# 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 2015**

| | Note | 3 months ended | | 12 months ended | |
|---|---|---|---|---|---|
| | | 31.12.2015 RM'000 | 31.12.2014 RM'000 | 31.12.2015 RM'000 | 31.12.2014 RM'000 |
| Revenue | A8 | 508,337 | 504,230 | 1,788,025 | 1,673,898 |
| Cost of sales | | (391,412) | (402,858) | (1,374,597) | (1,278,351) |
| **Gross profit** | | 116,925 | 101,372 | 413,428 | 395,547 |
| Other income | | 6,310 | 3,772 | 25,229 | 29,603 |
| Administrative expenses | | (21,707) | (23,154) | (70,395) | (70,772) |
| Selling and marketing expenses | | (4,053) | (3,705) | (13,497) | (12,004) |
| Other expenses | | (1,156) | (9,953) | (8,176) | (15,210) |
| **Operating profit** | | 96,319 | 68,332 | 346,589 | 327,164 |
| Finance costs | | (1,344) | (773) | (4,004) | (3,557) |
| Share of results of associates | | 21,574 | 5,365 | 37,005 | 16,586 |
| Share of results of joint ventures | | (1,176) | (490) | 2,064 | 1,259 |
| **Profit before taxation** | | 115,373 | 72,434 | 381,654 | 341,452 |
| Income tax expense | B5 | (16,280) | (16,496) | (83,996) | (75,844) |
| **Profit for the period** | | 99,093 | 55,938 | 297,658 | 265,608 |
| **Other comprehensive income/(expense)** | | | | | |
| Foreign currency translation, net of tax | | 0 | 4,042 | 32 | 3,886 |
| Share of other comprehensive income/(expenses) of associates, net of tax | | 16,759 | (23,922) | 4,823 | (22,184) |
| **Other comprehensive income/(expense) for the period, net of tax** | | 16,759 | (19,880) | 4,855 | (18,298) |
| **Total comprehensive income for the period, net of tax** | | 115,852 | 36,058 | 302,513 | 247,310 |
| Profit attributable to: | | | | | |
| Owners of the Company | | 78,023 | 43,943 | 241,587 | 221,335 |
| Non-controlling interests | | 21,070 | 11,995 | 56,071 | 44,273 |
| | | 99,093 | 55,938 | 297,658 | 265,608 |
| Total comprehensive income attributable to: | | | | | |
| Owners of the Company | | 94,796 | 23,993 | 248,130 | 202,897 |
| Non-controlling interests | | 21,056 | 12,065 | 54,383 | 44,413 |
| | | 115,852 | 36,058 | 302,513 | 247,310 |
| | | sen | sen | sen | sen |
| **Earnings per share attributable to owners of the Company:** | | | | | |
| Basic | B13 | 7.26 | 4.23 | 22.69 | 21.42 |
| Diluted | | N/A | 4.22 | N/A | 21.31 |

**The condensed consolidated statements of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2014 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 31 December 2015**

| | Note | Unaudited As at 31.12.2015 RM'000 | Audited As at 31.12.2014 RM'000 |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Property, plant and equipment | | 728,967 | 597,214 |
| Prepaid land lease payments | | 15,974 | 16,738 |
| Land held for property development | | 297,022 | 61,815 |
| Investment properties | | 6,570 | 5,626 |
| Intangible assets | | 4,142 | 2,320 |
| Goodwill | | 61,709 | 61,709 |
| Investments in associates | | 691,944 | 403,945 |
| Investments in joint ventures | | 2,873 | 1,395 |
| Deferred tax assets | | 38,709 | 27,075 |
| Other receivables | | 64,561 | 10,432 |
| Investment securities | | 8,300 | 9,461 |
| | | 1,920,771 | 1,197,730 |
| **Current assets** | | | |
| Property development costs | | 265,972 | 161,894 |
| Inventories | | 143,736 | 121,520 |
| Trade and other receivables | | 407,065 | 278,694 |
| Other current assets | | 33,015 | 46,180 |
| Investment securities | | 98,115 | 128,686 |
| Other investment | | 35,414 | 0 |
| Tax recoverable | | 2,025 | 1,434 |
| Cash and bank balances | | 325,067 | 829,590 |
| | | 1,310,409 | 1,567,998 |
| Assets classified as held for sale | | 0 | 34,403 |
| | | 1,310,409 | 1,602,401 |
| **TOTAL ASSETS** | | **3,231,180** | **2,800,131** |
| **EQUITY AND LIABILITIES** | | | |
| **Equity attributable to owners of the Company** | | | |
| Share capital | | 537,188 | 519,752 |
| Share premium | | 330,717 | 289,304 |
| Other reserves | | (14,463) | (15,329) |
| Retained earnings | | 1,161,795 | 1,018,004 |
| | | 2,015,237 | 1,811,731 |
| **Non-controlling interests** | | 294,834 | 262,802 |
| **Total equity** | | 2,310,071 | 2,074,533 |
| **Non-current liabilites** | | | |
| Deferred tax liabilities | | 41,805 | 39,070 |
| Loans and borrowings | **B7** | 95,322 | 30,177 |
| Trade and other payables | **A14** | 170,113 | 16,889 |
| | | 307,240 | 86,136 |
| **Current liabilities** | | | |
| Income tax payable | | 21,730 | 21,224 |
| Loans and borrowings | **B7** | 68,356 | 74,619 |
| Trade and other payables | | 477,489 | 520,364 |
| Other current liabilities | | 46,294 | 23,255 |
| | | 613,869 | 639,462 |
| **Total liabilities** | | 921,109 | 725,598 |
| **TOTAL EQUITY AND LIABILITIES** | | **3,231,180** | **2,800,131** |
| **Net assets per share attributable to ordinary owners of the Company (RM)** | | **1.88** | **1.74** |

**The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2014 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 2015**

| | Equity, total | < ---------- Attributable to Owners of the Company ---------- > | | | | | Non-controlling interests |
|---|---|---|---|---|---|---|---|
| | | Equity attributable to owners of the Company | < ---------- Non-distributable ---------- > | | | Distributable | |
| | | | Share capital | Share premium | Other reserves | Retained earnings | |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| **At 1 January 2015** | 2,074,533 | 1,811,731 | 519,752 | 289,304 | (15,329) | 1,018,004 | 262,802 |
| Profit net of tax | 297,658 | 241,587 | 0 | 0 | 0 | 241,587 | 56,071 |
| Other comprehensive expense, net of tax | 3,137 | 4,825 | 0 | 0 | 4,825 | 0 | (1,688) |
| Total comprehensive income/(expense) | 300,795 | 246,412 | 0 | 0 | 4,825 | 241,587 | 54,383 |
| Transaction with owners:- | | | | | | | |
| Grant of equity-settled share options to employees | 4,497 | 4,497 | 0 | 0 | 4,497 | 0 | 0 |
| Exercise of employees' share options | 43,588 | 43,588 | 17,436 | 41,413 | (15,261) | 0 | 0 |
| Expiry of employees' share options | (3) | (3) | 0 | 0 | (151) | 148 | 0 |
| Share of associate's reserves | (43) | (43) | 0 | 0 | 6,956 | (6,999) | 0 |
| Dividends on ordinary shares | (90,945) | (90,945) | 0 | 0 | 0 | (90,945) | 0 |
| Dividends paid to non-controlling interests | (22,351) | 0 | 0 | 0 | 0 | 0 | (22,351) |
| Total transactions with owners | (65,257) | (42,906) | 17,436 | 41,413 | (3,959) | (97,796) | (22,351) |
| **At 31 December 2015** | 2,310,071 | 2,015,237 | 537,188 | 330,717 | (14,463) | 1,161,795 | 294,834 |

**Cahya Mata Sarawak Berhad**

(Company No: 21076-T)

**Condensed consolidated statement of changes in equity for the year ended 31 December 2014**

| | Equity, total | < ---------- Attributable to Owners of the Company ---------- > | | | | | | Non-controlling interests |
|---|---|---|---|---|---|---|---|---|
| | | Equity attributable to owners of the Company | < ---------- Non-distributable ---------- > | | | | Distributable | |
| | | | Share capital | Treasury shares | Share premium | Other reserves | Retained earnings | |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| **At 1 January 2014** | 1,887,706 | 1,654,117 | 339,704 | (3,629) | 448,663 | 14,286 | 855,093 | 233,589 |
| Profit net of tax | 265,608 | 221,335 | 0 | 0 | 0 | 0 | 221,335 | 44,273 |
| Other comprehensive expense, net of tax | (18,298) | (18,438) | 0 | 0 | 0 | (18,438) | 0 | 140 |
| Total comprehensive income/(expense) | 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 employees' share options | 15,032 | 15,032 | 7,338 | 0 | 13,351 | (5,657) | 0 | 0 |
| Bonus issue | 0 | 0 | 172,710 | 0 | (172,710) | 0 | 0 | 0 |
| Share of associate's reserves | 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 subsidairies | (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 | (16,031) | 0 | 0 | 0 | 0 | 0 | 0 | (16,031) |
| Total transactions with owners | (60,483) | (45,283) | 180,048 | 3,629 | (159,359) | (11,177) | (58,424) | (15,200) |
| **At 31 December 2014** | 2,074,533 | 1,811,731 | 519,752 | 0 | 289,304 | (15,329) | 1,018,004 | 262,802 |

**Cahya Mata Sarawak Berhad**

(Company No: 21076-T)

**Condensed consolidated statement of cash flows for the year ended 31 December 2015**

| | 12 months ended 31.12.2015 RM'000 | 12 months ended 31.12.2014 RM'000 |
|---|---|---|
| **Profit before taxation** | 381,654 | 341,452 |
| Adjustments for non-cash items: | | |
| Non-cash items | (58,061) | 3,238 |
| **Operating cash flows before changes in working capital** | 323,593 | 344,690 |
| Changes in working capital | | |
| Increase in current assets | (217,678) | (42,202) |
| (Increase)/decrease in land held for development | (235,207) | 4,139 |
| (Decrease)/increase in current liabilities | (19,370) | 173,357 |
| Increase in non-current liabilities | 153,224 | 8,456 |
| **Cash flows from operations** | 4,562 | 488,440 |
| Interest received | 6,473 | 3,914 |
| Interest paid | (4,114) | (3,199) |
| Income tax paid, net of refund | (93,007) | (74,963) |
| **Net cash flows (used in)/from operating activities** | (86,086) | 414,192 |
| **Investing activities** | | |
| Purchases of investment securities | (51,175) | (23,276) |
| Dividends from investment securities | 74,090 | 20,107 |
| Dividends from associates | 4,054 | 2,584 |
| Additional investment in associates | (252,752) | (29,395) |
| Acquisition of property, plant and equipment | (185,286) | (141,660) |
| Acquisition of other investment | (35,414) | 0 |
| Additional investment in investment properties | (1,145) | 0 |
| Proceeds from disposal of property, plant and equipment | 833 | 1,237 |
| Proceeds from disposal of investment securities | 83,685 | 15,472 |
| Redemption of redeemable preference shares | 4,267 | 2,612 |
| Others | (928) | 1,593 |
| **Net cash used in investing activities** | (359,771) | (150,726) |
| **Financing activities** | | |
| Drawdown/(repayments) of borrowings | 58,882 | 4,694 |
| Increase in deposits pledged to licensed banks | (150) | (151) |
| Decrease in wholesale fund pledged to a licensed bank | 23,000 | 0 |
| Dividends paid to shareholders of the Company | (90,945) | (57,022) |
| Dividends paid to non-controlling interests in subsidiary companies | (22,351) | (16,031) |
| Advancement of shareholder's loan | (47,840) | 0 |
| Proceeds from disposal of treasury shares | 0 | 5,743 |
| Proceeds from exercise of employee share options | 43,588 | 15,032 |
| **Net cash used in financing activities** | (35,816) | (47,735) |
| **Net (decrease)/increase in cash and cash equivalents** | (481,673) | 215,731 |
| **Cash and cash equivalents as at 1 January** | 804,676 | 588,945 |
| **Cash and cash equivalents as at 31 December** | 323,003 | 804,676 |
| Cash and cash equivalents as at 31 December comprised the following: | | |
| Cash and short term deposits | 325,067 | 829,590 |
| Less: Deposit pledged to licensed banks | (2,064) | (1,914) |
| Less: Wholesale fund pledged to a licensed bank | 0 | (23,000) |
| | 323,003 | 804,676 |

**The condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the year ended 31 December 2014 and the accompanying explanatory notes attached to the interim financial report.**

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

## A1. Basis of preparation

These condensed consolidated interim financial statements, for the year ended 31 December 2015 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 2014. 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 2014.

## 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 2014, except with the adoption of the following Malaysian Financial Reporting Standards ("MFRS"), IC interpretations and Amendments to MFRSs and interpretations.

- Amendments to MFRS 119: Defined Benefit Plans - Employee Contributions
- Annual Improvements to MFRSs 2010 - 2012 Cycle
- Annual Improvements to MFRSs 2011 - 2013 Cycle

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.

## 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 2015.

## A5. Changes in estimates

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

## A6. Debt and equity securities

There were no issuances, cancellation, repurchases, resale and repayments of debt and equity securities for the financial period under review.

## A7. Dividends paid

The final tax exempt (single-tier) dividend of 7 sen per share for the financial year ended 31 December 2014 amounting to RM74,828,881 was paid on 29 May 2015.

The first interim tax exempt (single-tier) dividend of 1.5 sen per share for the financial year ended 31 December 2015 amounting to RM16,115,636 was paid on 22 October 2015.

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

## A8. Segmental information

| | 3 months ended | | 12 months ended | |
|---|---|---|---|---|
| | 31.12.2015 RM'000 | 31.12.2014 RM'000 | 31.12.2015 RM'000 | 31.12.2014 RM'000 |
| **Segment Revenue** | | | | |
| Cement | 157,377 | 161,465 | 600,887 | 585,822 |
| Construction materials & trading | 203,479 | 229,014 | 712,058 | 665,964 |
| Construction & road maintenance | 129,824 | 115,422 | 459,485 | 366,476 |
| Property development | 35,857 | 21,905 | 90,042 | 113,843 |
| Samalaju development # | 7,557 | 7,240 | 16,891 | 14,896 |
| Strategic investments * | 1,875 | 2,243 | 8,956 | 11,391 |
| Others | 4,048 | (18,420) | 22,957 | 28,918 |
| Total revenue including inter-segment sales | 540,017 | 518,869 | 1,911,276 | 1,787,310 |
| Elimination of inter-segment sales | (31,680) | (14,639) | (123,251) | (113,412) |
| | 508,337 | 504,230 | 1,788,025 | 1,673,898 |
| **Segment Results** | | | | |
| Operating profit/(loss): | | | | |
| Cement | 13,943 | 28,065 | 103,173 | 120,483 |
| Construction materials & trading | 35,203 | 25,877 | 107,993 | 76,477 |
| Construction & road maintenance | 44,206 | 24,496 | 133,228 | 82,974 |
| Property development | 10,251 | (427) | 19,853 | 45,628 |
| Samalaju development # | (2,886) | 2,447 | 2,192 | 9,455 |
| Strategic investments * | (930) | (1,772) | (2,047) | (3,228) |
| Others | 26 | (118) | 6 | 15,305 |
| | 99,813 | 78,568 | 364,398 | 347,094 |
| Unallocated corporate expenses | (4,838) | (11,009) | (21,813) | (23,487) |
| Share of results of associates | 21,574 | 5,365 | 37,005 | 16,586 |
| Share of results of joint ventures | (1,176) | (490) | 2,064 | 1,259 |
| Profit before tax | 115,373 | 72,434 | 381,654 | 341,452 |
| Income tax expenses | (16,280) | (16,496) | (83,996) | (75,844) |
| Profit for the year | 99,093 | 55,938 | 297,658 | 265,608 |

*# Lodging and catering services.*
** Financial services and education.*

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

## A9. Changes in composition of the Group

There have been no changes in the composition of the Group for the quarter ended 31 December 2015 other than as follows:

(a) On 23 October 2015, the Company completed its acquisition of a new associate, Sacofa Sdn. Bhd., which entails the acquisition of 42,435,817 ordinary shares representing 50% equity interest of the issued and paid up capital in Sacofa Sdn. Bhd. for a total cash consideration of RM186,790,429. Upon completion of the acquisition, Sacofa Sdn. Bhd. became an associate to the Group.

(b) On 12 November 2015, the final meeting for the members' voluntary winding up of CMS Steel Berhad ("CMS Steel") and CMS Energy Sdn Bhd ("CMS Energy") were duly convened on that date. A return by liquidator relating to final meeting of CMS Steel and CMS Energy were lodged on 12 November 2015 with the Companies Commission of Malaysia and the official receiver. Pursuant to Section 272(5) of the Companies Act, 1965, CMS Steel and CMS Energy will be dissolved on the expiration of three (3) months after the said lodgement date.

(c) On 12 November 2015, the final meeting for the members' voluntary winding up of Samalaju Aluminium Industries Sdn Bhd ("SAI"), a wholly-owned subsidiary company of Samalaju Industries Sdn Bhd which in turn is a wholly owned subsidiary of the Company was duly convened. A return by liquidator to final meeting was lodged on 12 November 2015 with the Companies Commission of Malaysia and the official Receiver. Pursuant to Section 272(5) of the Companies Act, 1965, SAI will be dissolved on the expiration of three months after the said lodgement date.

(d) On 14 December 2015, CMS Agrotech Sdn Bhd ("CMS Agrotech"), a wholly-owned subsidiary company of CMS Infra Trading Sdn Bhd which in turn is a subsidiary company of the Company, was placed into members' voluntary liquidation.

## 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 2015 | | 31 December 2014 | |
|---|---|---|---|---|
| | **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 | 8,000 | 8,000 | 9,161 | 9,161 |
| | 8,300 | 8,300 | 9,461 | 9,461 |

## A10. Fair value of instruments (contd.)

### (a) Determination of fair value (contd.)

| | 31 December 2015 | | 31 December 2014 | |
|---|---|---|---|---|
| | Carrying Amount RM'000 | Fair Value RM'000 | Carrying Amount RM'000 | Fair Value RM'000 |
| **Financial liabilities:** | | | | |
| Interest-bearing loans and borrowings | | | | |
| - Bankers' acceptances | 33,500 | 33,500 | 38,708 | 38,708 |
| - Term loans | 96,800 | 97,005 | 46,360 | 49,599 |
| - Revolving credits | 32,000 | 32,000 | 14,000 | 14,000 |
| - Loans from corporate shareholders | 1,378 | 1,481 | 5,728 | 6,491 |
| | 163,678 | 163,986 | 104,796 | 108,798 |

### (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).

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

| | Level 1 RM'000 | Level 2 RM'000 | Level 3 RM'000 | Total RM'000 |
|---|---|---|---|---|
| **31 December 2015** | | | | |
| **Financial assets** | | | | |
| Income debt securities fund | - | 64,052 | - | 64,052 |
| Equity instruments | 34,063 | - | - | 34,063 |
| Unit trust funds | - | - | - | - |
| Wholesale fund | - | - | - | - |
| | 34,063 | 64,052 | - | 98,115 |
| **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 |
| | 65,777 | 62,909 | - | 128,686 |

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 2015 was as follows:

| | RM'000 |
|---|---|
| Approved and contracted for: | |
| - Property, plant and equipment | 32,748 |
| - Others | 8,725 |
| | 41,473 |
| Approved and not contracted for: | |
| - Property, plant and equipment | 258,211 |
| - Intangible assets | 1,734 |
| - Investment properties | 48,812 |
| - Investment in associates | 110,300 |
| - Others | 9,874 |
| | 428,931 |
| | 470,404 |

## 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.

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

## 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 2015 and 31 December 2014 as well as the balances with the related parties as at 31 December 2015 and 31 December 2014:

| | | 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 | 2015 | 324 | 844 | - | - |
| | 2014 | 487 | 155 | - | - |
| - COPE-KPF Opportunities 1 Sdn | 2015 | 1,631 | - | - | - |
| | 2014 | 1,654 | - | - | - |
| - KKB Engineering Bhd | 2015 | 68 | - | 50 | - |
| | 2014 | 61 | - | - | - |
| - Harum Bidang Sdn Bhd | 2015 | - | 68,736 | - | 3,197 |
| | 2014 | - | 170,110 | - | 36,442 |
| - Kenanga Investors Bhd | 2015 | 18,732 | 80 | - | - |
| | 2014 | 16,110 | 791 | - | - |
| **Joint Venture:** | | | | | |
| - PPES Works Wibawa | 2015 | 167 | - | 41 | - |
| | 2014 | 124 | - | - | - |
| - PPES Works Naim Land | 2015 | 17 | - | 10 | - |
| | 2014 | - | - | - | - |
| - PPES Works Larico | 2015 | 109 | - | 73 | - |
| | 2014 | - | - | - | - |
| **Key management personnel of the Group:** | | | | | |
| - Directors' interest | 2015 | 15,979 | 2,629 | 1,648 | 3 |
| | 2014 | 34,282 | 2,159 | 5,025 | 8 |

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

## A14. Trade and other payables

The significant increase in non-current trade and other payables was mainly due to land premium on alienation in Samalaju, Bintulu.

## A15. 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.

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

## B1. Review of performance

**Quarter 4, 2015 ("4Q15") vs Quarter 4, 2014 ("4Q14")**

The Group's profit before tax ("PBT") for 4Q15 of RM115.37 million was 59% higher as compared to RM72.43 million achieved in 4Q14. The higher PBT in the current quarter was mainly contributed by the associates and the Construction Materials & Trading and Construction & Road Maintenance Divisions.

The significant higher share of results of associates was largely contributed by a newly acquired associate.

The Construction Materials & Trading Division attributed its stellar performance in 4Q15 to a better weather condition for road works with less rainfall and less materials shortage issue.

The Construction & Road Maintenance Division recorded a higher PBT in 4Q15 as compared to 4Q14. PBT for 4Q15 included profit recognised from completed projects upon final accounts.

**Year-to-date, 2015 ("YE2015") v Year-to-date, 2014 ("YE2014")**

Group revenue rose 7% to RM1.79 billion in YE2015 from RM1.67 billion in YE2014, mainly driven by the Construction Materials & Trading Division and Construction & Road Maintenance Division.

Group PBT grew by 12% to RM381.65 million from RM341.45 million in YE2014, mainly due to higher revenue recorded by the two Divisions mentioned above and higher share of results of associates contributed by a newly acquired associate.

In tandem with the PBT, the Group's PATNCI for YE2015 increased by 9% compared to PATNCI reported in YE2014.

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

(a) **Cement Division** - recorded a 14% lower PBT of RM103.17 million in YE2015 over YE2014's PBT of RM120.48 million despite a 2% higher revenue. The decline in PBT was attributed to higher cost in raw materials and imported cement which arose from stronger USD.

(b) **Construction Materials and Trading Division** - reported a remarkably high PBT of RM107.99 million for YE2015, exceeding YE2014's PBT of RM76.48 million by 41%. This was attributed to the strong revenue from greater sales volume of quarry aggregates and premix, as well as a rise in contract work and services.

## B1. Review of performance (contd.)

**Year-to-date, 2015 ("YE2015") v Year-to-date, 2014 ("YE2014") (contd.)**

(c) **Construction & Road Maintenance Division** - posted a PBT of RM135.29 million which included the share of profit of joint ventures in YE2015, representing an increase of 61% over YE2014's profit of RM84.23 million. The higher PBT was on the back of more works undertaken and arrears of revenue from routine maintenance works recognised upon agreement of contract rates.

(d) **Property Development Division** - PBT declined to RM19.85 million in YE2015 from a PBT of RM45.63 million in YE2014, a decrease of 56%. The higher PBT in the previous year was largely attributed to the recognition of profit from the land sales. However, in 2015, the Division saw profit from higher construction activities.

(e) **Samalaju Division** - PBT dropped to RM2.92 million in YE2015 from a PBT of RM9.46 million (excluding the associates) in YE2014, a decrease of 77%. This was mainly due to lower lodges revenue and the loss suffered by the new Hotel Company.

(f) **Strategic Investments Division (excluding the listed and unlisted associates)** - reported a marginally lower loss in YE2015 compared to YE2014, due to lower loss reported by the education company and higher PBT by the investment company.

## B2. Material changes in profit before tax for the quarter (Quarter 4, 2015 vs Quarter 3, 2015)

Group PBT rose by 10% to RM115.37 million in the current quarter from RM104.56 million in the preceding quarter.

The Construction Materials & Trading Division's PBT escalated from RM24.45 million in 3Q15 to RM35.22 million in 4Q15.

The Property Development Division also saw a rise in its PBT from RM3.57 million in the preceding quarter to RM10.25 million in the current quarter.

The increase in share of results of associates was attributed to the acquisition of a new associate.

## B3. Prospects for the year ending 31 December 2016

Whilst the operating environment faced by the Group will remain challenging, the Board expects that the Group's financial performance to be satisfactory and, coupled with other measures Management are taking, the Group is positioning itself for long term revenue and profitability growth.

## B4. Profit forecast or profit guarantee

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

## B5. Income tax expense

| | 3 months ended | | 12 months ended | |
|---|---|---|---|---|
| | 31.12.2015 RM'000 | 31.12.2014 RM'000 | 31.12.2015 RM'000 | 31.12.2014 RM'000 |
| Current income tax: | | | | |
| - Malaysian income tax | 22,413 | 18,312 | 88,322 | 78,182 |
| - Under/(over) provision in respect of previous years | 2,330 | (1,872) | 4,280 | (3,628) |
| Deferred tax | (8,463) | 56 | (8,606) | 1,290 |
| Total income tax expense | 16,280 | 16,496 | 83,996 | 75,844 |

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 gain on liquidation of subsidiaries.

The effective tax rate for the quarter and year ended 31 December 2015 was lower than the statutory tax rate mainly due to recognition of deferred tax asset in relation to the reinvestment tax allowance for the new cement grinding plant.

## B6. Corporate proposals

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

## B7. Borrowings

| | As at 31.12.2015 RM'000 | As at 31.12.2014 RM'000 |
|---|---|---|
| **Secured** | | |
| Revolving credits | 21,000 | 14,000 |
| **Unsecured** | | |
| Revolving credits | 11,000 | - |
| Bankers' acceptances | 33,500 | 38,708 |
| Term loans | 96,800 | 46,360 |
| Loan from corporate shareholder | 1,378 | 5,728 |
| **Total** | 163,678 | 104,796 |
| **Maturity** | | |
| Repayable within one year | 68,356 | 74,619 |
| One year to five years | 95,322 | 30,177 |
| | 163,678 | 104,796 |

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 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 3.0 sen per ordinary share (2014: 7.0 sen). The dividend entitlement and payment date for the final dividend will be announced at a later date.

The total dividend for the current financial year ended 31 December 2015 is 4.5 sen (2014: 8.5 sen) per ordinary share.

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

## 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 | |
|---|---|---|---|---|
| | 31.12.2015 | 31.12.2014 | 31.12.2015 | 31.12.2014 |
| Profit net of tax attributable to owners of the Company used in the computation of earnings per share (RM'000) | 78,023 | 43,943 | 241,587 | 221,335 |
| Weighted average number of ordinary shares in issue ('000) | 1,074,376 | 1,039,385 | 1,064,741 | 1,033,352 |
| Basic earnings per share (sen) | 7.26 | 4.23 | 22.69 | 21.42 |
| Weighted average number of ordinary shares for diluted earnings per share computation ('000) | N/A | 1,042,017 | N/A | 1,038,810 |
| Diluted earnings per share (sen) | N/A | 4.22 | N/A | 21.31 |

No diluted earnings per share for the quarter and year ended 31 December 2015 are disclosed as the Company's Employee Share Option Scheme ("ESOS") has expired in June 2015.

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

The auditors' report on the financial statements for the year ended 31 December 2014 was not subject to any qualification.

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

## B15. Additional disclosure on profit for the period

| | Quarter ended 31.12.2015 RM'000 | Financial year ended 31.12.2015 RM'000 |
|---|---|---|
| Profit for the period is arrived at after charging/(crediting): | | |
| Amortisation of intangible assets | 195 | 376 |
| Amortisation of prepaid land lease payments | 382 | 763 |
| Bad debt written off | - | - |
| Property, plant and equipment written off | 61 | 62 |
| Depreciation of property, plant and equipment | 27,511 | 52,753 |
| Depreciation of investment properties | 168 | 201 |
| (Gain)/loss on foreign exchange | (8,370) | (6,857) |
| (Gain)/loss on disposal of property, plant and equipment | (351) | (398) |
| (Gain)/loss on disposal of investments | 739 | (661) |
| (Gain)/loss on fair value changes of derivatives | - | - |
| Impairment loss on trade receivables | 1,304 | 1,304 |
| Interest expense | 1,317 | 3,919 |
| Interest income | (2,018) | (6,473) |
| Inventory written off | 1,571 | 1,571 |
| Net fair value changes in investment securities | 2,047 | 1,298 |
| Reversal of allowance for impairment loss on trade receivables | (653) | (2,077) |
| Reversal of allowance for obsolete inventory | - | - |
| Write down of inventory | 42 | 42 |

## B16. Realised and unrealised profits/losses

| | As at 31 December 2015 RM'000 | As at 31 December 2014 RM'000 |
|---|---|---|
| Total retained earnings of the Company and its subsidiaries: | | |
| - Realised | 1,196,075 | 1,086,361 |
| - Unrealised | (4,819) | (13,731) |
| | 1,191,256 | 1,072,630 |
| Total retained earnings from associates: | | |
| - Realised | 116,660 | (585) |
| - Unrealised | (72,564) | 6,020 |
| | 44,096 | 5,435 |
| Total retained earnings from jointly controlled entities: | | |
| - Realised | 2,873 | 1,395 |
| | 1,238,225 | 1,079,460 |
| Add: consolidation adjustments | (76,430) | (61,456) |
| Total Group retained earnings as per consolidated accounts | 1,161,795 | 1,018,004 |