

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 2014

	Note	3 months ended		12 months ended	
		31.12.2014 RM'000	31.12.2013 RM'000	31.12.2014 RM'000	31.12.2013 RM'000
Revenue	A8	504,230	432,750	1,673,898	1,416,841
Cost of sales		(402,858)	(304,974)	(1,278,351)	(1,066,038)
Gross profit		101,372	127,776	395,547	350,803
Other income		3,772	4,838	29,603	19,943
Administrative expenses		(23,154)	(18,711)	(70,772)	(60,189)
Selling and marketing expenses		(3,705)	(2,380)	(12,004)	(10,525)
Other expenses		(9,953)	(5,375)	(15,210)	(7,461)
Operating profit		68,332	106,148	327,164	292,571
Finance costs		(773)	(1,207)	(3,557)	(4,533)
Share of results of associates		5,365	3,600	16,586	6,628
Share of results of joint ventures		(490)	201	1,259	228
Profit before taxation		72,434	108,742	341,452	294,894
Income tax expense	B5	(16,496)	(29,649)	(75,844)	(79,346)
Profit for the period		55,938	79,093	265,608	215,548
Other comprehensive income, net of tax					
Exchange fluctuation from translation of subsidiary's net asset		4,042	(5)	3,886	17
Cashflow hedge reserve		(25,679)	0	(25,679)	0
Share of associate's total comprehensive income		1,757	(2,783)	3,495	(4,770)
Other comprehensive income for the period, net of tax		(19,880)	(2,788)	(18,298)	(4,753)
Total comprehensive income for the period, net of tax		36,058	76,305	247,310	210,795
Profit attributable to:					
Owners of the Company		43,943	65,339	221,335	175,072
Non-controlling interests		11,995	13,754	44,273	40,476
		55,938	79,093	265,608	215,548
Total comprehensive income attributable to:					
Owners of the Company		23,993	62,649	202,897	170,512
Non-controlling interests		12,065	13,656	44,413	40,283
		36,058	76,305	247,310	210,795
		sen	sen (Restated)	sen	sen (Restated)
Earnings per share attributable to owners of the Company:					
Basic	B13	4.23	6.43	21.42	17.52
Diluted		4.22	6.39	21.31	17.37

The condensed consolidated statements of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2013 and the accompanying explanatory notes attached to the interim financial report.

Cahaya Mata Sarawak Berhad

(Company No: 21076-T)

Condensed consolidated statement of financial position as at 31 December 2014

	Note	Unaudited As at 31.12.2014 RM'000	Audited As at 31.12.2013 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment		597,214	499,673
Prepaid land lease payments		16,738	17,501
Land held for property development		61,815	65,954
Investment properties		5,626	5,743
Intangible assets		2,320	230
Goodwill		61,709	61,709
Investments in associates		403,945	380,528
Investments in joint ventures		1,396	3,945
Deferred tax assets		27,075	23,007
Other receivables		10,432	9,379
Investment securities		9,461	7,169
		<u>1,197,731</u>	<u>1,074,838</u>
Current assets			
Property development costs		161,895	147,546
Inventories		121,520	130,546
Trade and other receivables		279,605	267,398
Other current assets		45,267	25,362
Investment securities		128,686	127,068
Tax recoverable		1,433	3,196
Cash and bank balances		829,590	613,708
		<u>1,567,996</u>	<u>1,314,824</u>
Assets classified as held for sale		<u>34,403</u>	<u>34,230</u>
		<u>1,602,399</u>	<u>1,349,054</u>
TOTAL ASSETS		<u>2,800,130</u>	<u>2,423,892</u>
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital		519,752	339,704
Treasury shares		0	(3,629)
Share premium		289,304	448,663
Other reserves		(15,328)	14,286
Retained earnings		1,018,004	855,093
		<u>1,811,732</u>	<u>1,654,117</u>
Non-controlling interests		<u>262,801</u>	<u>233,589</u>
Total equity		<u>2,074,533</u>	<u>1,887,706</u>
Non-current liabilities			
Deferred tax liabilities		39,071	33,712
Loans and borrowings	B7	30,177	27,089
Other payables		16,888	24,072
		<u>86,136</u>	<u>84,873</u>
Current liabilities			
Income tax payable		21,214	23,395
Loans and borrowings	B7	74,619	73,013
Trade and other payables		520,373	340,106
Other current liabilities		23,255	14,799
		<u>639,461</u>	<u>451,313</u>
Total liabilities		<u>725,597</u>	<u>536,186</u>
TOTAL EQUITY AND LIABILITIES		<u>2,800,130</u>	<u>2,423,892</u>
Net assets per share attributable to ordinary owners of the Company (RM)		<u>1.74</u>	<u>4.88</u>

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2013 and 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 year ended 31 December 2014

	Equity, total RM'000	< ----- Attributable to Owners of the Company ----- >						Non-controlling interests RM'000
		Equity attributable to owners of the Company RM'000	< ----- Non-distributable ----- >				Distributable	
			Share capital RM'000	Treasury shares RM'000	Share premium RM'000	Other reserves RM'000	Retained earnings RM'000	
At 1 January 2014	1,887,706	1,654,117	339,704	(3,629)	448,663	14,286	855,093	233,589
Total comprehensive income for the period	247,310	202,897	0	0	0	(18,438)	221,335	44,413
Transaction with owners:-								
Grant of equity-settled share options to employees	7,293	7,293	0	0	0	7,293	0	0
Exercise of employee share options	15,033	15,033	7,338	0	13,351	(5,656)	0	0
Bonus issue	0	0	172,710	0	(172,710)	0	0	0
Share of associate's reserve	0	0	0	0	0	3,241	(3,241)	0
Acquisition of non-controlling interests	(40)	(871)	0	0	0	(871)	0	831
Liquidation of subsidiaries	(15,458)	(15,458)	0	0	0	(15,183)	(275)	0
Sale of treasury shares	5,743	5,743	0	3,629	0	0	2,114	0
Dividends on ordinary shares	(57,022)	(57,022)	0	0	0	0	(57,022)	0
Dividends paid to non-controlling interests	(16,032)	0	0	0	0	0	0	(16,032)
Total transactions with owners	(60,483)	(45,282)	180,048	3,629	(159,359)	(11,176)	(58,424)	(15,201)
At 31 December 2014	2,074,533	1,811,732	519,752	0	289,304	(15,328)	1,018,004	262,801

Cahya Mata Sarawak Berhad

(Company No: 21076-T)

Condensed consolidated statement of changes in equity for the year ended 31 December 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	210,795	170,512	0	0	0	(4,560)	175,072	40,283
Transaction with owners:-								
Grant of equity-settled share options to employees	3,322	3,322	0	0	0	3,322	0	0
Exercise of employee share options	16,040	16,040	7,268	0	14,842	(6,070)	0	0
Share of associate's reserve	0	0	0	0	0	2,061	(2,061)	0
Acquisition of non-controlling interests	0	231	0	0	0	231	0	(231)
Purchase of treasury shares	(19,102)	(19,102)	0	(19,102)	0	0	0	0
Sale of treasury shares	45,161	45,161	0	38,792	0	0	6,369	0
Dividends on ordinary shares	(42,970)	(42,970)	0	0	0	0	(42,970)	0
Dividends paid to non-controlling interests	(12,463)	0	0	0	0	0	0	(12,463)
Total transactions with owners	(10,012)	2,682	7,268	19,690	14,842	(456)	(38,662)	(12,694)
At 30 December 2013	1,887,706	1,654,117	339,704	(3,629)	448,663	14,286	855,093	233,589

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2013 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 year ended 31 December 2014

	12 months ended 31.12.2014 RM'000	12 months ended 31.12.2013 RM'000
Profit before taxation	341,452	294,894
Adjustments for non-cash items:		
Non-cash items	4,477	59,195
Operationg cash flows before changes in working capital	345,929	354,089
Changes in working capital		
Increase in current assets	(39,172)	(111,430)
Decrease in current liabilities	181,268	68,845
Cash flows from operations	488,025	311,504
Interest received	3,914	5,590
Interest paid	(2,731)	(4,177)
Income tax paid, net of refund	(74,973)	(76,949)
Net cash flows from operating activities	414,235	235,968
Investing activities		
Purchases of investment securities	(23,097)	(121,517)
Dividends from investments	20,074	15,668
Dividends from associates	2,584	2,969
Additional investment in associates	(29,394)	(50,919)
Acquisition of property, plant and equipment	(141,660)	(94,139)
Proceeds from disposal of property, plant and equipment	1,221	980
Proceeds from disposal of investments	15,472	99,461
Redemption of redeemable preference shares	2,400	4,534
Others	1,632	(255)
Net cash used in investing activities	(150,768)	(143,218)
Financing activities		
Drawdown/(net repayment) of borrowings	4,695	10,277
Dividends paid to shareholders of the Company	(57,023)	(42,970)
Dividends paid to non-controlling interests in subsidiary companies	(16,032)	(12,463)
Purchase of treasury shares	0	(19,102)
Proceeds from disposal of treasury shares	5,743	45,161
Proceeds from exercise of employee share options	15,032	16,040
Net cash used in financing activities	(47,585)	(3,057)
Net increase in cash and cash equivalents	215,882	89,693
Cash and cash equivalents as at 1 January	613,708	524,015
Cash and cash equivalents as at 31 December	829,590	613,708
Cash and cash equivalents as at 31 December comprised the following:		
Cash and short term funds	829,590	613,708
Bank overdrafts	0	0
	829,590	613,708

The condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the year ended 31 December 2013 and the accompanying explanatory notes attached to the interim financial report.

NOTES TO THE QUARTERLY REPORT – 31 DECEMBER 2014

Part A – Explanatory notes pursuant to MFRS 134

A1. Basis of preparation

These condensed consolidated interim financial statements, for the year ended 31 December 2014 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 2013. 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 2013.

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 2013, except with the adoption of the following Malaysian Financial Reporting Standards (“MFRS”), IC interpretations and Amendments to MFRSs and interpretations.

- Amendments to MFRS 10, MFRS 12 and MFRS 127, Investment Entities
- Amendments to MFRS 132, Offsetting Financial Assets and Financial Liabilities
- Amendments to MFRS 136, Recoverable Amount Disclosures for Non-Financial Assets
- Amendments to MFRS 139, Novation of Derivatives and Continuation of Hedge Accounting
- IC Interpretation 21, Levies
- Amendments to MFRS 2, MFRS 3, MFRS 8, MFRS 116, MFRS 124 and MFRS 138, Annual Improvements 2010-2012 Cycle
- Amendments to MFRS 3, MFRS 13 and MFRS 140, Annual Improvements 2011-2013 Cycle
- Amendments to MFRS 119, Defined Benefit Plans: Employee Contributions

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

A3. Seasonal or cyclical factors

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

CAHYA MATA SARAWAK BERHAD

(Company No. 21076-T)

NOTES TO THE QUARTERLY REPORT – 31 DECEMBER 2014

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

There were no unusual items affecting assets, liabilities, equity, net income or cash flows of the Group for the year ended 31 December 2014 except for the gain on liquidation of subsidiaries amounting to RM15.6 million.

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 31 December 2014, the Company issued 255,900 ordinary shares of RM0.50 each for cash pursuant to the Company's Employee Share Option Scheme at exercise prices of RM0.74 and RM0.75 per ordinary share.

A7. Dividends paid

The final tax exempt (single-tier) dividend of 12 sen per ordinary share of RM1.00 each for the financial year ended 31 December 2013 amounting to RM41,433,665 was paid on 20 June 2014.

The first interim tax exempt (single-tier) dividend of 1.5 sen per ordinary share of RM0.50 each for the financial year ended 31 December 2014 amounting to RM15,588,728 was paid on 24 October 2014.

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NOTES TO THE QUARTERLY REPORT – 31 DECEMBER 2014

A8. Segmental information

	3 months ended		12 months ended	
	13.12.2014	31.12.2013	31.12.2014	31.12.2013
	RM'000	RM'000	RM'000	RM'000
Segment Revenue				
Cement	161,465	141,591	585,822	539,743
Construction materials & trading	229,014	136,247	665,964	450,739
Construction & road maintenance	115,422	103,654	366,476	301,523
Property development	21,905	47,842	113,843	75,230
Samalaju development #	7,240	22,529	14,896	112,977
Strategic investments *	2,243	2,821	11,391	10,532
Others	(18,420)	7,798	28,918	26,828
Total revenue including inter-segment	518,869	462,482	1,787,310	1,517,572
Elimination of inter-segment sales	(14,639)	(29,732)	(113,412)	(100,731)
	<u>504,230</u>	<u>432,750</u>	<u>1,673,898</u>	<u>1,416,841</u>
Segment Results				
Operating profit/(loss):				
Cement	28,065	21,796	120,483	96,663
Construction materials & trading	25,877	16,974	76,477	55,083
Construction & road maintenance	24,496	41,533	82,974	95,013
Property development	(427)	31,396	45,628	31,272
Samalaju development #	2,447	(13)	9,455	26,718
Strategic investments *	(1,772)	(3,688)	(3,228)	(4,297)
Others	(118)	37	15,305	976
	<u>78,568</u>	<u>108,035</u>	<u>347,094</u>	<u>301,428</u>
Unallocated corporate expenses	(11,009)	(3,094)	(23,487)	(13,390)
Share of results of associates	5,365	3,600	16,586	6,628
Share of results of joint ventures	(490)	201	1,259	228
Profit before tax	<u>72,434</u>	<u>108,742</u>	<u>341,452</u>	<u>294,894</u>
Income tax expenses	(16,496)	(29,649)	(75,844)	(79,346)
Profit for the year	<u>55,938</u>	<u>79,093</u>	<u>265,608</u>	<u>215,548</u>

Lodging and catering services.

* Financial services and education.

A9. Changes in composition of the Group

There have been no changes in the composition of the Group for the quarter ended 31 December 2014.

NOTES TO THE QUARTERLY REPORT – 31 DECEMBER 2014

A10. Fair value of instruments

(a) Determination of fair value

Set out below is a comparison of the carrying amounts and fair values of the Group's financial instruments, by class, which are not carried at fair value in the financial statements. It does not include those short term/on demand financial assets and financial liabilities where the carrying amounts are reasonable approximation of their fair values:

	31 December 2014		31 December 2013	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	RM'000	RM'000	RM'000	RM'000
Financial assets:				
Available-for-sale financial assets:				
- Equity instruments	300	300	300	300
- Redeemable participating shares	9,161	9,161	6,869	6,869
	<u>9,461</u>	<u>9,461</u>	<u>7,169</u>	<u>7,169</u>
Financial liabilities:				
Interest-bearing loans and borrowings				
- Bankers' acceptances	38,708	38,708	36,006	36,006
- Term loan	46,360	49,599	42,800	43,340
- Finance lease liabilities	-	-	16	16
- Revolving credits	14,000	14,000	15,000	15,000
- Loans from corporate shareholders	5,728	6,491	6,280	7,532
	<u>104,796</u>	<u>108,798</u>	<u>100,102</u>	<u>101,894</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 2014

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
31 December 2014				
Financial assets				
Income debt securities fund	-	61,523	-	61,523
Equity instruments	37,826	-	-	37,826
Unit trust funds	27,951	-	-	27,951
Wholesale fund	-	1,386	-	1,386
	<u>65,777</u>	<u>62,909</u>	<u>-</u>	<u>128,686</u>
31 December 2013				
Financial assets				
Income debt securities fund	-	58,904	-	58,904
Equity instruments	38,413	-	-	38,413
Unit trust funds	28,695	-	-	28,695
Wholesale fund	-	1,056	-	1,056
	<u>67,108</u>	<u>59,960</u>	<u>-</u>	<u>127,068</u>

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

A11. Capital commitments

The amount of commitments not provided for in the interim financial statements as at 31 December 2014 was as follows:

	RM'000
Approved and contracted for:	
- Property, plant and equipment	186,507
- Intangible assets	1,170
- Others	5,704
	<u>193,381</u>
Approved and not contracted for:	
- Property, plant and equipment	213,064
- Intangible assets	674
- Investment properties	37,500
- Investment in associates	114,608
- Others	6,667
	<u>372,513</u>
	<u>565,894</u>

NOTES TO THE QUARTERLY REPORT – 31 DECEMBER 2014

A12. Changes in contingent liabilities and contingent assets

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

A13. Related party transactions

The following table provides information on the transactions which have been entered into with related parties during the year ended 31 December 2014 and 31 December 2013 as well as the balances with the related parties as at 31 December 2014 and 31 December 2013:

		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	2014	487	155	-	-
	2013	185	1,015	-	-
- COPE-KPF Opportunities 1 Sdn	2014	1,658	-	-	-
	2013	1,982	-	-	-
- KKB Engineering Bhd	2014	61	-	-	-
	2013	-	-	-	-
- Harum Bidang Sdn Bhd	2014	-	170,110	-	36,442
	2013	-	39,196	-	18,429
- Kenanga Investors Bhd	2014	16,110	791	-	-
	2013	13,297	145	-	-
Joint Venture Entity					
- PPES Works Wibawa	2014	124	-	-	-
	2013	-	-	-	-
Key management personnel of the Group:					
- Directors' interest	2014	41,447	2,452	5,025	8
	2013	17,507	2,504	5,469	20

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 – 31 DECEMBER 2014

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

B1. Review of performance

Quarter 4, 2014 (“4Q14”) vs Quarter 4, 2013 (“4Q13”)

The Group’s profit before tax (“PBT”) for 4Q14 was 33% lower than 4Q13 despite higher revenue. This was generally due to the unrealised loss in quoted securities.

The Construction & Road Maintenance Division’s PBT for 4Q14 was also lower than 4Q13 due to lower instructed works claimed and share of loss in a joint venture.

The Property Development Division recorded a marginal loss in 4Q14. In 4Q13, this Division posted a PBT of RM31.40 million attributable to profit recognition from land sales.

Contributions from the following Divisions partially mitigated the lower PBT in 4Q14 compared to 4Q13:

- (a) Cement Division – PBT was 29% higher due to higher cement prices (increase effective 17 February 2014) and higher cement sales and production volumes; and
- (b) Construction Materials & Trading Division – PBT was raised by 52% mainly due to higher quarry revenue.

Year-to-date, 2014 (“YE2014”) vs Year-to-date, 2013 (“YE2013”)

The 18% rise in Group revenue was mainly attributable to higher revenue from the Construction Material & Trading Division which contributed 80% to the increase in YE2014. The main contributors to the Group revenue were the Cement, Construction Materials & Trading and Construction & Road Maintenance Divisions. Together, these three Divisions contributed 90% to the Group revenue.

The 16% rise in PBT was driven by higher earnings from the Cement Division which contributed 51% to this increase in YE2014. The main contributors to the Group’s PBT were the Cement, Construction & Road Maintenance and Construction Materials & Trading Divisions. These three Divisions made a combined contribution of 82% to the Group’s PBT.

The Cement Division recorded a 25% increase in PBT of RM120.48 million in YE2014 over YE2013’s PBT of RM96.66 million, attributed mainly to an upward revision in cement selling price effective 17 February 2014, higher cement sale volume, lower volume of cement imported and higher volumes of cement and clinker produced.

The Construction Materials & Trading Division reported a higher PBT of RM76.48 million for YE2014, exceeding YE2013’s PBT of RM55.08 million by 39%. This was primarily due to the full year supply of mild steel polyurethane (“MSPU”) pipes in YE2014, the first batch of which was delivered at end of YE2013. The quarrying business reported greater PBT whilst the premix business maintained its excellent profit. The recovery of RM2.72 million bad debts by the wires business had also helped boost the performance of the Division.

NOTES TO THE QUARTERLY REPORT – 31 DECEMBER 2014

B1. Review of performance (contd.)

Year-to-date, 2014 (“YE2014”) vs Year-to-date, 2013 (“YE2013”) (contd.)

The Construction & Road Maintenance Division posted a PBT of RM84.23 million which included the share of profit of joint ventures in YE2014, representing a decrease of 12% over YE2013’s profit of RM95.24 million.

The Property Development Division’s PBT grew to RM45.63 million in YE2014 from RM31.27 million in YE2013, an increase of 46%. The higher PBT was attributable to more land and properties sales recognised as well as higher construction activities.

The Samalaju Division registered a sharp 65% drop in PBT (excluding the associates) to RM9.46 million in YE2014 as compared to RM26.72 million in YE2013, on the back of lower revenue as a result of lower occupancy and rates.

The Strategic Investments Division (excluding the listed associates) reported a lower loss of RM3.23 million in YE2014 from RM4.30 million in YE2013. The education company reported higher loss in YE2014. However, this was mitigated by the higher profit recorded by the investment company which had returned to profitability in YE2014. Its loss in YE2013 was due to impairment of investment.

In the Dormant/inactive companies Division, a gain of RM15.31 million was recorded which arose mainly from liquidation of CMS Steel Bhd.

B2. Material changes in profit before tax for the quarter (Quarter 4, 2014 vs Quarter 3, 2014)

The Group’s PBT for 4Q14 was 30% lower than 3Q14. Included in 3Q14 PBT was a gain on liquidation of subsidiaries amounting to RM15.62 million. Excluding this gain, PBT for 4Q14 would have been lower by 18% only. Notwithstanding the higher revenue, the lower PBT in 4Q14 among other reasons, was generally due to the ex-gratia and bonus payment.

The Cement Division reported a lower PBT in 4Q14 compared to 3Q14 mainly due to more expensive clinker from both own production and importation. The clinker plant faced operation problems and incurred higher repair and maintenance expense in 4Q14. The cost of imported clinker in 4Q14 was also higher compared to 3Q14 due to the weakening of ringgit against USD as a result of the tumble in oil prices. Other factors included stock write-down adjustments, impairment of receivables and write-off of property, plant and equipment.

The Property Development Division registered marginal loss whilst the Strategic Investment Division (excluding the associates) posted higher losses in the current quarter compared to the preceding quarter.

The Construction Materials & Trading Division’s PBT was up significantly, attributable to higher revenue from the quarrying business which benefited from government spending.

NOTES TO THE QUARTERLY REPORT – 31 DECEMBER 2014

B2. Material changes in profit before tax for the quarter (Quarter 4, 2014 vs Quarter 3, 2014)(contd.)

The Construction & Road Maintenance Division reported higher PBT in 4Q14 compared to 3Q14 due to more profits recognised from projects.

CMSB HQ recorded a higher unrealised loss in quoted securities in 4Q14 than 3Q14.

B3. Prospects for the year ending 31 December 2015

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 2015. The Group's strong financial position will enable the Group to invest in new business opportunities especially in 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		12 months ended	
	31.12.2014	31.12.2013	31.12.2014	31.12.2013
	RM'000	RM'000	RM'000	RM'000
Current income tax:				
- Malaysian income tax	18,311	33,225	78,181	87,027
- Under/(over) provision in respect of previous years	(1,228)	90	2,984	(4,014)
Deferred tax	(587)	(3,666)	(647)	(3,667)
Total income tax expense	16,496	29,649	75,844	79,346

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

The effective tax rate for the quarter and year ended 31 December 2013 was higher than the statutory tax rate principally due to the 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.

B6. Corporate proposals

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

NOTES TO THE QUARTERLY REPORT – 31 DECEMBER 2014

B7. Borrowings

	As at 31.12.2014 RM'000	As at 31.12.2013 RM'000
Secured		
Revolving credits	14,000	15,000
Finance lease liabilities	-	16
Unsecured		
Bankers' acceptances	38,708	36,006
Term loan	46,360	42,800
Loan from corporate shareholder	5,728	6,280
Total	104,796	100,102
Maturity		
Repayable within one year	74,619	73,013
One year to five years	30,177	21,911
5 years or more	-	5,178
	104,796	100,102

All borrowings were denominated in Ringgit Malaysia.

B8. Off balance sheet financial instruments

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

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 2013.

CAHYA MATA SARAWAK BERHAD

(Company No. 21076-T)

NOTES TO THE QUARTERLY REPORT – 31 DECEMBER 2014**B12. Dividend payable**

The Board of Directors has proposed to declare a final tax exempt (single-tier) dividend at the coming Annual General Meeting of 7.0 sen per share of RM0.50 each (2013: 12 sen per share of RM1.00 each). 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 2014 is 8.5 sen per share of RM0.50 each (2013: 17.0 sen per share of RM1.00 each) 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 during the period.

Diluted earnings per share amounts are calculated by dividing profit for the period, net of tax, attributable to the owners of the Company by the weighted average number of ordinary shares outstanding during the period plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

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

	3 months ended		12 months ended	
	31.12.2014	31.12.2013	31.12.2014	31.12.2013
		(Restated)		(Restated)
Profit net of tax attributable to owners of the Company used in the computation of earnings per share (RM'000)	43,943	65,339	221,335	175,072
Weighted average number of ordinary shares in issue ('000)	1,039,385	1,015,846	1,033,352	999,275
Basic earnings per share (sen)	4.23	6.43	21.42	17.52
Weighted average number of ordinary shares for diluted earnings per share computation ('000)	1,042,017	1,021,764	1,038,810	1,007,680
Diluted earnings per share (sen)	4.22	6.39	21.31	17.37

The comparative basic and diluted earnings per share have been adjusted to take into account the effect of the share split involving the subdivision of every one existing shares of RM1.00 each into two subdivided shares of RM0.50 each and the bonus issue of one share for every two subdivided shares resulting in the increase in the number of ordinary shares in June 2014.

CAHYA MATA SARAWAK BERHAD

(Company No. 21076-T)

NOTES TO THE QUARTERLY REPORT – 31 DECEMBER 2014**B14. Auditor's report on preceding annual financial statements**

The auditors' report on the financial statements for the year ended 31 December 2013 was not subject to any qualification.

B15. Additional disclosure on profit for the period

	Quarter ended 31.12.2014 RM'000	Financial year ended 31.12.2014 RM'000
Profit for the period is arrived at after charging/(crediting):		
Amortisation of intangible assets	34	86
Amortisation of prepaid land lease payments	191	763
Bad debt written off	54	54
Bad debts recovered	-	(2,721)
Property, plant and equipment written off	1,153	1,157
Depreciation of property, plant and equipment	11,918	46,236
Depreciation of investment properties	29	117
(Gain)/loss on foreign exchange	(2,225)	(612)
(Gain)/loss on disposal of property, plant and equipment	(197)	(535)
(Gain)/loss on disposal of investments	(4)	(981)
(Gain)/loss on fair value changes of derivatives	-	-
Impairment loss on trade receivables	4,032	4,092
Interest expense	1,751	3,554
Interest income	(1,308)	(3,914)
Inventory written off	406	422
Net fair value changes in investment securities	(4,673)	(4,739)
Reversal of allowance for impairment loss on trade receivables	-	-
Reversal of allowance for obsolete inventory	-	-
Write down of inventory	-	-

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CAHYA MATA SARAWAK BERHAD

(Company No. 21076-T)

NOTES TO THE QUARTERLY REPORT – 31 DECEMBER 2014**B16. Realised and unrealised profits/losses**

	As at 31 December 2014 RM'000	As at 31 December 2013 RM'000
Total retained earnings of the Company and its subsidiaries:		
- Realised	1,086,361	826,620
- Unrealised	(13,732)	(7,724)
	<u>1,072,629</u>	<u>818,896</u>
Total retained earnings from associates:		
- Realised	1,793	10,184
- Unrealised	3,975	(597)
	<u>5,768</u>	<u>9,587</u>
Total retained earnings from jointly controlled entities:		
- Realised	1,395	3,945
	<u>1,079,792</u>	<u>832,428</u>
Add: consolidation adjustments	(61,788)	22,665
Total Group retained earnings as per consolidated accounts	<u>1,018,004</u>	<u>855,093</u>

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