

# 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 2012

	Note	3 months ended		3 months ended	
		31.3.2012	31.3.2011	31.3.2012	31.3.2011
		RM'000	(Restated) RM'000	RM'000	(Restated) RM'000
Revenue	A8	230,342	226,367	230,342	226,367
Cost of sales		(163,912)	(181,041)	(163,912)	(181,041)
<b>Gross profit</b>		66,430	45,326	66,430	45,326
Other income		1,279	15,499	1,279	15,499
Administrative expenses		(14,565)	(15,111)	(14,565)	(15,111)
Selling and marketing expenses		(2,103)	(2,136)	(2,103)	(2,136)
Other expenses		(1,414)	(1,097)	(1,414)	(1,097)
<b>Operating profit</b>		49,627	42,481	49,627	42,481
Finance costs		(3,000)	(5,130)	(3,000)	(5,130)
Share of results of associates		3,270	5,715	3,270	5,715
Share of results of jointly controlled entities		0	0	0	0
<b>Profit before taxation</b>		49,897	43,066	49,897	43,066
Income tax expense	B5	(13,496)	(8,602)	(13,496)	(8,602)
<b>Profit for the period</b>		36,401	34,464	36,401	34,464
<b>Other comprehensive income</b>					
Exchange fluctuation from translation of subsidiary's net asset		(21)	68	(21)	68
Share of associate's total comprehensive income		(1,361)	(534)	(1,361)	(534)
<b>Other comprehensive income for the period, net of tax</b>		(1,382)	(466)	(1,382)	(466)
<b>Total comprehensive income for the period, net of tax</b>		35,019	33,998	35,019	33,998
Profit attributable to:					
Owners of the Company		31,345	30,605	31,345	30,605
Non-controlling interests		5,056	3,859	5,056	3,859
		36,401	34,464	36,401	34,464
Total comprehensive income attributable to:					
Owners of the Company		30,035	30,144	30,035	30,144
Non-controlling interests		4,984	3,854	4,984	3,854
		35,019	33,998	35,019	33,998
		sen	sen	sen	sen
<b>Earnings per share attributable to owners of the Company:</b>					
Basic	B13	9.51	9.29	9.51	9.29
Diluted		9.50	N/A	9.50	N/A

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

**Cahaya Mata Sarawak Berhad**

(Company No: 21076-T)

**Condensed consolidated statement of financial position as at 31 March 2012**

	Note	Unaudited As at 31.3.2012 RM'000	Unaudited As at 31.12.2011 (Restated) RM'000	Unaudited As at 1.1.2011 (Restated) RM'000
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment		463,484	458,692	325,545
Prepaid land lease payments		18,326	18,507	19,235
Land held for property development		63,663	63,309	62,924
Investment properties		5,948	5,978	6,095
Intangible assets		2,010	2,288	3,352
Goodwill		61,709	61,709	61,709
Investments in associates		199,095	188,479	173,396
Investments in jointly controlled entities		3,628	3,628	2,635
Deferred tax assets		10,314	10,810	16,700
Investment securities		300	300	300
		<u>828,477</u>	<u>813,700</u>	<u>671,891</u>
<b>Current assets</b>				
Property development costs		135,040	134,830	130,152
Inventories		94,126	90,333	86,727
Trade and other receivables		175,475	192,641	206,960
Other current assets		13,334	12,786	39,850
Investment securities		86,682	88,709	87,904
Tax recoverable		4,949	12,546	13,098
Cash and bank balances		657,636	650,272	773,484
		<u>1,167,242</u>	<u>1,182,117</u>	<u>1,338,175</u>
<b>TOTAL ASSETS</b>		<b><u>1,995,719</u></b>	<b><u>1,995,817</u></b>	<b><u>2,010,066</u></b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity attributable to owners of the Company</b>				
Share capital		329,497	329,481	329,446
Share premium		427,624	427,590	427,516
Other reserves		25,820	26,284	14,786
Retained earnings		564,288	532,943	441,191
		<u>1,347,229</u>	<u>1,316,298</u>	<u>1,212,939</u>
<b>Non-controlling interests</b>		<u>185,956</u>	<u>180,972</u>	<u>150,585</u>
<b>Total equity</b>		<b><u>1,533,185</u></b>	<b><u>1,497,270</u></b>	<b><u>1,363,524</u></b>
<b>Non-current liabilities</b>				
Loans and borrowings	<b>B7</b>	56,581	67,303	174,686
Deferred tax liabilities		31,819	31,819	21,937
Trade payables		11,000	9,400	0
		<u>99,400</u>	<u>108,522</u>	<u>196,623</u>
<b>Current liabilities</b>				
Trade and other payables		189,722	226,042	210,707
Other current liabilities		11,278	9,562	12,595
Loans and borrowings	<b>B7</b>	149,307	148,444	219,900
Income tax payable		12,827	5,977	6,717
		<u>363,134</u>	<u>390,025</u>	<u>449,919</u>
<b>Total liabilities</b>		<b><u>462,534</u></b>	<b><u>498,547</u></b>	<b><u>646,542</u></b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b><u>1,995,719</u></b>	<b><u>1,995,817</u></b>	<b><u>2,010,066</u></b>
<b>Net assets per share attributable to ordinary owners of the Company (RM)</b>		<b><u>4.09</u></b>	<b><u>4.00</u></b>	<b><u>3.68</u></b>

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

**Cahya Mata Sarawak Berhad**

(Company No: 21076-T)

**Condensed consolidated statement of changes in equity for the period ended 31 March 2012 (unaudited)**

	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	Share premium	Other reserves	Retained earnings	
			RM'000	RM'000	RM'000	RM'000	
<b>At 1 January 2012</b>	1,600,748	1,414,815	329,481	427,590	36,655	621,089	185,933
Effect of transition to MFRS	(103,478)	(98,517)	0	0	(10,371)	(88,146)	(4,961)
	1,497,270	1,316,298	329,481	427,590	26,284	532,943	180,972
Total comprehensive income for the period	35,019	30,035	0	0	(1,310)	31,345	4,984
Transaction with owners:-							
Grant of equity-settled share options to employees	860	860	0	0	860	0	0
Exercise of employee share options	36	36	16	34	(14)	0	0
	896	896	16	34	846	0	0
<b>At 31 March 2012</b>	1,533,185	1,347,229	329,497	427,624	25,820	564,288	185,956

**Cahaya Mata Sarawak Berhad**

(Company No: 21076-T)

**Condensed consolidated statement of changes in equity for the period ended 31 March 2012 (unaudited)**

	Equity, total  RM'000	< ----- Attributable to Owners of the Company ----- >					Non- controlling interests  RM'000
		Equity attributable to owners of the Company  RM'000	< ----- Non-distributable ----- >		Distributable		
			Share capital  RM'000	Share premium  RM'000	Other reserves  RM'000	Retained earnings  RM'000	
At 1 January 2011	1,468,280	1,312,667	329,446	427,516	25,157	530,548	155,613
Effect of transition to MFRS	(104,756)	(99,728)	0	0	(10,371)	(89,357)	(5,028)
	1,363,524	1,212,939	329,446	427,516	14,786	441,191	150,585
Total comprehensive income for the period as previously stated	34,027	30,173	0	0	(461)	30,634	3,854
Effect of transition to MFRS	(29)	(29)				(29)	0
Total comprehensive income for the period as restated	33,998	30,144	0	0	(461)	30,605	3,854
Transaction with owners:-							
Grant of equity-settled share options to employees	1,627	1,627	0	0	1,627	0	0
At 31 March 2011	1,399,149	1,244,710	329,446	427,516	15,952	471,796	154,439

**Cahya Mata Sarawak Berhad**

(Company No: 21076-T)

**Condensed consolidated statement of cash flows for the year ended 31 March 2012**

	3 months ended 31.3.2012 RM'000	3 months ended 31.3.2011 RM'000
<b>Profit before taxation</b>	49,897	43,066
Adjustments for non-cash items:		
Non-cash items	4,560	(4,728)
<b>Operating cash flows before changes in working capital</b>	54,457	38,338
Changes in working capital		
Decrease in current assets	12,111	30,389
Decrease in current liabilities	(33,003)	(14,692)
<b>Cash flows from operations</b>	33,565	54,035
Interest received	2,290	1,402
Interest paid	(2,972)	(5,083)
Income tax paid, net of refund	1,447	1,359
<b>Net cash flows from operating activities</b>	34,330	51,713
<b>Investing activities</b>		
Purchases of investment securities	(7,719)	(7,900)
Dividends from investments	3,743	162
Acquisition of property, plant and equipment	(14,840)	(13,997)
Proceeds from disposal of investment	10,194	5,023
Net cash outflow arising from acquisition of subsidiaries	0	(24,655)
Additional investment in associates	(9,800)	(2,000)
Others	1,279	0
<b>Net cash used in investing activities</b>	(17,143)	(43,367)
<b>Financing activities</b>		
Net repayments of borrowings	(9,859)	(98,980)
Proceeds from exercise of employee share options	36	0
<b>Net cash used in financing activities</b>	(9,823)	(98,980)
<b>Net increase/(decrease) in cash and cash equivalents</b>	7,364	(90,634)
<b>Cash and cash equivalents as at 1 January</b>	650,272	773,431
<b>Cash and cash equivalents as at 31 March</b>	657,636	682,797
Cash and cash equivalents as at 31 March comprise the following:		
Cash and short term funds	657,636	686,914
Bank overdrafts	0	(4,117)
	657,636	682,797

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

**NOTES TO THE QUARTERLY REPORT – 31 MARCH 2012**

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

**A1. Basis of preparation**

These condensed consolidated interim financial statements, for the period ended 31 March 2012, 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. For the periods up to and including the year ended 31 December 2011, the Group prepared its financial statements in accordance with Financial Reporting Standards (“FRS”).

These condensed consolidated interim financial statements are the Group’s first MFRS condensed consolidated interim financial statements for part of the period covered by the Group’s first MFRS annual financial statements for the year ending 31 December 2012. MFRS 1 First-Time Adoption of Malaysian Financial Reporting Standards (“MFRS 1”) has been applied.

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 2011.

In preparing its opening MFRS Statement of Financial Position as at 1 January 2011 (which is also the date of transition), the Group has adjusted the amounts previously reported in financial statements prepared in accordance with FRS. An explanation of how the transition from FRS to MFRS has affected the Group’s financial performance, financial position and cash flows is set out in Note A2 below. These notes include reconciliations of equity for comparative periods and of equity at the date of transition reported under FRS to those reported for those periods and at the date of transition under MFRS. The transition from FRS to MFRS has not had a material impact on the statement of comprehensive income and the statement of cash flows.

**A2. Summary of significant accounting policies and application of MFRS 1**

The audited financial statements of the Group for the year ended 31 December 2011 were prepared in accordance with FRS. Except for certain differences, the requirements under FRS and MFRS are similar. The significant accounting policies adopted in preparing these condensed consolidated interim financial statements are consistent with those of the audited financial statements for the year ended 31 December 2011 except as discussed below:

**(a) Business combination**

MFRS 1 provides the option to apply MFRS 3 Business Combinations, prospectively from the date of transition or from a specific date prior to the date of transition. This provides relief from full retrospective application of MFRS 3 which would require restatement of all business combinations prior to the date of transition.

**NOTES TO THE QUARTERLY REPORT – 31 MARCH 2012**

**A2. Summary of significant accounting policies and application of MFRS 1 (contd.)**

**(a) Business combination (contd.)**

Acquisition before date of transition

The Group has elected to apply MFRS 3 prospectively from the date of transition. In respect of acquisitions prior to the date of transition,

- (i) The classification of former business combinations under FRS is maintained;
- (ii) There is no re-measurement of original fair values determined at the time of business combination (date of acquisition); and
- (iii) The carrying amount of goodwill recognised under FRS is not adjusted.

**(b) Property, plant and equipment**

The Group has previously adopted the transitional provisions available on the first application of the MASB Approved Accounting Standard IAS 16 (Revised) Property, Plant and Equipment which was effective for periods ending on or after 1 September 1998. By virtue of this transitional provision, the Group had recorded leasehold land and certain buildings at revalued amounts but had not adopted a policy of revaluation and continued to carry those land and buildings on the basis of their previous revaluations subject to continuity in its depreciation policy and requirement to write down the assets to their recoverable amounts for impairment adjustments.

Upon transition to MFRS, the Group has elected to measure all its property, plant and equipment using the cost model under MFRS 116 Property, Plant and Equipment. At the date of transition to MFRS, the Group elected to regard the revalued amounts of land and buildings during the year 1996 as deemed cost at the date of the revaluation as these amounts were broadly comparable to fair value at that date. The revaluation surplus of RM12,633,001 (31 March 2011: RM12,633,001; 31 December 2011: RM12,633,001) was transferred to retained earnings on date of transition.

**(c) Investment in associates**

Under FRS, the Group's investments in associates are measured at cost plus post acquisition changes in the Group's share of net assets of the associates in accordance with FRS 128 Investments in Associates. At the date of transition to MFRS, the Group has elected to use the fair value at the date of transition as the deemed cost for its investment in an associate.

The carrying amount of the Group's investments in associates was reduced by RM104,756,000 (31 March 2011: RM104,756,000; 31 December 2011: RM104,756,000). The resulting adjustments were RM99,728,000 (31 March 2011: RM99,728,000; 31 December 2011: RM99,728,000) recognised against retained earnings and RM5,028,000 (31 March 2011: RM5,028,000; 31 December 2011: RM5,028,000) attributed to non-controlling interests being their share of the reduction in value.

**NOTES TO THE QUARTERLY REPORT – 31 MARCH 2012**

**A2. Summary of significant accounting policies and application of MFRS 1 (contd.)**

**(d) Foreign currency translation reserve**

Under FRS, the Group recognised translation differences on foreign operations in a separate component of equity. Cumulative foreign currency translation differences for all foreign operations are deemed to be zero as at the date of transition to MFRS. Accordingly, at date of transition to MFRS, the cumulative foreign currency translation differences of RM2,262,000 (31 March 2011: RM2,262,000; 31 December 2011: RM2,262,000) were adjusted to retained earnings.

**(e) Investment properties**

In accordance with FRS 140 Investment Property, the Group's investment properties are initially measured at cost. Subsequent to initial recognition, investment properties are measured at fair value which reflects market conditions at the reporting date. Upon transition to MFRS, the Group has elected to apply the optional exemption to use the fair value at the date of transition as the deemed cost for its investment properties using cost model under MFRS 140 Investment Property.

The adjustments to the carrying amount of investment properties increased the depreciation charges for the period ended 31 March 2011 and 31 December 2011 by RM29,000 and RM117,000, respectively.

**(f) Effect on the share of an associate's MFRS adjustment**

The Group's associate in the investment banking industry had previously under FRS as modified by Bank Negara Malaysia ("BNM") Guidelines, applied the transitional arrangement issued by BNM on Classification and Impairment Provisions for loans, advances and financing, whereby collective impairment allowance is maintained at 1.5% of total outstanding loans, net of individual impairment. This transitional arrangement was removed with effect from 1 January 2012.

Under the MFRS framework, the associate's accounting policy on collective impairment assessment has been changed to comply with MFRS 139 Financial Instruments: Recognition and Measurement. As a result of the change, the cumulative allowance under previous FRS has been adjusted and the Group adjusted for its share of the effect accordingly.

The Group's share of the MFRS adjustments were an increase in investments in associates of RM1,395,000 (31 December 2011: RM1,395,000) with corresponding adjustments to retained earnings of RM1,328,000 (31 December 2011: RM1,328,000) and non-controlling interests of RM67,000 (31 December 2011: RM67,000).

**(g) Estimates**

The estimates at 1 January 2011 and at 31 December 2011 were consistent with those made for the same dates in accordance with FRS. The estimates used by the Group to present these amounts in accordance with MFRS reflect conditions at 1 January 2011, the date of transition to MFRS and as of 31 December 2011.



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(Company No. 21076-T)

**NOTES TO THE QUARTERLY REPORT – 31 MARCH 2012****A2. Summary of significant accounting policies and application of MFRS 1 (contd.)**

The reconciliations of equity for comparative periods and of equity at the date of transition reported under FRS to those reported for those periods and at the date of transition under MFRS are provided below:

## (i) Reconciliation of equity as at 1 January 2011

	FRS As at 1.1.2011 RM'000	Note A2(b) Property, plant and equipment RM'000	Note A2(c) Investment in associates RM'000	Note A2(d) Foreign currency translation reserve RM'000	MFRS As at 1.1.2011 RM'000
<b>Assets</b>					
<b>Non-current assets</b>					
Property, plant and equipment	325,545				325,545
Investment properties	6,095				6,095
Goodwill and intangible assets	65,061				65,061
Investments in associates	278,152		(104,756)		173,396
Other non-current assets	101,794				101,794
	<u>776,647</u>				<u>671,891</u>
<b>Total current assets</b>	1,338,175				1,338,175
<b>Total assets</b>	<b>2,114,822</b>				<b>2,010,066</b>
<b>Equity and liabilities</b>					
<b>Equity</b>					
Share capital	329,446				329,446
Share premium	427,516				427,516
Capital reserve	46,491	(12,633)			33,858
Translation reserve	(2,262)			2,262	-
Other reserves	(19,072)				(19,072)
Retained earnings	530,548	12,633	(99,728)	(2,262)	441,192
	<u>1,312,667</u>				<u>1,212,939</u>
Non-controlling interests	155,613		(5,028)		150,585
	<u>1,468,280</u>				<u>1,363,524</u>
<b>Total non-current liabilities</b>	196,623				196,623
<b>Total current liabilities</b>	449,919				449,919
<b>Total equity and liabilities</b>	<b>2,114,822</b>				<b>2,010,066</b>

**NOTES TO THE QUARTERLY REPORT – 31 MARCH 2012**

**A2. Summary of significant accounting policies and application of MFRS 1 (contd.)**

(ii) Reconciliation of equity as at 31 March 2011

	FRS As at 31.3.2011 RM'000	Note A2(b) Property, plant and equipment RM'000	Note A2(c) Investment in associates RM'000	Note A2(d) Foreign currency translation reserve RM'000	Note A2(e) Investment properties	MFRS As at 31.3.2011 RM'000
<b>Assets</b>						
<b>Non-current assets</b>						
Property, plant and equipment	345,810					345,810
Investment properties	6,095				(29)	6,066
Goodwill and intangible assets	64,786					64,786
Investments in associates	285,334		(104,756)			180,578
Other non-current assets	100,564					100,564
	<u>802,589</u>					<u>697,804</u>
<b>Total current assets</b>	1,267,775					1,267,775
<b>Total assets</b>	<b>2,070,364</b>					<b>1,965,580</b>
<b>Equity and liabilities</b>						
<b>Equity</b>						
Share capital	329,446					329,446
Share premium	427,516					427,516
Capital reserve	46,491	(12,633)				33,858
Translation reserve	(2,493)			2,262		(231)
Other reserves	(17,676)					(17,676)
Retained earnings	561,183	12,633	(99,728)	(2,262)	(29)	471,797
	<u>1,344,467</u>					<u>1,244,710</u>
Non-controlling interests	159,467		(5,028)			154,439
	<u>1,503,934</u>					<u>1,399,150</u>
<b>Total non-current liabilities</b>	187,761					187,761
<b>Total current liabilities</b>	378,669					378,669
<b>Total equity and liabilities</b>	<b>2,070,364</b>					<b>1,965,580</b>

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**NOTES TO THE QUARTERLY REPORT – 31 MARCH 2012**

(iii) Reconciliation of equity as at 31 December 2011

	FRS As at 31.12.2011 RM'000	Note A2(b) Property, plant and equipment RM'000	Note A2(c) Investment in associates RM'000	Note A2(d) Foreign currency translation reserve RM'000	Note A2(e) Investment properties RM'000	Note A2(f) Share of associates' effect of transition to MFRS RM'000	MFRS As at 31.12.2011 RM'000
<b>Assets</b>							
<b>Non-current assets</b>							
Property, plant and equipment	458,692						458,692
Investment properties	6,095				(117)		5,978
Goodwill and intangible assets	63,997						63,997
Investments in associates	291,840		(104,756)			1,395	188,479
Other non-current assets	96,554						96,554
	<u>917,178</u>						<u>813,700</u>
<b>Total current assets</b>	1,182,117						1,182,117
<b>Total assets</b>	<b>2,099,295</b>						<b>1,995,817</b>
<b>Equity and liabilities</b>							
<b>Equity</b>							
Share capital	329,481						329,481
Share premium	427,590						427,590
Capital reserve	46,491	(12,633)					33,858
Translation reserve	(1,809)			2,262			453
Other reserves	(8,027)						(8,027)
Retained earnings	621,089	12,633	(99,728)	(2,262)	(117)	1,328	532,943
	<u>1,414,815</u>						<u>1,316,298</u>
Non-controlling interests	185,933		(5,028)			67	180,972
	<u>1,600,748</u>						<u>1,497,270</u>
<b>Total non-current liabilities</b>	108,522						108,522
<b>Total current liabilities</b>	390,025						390,025
<b>Total equity and liabilities</b>	<b>2,099,295</b>						<b>1,995,817</b>

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**NOTES TO THE QUARTERLY REPORT – 31 MARCH 2012**

**A2. Summary of significant accounting policies and application of MFRS 1 (contd.)**

(iv) Reconciliation of total comprehensive income for the period ended 31 March 2011 and for the year ended 31 December 2011

	FRS As at 31.3.2011 RM'000	Note A2(e) Investment properties RM'000	MFRS As at 31.3.2011 RM'000	FRS As at 31.12.2011 RM'000	Note A2(e) Investment properties RM'000	MFRS As at 31.12.2011 RM'000
<b>Revenue</b>	226,367		226,367	1,012,609		1,012,609
Cost of sales	(181,012)	(29)	(181,041)	(753,243)	(117)	(753,360)
Gross profit	45,355		45,326	259,366		259,249
Other income	15,499		15,499	22,396		22,396
Administrative expenses	(15,111)		(15,111)	(56,894)		(56,894)
Other expenses	(3,233)		(3,233)	(39,705)		(39,705)
Operating profit	42,510		42,481	185,163		185,046
Finance costs	(5,130)		(5,130)	(19,946)		(19,946)
Share of results of associates	5,715		5,715	12,250		12,250
Share of results of jointly controlled entities	-		-	1,248		1,248
Profit before tax	43,095		43,066	178,715		178,598
Income tax expense	(8,602)		(8,602)	(34,233)		(34,233)
<b>Profit for the period/year</b>	<b>34,493</b>		<b>34,464</b>	<b>144,482</b>		<b>144,365</b>
Other comprehensive income for the period/year, net of tax	(466)		(466)	(512)		(512)
<b>Total comprehensive income for the period/year, net of tax</b>	<b>34,027</b>		<b>33,998</b>	<b>144,994</b>		<b>144,877</b>
Profit attributable to:						
Owners of the Company	30,634		30,605	120,021		119,904
Non-controlling interests	3,859		3,859	24,461		24,461
	<b>34,493</b>		<b>34,464</b>	<b>144,482</b>		<b>144,365</b>
Total comprehensive income attributable to:						
Owners of the Company	30,173		30,144	120,453		120,336
Non-controlling interests	3,854		3,854	24,541		24,541
	<b>34,027</b>		<b>33,998</b>	<b>144,994</b>		<b>144,877</b>

**NOTES TO THE QUARTERLY REPORT – 31 MARCH 2012**

**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, particularly for the Construction and Road Maintenance Division and Construction Material Division, 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 2012.

**A5. Changes in estimates**

There were no changes in estimates that have had a material effect in the current quarter 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 except for the issuance of 16,000 ordinary shares of RM1 each for cash pursuant to the Company's employees' share option scheme at the exercise price of RM2.20 per share.

**A7. Dividends paid**

There was no dividend paid during the quarter ended 31 March 2012.

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**NOTES TO THE QUARTERLY REPORT – 31 MARCH 2012**

**A8. Segmental information**

	3 months ended	
	31.3.2012	31.3.2011 (Restated)
	RM'000	RM'000
<b>Segment Revenue</b>		
Manufacturing	122,832	102,587
Construction & road maintenance	40,377	31,495
Construction materials	32,246	45,477
Services #	16,969	295
Property development	4,650	29,256
Others*	26,627	29,529
Total revenue including inter-segment sales	243,701	238,639
Elimination of inter-segment sales	(13,359)	(12,272)
	<u>230,342</u>	<u>226,367</u>
<b>Segment Results</b>		
Operating profit/(loss):		
Manufacturing	28,101	18,457
Construction & road maintenance ^	12,761	20,166
Construction materials	2,214	5,907
Services #	7,915	(70)
Property development	(225)	(469)
Others *	643	915
	<u>51,409</u>	<u>44,906</u>
Unallocated corporate expenses	(4,782)	(7,555)
Share of profit of associates	3,270	5,715
Profit before tax	<u>49,897</u>	<u>43,066</u>
Income tax expenses	(13,496)	(8,602)
Net profit for the period	<u>36,401</u>	<u>34,464</u>

# Lodging and catering services.

\* Trading, financial services, education and others.

^ Included in the 2011 results was a gain on acquisition of RM12.21 million.

With effect from this financial period under review, Services Segment is shown as a reportable segment, separate from Others Segment while Trading Segment is included in Others Segment. The comparatives are restated accordingly.

**A9. Changes in the composition of the Group**

There have been no changes in the composition of the Group for the quarter ended 31 March 2012.

**NOTES TO THE QUARTERLY REPORT – 31 MARCH 2012**

**A10. Fair value hierarchy**

The Group uses the following hierarchy for determining the fair value of all financial instruments carried at fair value:

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

Level 2 - Inputs that are based on observable market data, either directly or indirectly; and

Level 3 - Inputs that are not based on observable market data (unobservable inputs).

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

	<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 2012</b>				
<b>Fair value through profit or loss:</b>				
Fixed income debt securities	-	48,143	-	48,143
Equity instruments	10,770	-	-	10,770
Unit trust funds	27,769	-	-	27,769
	<u>38,539</u>	<u>48,143</u>	<u>-</u>	<u>86,682</u>
<b>31 December 2011</b>				
<b>Fair value through profit or loss:</b>				
Fixed income debt securities	-	52,838	-	52,838
Equity instruments	8,314	-	-	8,314
Unit trust funds	27,557	-	-	27,557
	<u>35,871</u>	<u>52,838</u>	<u>-</u>	<u>88,709</u>

There have been no transfers between any levels during the current interim period and the comparative period. There were also no changes in the purpose of any financial assets that subsequently resulted in a different classification of that asset.

The Group does not hold credit enhancements or collateral to mitigate credit risk. The carrying amount of financial assets therefore represents the potential credit risk.

**A11. Capital commitments**

The amount of commitments not provided for in the interim financial statements as at 31 March 2012 was as follows:

	RM'000
Capital expenditure for property, plant and equipment:	
- Approved and contracted for	44,164
- Approved but not contracted for	78,807
Other capital commitments:	
- Approved and contracted for	16,667
- Approved and not contracted for	<u>16,667</u>
	<u>156,305</u>

**NOTES TO THE QUARTERLY REPORT – 31 MARCH 2012**

**A12. Related party transactions**

The following table provides information on the transactions which have been entered into with related parties during the three-month period ended 31 March 2012 and 31 March 2011 as well as the balances with the related parties as at 31 March 2012 and 31 December 2011:

		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	2012	172	-	-	-
	2011	639	-	-	-
- COPE-KPF Opportunities 1 Sdn Bhd	2012	606	-	-	-
	2011	445	-	-	-
- KKB Engineering Bhd	2012	5	81	-	352
	2011	-	-	-	741
- Harum Bidang Sdn Bhd	2012	-	3,992	-	3,297
	2011	-	-	-	5,734
- Kenanga Investors Bhd	2012	-	12	-	-
	2011	-	-	-	-
Key management personal of the Group:					
- Directors' interest	2012	-	443	-	19
	2011	-	445	-	72

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

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**NOTES TO THE QUARTERLY REPORT – 31 MARCH 2012**

**A13. Changes in contingent liabilities and contingent assets**

There were no changes in the contingent liabilities or contingent assets since the last annual reporting date except for the following:-

An amount of RM5,466,968 included in trade receivables of a subsidiary was in dispute. Within the same claim on the receivable, a counterclaim of RM2,240,930 was filed by the debtor. A further claim of RM2,265,422 was made by the subsidiary against the debtor for loss of profits and other general damages.

On 6 January 2012, the Arbitrator awarded in favour of the subsidiary a total sum of RM7,275,099.00 together with interest at 2.9% per annum from the dates of the invoices and costs. The debtor's counterclaim was disallowed. Consent judgment for RM8,558.117 in full and final settlement of the subsidiary's claim was entered against the debtor on 29 March 2012. The judgment sum was fully paid up by debtor on 6 April 2012.

**A14. Subsequent events**

There were no material events subsequent to the statement of financial position date that have not been reflected in the financial statements.

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**NOTES TO THE QUARTERLY REPORT – 31 MARCH 2012**

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

**B1. Review of performance (Year-to-date, 2012 vs Year-to-date, 2011)**

The Group's revenue of RM230.34 million for three months ended 31 March 2012 was 2% higher compared to the corresponding period ended 31 March 2011 of RM226.37 million. The increase came from the Manufacturing, Construction & Road Maintenance and Services Divisions but off-set by a decline in Property Development and Construction Materials Divisions' revenues.

The Group's profit before tax of RM49.90 million for the period under review was 16% higher than RM43.07 million for previous corresponding period ended 31 March 2011. Profits came from all profitable business except for the Property Development Division. Excluding the one-off net gain on acquisition of subsidiaries of RM12.21 million in 2011, the increase would have been 62%.

The Manufacturing Division, being the key driver and largest contributor to the Group's profitability, continued to achieve healthy results for period ended 31 March 2012. The higher profit of RM28.10 million represents a 52% increase from previous corresponding period, was mainly due to higher cement sales volume, higher revenue from an upward revision in the selling cement prices on 1 August 2011 and lower production costs per MT attributable to higher production volumes.

The Construction & Road Maintenance Division registered a 60% jump in profit before tax to RM12.76 million from RM8.0 million (excluding the gain on acquisition of subsidiaries of RM12.21 million) as current period's profit before tax included 3 months' pre-tax profit of the two subsidiaries acquired on 28 February 2011 whilst only 1 month for the period ended 31 March 2011.

The Construction Materials Division's pre-tax profit fell by 63% or RM3.69 million to RM2.21 million primarily due to the slower government fund allocation resulting in delay in projects, higher prices of bitumen and diesel.

Services Division which is involved in lodging and catering services and commenced operations in 2nd quarter of 2011 reported a commendable pre-tax profit in the current quarter under review.

Losses from the Property Development Division were reduced by 52% compared to the three months ended 31 March 2011 due largely to the completion and recognition of profits for the construction of shophouses in the current quarter.

Profit in the Others Division was lower than the same period last year mainly due to the higher loss before tax reported by the subsidiary engaged in education as a result of higher overhead costs incurred.

For the first quarter ended 31 March 2012, the Group's associate in steel pipes industry, KKB Engineering Berhad reported weaker results compared to the same period last year. The Group's new associate namely OM Materials (Sarawak) Sdn Bhd recorded a loss, due mainly to foreign exchange difference. However, the Group reported a higher share of profit from its other associate, K&N Kenanga Berhad compared to previous corresponding period.

**NOTES TO THE QUARTERLY REPORT – 31 MARCH 2012**

**B2. Material changes in profit before tax for the quarter (Quarter 1, 2012 vs Quarter 4, 2011)**

The Group's pre-tax profit of RM49.90 million in the first quarter ended 31 March 2012 was higher than the pre-tax profit of RM38.53 million reported in the preceding quarter ended 31 December 2011. The higher pre-tax profit in the current quarter under review was mainly attributable to the commendable profit registered by a subsidiary in the Services Division, which is in the business of providing lodging and catering services. This Division reported lower pre-tax profit in the preceding quarter mainly due to the write-off of expenses relating to project under study totaling RM21.89 million.

The Manufacturing Division reported a slightly higher pre-tax in the current quarter under review despite lower sales volumes. This was because in the preceding quarter, its clinker plant was shut down for maintenance and incurred significant amount of repair and maintenance costs.

All other divisions reported lower pre-tax profits in the current quarter under review.

The Construction Material Division's current quarter's pre-tax profit was down mainly because the Government funding was low for the current quarter and major funding has been channeled down in the preceding quarter.

The Construction & Road Maintenance Division's better performance in the preceding quarter was mainly due to the higher revenue from periodic road maintenance works.

The Trading Division's performance was lower as demand was reduced in the current quarter whilst in the preceding quarter, a good demand for the pipes products with higher margins were made.

The Property Development Division did well in the preceding quarter mainly due to the overwhelming demand for the completed shophouses.

**B3. Prospects for the year ending 31 December 2012**

Whilst the operating environment faced by the Group will remain challenging, the Board expects that the Group's financial performance will continue to remain favourable and prospects for year ending 31 December 2012 to be good. The Group's strong financial position will enable the Group to invest in new business opportunities especially in the Samalaju Industrial Park, Bintulu, Sarawak.

**B4. Profit forecast or profit guarantee**

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

**NOTES TO THE QUARTERLY REPORT – 31 MARCH 2012**

**B5. Income tax expense**

	3 months ended	
	31.3.2012	31.3.2011
	RM'000	RM'000
Current income tax:		
- Malaysian income tax	13,438	8,602
- Over provision in respect of previous years	58	0
Deferred tax	0	0
Total income tax expense	13,496	8,602

The effective tax rate for the previous corresponding quarter ended 31 March 2011 was lower than the statutory tax rate principally due to the non-taxable capital gain on acquisition of subsidiaries.

**B6. Corporate proposals**

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

**Heads of Agreement with Rio Tinto Aluminium (Malaysia) Sdn. Bhd., a wholly-owned subsidiary of Rio Tinto Aluminium Limited**

On 7 August 2007, the Company announced that Samalaju Aluminium Industries Sdn. Bhd. ("SAI"), a wholly-owned subsidiary of Samalaju Industries Sdn. Bhd., which in turn is a wholly-owned subsidiary of the Company, entered into a Heads of Agreement ("HOA") with Rio Tinto Aluminium (Malaysia) Sdn. Bhd. ("RTA"), a wholly-owned subsidiary of Rio Tinto Aluminium Limited, a company registered in Australia. The HOA recorded the agreement of the parties on the key terms of their participation and the basis upon which they would work together on the proposed Project.

The parties intended to participate together in the proposed design, engineering, construction, commissioning and operation in Sarawak of a world-class aluminium smelter, including any expansions thereof and such other things as may be agreed as necessary or expedient for this purpose ("Project"). SAI was to have a participating interest in the Project of 40% whilst the balance participating interest of 60% was to be held by RTA.

On 27 March 2012, the Company announced that all the parties to the HOA had mutually agreed to terminate the HOA and the negotiations on the power purchase agreement with Sarawak Energy Berhad.

**CAHYA MATA SARAWAK BERHAD**

(Company No. 21076-T)

**NOTES TO THE QUARTERLY REPORT – 31 MARCH 2012****B7. Borrowings**

	<b>As at 31.3.2012 RM'000</b>	<b>As at 31.12.2011 RM'000</b>
<b>Secured</b>		
Revolving credits	15,000	15,000
Hire purchase and finance lease liabilities	138	170
<b>Unsecured</b>		
Bankers' acceptances	16,700	25,808
Revolving credits	10,000	0
Term loans	74,960	85,680
CMS Income Securities	85,507	85,507
Loan from corporate shareholder	3,583	3,582
<b>Total</b>	<b>205,888</b>	<b>215,747</b>
<b>Maturity</b>		
Repayable within one year	149,307	148,444
One year to five years	56,306	66,476
Over five years	275	827
	<b>205,888</b>	<b>215,747</b>

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 2011.

**CAHYA MATA SARAWAK BERHAD**

(Company No. 21076-T)

**NOTES TO THE QUARTERLY REPORT – 31 MARCH 2012****B12. Dividend payable**

No interim ordinary dividend has been declared for the financial period ended 31 March 2012 (31 March 2011: 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.

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	
	31.3.2012	31.3.2011 (Restated)
Profit net of tax attributable to owners of the Company used in the computation of earnings per share (RM'000)	31,345	30,605
Weighted average number of ordinary shares in issue ('000)	329,493	329,446
Basic earnings per share (sen)	9.51	9.29
Weighted average number of ordinary shares for diluted earnings per share computation ('000)	329,767	N/A
Diluted earnings per share (sen)	9.50	N/A

For the prior year's corresponding quarter ended 31 March 2011, there was no dilution in the earnings per share as the vesting condition on performance relating to the options had not been met and hence there was no dilutive potential ordinary shares outstanding.

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

The auditors' report on the financial statements for the year ended 31 December 2011 was not subject to any qualification.

**CAHYA MATA SARAWAK BERHAD**

(Company No. 21076-T)

**NOTES TO THE QUARTERLY REPORT – 31 MARCH 2012****B15. Additional disclosure on profit for the period**

	Quarter ended 31.3.2012 RM'000	Financial period ended 31.12.2012 RM'000
Profit for the period is arrived at after charging/(crediting):		
Amortisation of intangible assets	182	182
Amortisation of prepaid land lease payments	161	161
Bad debt written off	-	-
Depreciation of property, plant and equipment	8,272	8,272
Depreciation of investment properties	29	29
(Gain)/loss on foreign exchange	(47)	(47)
(Gain)/loss on disposal of property, plant and equipment	-	-
(Gain)/loss on disposal of investments	(261)	(261)
(Gain)/loss on fair value changes of derivatives	-	-
Impairment loss on trade receivables	44	44
Interest expense	2,972	2,972
Interest income	(2,290)	(2,290)
Inventory written off	-	-
Net fair value changes in investment securities	(212)	(212)
Reversal of allowance for impairment loss on trade receivabl	(80)	(80)
Write down of inventory	-	-

**B16. Realised and unrealised profits/losses**

	As at 31 March 2012 RM'000	As at 31 December 2011 (Restated) RM'000
Total retained earnings of the Company and its subsidiaries:		
- Realised	485,519	456,022
- Unrealised	(21,575)	(21,079)
	463,944	434,943
Total retained earnings from associates:		
- Realised	20,953	12,990
- Unrealised	1,265	5,924
	22,218	18,914
Total retained earnings from jointly controlled entities:		
- Realised	1,427	1,427
	487,589	455,284
Add: consolidation adjustments	76,699	77,659
Total Group retained earnings as per consolidated accounts	564,288	532,943

**NOTES TO THE QUARTERLY REPORT – 31 MARCH 2012**

**B17. Authorisation for issue**

The interim financial report was authorised for issue by the Board of Directors in accordance with a resolution of the directors on 30 May 2012.

**BY ORDER OF THE BOARD**

Koo Swee Pheng  
Secretary  
Date: 30 May 2012