

CAHYA MATA SARAWAK BERHAD

(Company No: 21076-T)

(Incorporated in Malaysia)

Interim Financial Report

Condensed consolidated statements of comprehensive income for the period ended 30 June 2014

	Note	3 months ended		6 months ended	
		30.6.2014 RM'000	30.6.2013 RM'000	30.6.2014 RM'000	30.6.2013 RM'000
Revenue	A8	383,362	338,332	756,601	648,691
Cost of sales		(274,764)	(259,231)	(561,270)	(496,346)
Gross profit		108,598	79,101	195,331	152,345
Other income		7,502	5,225	9,885	8,403
Administrative expenses		(13,545)	(12,270)	(34,334)	(29,017)
Selling and marketing expenses		(2,636)	(2,817)	(5,884)	(5,620)
Other expenses		(1,417)	(721)	(3,067)	(2,070)
Operating profit		98,502	68,518	161,931	124,041
Finance costs		(926)	(1,158)	(1,803)	(2,222)
Share of results of associates		1,158	1,426	3,271	1,780
Share of results of joint ventures		(86)	27	1,440	27
Profit before taxation		98,648	68,813	164,839	123,626
Income tax expense	B5	(22,376)	(19,487)	(40,865)	(36,293)
Profit for the period		76,272	49,326	123,974	87,333
Other comprehensive income					
Exchange fluctuation from translation of subsidiary's net asset		(4)	2	(160)	0
Share of associate's total comprehensive income		592	(1,091)	(1,133)	(1,083)
Other comprehensive income for the period, net of tax		588	(1,089)	(1,293)	(1,083)
Total comprehensive income for the period, net of tax		76,860	48,237	122,681	86,250
Profit attributable to:					
Owners of the Company		66,117	40,014	105,013	68,741
Non-controlling interests		10,155	9,312	18,961	18,592
		76,272	49,326	123,974	87,333
Total comprehensive income attributable to:					
Owners of the Company		66,906	38,977	103,765	67,710
Non-controlling interests		10,197	9,260	18,916	18,540
		77,103	48,237	122,681	86,250
		sen	sen (Restated)	sen	sen (Restated)
Earnings per share attributable to owners of the Company:					
Basic	B13	6.39	4.02	10.22	7.00
Diluted		6.35	3.98	10.14	6.93

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

Cahaya Mata Sarawak Berhad

(Company No: 21076-T)

Condensed consolidated statement of financial position as at 30 June 2014

	Note	Unaudited As at 30.6.2014 RM'000	Audited As at 31.12.2013 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment		542,809	499,673
Prepaid land lease payments		17,119	17,501
Land held for property development		71,679	65,954
Investment properties		5,685	5,743
Intangible assets		1,630	230
Goodwill		61,709	61,709
Investments in associates		392,950	380,528
Investments in joint ventures		2,551	3,945
Deferred tax assets		16,814	23,007
Other receivables		9,363	9,379
Investment securities		7,288	7,169
		<u>1,129,597</u>	<u>1,074,838</u>
Current assets			
Property development costs		154,923	147,546
Inventories		121,465	130,546
Trade and other receivables		324,791	267,398
Other current assets		60,950	25,362
Investment securities		128,633	127,068
Tax recoverable		618	3,196
Cash and bank balances		522,135	613,708
		<u>1,313,515</u>	<u>1,314,824</u>
Assets classified as held for sale		34,230	34,230
		<u>1,347,745</u>	<u>1,349,054</u>
TOTAL ASSETS		<u>2,477,342</u>	<u>2,423,892</u>
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital		518,131	339,704
Treasury shares		0	(3,629)
Share premium		287,549	448,663
Other reserves		11,374	14,286
Retained earnings		920,511	855,093
		<u>1,737,565</u>	<u>1,654,117</u>
Non-controlling interests		<u>236,473</u>	<u>233,589</u>
Total equity		<u>1,974,038</u>	<u>1,887,706</u>
Non-current liabilities			
Deferred tax liabilities		33,552	33,712
Loans and borrowings	B7	16,093	27,089
Other payables		24,072	24,072
		<u>73,717</u>	<u>84,873</u>
Current liabilities			
Income tax payable		23,073	23,395
Loans and borrowings	B7	69,464	73,013
Trade and other payables		321,573	340,106
Other current liabilities		15,477	14,799
		<u>429,587</u>	<u>451,313</u>
Total liabilities		<u>503,304</u>	<u>536,186</u>
TOTAL EQUITY AND LIABILITIES		<u>2,477,342</u>	<u>2,423,892</u>
Net assets per share attributable to ordinary owners of the Company (RM)		<u>1.68</u>	<u>4.88</u>

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

Cahya Mata Sarawak Berhad

(Company No: 21076-T)

Condensed consolidated statement of changes in equity for the period ended 30 June 2014

	Equity, total RM'000	< ----- Attributable to Owners of the Company ----- >						Non- controlling interests RM'000
		Equity attributable to owners of the Company RM'000	< ----- Non-distributable ----- >				Distributable	
			Share capital RM'000	Treasury shares RM'000	Share premium RM'000	Other reserves RM'000	Retained earnings RM'000	
At 1 January 2014	1,887,706	1,654,117	339,704	(3,629)	448,663	14,286	855,093	233,589
Total comprehensive income for the period	122,681	103,765	0	0	0	(1,248)	105,013	18,916
Transaction with owners:-								
Grant of equity-settled share options to employees	2,744	2,744	0	0	0	2,744	0	0
Exercise of employee share options	12,630	12,630	5,717	0	11,596	(4,683)	0	0
Bonus issue	0	0	172,710	0	(172,710)	0	0	0
Liquidation of subsidiaries	0	0	0	0	0	275	(275)	0
Sale of treasury shares	5,743	5,743	0	3,629	0	0	2,114	0
Dividends on ordinary shares	(41,434)	(41,434)	0	0	0	0	(41,434)	0
Dividends paid to non-controlling interests	(16,032)	0	0	0	0	0	0	(16,032)
Total transactions with owners	(36,349)	(20,317)	178,427	3,629	(161,114)	(1,664)	(39,595)	(16,032)
At 30 June 2014	1,974,038	1,737,565	518,131	0	287,549	11,374	920,511	236,473

Cahya Mata Sarawak Berhad

(Company No: 21076-T)

Condensed consolidated statement of changes in equity for the period ended 30 June 2013

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

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

Cahya Mata Sarawak Berhad

(Company No: 21076-T)

Condensed consolidated statement of cash flows for the period ended 30 June 2014

	6 months ended 30.6.2014 RM'000	6 months ended 30.6.2013 RM'000
Profit before taxation	164,839	123,626
Adjustments for non-cash items:		
Non-cash items	8,463	22,010
Operationg cash flows before changes in working capital	173,302	145,636
Changes in working capital		
Increase in current assets	(97,174)	(23,247)
Decrease in current liabilities	(17,855)	(41,005)
Cash flows from operations	58,273	81,384
Interest received	1,830	3,288
Interest paid	(1,803)	(2,167)
Income tax paid, net of refund	(32,576)	(25,375)
Net cash flows from operating activities	25,724	57,130
Investing activities		
Purchases of investment securities	(11,156)	(41,689)
Dividends from investments	10,638	6,301
Dividends from associates	2,584	1,938
Additional investment in associates	(14,693)	(35,111)
Acquisition of property, plant and equipment	(65,950)	(11,542)
Proceeds from disposal of property, plant and equipment	339	382
Proceeds from disposal of investments	10,770	31,140
Redemption of redeemable preference shares	2,400	1,333
Others	1,410	24
Net cash used in investing activities	(63,658)	(47,224)
Financing activities		
Net repayments of borrowings	(14,546)	(311)
Dividends paid to shareholders of the Company	(41,434)	(30,278)
Dividends paid to non-controlling interests in subsidiary companies	(16,032)	(11,113)
Advancement of shareholder's loan	0	(8,909)
Purchase of treasury shares	0	(15,473)
Proceeds from disposal of treasury shares	5,743	45,161
Proceeds from exercise of employee share options	12,630	12,770
Net cash used in financing activities	(53,639)	(8,153)
Net decrease in cash and cash equivalents	(91,573)	1,753
Cash and cash equivalents as at 1 January	613,708	524,015
Cash and cash equivalents as at 30 June	522,135	525,768
Cash and cash equivalents as at 30 June comprised the following:		
Cash and short term funds	522,135	525,768
Bank overdrafts	0	0
	522,135	525,768

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

NOTES TO THE QUARTERLY REPORT – 30 JUNE 2014

Part A – Explanatory notes pursuant to MFRS 134

A1. Basis of preparation

These condensed consolidated interim financial statements, for the period ended 30 June 2014 are unaudited and have been prepared in accordance with MFRS 134 Interim Financial Reporting issued by the Malaysian Accounting Standards Board (“MASB”), and Paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. These condensed consolidated interim financial statements also comply with IAS 34 Interim Financial Reporting issued by the International Accounting Standards Board.

These condensed consolidated interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2013. The explanatory notes attached to these condensed consolidated interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 December 2013.

A2. Changes in accounting policies

The significant accounting policies adopted by the Group in these condensed consolidated interim financial statements are consistent with those of the audited financial statements for the year ended 31 December 2013, except with the adoption of the following Malaysian Financial Reporting Standards (“MFRS”), IC interpretations and Amendments to MFRSs and interpretations.

- Amendments to MFRS 10, MFRS 12 and MFRS 127, Investment Entities
- Amendments to MFRS 132, Offsetting Financial Assets and Financial Liabilities
- Amendments to MFRS 136, Recoverable Amount Disclosures for Non-Financial Assets
- Amendments to MFRS 139, Novation of Derivatives and Continuation of Hedge Accounting
- IC Interpretation 21, Levies

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 period ended 30 June 2014.

CAHYA MATA SARAWAK BERHAD

(Company No. 21076-T)

NOTES TO THE QUARTERLY REPORT – 30 JUNE 2014

A5. Changes in estimates

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

A6. Debt and equity securities

During the financial quarter ended 30 June 2014, the Company issued 5,139,400 ordinary shares of RM1.00 each for cash pursuant to the Company's Employee Share Option Scheme at exercise prices of RM2.20 and RM2.23 per ordinary share.

On 26 June 2014, the Company completed its subdivision of every one existing ordinary share of RM1.00 each into two ordinary shares of RM0.50 each in the Company, and bonus issue of 345,420,140 new subdivided shares after the subdivision on the basis of one bonus share for every two subdivided shares held in the Company. Pursuant to the subdivision and bonus issue exercise, the enlarged issued and paid-up ordinary share capital of the Company was 1,036,260,420 as at 26 June 2014.

A7. Dividends paid

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

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NOTES TO THE QUARTERLY REPORT – 30 JUNE 2014

A8. Segmental information

	3 months ended		6 months ended	
	30.06.2014	30.06.2013	30.6.2014	30.6.2013
	RM'000	RM'000	RM'000	RM'000
Segment Revenue				
Cement	145,823	135,571	278,300	264,605
Construction materials & trading	128,252	116,238	261,020	208,812
Construction & road maintenance	76,149	54,704	162,812	121,019
Property development	43,888	7,481	73,166	16,307
Samalaju development #	2,602	39,970	4,777	66,997
Strategic investments *	2,647	2,743	5,391	5,146
Others	32,796	6,028	40,492	12,362
Total revenue including inter-segment	432,157	362,735	825,958	695,248
Elimination of inter-segment sales	(48,795)	(24,403)	(69,357)	(46,557)
	<u>383,362</u>	<u>338,332</u>	<u>756,601</u>	<u>648,691</u>
Segment Results				
Operating profit/(loss):				
Cement	38,331	24,101	58,767	45,194
Construction materials & trading	16,541	13,530	28,923	24,631
Construction & road maintenance	20,969	15,788	37,308	33,272
Property development	20,497	(153)	39,195	(585)
Samalaju development #	2,642	13,993	6,239	25,750
Strategic investments *	37	89	(949)	(768)
Others	(22)	863	44	929
	<u>98,995</u>	<u>68,211</u>	<u>169,527</u>	<u>128,423</u>
Unallocated corporate expenses	(1,419)	(851)	(9,399)	(6,604)
Share of results of associates	1,158	1,426	3,271	1,780
Share of results of joint ventures	(86)	27	1,440	27
Profit before tax	<u>98,648</u>	<u>68,813</u>	<u>164,839</u>	<u>123,626</u>
Income tax expenses	(22,376)	(19,487)	(40,865)	(36,293)
Profit for the year	<u>76,272</u>	<u>49,326</u>	<u>123,974</u>	<u>87,333</u>

Lodging and catering services.

* Financial services and education.

A9. Changes in composition of the Group

There have been no changes in the composition of the Group for the quarter ended 30 June 2014.

NOTES TO THE QUARTERLY REPORT – 30 JUNE 2014

A10. Fair value of instruments

(a) Determination of fair value

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

	30 June 2014		31 December 2013	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	RM'000	RM'000	RM'000	RM'000
Financial assets:				
Available-for-sale financial assets:				
- Equity instruments	300	300	300	300
- Redeemable participating shares	6,988	6,988	6,869	6,869
	<u>7,288</u>	<u>7,288</u>	<u>7,169</u>	<u>7,169</u>
Financial liabilities:				
Interest-bearing loans and borrowings				
- Bankers' acceptances	33,465	33,465	36,006	36,006
- Term loan	32,080	32,582	42,800	43,340
- Finance lease liabilities	8	8	16	16
- Revolving credits	14,000	14,000	15,000	15,000
- Loans from corporate shareholders	6,004	6,822	6,280	7,532
	<u>85,557</u>	<u>86,877</u>	<u>100,102</u>	<u>101,894</u>

(b) Fair value hierarchy

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

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

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

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

NOTES TO THE QUARTERLY REPORT – 30 JUNE 2014

A10. Fair value of instruments (contd.)

(b) Fair value hierarchy (contd.)

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

	Level 1	Level 2	Level 3	Total
	RM'000	RM'000	RM'000	RM'000
30 June 2014				
Financial assets				
Income debt securities fund	-	59,899	-	59,899
Equity instruments	39,329	-	-	39,329
Unit trust funds	28,341	-	-	28,341
Wholesale fund	-	1,064	-	1,064
	<u>67,670</u>	<u>60,963</u>	<u>-</u>	<u>128,633</u>
31 December 2013				
Financial assets				
Income debt securities fund	-	58,904	-	58,904
Equity instruments	38,413	-	-	38,413
Unit trust funds	28,695	-	-	28,695
Wholesale fund	-	1,056	-	1,056
	<u>67,108</u>	<u>59,960</u>	<u>-</u>	<u>127,068</u>

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

A11. Capital commitments

The amount of commitments not provided for in the interim financial statements as at 30 June 2014 was as follows:

	RM'000
Approved and contracted for:	
- Property, plant and equipment	221,269
- Intangible assets	1,100
- Others	7,836
	<u>230,205</u>
Approved and not contracted for:	
- Property, plant and equipment	111,036
- Investment properties	37,500
- Investment in associates	129,308
- Others	6,667
	<u>284,511</u>
	<u>514,716</u>

NOTES TO THE QUARTERLY REPORT – 30 JUNE 2014

A12. Changes in contingent liabilities and contingent assets

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

A13. Related party transactions

The following table provides information on the transactions which have been entered into with related parties during the six-month period ended 30 June 2014 and 30 June 2013 as well as the balances with the related parties as at 30 June 2014 and 31 December 2013:

		Interest/ fee income from/sales to related parties RM '000	Purchases from/payment for services to related parties RM '000	Amounts owed by related parties RM '000	Amounts owed to related parties RM '000
Associates:					
- Kenanga Investment Bank Bhd	2014	230	134	-	-
	2013	96	1,000	-	-
- COPE-KPF Opportunities 1 Sdn	2014	842	-	-	-
	2013	1,169	-	-	-
- KKB Engineering Bhd	2014	61	-	61	-
	2013	-	-	-	-
- Harum Bidang Sdn Bhd	2014	-	72,685	-	35,350
	2013	-	15,381	-	18,429
- Kenanga Investors Bhd	2014	8,821	758	-	-
	2013	5,702	109	-	-
- PPES Works Wibawa	2014	98	-	78	-
	2013	-	-	-	-
Key management personnel of the Group:					
- Directors' interest	2014	2,661	948	1,237	4
	2013	831	2,020	-	156

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

A14. Subsequent event

There was no material event subsequent to the statement of financial position date that has not been reflected in the quarterly financial statements.

NOTES TO THE QUARTERLY REPORT – 30 JUNE 2014

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

B1. Review of performance

Quarter 2, 2014 (“2Q14”) vs Quarter 2, 2013 (“2Q13”)

Current year’s second quarter profit before tax (“PBT”) was 43% higher than that of last year’s second quarter. This was attributable to:

- (a) Cement Division – PBT increased by 59% due to an upward revision in cement selling prices effective 17 February 2014, higher cement sales volume, and lower production costs as a result of higher productivity of clinker and cement and lower power consumption and coal cost;
- (b) Construction Materials & Trading Division – PBT raised by 22% mainly due to the supply of polyurethane mild steel pipes to Jabatan Kerja Raya (“JKR”) by the trading business as well as the bad debt recovery of RM2.72 million by the wires business. PBT from the premix business was however lower in 2Q14 due to the delay in the approval and implementation for the 2014 Malaysian Road Records Information System fund program;
- (c) Construction & Road Maintenance Division – PBT improved by 32% due to more works undertaken;
- (d) Property Development Division – PBT increased significantly from a loss to a PBT of RM20.50 million due to the recognition of profit for a sale of land in current year’s second quarter; and

Year-to-date, 2014 (“PE2014”) vs Year-to-date, 2013 (“PE2013”)

The 17% rise in Group revenue was mainly attributable to higher revenue from the Property Development Division which contributed 53% to the increase in PE2014. The main contributors to the Group revenue were the Cement, Construction Materials & Trading and Construction & Road Maintenance Divisions. Together, these three Divisions contributed 87% to the Group revenue.

The 33% rise in PBT was driven by higher earnings from the Property Development Division which contributed 70% to this increase in PE2014. The main contributors to the Group’s PBT were the Cement, Construction & Road Maintenance as well as Property Development Divisions. These three Divisions made a combined contribution of 76% to the Group’s PBT.

The Cement Division recorded a 30% increase in PBT of RM58.77 million in PE2014 over PE2013’s PBT of RM45.19 million, attributed mainly to an upward revision in cement selling price effective 17 February 2014, higher cement sale volume from own production, higher volume of clinker produced and receipts of insurance claims amounting to RM2.22 million.

The Construction Materials & Trading Division reported a higher PBT of RM28.92 million for PE2014, exceeding PE2013’s PBT of RM24.63 million by 17%. This was primarily due to the supply of polyurethane mild steel pipes to JKR by the trading business, the first batch of which was delivered in December 2013. The recovery of RM2.72 million bad debts by the wires business had also boosted the performance of the Division. However, the quarrying and premix businesses within this Division reported a 19% drop in PBT compared to PE2013. This was because JKR’s MARRIS fund program for 2014 was only rolled out at the end of May 2014 (2013 program was implemented in March 2013).

NOTES TO THE QUARTERLY REPORT – 30 JUNE 2014

B1. Review of Performance

Year-to-date, 2014 (“PE2014”) vs Year-to-date, 2013 (“PE2013”) (contd.)

The Construction & Road Maintenance Division posted a PBT of RM38.75 million which included the share of profit of joint ventures in PE2014, representing an increase of 16% over PE2013’s profit of RM33.30 million. The higher PBT was due to more works undertaken and longer road length maintained.

The Property Development Division’s PBT grew to RM39.20 million in PE2014 from a loss before tax of RM585,000 in PE2013. This was mainly attributed to the recognition of profit from the sale of two parcels of land.

The Samalaju Division registered a sharp 76% drop in PBT (excluding the associates) to RM6.24 million in PE2014 as compared to RM25.75 million in PE2013, on the back of lower revenue as a result of lower occupancy and rates.

The Strategic Investments Division (excluding the listed associates) maintained its loss to below RM1 million for the two periods.

B2. Material changes in profit before tax for the quarter (Quarter 2, 2014 vs Quarter 1, 2014)

The Group’s PBT for 2Q14 was 49% higher than 1Q14. The significant increase was contributed by all Divisions except the Samalaju Development Division. The major contributors to the increase in 2Q14 compared to 1Q14 were:-

- (a) Cement Division –There was an upward revision in cement selling price effective 17 February 2014. 2Q14 also saw an improved cement plants operations and more stable clinker plant operation leading to higher productivity and lower production costs. Coupled with higher cement sale volume, increase in sales of high margin RC piles and bridge beams and receipts of RM2.22 million insurance claims, its PBT improved by 88%; and
- (b) Construction Material & Trading Division – PBT grew by 34% mainly due to the recovery of RM2.72 million bad debts by the wires business and lower prices of bitumen and fuel enjoyed by the premix business.

B3. Prospects for the year ending 31 December 2014

Whilst the operating environment faced by the Group will remain challenging, the Board expects that the Group’s financial performance to be good for year ending 31 December 2014. The Group’s strong financial position will enable the Group to invest in new business opportunities especially in Sarawak.

B4. Profit forecast or profit guarantee

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

NOTES TO THE QUARTERLY REPORT – 30 JUNE 2014

B5. Income tax expense

	3 months ended		6 months ended	
	30.06.2014	30.06.2013	30.06.2014	30.06.2013
	RM'000	RM'000	RM'000	RM'000
Current income tax:				
- Malaysian income tax	20,416	19,476	38,873	36,282
- (Over)/under provision in respect of previous years	(1,339)	12	(1,339)	12
Deferred tax	3,299	(1)	3,331	(1)
Total income tax expense	22,376	19,487	40,865	36,293

The effective tax rate for the quarter and period ended 30 June 2014 was lower than the statutory tax rate principally due to the reversal of tax provision in respect of prior years.

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

B6. Corporate proposals

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

NOTES TO THE QUARTERLY REPORT – 30 JUNE 2014

B7. Borrowings

	As at 30.06.2014 RM'000	As at 31.12.2013 RM'000
Secured		
Revolving credits	14,000	15,000
Finance lease liabilities	8	16
Unsecured		
Bankers' acceptances	33,465	36,006
Term loan	32,080	42,800
Loan from corporate shareholder	6,004	6,280
Total	85,557	100,102
Maturity		
Repayable within one year	69,464	73,013
One year to five years	16,093	21,911
5 years or more	-	5,178
	85,557	100,102

All borrowings were denominated in Ringgit Malaysia.

B8. Off balance sheet financial instruments

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

B9. Derivatives

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

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

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

B11. Changes in material litigation

There were no changes in material litigation since the last annual statement of financial position date of 31 December 2013.

NOTES TO THE QUARTERLY REPORT – 30 JUNE 2014

B12. Dividend payable

The Board of directors has on 27 August 2014 declared an interim tax exempt (single-tier) dividend of 1.5 sen (2013: 5 sen less 25% tax) in respect of the financial year ending 31 December 2014. The dividend entitlement and payment date for the interim dividend will be announced at a later date.

B13. Earnings per share

Basic earnings per share amounts are calculated by dividing profit for the period, net of tax, attributable to the owners of the Company by the weighted average number of ordinary shares outstanding during the period.

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

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

	3 months ended		6 months ended	
	30.06.2014	30.06.2013	30.06.2014	30.06.2013
		(Restated)		(Restated)
Profit net of tax attributable to owners of the Company used in the computation of				
Earnings per share (RM'000)	66,117	40,014	105,013	68,741
Weighted average number of ordinary shares in issue ('000)	1,034,814	995,372	1,027,757	982,316
Basic earnings per share (sen)	6.39	4.02	10.22	7.00
Weighted average number of ordinary shares for diluted earnings per share computation ('000)	1,041,189	1,006,491	1,035,574	991,408
Diluted earnings per share (sen)	6.35	3.98	10.14	6.93

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

NOTES TO THE QUARTERLY REPORT – 30 JUNE 2014

B14. Auditor's report on preceding annual financial statements

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

B15. Additional disclosure on profit for the period

	Quarter ended 30.06.2014 RM'000	Financial period ended 30.06.2014 RM'000
Profit for the period is arrived at after charging/(crediting):		
Amortisation of intangible assets	17	23
Amortisation of prepaid land lease payments	233	382
Bad debt written off	-	-
Bad debts recovered	(2,721)	(2,721)
Property, plant and equipment written off	1	4
Depreciation of property, plant and equipment	11,241	22,571
Depreciation of investment properties	29	59
(Gain)/loss on foreign exchange	(387)	(274)
(Gain)/loss on disposal of property, plant and equipment	(124)	(72)
(Gain)/loss on disposal of investments	(576)	(878)
(Gain)/loss on fair value changes of derivatives	-	-
Impairment loss on trade receivables	30	60
Interest expense	932	1,803
Interest income	(880)	(1,830)
Inventory written off	8	12
Net fair value changes in investment securities	(129)	(420)
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 – 30 JUNE 2014**B16. Realised and unrealised profits/losses**

	As at 30 June 2014 RM'000	As at 31 December 2013 RM'000
Total retained earnings of the Company and its subsidiaries:		
- Realised	884,839	826,620
- Unrealised	(13,336)	(7,724)
	<hr/> 871,503	<hr/> 818,896
Total retained earnings from associates:		
- Realised	6,528	10,184
- Unrealised	2,613	(597)
	<hr/> 9,141	<hr/> 9,587
Total retained earnings from jointly controlled entities:		
- Realised	2,551	3,945
	<hr/> 883,195	<hr/> 832,428
Add: consolidation adjustments	37,316	22,665
Total Group retained earnings as per consolidated accounts	<hr/> 920,511	<hr/> 855,093