06.2021 RM’000	Financial year ended 30.06.2021 RM’000
Profit for the period is arrived at after charging/(crediting):		
Amortisation of intangible assets	14	26
Property, plant and equipment written off	13	21
Depreciation of property, plant and equipment	15,760	31,540
Depreciation of investment properties	55	110
Loss/(gain) on disposal of property, plant and equipment	20	(13,003)
Gain on disposal of investment in an associate	-	(28,515)
Loss/(gain) on foreign exchange - realised	23	(348)
(Gain)/loss on foreign exchange - unrealised	(1,589)	7,072
Interest expense	6,873	14,010
Interest income	(1,435)	(3,421)
Net fair value changes in investment securities	(1,858)	3,531