

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 2013

	Note	3 months ended		6 months ended	
		30.6.2013 RM'000	30.6.2012 RM'000	30.6.2013 RM'000	30.6.2012 RM'000
Revenue	A8	338,332	292,201	648,691	522,543
Cost of sales		(259,231)	(213,949)	(496,346)	(377,861)
Gross profit		79,101	78,252	152,345	144,682
Other income		5,225	10,260	8,403	11,539
Administrative expenses		(12,270)	(12,392)	(29,017)	(26,957)
Selling and marketing expenses		(2,817)	(2,435)	(5,620)	(4,538)
Other expenses		(721)	(506)	(2,070)	(1,920)
Operating profit		68,518	73,179	124,041	122,806
Finance costs		(1,158)	(2,878)	(2,222)	(5,878)
Share of results of associates		1,426	(188)	1,780	3,082
Share of results of jointly controlled entities		27	0	27	0
Profit before taxation		68,813	70,113	123,626	120,010
Income tax expense	B5	(19,487)	(14,851)	(36,293)	(28,347)
Profit for the period		49,326	55,262	87,333	91,663
Other comprehensive income					
Exchange fluctuation from translation of subsidiary's net asset		2	0	0	(21)
Share of associate's total comprehensive income		(1,091)	757	(1,083)	(604)
Other comprehensive income for the period, net of tax		(1,089)	757	(1,083)	(625)
Total comprehensive income for the period, net of tax		48,237	56,019	86,250	91,038
Profit attributable to:					
Owners of the Company		40,014	47,096	68,741	78,441
Non-controlling interests		9,312	8,166	18,592	13,222
		49,326	55,262	87,333	91,663
Total comprehensive income attributable to:					
Owners of the Company		38,977	47,817	67,710	77,852
Non-controlling interests		9,260	8,202	18,540	13,186
		48,237	56,019	86,250	91,038
		sen	sen	sen	sen
Earnings per share attributable to owners of the Company:					
Basic	B13	12.06	14.29	20.99	23.80
Diluted		11.92	14.27	20.80	23.77

The condensed consolidated statements of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2012 and the accompanying explanatory notes attached to the interim financial report.

Cahya Mata Sarawak Berhad

(Company No: 21076-T)

Condensed consolidated statement of financial position as at 30 June 2013

	Note	As at 30.6.2013 RM'000	Audited As at 31.12.2012 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment		465,879	488,578
Prepaid land lease payments		17,419	17,782
Land held for property development		67,149	63,511
Investment properties		5,802	5,860
Intangible assets		661	1,175
Goodwill		61,709	61,709
Investments in associates		369,989	337,383
Investments in jointly controlled entities		3,943	3,948
Deferred tax assets		16,397	18,124
Other receivables		8,801	0
Investment securities		3,942	428
		<u>1,021,691</u>	<u>998,498</u>
Current assets			
Property development costs		131,403	131,133
Inventories		112,632	106,735
Trade and other receivables		229,293	253,766
Other current assets		51,667	12,304
Investment securities		118,083	107,444
Tax recoverable		5,485	6,345
Cash and bank balances		525,768	524,015
		<u>1,174,331</u>	<u>1,141,742</u>
TOTAL ASSETS		<u>2,196,022</u>	<u>2,140,240</u>
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital		338,225	332,436
Treasury shares		0	(23,319)
Share premium		452,087	433,821
Other reserves		14,825	19,302
Retained earnings		757,146	718,683
		<u>1,562,283</u>	<u>1,480,923</u>
Non-controlling interests		<u>213,427</u>	<u>206,000</u>
Total equity		<u>1,775,710</u>	<u>1,686,923</u>
Non-current liabilities			
Deferred tax liabilities		32,495	32,496
Loans and borrowings	B7	34,292	49,096
		<u>66,787</u>	<u>81,592</u>
Current liabilities			
Income tax payable		28,835	20,522
Loans and borrowings	B7	55,223	40,729
Trade and other payables		260,101	306,689
Other current liabilities		9,366	3,785
		<u>353,525</u>	<u>371,725</u>
Total liabilities		<u>420,312</u>	<u>453,317</u>
TOTAL EQUITY AND LIABILITIES		<u>2,196,022</u>	<u>2,140,240</u>
Net assets per share attributable to ordinary owners of the Company (RM)		<u>4.62</u>	<u>4.56</u>

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2012 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 2013

	Equity, total RM'000	< ----- Attributable to Owners of the Company ----- >						Non-controlling interests RM'000	
		Equity attributable to owners of the Company RM'000	< ----- Non-distributable ----- >						Distributable
			Share capital RM'000	Treasury shares RM'000	Share premium RM'000	Other reserves RM'000	Retained earnings RM'000		
At 1 January 2013	1,686,923	1,480,923	332,436	(23,319)	433,821	19,302	718,683	206,000	
Total comprehensive income for the period	86,038	67,498	0	0	0	(1,243)	68,741	18,540	
Transaction with owners:-									
Grant of equity-settled share options to employees	1,682	1,682	0	0	0	1,682	0	0	
Exercise of employee share options	12,770	12,770	5,789	0	11,897	(4,916)	0	0	
Purchase of treasury shares	(15,473)	(15,473)	0	(15,473)	0	0	0	0	
Sale of treasury shares	45,161	45,161	0	38,792	6,369	0	0	0	
Dividends on ordinary shares	(30,278)	(30,278)	0	0	0	0	(30,278)	0	
Dividends paid to non-controlling interests	(11,113)	0	0	0	0	0	0	(11,113)	
Total transactions with owners	2,749	13,862	5,789	23,319	18,266	(3,234)	(30,278)	(11,113)	
At 30 June 2013	1,775,710	1,562,283	338,225	0	452,087	14,825	757,146	213,427	

Cahya Mata Sarawak Berhad

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Condensed consolidated statement of changes in equity for the period ended 30 June 2012

	Equity, total RM'000	< ----- Attributable to Owners of the Company ----- >				Non- controlling interests RM'000	
		Equity attributable to owners of the Company RM'000	< ----- Non-distributable ----- >		Distributable		
			Share capital RM'000	Share premium RM'000	Other reserves RM'000		Retained earnings RM'000
At 1 January 2012	1,600,748	1,414,815	329,481	427,590	36,655	621,089	185,933
Effect of transition to MFRS	(103,478)	(98,517)	0	0	(10,371)	(88,146)	(4,961)
	1,497,270	1,316,298	329,481	427,590	26,284	532,943	180,972
Total comprehensive income for the period as previously stated	91,038	77,852	0	0	(589)	78,441	13,186
Transaction with owners:-							
Grant of equity-settled share options to employees	1,720	1,720	0	0	1,720	0	0
Exercise of employee share options	267	267	121	255	(109)	0	0
Dividend payable	(37,080)	(37,080)	0	0	0	(37,080)	0
Dividends paid to non-controlling interests	(10,435)	0	0	0	0	0	(10,435)
Total transactions with owners	(45,528)	(35,093)	121	255	1,611	(37,080)	(10,435)
At 30 June 2012	1,542,780	1,359,057	329,602	427,845	27,306	574,304	183,723

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2012 and the accompanying explanatory notes attached to the interim financial report.

Cahya Mata Sarawak Berhad

(Company No: 21076-T)

Condensed consolidated statement of cash flows for the period ended 30 June 2013

	6 months ended 30.6.2013 RM'000	6 months ended 30.6.2012 RM'000
Profit before taxation	123,626	120,010
Adjustments for non-cash items:		
Non-cash items	22,010	14,368
Operating cash flows before changes in working capital	145,636	134,378
Changes in working capital		
Increase in current assets	(23,247)	(39,347)
Decrease in current liabilities	(41,005)	(13,951)
Cash flows from operations	81,384	81,080
Interest received	3,288	4,530
Interest paid	(2,167)	(6,194)
Income tax paid, net of refund	(25,375)	(7,849)
Net cash flows from operating activities	57,130	71,567
Investing activities		
Purchases of investment securities	(41,689)	(15,267)
Dividends from investments	6,301	7,315
Dividends from associates	1,938	3,088
Acquisition of property, plant and equipment	(11,542)	(31,674)
Proceeds from disposal of investments	31,140	10,369
Proceeds from disposal of property, plant and equipment	382	0
Redemption of redeemable preference shares	1,333	0
Additional investment in associates	(35,111)	(18,800)
Others	24	206
Net cash used in investing activities	(47,224)	(44,763)
Financing activities		
Net repayments of borrowings	(311)	(21,081)
Dividends paid to shareholders of the Company	(30,278)	0
Dividends paid to non-controlling interests in subsidiary companies	(11,113)	(10,435)
Proceeds from disposal of treasury shares	45,161	0
Proceeds from exercise of employee share options	12,770	267
Purchase of treasury shares	(15,473)	0
Shareholder's loan	(8,909)	0
Net cash used in financing activities	(8,153)	(31,249)
Net increase/(decrease) in cash and cash equivalents	1,753	(4,445)
Cash and cash equivalents as at 1 January	524,015	650,272
Cash and cash equivalents as at 30 June	525,768	645,827
Cash and cash equivalents as at 30 June comprise the following:		
Cash and short term funds	525,768	645,827
Bank overdrafts	0	0
	525,768	645,827

The condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the year ended 31 December 2012 and the accompanying explanatory notes attached to the interim financial report.

NOTES TO THE QUARTERLY REPORT – 30 JUNE 2013

Part A – Explanatory notes pursuant to MFRS 134

A1. Basis of preparation

These condensed consolidated interim financial statements, for the period ended 30 June 2013 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 2012. 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 2012.

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 2012, except with the adoption of the following Malaysian Financial Reporting Standards (“MFRS”), IC interpretations and Amendments to MFRSs and interpretations.

- Amendments to MFRS 101, Presentation of items of Other Comprehensive Income
- Amendments to MFRS 1, Government Loans
- Amendments to MFRS 7, Financial Instruments: Disclosures - Offsetting Financial Assets and Financial Liabilities
- MFRS 3, Business Combinations (IFRS 3 Business Combinations issued by IASB in March 2004)
- MFRS 10, Consolidated Financial Statements
- MFRS 11, Joint Arrangements
- MFRS 12, Disclosure of Interests in Other Entities
- Amendments to MFRS 10, MFRS 11 and MFRS 12, Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance
- MFRS 13, Fair Value Measurement
- MFRS 119, Employee Benefits
- MFRS 127, Separate Financial Statements
- MFRS 127, Consolidated and Separate Financial Statements (IAS 27 as revised by IASB in December 2003)
- MFRS 128, Investments in Associates and Joint Ventures
- Amendments to MFRS 1, MFRS 101, MFRS 116, MFRS 132 and MFRS 134, Annual Improvements 2009-2011 Cycle
- Amendment to IC Interpretation 2, Annual Improvements 2009-2011 Cycle

The initial application of the above is not expected to have any material financial impact on the Group’s results.

NOTES TO THE QUARTERLY REPORT – 30 JUNE 2013

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 2013.

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 financial quarter ended 30 June 2013, the Company issued 5,308,200 ordinary shares of RM1.00 each for cash pursuant to the Company's Employee Share Option Scheme at exercise prices of RM2.20 and RM2.23 per ordinary share.

During the current quarter ended 30 June 2013, the Company repurchased 1,668,800 of its issued ordinary shares from the open market at an average price of RM3.23 per share. The total consideration paid for the repurchase including transaction costs was RM5,381,886 and this was financed by internally generated funds. The shares repurchased are being held as treasury shares in accordance with Section 67A of the Companies Act 1965.

During the current quarter ended 30 June 2013, the Company had resold 12,480,100 treasury shares on the open market for a total consideration of RM45,161,067. After the resale of the treasury shares, the Company no longer holds any treasury share in its books.

A7. Dividends paid

The final dividend of 12 sen per share less 25% tax for the financial year ended 31 December 2012 amounting to RM30,278,290 was paid on 21 June 2013.

CAHYA MATA SARAWAK BERHAD

(Company No. 21076-T)

NOTES TO THE QUARTERLY REPORT – 30 JUNE 2013**A8. Segmental information**

	3 months ended		6 months ended	
	30.6.2013	30.6.2012	30.6.2013	30.6.2012
	RM'000	RM'000	RM'000	RM'000
Segment Revenue				
Cement	135,571	139,679	264,605	262,511
Construction materials & trading	116,238	59,989	208,812	110,028
Construction & road maintenance	54,704	51,692	121,019	92,069
Property development	7,481	31,411	16,307	36,061
Samalaju development #	39,970	18,960	66,997	35,929
Strategic investments *	2,743	2,067	5,146	4,214
Others	6,028	6,719	12,362	13,406
Total revenue including inter-segment sales	362,735	310,517	695,248	554,218
Elimination of inter-segment sales	(24,403)	(18,316)	(46,557)	(31,675)
	<u>338,332</u>	<u>292,201</u>	<u>648,691</u>	<u>522,543</u>
Segment Results				
Operating profit/(loss):				
Cement	24,101	10,874	45,194	38,957
Construction materials & trading	13,530	7,361	24,631	10,760
Construction & road maintenance	15,788	16,698	33,272	29,460
Property development	(153)	22,316	(585)	22,090
Samalaju development #	13,993	8,085	25,750	16,007
Strategic investments *	89	(310)	(768)	(823)
Others	863	6,921	929	6,903
	<u>68,211</u>	<u>71,945</u>	<u>128,423</u>	<u>123,354</u>
Unallocated corporate expenses	(851)	(1,644)	(6,604)	(6,426)
Share of profit of associates	1,426	(188)	1,780	3,082
Share of profit of jointly controlled entities	27	0	27	0
Profit before tax	<u>68,813</u>	<u>70,113</u>	<u>123,626</u>	<u>120,010</u>
Income tax expenses	(19,487)	(14,851)	(36,293)	(28,347)
Net profit for the period	<u>49,326</u>	<u>55,262</u>	<u>87,333</u>	<u>91,663</u>

Lodging and catering services.

* Financial services and education.

A9. Changes in the composition of the Group

There have been no changes in the composition of the Group for the quarter ended 30 June 2013 except that on 5 August 2013, the Company acquired 7,372,640 ordinary shares of RM1.00 each fully paid up in the capital of CMS I-Systems Berhad ("CMSI"), representing 31.24% of the equity interest in CMSI for a total purchase consideration of RM10.01. Following the acquisition, CMSI is now a wholly owned subsidiary of the Company.

NOTES TO THE QUARTERLY REPORT – 30 JUNE 2013**A10. Fair value hierarchy**

The Group classifies fair value measurement using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 - Quoted prices in active markets for identical assets or liabilities,

Level 2 - Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly; and

Level 3 - Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As at the reporting date, the Group held the following financial assets that are measured at fair value by level of fair value hierarchy:

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
30 June 2013				
Financial assets				
Fixed income debt securities	-	53,885	-	53,885
Equity instruments	34,737	-	3,942	38,679
Unit trust funds	28,759	-	-	28,759
Wholesale fund	-	702	-	702
	<u>63,496</u>	<u>54,587</u>	<u>3,942</u>	<u>122,025</u>
31 December 2012				
Financial assets				
Fixed income debt securities	-	55,537	-	55,537
Equity instruments	23,017	-	428	23,445
Unit trust funds	28,394	-	-	28,394
Wholesale fund	-	496	-	496
	<u>51,411</u>	<u>56,033</u>	<u>428</u>	<u>107,872</u>

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

CAHYA MATA SARAWAK BERHAD**(Company No. 21076-T)****NOTES TO THE QUARTERLY REPORT – 30 JUNE 2013****A11. Capital commitments**

The amount of commitments not provided for in the interim financial statements as at 30 June 2013 was as follows:

	RM'000
Approved and contracted for:	
- Property, plant and equipment	38,447
- Others	<u>62,195</u>
	<u>100,642</u>
Approved and not contracted for:	
- Property, plant and equipment	261,370
- Others	<u>6,667</u>
	<u>268,037</u>
	<u>368,679</u>

A12. Changes in contingent liabilities and contingent assets

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

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CAHYA MATA SARAWAK BERHAD

(Company No. 21076-T)

NOTES TO THE QUARTERLY REPORT – 30 JUNE 2013**A13. Related party transactions**

The following table provides information on the transactions which have been entered into with related parties during the six-month period ended 30 June 2013 and 30 June 2012 as well as the balances with the related parties as at 30 June 2013 and 30 June 2012:

		Interest/ fee income from/sales to related parties RM '000	Purchases from/payment for services to related parties RM '000	Amounts owed by related parties RM '000	Amounts owed to related parties RM '000
Associates:					
- Kenanga Investment Bank Bhd	2013	89	1,000	-	-
	2012	330	-	-	-
- COPE-KPF Opportunities 1 Sdn Bhd	2013	387	-	-	-
	2012	400	-	-	-
- COPE Opportunities 2 Sdn Bhd	2013	564	-	-	-
	2012	-	-	-	-
- KKB Engineering Bhd	2013	-	337	-	337
	2012	5	81	-	452
- Harum Bidang Sdn Bhd	2013	-	15,381	-	-
	2012	-	4,034	-	-
- Kenanga Investors Bhd	2013	5,702	90	-	-
	2012	7,064	24	-	-
Jointly controlled entity:					
- PPES Works Wibawa JV	2013	-	-	-	-
	2012	8	-	-	-
Key management personnel of the Group:					
- Directors' interest	2013	-	948	-	26
	2012	-	906	-	39

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 2013

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

B1. Review of performance

Quarter 2, 2013 (“2Q13”) vs. Quarter 2, 2012 (“2Q12”)

The Group’s 2Q13 revenue of RM338.33 was 16% higher than the 2Q12 revenue of RM292.20 million. However, the Group’s 2Q13 profit before tax (“PBT”) of RM68.81 million was 2% lower than 2Q12 PBT of RM70.11 million. This was mainly due to:

- (i) Property Development Division - Profit recognised for a land sale in 2Q12.
- (ii) Construction & Road Maintenance Division - New contract rate effective 1 January 2012 for the State road maintenance was retrospectively applied in May 2012.

However, the above was partially eased by:

- (i) Cement Division – Clinker operation is well on track to return to the black after a prolonged shutdown in upgrading.
- (ii) Construction Materials & Trading Division – Jabatan Kerja Raya’s (“JKR”) 2013 Malaysian Road Records Information System (“MARRIS”) fund program was implemented in 2Q13. In 2012, the 2012 MARRIS fund program was implemented in July.
- (iii) Samalaju Division - More blocks of workers’ lodges built and occupied.

Year-to-date, 2013 (“PE2013”) vs Year-to-date, 2012 (“PE2012”)

The Group’s revenue of RM648.69 million for the PE2013 was 24% higher compared to the PE2012 of RM522.54 million. All the Divisions except Property Development and Others Divisions recorded higher revenue for PE2013 compared to PE2012.

The Group’s revenue for PE2013 continued to be driven by the Cement Division, followed by the Construction Materials & Trading and the Construction & Road Maintenance Divisions. However, in terms of % increase, Construction Materials & Trading Division recorded the highest increase (101%), followed by Samalaju Development Division (86%).

In tandem with the increase in revenue, the Group’s PBT also increased by 3%, from RM120.01 million to RM123.63 million. The higher PBT was attributable to Construction Materials & Trading, Construction & Road Maintenance and Samalaju Development Divisions. Strategic Investments (excluding the associates) Division registered marginal losses for both periods.

The Cement Division recorded a 16% higher PBT of RM45.19 million in PE2013 over PE2012’s PBT of RM38.96 million, attributed mainly to the turnaround of CMS Clinker upon sustaining a stable production since March 2013.

The Construction Materials & Trading Division reported a strong PBT for PE2013 (RM24.63 million) which exceeded PE2012’s PBT (RM10.76 million) by 129%, on the back of higher revenue which arose from the spill-over works of 2012 under JKR and the earlier implementation of JKR’s 2013 MARRIS fund program. In addition, the Division also secured a few major private projects in PE2013.

NOTES TO THE QUARTERLY REPORT – 30 JUNE 2013

B1. Review of performance (contd.)

Year-to-date, 2013 vs Year-to-date, 2012 (contd.)

The Construction & Road Maintenance Division reported a 13% higher PE2013 PBT (RM33.27 million) than PE2012 (RM29.46 million) (excluding share of profit of jointly controlled entities) mainly due to more works undertaken in PE2013.

The Property Development Division recorded a marginal loss in PE2013 compared to a profit in PE2012 (RM22.09 million). The profit in PE2012 was due mainly to the recognition of the profit for a land sale. Excluding the profit from land sale, the Division's LBT for PE2013 was slightly higher than PE2012's LBT mainly due to higher manpower related costs in the current period but partially mitigated by higher profit recognised due to the spill-over of revenue from the projects delayed in the last quarter of 2012 into the current period.

The Samalaju Development Division registered a 61% jump in PBT to RM25.75 million in PE2013 from RM16.01 million in PE2012, on the back of higher revenue from more blocks of lodges built and occupied.

The Strategic Investments Division (excluding the listed associates) recorded higher loss in PE2013 compared to PE2012 as a result of higher losses by the education company but partially mitigated by a higher profit recorded by the private equity company.

The Group recorded lower shares of profit from its associates in PE2013 compared to PE2012 due to a loss recorded by K&N Kenanga Berhad in PE2013. This was however partially mitigated by a higher profit registered by KKB Engineering Berhad in PE2013. OM Materials (Sarawak) Sdn Bhd has not commenced operations and reported a marginal loss which arose from loss on foreign exchange.

B2. Material changes in profit before tax for the quarter (Quarter 2, 2013 vs Quarter 1, 2013)

The Group's PBT of RM68.81 million in the second quarter ended 30 June 2013 (2Q13) was 26% higher than the PBT of RM54.81 million reported in the first quarter ended 31 March 2013 (1Q13). The main reasons for the higher PBT in 2Q13 were:

- i) Cement Division – The cost of clinker produced had reduced significantly as production had become stable since March 2013.
- ii) Construction Materials & Trading Division – JKR's 2013 MARRIS fund program was implemented in 2nd quarter of 2013.
- iii) Samalaju Division – Higher revenue recorded from adjustment of rate upon finalisation and signing of contracts in April 2013.

However, the above was partially affected by:

- iv) Construction & Road Maintenance Division – 1Q13 saw a reversal of impairment loss on trade receivable. Slower progress and downward profit revision and projects finishing in 2Q13.

NOTES TO THE QUARTERLY REPORT – 30 JUNE 2013**B2. Material changes in profit before tax for the quarter (Quarter 2, 2013 vs Quarter 1, 2013) (contd.)**

On the two listed associates' performances, KKB Engineering Bhd continued to record stellar results but K&N Kenanga Holdings Bhd remained in a loss position albeit lower loss in the current quarter compared to the preceding quarter.

B3. Prospects for the year ending 31 December 2013

Whilst the operating environment faced by the Group will remain challenging, the Board expects that the Group's financial performance to be good for year ending 31 December 2013. The Group's strong financial position will enable the Group to invest in new business opportunities especially in the Samalaju Industrial Park, Bintulu, Sarawak.

B4. Profit forecast or profit guarantee

Not applicable as there was no profit forecast nor profit guarantee issued.

B5. Income tax expense

	3 months ended		6 months ended	
	30.6.2013	30.6.2012	30.6.2013	30.6.2012
	RM'000	RM'000	RM'000	RM'000
Current income tax:				
- Malaysian income tax	19,476	14,835	36,282	28,273
- Overprovision in respect of previous years	12	16	12	74
Deferred tax	(1)	0	(1)	0
Total income tax expense	<u>19,487</u>	<u>14,851</u>	<u>36,293</u>	<u>28,347</u>

The effective tax rate for the quarter and period ended 30 June 2013 was higher than the statutory tax rate principally due to the losses of certain subsidiaries which cannot be set off against profits made by other subsidiaries and certain expenses which are not deductible for tax purposes.

The effective tax rate for the quarter and financial period ended 30 June 2012 was lower than the statutory tax rate primarily due to the benefit of utilisation of previously unrecognised tax losses for the gain from disposal of land and settlement sum received from favourable outcome of an arbitration.

NOTES TO THE QUARTERLY REPORT – 30 JUNE 2013**B6. Corporate proposals****Joint Venture between Samalaju Industries Sdn. Bhd. and OM Materials (S) Pte Ltd**

On 20 October 2011, the Company announced that its wholly owned subsidiary company, Samalaju Industries Sdn Bhd (“SISB”) entered into a Shareholders’ Agreement with OM Materials (S) Ptd Ltd (“OMS”), a wholly owned subsidiary company of OM Holdings Limited, on their intention to enter into exclusive negotiations pertaining to a proposed Manganese and Ferro Silicon Smelting Plant with an annual capacity of approximately 600,000 MT in Samalaju, Sarawak at an estimated cost of USD500 million as well as other forms of related business ventures and opportunities (“the Project”) via the joint venture company, OM Materials (Sarawak) Sdn Bhd (“OM Sarawak”)

Further to the JV agreement, in order to ensure the most effective and efficient funding and execution of the Project, OMS and SISB will be implementing the Project in two phases and consequently, SISB had on 28 May 2013 entered into another Shareholders’ Agreement (“SHA”) with OMS in respect of Phase 2 of the Project via another joint venture company, OM Materials (Samalaju) Sdn Bhd (“OM Samalaju”) based on the equity structure, terms and conditions that are similar to the earlier joint venture between the parties in relation to OM Sarawak.

Pursuant to the SHA, OMS and SISB will subscribe for 4,000,000 and 1,000,000 new ordinary shares of RM1.00 each in OM Samalaju, respectively.

Other than the above, there were no other corporate proposals that have been announced but not completed as at the date of this announcement.

B7. Borrowings

	As at 30.6.2013 RM'000	As at 31.12.2012 RM'000
Secured		
Revolving credits	15,000	15,000
Hire purchase and finance lease liabilities	25	32
Unsecured		
Bankers' acceptances	18,214	3,722
Term loans	53,520	64,240
Loan from corporate shareholder	2,756	6,831
Total	89,515	89,825
Maturity		
Repayable within one year	55,223	40,729
One year to five years	34,292	49,096
	89,515	89,825

All borrowings were denominated in Ringgit Malaysia.

NOTES TO THE QUARTERLY REPORT – 30 JUNE 2013

B8. Off balance sheet financial instruments

As at the date of this report, there are no financial instruments with off balance sheet risks entered into by the Group.

B9. Derivatives

There were no derivatives entered into by the Group as at the end of the quarter under review.

B10. Gains/losses arising from fair value changes of financial liabilities

There were no gains/losses arising from fair value changes of financial liabilities.

B11. Changes in material litigation

There were no changes in material litigation since the last annual statement of financial position date of 31 December 2012.

B12. Dividend payable

The Board of directors has on 30 August 2013 declared an interim dividend of five (5) sen less 25% tax per ordinary shares (2012: 5 sen less 25% tax) in respect of the financial year ending 31 December 2013. The dividend entitlement and payment date for the interim dividend will be announced at a later date.

The total dividend for the current financial year ending 31 December 2013 is 5.0 sen (2012: 5.0 sen) per ordinary share.

CAHYA MATA SARAWAK BERHAD

(Company No. 21076-T)

NOTES TO THE QUARTERLY REPORT – 30 JUNE 2013**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	
	30.6.2013	30.6.2012	30.6.2013	30.6.2012
Profit net of tax attributable to owners of the Company used in the computation of earnings per share (RM'000)	40,014	47,096	68,741	78,441
Weighted average number of ordinary shares in issue ('000)	331,919	329,554	327,503	329,561
Basic earnings per share (sen)	12.06	14.29	20.99	23.80
Weighted average number of ordinary shares for diluted earnings per share computation ('000)	335,650	329,924	330,553	330,003
Diluted earnings per share (sen)	11.92	14.27	20.80	23.77

B14. Auditor's report on preceding annual financial statements

The auditors' report on the financial statements for the year ended 31 December 2012 was not subject to any qualification.

CAHYA MATA SARAWAK BERHAD

(Company No. 21076-T)

NOTES TO THE QUARTERLY REPORT – 30 JUNE 2013**B15. Additional disclosure on profit for the period**

	Quarter ended 30.6.2013 RM'000	Financial period ended 30.6.2013 RM'000
Profit for the period is arrived at after charging/(crediting):		
Amortisation of intangible assets	261	522
Amortisation of prepaid land lease payments	182	363
Bad debt written off	-	-
Property, plant and equipment written off	4	7
Depreciation of property, plant and equipment	19,616	34,152
Depreciation of investment properties	29	59
(Gain)/loss on foreign exchange	399	409
(Gain)/loss on disposal of property, plant and equipment	(302)	(302)
(Gain)/loss on disposal of investments	1,195	1,303
(Gain)/loss on fair value changes of derivatives	-	-
Impairment loss on trade receivables	5	242
Interest expense	1,130	2,167
Interest income	(1,213)	(3,288)
Inventory written off	23	42
Net fair value changes in investment securities	(1,567)	(2,194)
Reversal of allowance for impairment loss on trade receivables	(75)	(2,141)
Reversal of allowance for obsolete inventory	-	-
Write down of inventory	-	-

B16. Realised and unrealised profits/losses

	As at 30 June 2013 RM'000	As at 31 December 2012 RM'000
Total retained earnings of the Company and its subsidiaries:		
- Realised	697,487	657,079
- Unrealised	(13,347)	(13,816)
	684,140	643,263
Total retained earnings from associates:		
- Realised	1,668	7,245
- Unrealised	7,577	3,453
	693,385	10,698
Total retained earnings from jointly controlled entities:		
- Realised	3,943	3,948
	697,328	657,909
Add: consolidation adjustments	59,818	60,774
Total Group retained earnings as per consolidated accounts	757,146	718,683



FOR IMMEDIATE RELEASE

CAHYA MATA SARAWAK BERHAD RECORDS PROFIT
2Q pre-tax profit up 26% to RM68.81million

Kuching (Sarawak), Friday, 30 August 2013. Cahya Mata Sarawak Berhad (CMSB - 2852), the State's leading infrastructure facilitator, is pleased to announce that it has reported revenue of RM338.33 million for its second quarter ended 30 June 2013 (2Q13), a 16% increase from the preceding year's corresponding quarter's revenue of RM292.20 million. The Group's PBT of RM68.81 million is 26% higher than the PBT of RM54.81 million, reported in the first quarter ended 31 March 2013 (1Q13) although it declined marginally by 2% compared to PBT of 2Q12 at RM70.11 million.

Year-on-year, the Group's PATNCI of RM68.74 million for the current six-month period (PE2013) is 12% lower than RM78.44 million for the previous year's six-month period (PE2012). Earnings per share stood at 20.99 sen versus 23.80 sen from the corresponding six-month period of last year.

The higher profit in PE2012 was due mainly to the recognition of the profit for a land sale in Bandar Samariang. The Cement Division however recorded a 16% higher PBT of RM45.19 million in PE2013 over PE2012's PBT mainly due to the turnaround of CMS Clinker since March 2013 following the successful re-commissioning of its upgraded clinker plant. The Construction Materials & Trading Division reported a strong PBT for PE2013 (RM24.63 million) which exceeded PE2012's PBT by 129%. The Road Maintenance and Samalaju Development Divisions also reported higher revenues and PBT compared to the corresponding six-month period of last year. The Group has recorded lower shares of profit from its associates in PE2013 compared to PE2012 due to a loss recorded by K&N Kenanga Holdings Berhad in PE2013. However, the decline was partially mitigated by a higher profit registered by KKB Engineering Berhad in PE2013. OM Materials (Sarawak) Sdn Bhd, which has a ferro silicon and manganese alloy smelter under construction in Sarawak and has yet to commence operations, reported a marginal loss which arose from loss on foreign exchange.



Commenting on the results, Dato' Richard Curtis, Group Managing Director of CMSB said, "We are very pleased with the 2Q13 figures as they are further testament to the Group's sound business models, the efforts of our Board and all our staff and our ability to take advantage of opportunities afforded by Sarawak's growing economy. Significant achievements have been recorded namely by the Cement, Construction Materials & Trading, Construction & Road Maintenance and the Samalaju Development Divisions which saw robust rises year-on-year in PBT by 16%, 129%, 13% and 61% respectively. The outlook for the rest of 2013 remains positive and the Group expects its financial performance to be good for the full 2013 year. The Group's strong financial position will enable the Group to invest both in its core business divisions as well as in new business opportunities arising especially under the Sarawak Corridor for Renewable Energy (SCORE), which will lead to long term profits growth.

"CMSB is on track to be the best proxy investment for Sarawak's accelerating economic potential, driven by the State's plan to develop long term, hydro energy intensive industries under SCORE and infrastructure required across the State, which are set to propel the State's economy and GDP to new heights. CMSB's 20% stake in the joint venture ferro silicon and manganese alloys smelter project with Australian listed OM Holdings Ltd, plus other investments in energy intensive industries being evaluated are poised to grow and drive up shareholder value. Our healthy balance sheet, local knowledge, experienced management team and synergised portfolio of Sarawak based businesses will further enable us to maximise our participation in the Sarawak growth story" said Dato' Curtis.

Reflecting the Group's strong performance, the Board of Directors has declared an interim dividend of five (5) sen less 25% tax per ordinary share in respect of this financial year.

-END-



CAHYA MATA SARAWAK

Company No: 21076-T

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About Cahya Mata Sarawak Berhad

Cahaya Mata Sarawak Berhad is a leading corporation listed on the Main Market of the Malaysian stock exchange, Bursa Malaysia, and is a major private-sector player in Sarawak, the largest state in Malaysia.

Cahaya Mata Sarawak Berhad has evolved from a single product manufacturer of cement beginning in 1974 to become a corporation focused on its Vision "To become the Pride of Sarawak and Beyond".

Today, our portfolio of over 30 companies spans both our core businesses in the manufacturing & trading of cement & construction materials, construction, road maintenance, township, property & infrastructure development and our strategic investments in financial services (through K&N Kenanga Holdings Bhd), education and steel & pipe fabrication & installation (through KKB Engineering Bhd).

Cahaya Mata Sarawak Berhad

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