

# CAHYA MATA SARAWAK BERHAD

(Company No: 21076-T)

(Incorporated in Malaysia)

## Interim Financial Report

Condensed consolidated statements of comprehensive income for the period ended 31 March 2017

	Note	3 months ended		3 months ended	
		31.03.2017 RM'000	31.03.2016 RM'000	31.03.2017 RM'000	31.03.2016 RM'000
Revenue	A8	282,297	346,906	282,297	346,906
Cost of sales		(232,127)	(290,230)	(232,127)	(290,230)
<b>Gross profit</b>		50,170	56,676	50,170	56,676
Other income		2,680	5,820	2,680	5,820
Administrative expenses		(13,119)	(15,111)	(13,119)	(15,111)
Selling and marketing expenses		(3,980)	(3,621)	(3,980)	(3,621)
Other expenses		(2,278)	(4,363)	(2,278)	(4,363)
<b>Operating profit</b>		33,473	39,401	33,473	39,401
Finance costs		(2,232)	(1,976)	(2,232)	(1,976)
Share of results of associates		(4,134)	(16,161)	(4,134)	(16,161)
Share of results of joint ventures		11,435	1,642	11,435	1,642
<b>Profit before taxation</b>		38,542	22,906	38,542	22,906
Income tax expense	B5	(11,292)	(12,967)	(11,292)	(12,967)
<b>Profit for the period</b>		27,250	9,939	27,250	9,939
<b>Other comprehensive income</b>					
Other comprehensive income that will be reclassified to profit or loss in subsequent periods:					
Share of other comprehensive income of associates, net of tax		(9,603)	10,718	(9,603)	10,718
Share of other comprehensive income of joint ventures, net of tax		(584)	0	(584)	0
<b>Other comprehensive income for the period, net of tax</b>		(10,187)	10,718	(10,187)	10,718
<b>Total comprehensive income for the period, net of tax</b>		17,063	20,657	17,063	20,657
Profit attributable to:					
Owners of the Company		22,657	1,049	22,657	1,049
Non-controlling interests		4,593	8,890	4,593	8,890
		27,250	9,939	27,250	9,939
Total comprehensive income attributable to:					
Owners of the Company		12,495	11,772	12,495	11,772
Non-controlling interests		4,568	8,885	4,568	8,885
		17,063	20,657	17,063	20,657
		sen	sen	sen	sen
<b>Earnings per share attributable to owners of the Company:</b>					
Basic	B13	2.11	0.10	2.11	0.10
Diluted		-	-	-	-

The condensed consolidated statements of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2016 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 March 2017**

	Note	Unaudited As at 31.03.2017 RM'000	Audited As at 31.12.2016 RM'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		719,961	721,567
Prepaid land lease payments		15,020	15,210
Land held for property development		234,389	234,333
Investment properties		5,362	5,390
Intangible assets		3,443	3,823
Goodwill		61,709	61,709
Investments in associates		855,442	869,179
Investments in joint ventures		25,146	46,611
Deferred tax assets		35,261	34,989
Other receivables		86,162	86,242
Investment securities		300	300
		<u>2,042,195</u>	<u>2,079,353</u>
<b>Current assets</b>			
Property development costs		374,310	354,748
Inventories		187,338	185,361
Trade and other receivables		321,969	289,145
Other current assets		47,811	37,442
Investment securities		9,830	9,662
Derivative financial asset		35,414	35,414
Tax recoverable		4,356	3,142
Cash and bank balances		326,230	457,070
		<u>1,307,258</u>	<u>1,371,984</u>
<b>TOTAL ASSETS</b>		<b><u>3,349,453</u></b>	<b><u>3,451,337</u></b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital		537,188	537,188
Share premium		330,716	330,716
Other reserves		30,088	40,090
Retained earnings		1,327,339	1,304,842
		<u>2,225,331</u>	<u>2,212,836</u>
<b>Non-controlling interests</b>		<u>326,471</u>	<u>321,903</u>
<b>Total equity</b>		<b><u>2,551,802</u></b>	<b><u>2,534,739</u></b>
<b>Non-current liabilities</b>			
Deferred tax liabilities		38,299	39,292
Loans and borrowings	<b>B7</b>	99,719	105,076
Trade and other payables		84,363	84,363
		<u>222,381</u>	<u>228,731</u>
<b>Current liabilities</b>			
Income tax payable		15,172	23,147
Loans and borrowings	<b>B7</b>	95,680	142,880
Trade and other payables		328,084	395,057
Other current liabilities		136,334	126,783
		<u>575,270</u>	<u>687,867</u>
<b>Total liabilities</b>		<b><u>797,651</u></b>	<b><u>916,598</u></b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b><u>3,349,453</u></b>	<b><u>3,451,337</u></b>
<b>Net assets per share attributable to ordinary owners of the Company (RM)</b>		<b><u>2.07</u></b>	<b><u>2.06</u></b>

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2016 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 period ended 31 March 2017**

	Equity, total  RM'000	< ----- Attributable to Owners of the Company ----- >					Non- controlling interests  RM'000
		Total  RM'000	< ----- Non-distributable ----- >			Distributable	
			Share capital  RM'000	Share premium  RM'000	Other reserves  RM'000	Retained earnings  RM'000	
<b>At 1 January 2017</b>	2,534,739	2,212,836	537,188	330,716	40,091	1,304,841	321,903
Profit net of tax	27,250	22,657	0	0	0	22,657	4,593
Other comprehensive income, net of tax	(10,187)	(10,162)	0	0	(10,162)	0	(25)
Total comprehensive income	17,063	12,495	0	0	(10,162)	22,657	4,568
Transaction with owners:-							
Share of associate's reserves	0	0	0	0	159	(159)	0
<b>At 31 March 2017</b>	2,551,802	2,225,331	537,188	330,716	30,088	1,327,339	326,471

**Cahaya Mata Sarawak Berhad**

(Company No: 21076-T)

**Condensed consolidated statement of changes in equity for the period ended 31 March 2017**

	Equity, total  RM'000	< ----- Attributable to Owners of the Company ----- >					Non- controlling interests  RM'000
		Total  RM'000	< ----- Non-distributable ----- >			Distributable	
			Share capital  RM'000	Share premium  RM'000	Other reserves  RM'000	Retained earnings  RM'000	
<b>At 1 January 2016</b>	2,312,727	2,017,501	537,188	330,716	(18,760)	1,168,357	295,226
Profit net of tax	9,939	1,049	0	0	0	1,049	8,890
Other comprehensive income, net of tax	10,718	10,723	0	0	10,723	0	(5)
Total comprehensive income	20,657	11,772	0	0	10,723	1,049	8,885
Transaction with owners:-							
Share of associate's reserves	43	43	0	0	126	(83)	0
<b>At 31 March 2016</b>	2,333,427	2,029,316	537,188	330,716	(7,911)	1,169,323	304,111

**Cahya Mata Sarawak Berhad**

(Company No: 21076-T)

**Condensed consolidated statement of cash flows for the period ended 31 March 2017**

	<b>3 months ended 31.03.2017 RM'000</b>	<b>3 months ended 31.03.2016 RM'000</b>
<b>Profit before taxation</b>	38,542	22,906
Adjustments for non-cash items:		
Non-cash items	4,172	26,814
<b>Operating cash flows before changes in working capital</b>	<u>42,714</u>	<u>49,720</u>
Changes in working capital		
Increase in current assets	(68,733)	(1,587)
Increase in land held for development	(56)	(11,021)
Decrease in current liabilities	(57,422)	(82,624)
<b>Cash flows used in operations</b>	<u>(83,497)</u>	<u>(45,512)</u>
Interest received	3,530	2,059
Interest paid	(4,127)	(1,976)
Income tax paid, net of refund	(21,745)	(26,509)
<b>Net cash flows used in operating activities</b>	<u>(105,839)</u>	<u>(71,938)</u>
<b>Investing activities</b>		
Purchases of investment securities	(10)	(15,126)
Dividends from investments	1,262	2,705
Additional investments in an associates	0	(4,900)
Acquisition of property, plant and equipment	(11,647)	(11,632)
Proceeds from disposal of property, plant and equipment	52	73
Proceeds from disposal of investment securities	0	76,010
Distribution of profits from joint ventures	3,110	3,549
Redemption of redeemable preference shares	34,844	0
Others	(54)	(150)
<b>Net cash from investing activities</b>	<u>27,557</u>	<u>50,529</u>
<b>Financing activities</b>		
(Repayments)/drawdown of borrowings	(52,558)	28,090
Increase in deposits pledged to licensed banks	0	124
<b>Net cash (used in)/from financing activities</b>	<u>(52,558)</u>	<u>28,214</u>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<u>(130,840)</u>	<u>6,805</u>
<b>Cash and cash equivalents as at 1 January</b>	<u>455,073</u>	<u>323,003</u>
<b>Cash and cash equivalents as at 31 March</b>	<u><u>324,233</u></u>	<u><u>329,808</u></u>
Cash and cash equivalents as at 31 March comprised the following:		
Cash and short term deposits	326,230	331,748
Less: Deposits pledged to licensed banks	(1,997)	(1,940)
	<u><u>324,233</u></u>	<u><u>329,808</u></u>

The condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the year ended 31 December 2016 and the accompanying explanatory notes attached to the interim financial report.

**NOTES TO THE QUARTERLY REPORT – 31 MARCH 2017**

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

**A1. Basis of preparation**

These condensed consolidated interim financial statements, for the period ended 31 March 2017 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 2016. 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 2016.

**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 2016, except with the adoption of the following Malaysian Financial Reporting Standards (“MFRS”), IC interpretations and Amendments to MFRSs and interpretations.

- Amendments to MFRS 107: Disclosures Initiatives
- Amendments to MFRS 112: Recognition of Deferred Tax Assets for Unrealised Losses
- Annual Improvements to MFRSs 2014 - 2016 Cycle: Amendments to MFRS 12: Disclosure of Interests in Other Entities

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. Ordinarily, however, there is a lower level of activity during the 1<sup>st</sup> quarter of the year.

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

There were no unusual items affecting assets, liabilities, equity, net income or cash flows of the Group for the period ended 31 March 2017.

**A5. Changes in estimates**

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

**CAHYA MATA SARAWAK BERHAD**

(Company No. 21076-T)

**NOTES TO THE QUARTERLY REPORT – 31 MARCH 2017****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**

There was no dividend paid during the quarter ended 31 March 2017.

**A8. Segmental information**

	3 months ended	
	31.3.2017	31.03.2016
	RM'000	RM'000
<b>Segment Revenue</b>		
Cement	123,142	134,755
Construction materials & trading	71,237	116,907
Construction & road maintenance	78,843	89,434
Property development	16,586	19,081
Strategic investments *	2,772	2,594
Others	13,748	9,481
Total revenue including inter-segment sales	306,328	372,252
Elimination of inter-segment sales	(24,031)	(25,346)
	<u>282,297</u>	<u>346,906</u>
<b>Segment Results</b>		
Operating profit/(loss):		
Cement	14,460	9,617
Construction materials & trading	8,467	16,979
Construction & road maintenance	17,856	17,575
Property development	2,139	3,160
Strategic investments *	(691)	(943)
Others	(4,006)	(4,403)
	<u>38,225</u>	<u>41,985</u>
Unallocated corporate expenses	(6,984)	(4,560)
Share of results of associates	(4,134)	(16,161)
Share of results of joint ventures	11,435	1,642
Profit before tax	38,542	22,906
Income tax expenses	(11,292)	(12,967)
Profit for the year	<u>27,250</u>	<u>9,939</u>

\* Financial services and education.

**NOTES TO THE QUARTERLY REPORT – 31 MARCH 2017****A9. Changes in composition of the Group**

There have been no changes in the composition of the Group for the quarter ended 31 March 2017.

**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:

	<b>31 March 2017</b>		<b>31 March 2016</b>	
	<b>Carrying Amount</b>	<b>Fair Value</b>	<b>Carrying Amount</b>	<b>Fair Value</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Financial assets:</b>				
Available-for-sale financial assets:				
- Equity instruments	300	300	300	300
	<u>300</u>	<u>300</u>	<u>300</u>	<u>300</u>
<b>Financial liabilities:</b>				
Interest-bearing loans and borrowings				
- Bankers' acceptances	43,100	43,100	26,890	26,890
- Term loans	120,872	136,794	111,500	133,240
- Revolving credits	30,600	30,600	52,000	52,000
- Loans from corporate shareholders	827	868	1,378	1,481
	<u>195,399</u>	<u>211,362</u>	<u>191,768</u>	<u>213,611</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).



**CAHYA MATA SARAWAK BERHAD**

(Company No. 21076-T)

**NOTES TO THE QUARTERLY REPORT – 31 MARCH 2017****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:

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	RM'000	RM'000	RM'000	RM'000
<b>31 March 2017</b>				
<b>Financial assets</b>				
Income debt securities fund	-	5,130	-	5,130
Equity instruments	4,700	-	-	4,700
	<u>4,700</u>	<u>5,130</u>	<u>-</u>	<u>9,830</u>
<b>31 March 2016</b>				
<b>Financial assets</b>				
Income debt securities fund	-	4,944	-	4,944
Equity instruments	33,884	-	-	33,884
	<u>33,884</u>	<u>4,944</u>	<u>-</u>	<u>38,828</u>

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

**A11. Capital & other commitments**

The amount of commitments not provided for in the interim financial statements as at 31 March 2017 was as follows:

**(a) Capital commitments**

	RM'000
Approved and contracted for:	
- Property, plant and equipment	39,726
- Others	<u>2,103</u>
	<u>41,829</u>
Approved but not contracted for:	
- Property, plant and equipment	247,153
- Intangible assets	360
- Investment in associates	352,000
- Others	<u>40,796</u>
	<u>640,309</u>
	<u>682,138</u>

**A12. Changes in contingent liabilities and contingent assets**

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

**NOTES TO THE QUARTERLY REPORT – 31 MARCH 2017**

**A13. Related party transactions**

The following table provides information on the transactions which have been entered into with related parties during the period ended 31 March 2017 and 31 March 2016 as well as the balances with the related parties as at 31 March 2017 and 31 March 2016:

		Interest/fee/ rental income from/sales to related parties RM '000	Purchases from/payment for services to related parties RM '000	Amounts owed by related parties RM '000	Amounts owed to related parties RM '000
<b>Associates:</b>					
- Kenanga Investment Bank Bhd	2017	151	-	-	-
	2016	-	44	-	-
- KKB Engineering Bhd	2017	-	-	-	-
	2016	107	-	45	-
- Kenanga Investors Bhd	2017	1,109	-	-	-
	2016	2,370	21	-	-
- Sacofa Sdn Bhd	2017	420	-	4	2
	2016	69	-	1,366	-
- OM Materials (Sarawak) Sdn Bhd	2017	1,449	-	4,653	-
	2016	1,350	-	4,204	-
<b>Joint Ventures:</b>					
- PPES Works Wibawa	2017	2	-	-	-
	2016	37	-	12	-
- PPES Works Naim Land	2017	57	-	25	-
	2016	9	-	6	-
- PPES Works Larico	2017	152	-	276	-
	2016	122	-	111	-
- PPES Works PCSB	2017	874	-	94	-
	2016	-	-	38	-
<b>Key management personnel of the Group:</b>					
- Directors' interest	2017	7,903	533	767	4
	2016	2,213	547	518	2

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 MARCH 2017

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

B1. Review of performance

Quarter 1, 2017 (“1Q17”) vs Quarter 1, 2016 (“1Q16”)

Revenue fell by 19% while profit before tax (PBT) and profit after non-controlling interests (PATNCI) increased by 68% and more than 2,000% respectively in comparison to preceding year first quarter’s result. All Divisions except for the Strategic Investments and “Others” Divisions recorded lower revenue in 1Q17.

The improvement in the PBT and PATNCI was attributable to the reduction in the share of losses in associates, increase in the share of profits from the joint ventures and higher earnings by the Cement and Construction & Road Maintenance Divisions.

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

- (a) **Cement Division** - recorded a 50% higher PBT of RM14.46 million in 1Q17 over 1Q16’s PBT of RM9.62 million despite lower sales volume. This was mainly attributable to lower handling costs and cheaper imported clinker. In addition, 1Q17’s sales were no longer supported by imported cement.
- (b) **Construction Materials & Trading Division** - reported a reduced PBT of RM8.47 million for 1Q17, 50% lower than the PBT of RM16.98 million for 1Q16. This was mainly attributable to lower sales volume and lower gross profit margin.
- (c) **Construction & Road Maintenance Division** - posted a PBT of RM17.86 million in 1Q17, representing an increase of 2% over 1Q16’s profit of RM17.58 million. Revenue from federal road maintenance was lower in 1Q17 as a result of reduction in road length maintained due to Pan Borneo project. PBT was sustained as profit was recognised upon closing of certain completed projects.
- (d) **Property Development Division** - PBT reduced to RM2.14 million in 1Q17 from a PBT of RM3.16 million in 1Q16, a decrease of 32%. The main reason was the low occupancy of the hotel operations in Samalaju Industrial Park, Bintulu resulting in a higher loss for 1Q17.
- (e) **Strategic Investments Division** - reported a lower loss in 1Q17. This was attributable to lower loss registered by the education subsidiary and a higher profit reported by the investment holding subsidiary in the financial services.
- (f) **Others** - reported a lower loss of RM4.00 million in 1Q17 (1Q16: loss of RM4.40 million). The management services company recorded a lower loss while the investment holding subsidiary in the Samalaju Development Division reported a higher loss.
- (g) **Share of results in joint-ventures** - recorded a higher share of profit of RM11.44 million (1Q16: RM1.64 million). This was mainly attributable to the excellent performances by a private equity management company and two private equity funds.

**NOTES TO THE QUARTERLY REPORT – 31 MARCH 2017**

**B2. Material changes in profit before tax for the quarter (Quarter 1, 2017 vs Quarter 4, 2016)**

The Group's PBT for 1Q17 was down by 73% compared to 4Q16. All Divisions recorded lower revenue and PBT in 1Q17 as compared to 4Q16. Generally, first quarter's result is normally affected by the wet and festive seasons.

In the Cement Division, performance in 1Q17 was affected by the shutdown of its clinker plant and lower sales volume.

The Construction Materials & Trading Division reported lower revenue in 1Q17 as a result of lesser works from Jabatan Kerja Raya.

The Construction & Road Maintenance Division reported lower PBT in 1Q17 due to lesser federal road maintenance work and the completion of state road rehabilitation programme in 2016.

The Property Division reported a higher PBT in 4Q16 due to the profit recognition from a land sale.

The "Other Division" also reported a high profit in 4Q16 due to the profit recognition of land sale to Malaysian Phosphate Additives (Sarawak) Sdn Bhd.

**B3. Prospects for the year ending 31 December 2017**

Whilst the operating environment is expected to remain challenging, the Group's healthy financial position through our diversified portfolio of Sarawak-based businesses is positioned to weather this challenging environment.

We remain focused on growing our portfolio of businesses by taking advantage of the opportunities in Sarawak. Our strong fundamentals and resilience will enable us to perform and to deliver a satisfactory financial performance for the year 2017 and, coupled with other measures Management are taking, the Group is positioning itself for long term sustainable revenue and profitability growth.

**B4. Profit forecast or profit guarantee**

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

**CAHYA MATA SARAWAK BERHAD**

(Company No. 21076-T)

**NOTES TO THE QUARTERLY REPORT – 31 MARCH 2017****B5. Income tax expense**

	3 months ended	
	31.3.2017	31.3.2016
	RM'000	RM'000
Current income tax:		
- Malaysian income tax	12,656	12,967
Deferred tax	(1,364)	-
Total income tax expense	11,292	12,967

The effective tax rate for the quarters ended 31 March 2017 and 31 March 2016, were higher than the statutory tax rate principally due to the losses of certain subsidiaries and share of associates' losses which cannot be set off against taxable profits made by other subsidiaries.

**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 31.3.2017 RM'000	As at 31.03.2016 RM'000
<b>Secured</b>		
Revolving credits	15,600	16,000
<b>Unsecured</b>		
Revolving credits	15,000	36,000
Bankers' acceptances	43,100	26,890
Term loans	120,872	111,500
Loan from corporate shareholder	827	1,378
<b>Total</b>	195,399	191,768
<b>Maturity</b>		
Repayable within one year	95,680	86,078
One year to five years	99,719	105,690
	195,399	191,768

All borrowings were denominated in Ringgit Malaysia.

**CAHYA MATA SARAWAK BERHAD**

(Company No. 21076-T)

**NOTES TO THE QUARTERLY REPORT – 31 MARCH 2017****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 2016.

**B12. Dividend payable**

No interim dividend has been declared for the financial period ended 31 March 2017 (31 March 2016: Nil).

**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.

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

	3 months ended	
	31.3.2017	31.12.2016
Profit net of tax attributable to owners of the Company used in the computation of earnings per share (RM'000)	22,657	1,049
Weighted average number of ordinary shares in issue ('000)	1,074,376	1,074,376
Basic earnings per share (sen)	2.11	0.10

**CAHYA MATA SARAWAK BERHAD**

(Company No. 21076-T)

**NOTES TO THE QUARTERLY REPORT – 31 MARCH 2017****B14. Auditor's report on preceding annual financial statements**

The auditors' report on the financial statements for the year ended 31 December 2016 was not subject to any qualification.

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

	Quarter ended 31.3.2017 RM'000	Financial year ended 31.3.2017 RM'000
Profit for the period is arrived at after charging/(crediting):		
Amortisation of intangible assets	434	434
Amortisation of prepaid land lease payments	191	191
Bad debt written off	-	-
Property, plant and equipment written off	-	-
Depreciation of property, plant and equipment	13,222	13,222
Depreciation of investment properties	28	28
(Gain)/loss on foreign exchange	-	-
Gain on disposal of property, plant and equipment	(22)	(22)
(Gain)/loss on disposal of investments	-	-
(Gain)/loss on fair value changes of derivatives	-	-
Impairment loss on trade receivables	-	-
Interest expense	2,270	2,270
Interest income	(4,456)	(4,456)
Inventory written off	-	-
Net fair value changes in investment securities	(158)	(158)
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 MARCH 2017****B16. Realised and unrealised profits/losses**

	As at 31 March 2017 RM'000	As at 31 December 2016 RM'000
Total retained earnings of the Company and its subsidiaries:		
- Realised	1,294,268	1,276,418
- Unrealised	5,831	8,051
	<hr/> 1,300,099	<hr/> 1,284,469
Total retained earnings from associates:		
- Realised	79,684	96,016
- Unrealised	(36,673)	(39,267)
	<hr/> 43,011	<hr/> 56,749
Total retained earnings from jointly controlled entities:		
- Realised	32,253	8,015
- Unrealised	-	16,497
	<hr/> 32,253	<hr/> 1,365,730
Add: consolidation adjustments	(48,024)	(60,888)
Total Group retained earnings as per consolidated accounts	<hr/> <hr/> 1,327,339	<hr/> <hr/> 1,304,842





## CAHYA MATA SARAWAK BERHAD REPORTS STABLE EARNINGS FOR THE FIRST QUARTER ENDED 31 MARCH 2017

### CAHYA MATA SARAWAK BERHAD REPORTS STABLE EARNINGS FOR THE FIRST QUARTER ENDED 31 MARCH 2017

**CMSB's pre-tax profit reported at RM39 million**

**Kuching (Sarawak), Monday, 15 May 2017** – Cahya Mata Sarawak Berhad (CMSB - 2852), the State's leading infrastructure facilitator, is pleased to announce its financial performance for the first quarter ended 31 March 2017 (1Q17). The Group reported a total revenue of RM282.30 million for 1Q17, a 19% decrease from preceding year's corresponding quarter's (1Q16) revenue of RM346.91 million. This was mainly due to a lower sales volume in the Construction Materials & Trading and Cement Divisions. Furthermore, the Construction & Road Maintenance Division also reported lower revenue due to reduced federal road maintenance work and due to the completion of major projects in 2016.

The Group's pre-tax profit (PBT) of RM38.54 million reported for 1Q17, however, increased by 68% from 1Q16's PBT of RM22.91 million. The profit after tax and non-controlling interests (PATNCI) also increased to RM22.66 million in 1Q17 from RM1.05 million in 1Q16. Earnings per share stood at 2.11 sen versus 0.10 sen from the corresponding three-month period of last year.

The main contributors towards the earnings for 1Q17 were the Construction & Road Maintenance, Cement and Construction Materials & Trading Divisions. The Construction & Road Maintenance Division recorded a PBT of RM17.86 million in 1Q17 – a 2% increase in comparison to 1Q16's PBT of RM17.58 million – mainly due to profits being recognised upon closing of certain completed projects. The Cement Division reported a PBT of RM14.46 million for 1Q17, exceeding 1Q16's PBT of RM9.62 million by 50% attributable to lower handling costs and cheaper imported clinker. Moreover, with the commissioning of the Integrated Cement plant in Mambong, the Group's cement sales are no longer required to be supported by imports. The Construction Materials & Trading Division reported a PBT of RM8.47 million for 1Q17, 50% lower than the PBT of RM16.98 million reported during 1Q16. This was mainly attributable to a lower sales volume and a lower gross profit margin.

The Group also recorded a higher share of profit of RM11.44 million in 1Q17 from the share of results of its joint-ventures in comparison to 1Q16's profit contribution of RM1.64 million. The increase was mainly attributable to the excellent performances by a private equity management company and two private equity funds.

#### CAHYA MATA SARAWAK BERHAD

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## **CAHYA MATA SARAWAK BERHAD REPORTS STABLE EARNINGS FOR THE FIRST QUARTER ENDED 31 MARCH 2017**

Furthermore, CMSB recorded lower losses of RM4.13 million in 1Q17 from the share of results of its associates, which is 74% lower in comparison to 1Q16's losses of RM16.16 million, largely due to the Group's 25% associate, OM Materials (Sarawak) Sdn Bhd's better performance. This upturn is expected to sustain with performance levels rising further during the second half of 2017 to 2018 when the market sectors are likely to see demand growth and price improvements.

Commenting on the results, Dato' Richard Curtis, Group Managing Director of CMSB, said: "This has been an important quarter in terms of meeting performance against targets, despite the challenging market and operational conditions faced by our Group. The macro factors include low commodity selling prices and generally the sluggish regional private and public sectors resulting in reduced demand for construction materials and related services. Despite the challenges, the Group recorded significant achievements namely by its Construction & Road Maintenance and Cement Divisions. Overall, the results for 1Q17 are viewed positively as they reassure that the Group is on track towards a much-improved performance for our FY2017 financial results as against FY2016.

"Our confidence in our prospects is supported by our healthy balance sheet, our experienced management team and our focussed portfolio of core business Divisions, which are well positioned to benefit from the State's ever growing infrastructure needs, including the RM27 billion Pan Borneo Highway project, which is now kicking off. Furthermore, the projected improvements in both the global and the Malaysian economies for 2017 and 2018 also bodes well for our businesses. Looking further to the future, CMSB's potential high growth investments in SACOFA Sdn Bhd, Malaysian Phosphate Additives (Sarawak) Sdn Bhd and OM (Sarawak) Sdn Bhd are confidently expected to materially transform our longer-term profits growth.

We believe that CMSB continues to be one of the best proxy listed investments for Sarawak's economic growth. This is consistent with the State's promotion of energy-intensive industries under the Sarawak Corridor for Renewable Energy (SCORE) initiative, its rural transformation plans, its focus towards establishing a digital economy and the infrastructure and related services that will therefore be required across the State. These various drivers, which reflect CMSB's business focusses, are set to propel the State's economy and CMSB to new heights in the medium and long term."

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**CAHYA MATA SARAWAK BERHAD REPORTS STABLE EARNINGS  
FOR THE FIRST QUARTER ENDED 31 MARCH 2017**

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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 & Beyond".

Today, our portfolio spans over 35 companies involved in cement manufacturing, construction materials, trading, construction, road maintenance, property development, financial services, smelting, education and other services.

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