

CAHYA MATA SARAWAK BERHAD

(Company No: 21076-T)

(Incorporated in Malaysia)

Interim Financial Report

Condensed consolidated statements of comprehensive income for the year ended 31 December 2016

	Note	3 months ended		12 months ended	
		31.12.2016 RM'000	31.12.2015 RM'000	31.12.2016 RM'000	31.12.2015 RM'000
Revenue	A8	450,271	508,320	1,552,054	1,788,008
Cost of sales		(327,483)	(391,081)	(1,193,478)	(1,374,266)
Gross profit		122,788	117,239	358,576	413,742
Other income		32,041	3,243	44,458	22,162
Administrative expenses		(21,134)	(21,786)	(52,295)	(70,474)
Selling and marketing expenses		(4,008)	(3,771)	(13,712)	(13,215)
Other expenses		(5,332)	(1,440)	(12,394)	(8,460)
Operating profit		124,355	93,485	324,633	343,755
Finance costs		(3,186)	1,594	(10,600)	(1,066)
Share of results of associates		5,317	18,999	(35,169)	34,430
Share of results of joint ventures		15,240	8,237	23,275	11,477
Profit before taxation		141,726	122,315	302,139	388,596
Income tax expense	B5	(26,332)	(16,280)	(84,828)	(83,996)
Profit for the period		115,394	106,035	217,311	304,600
Other comprehensive income/(expense)					
Foreign currency translation, net of tax		4	(2)	1	30
Share of other comprehensive income of associates, net of tax		606	12,201	40,356	265
Share of other comprehensive income of joint ventures, net of tax		281	0	281	275
Other comprehensive (expense)/income for the period, net of tax		891	12,199	40,638	570
Total comprehensive income for the period, net of tax		116,285	118,234	257,949	305,170
Profit attributable to:					
Owners of the Company		101,513	84,585	169,177	248,149
Non-controlling interests		13,881	21,450	48,134	56,451
		115,394	106,035	217,311	304,600
Total comprehensive income attributable to:					
Owners of the Company		102,364	95,342	209,687	248,676
Non-controlling interests		13,921	23,167	48,262	56,494
		116,285	118,509	257,949	305,170
		sen	sen	sen	sen
Earnings per share attributable to owners of the Company:					
Basic	B13	9.45	7.87	15.75	23.31
Diluted		-	-	-	-

The condensed consolidated statements of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2015 and the accompanying explanatory notes attached to the interim financial report.

Cahaya Mata Sarawak Berhad

(Company No: 21076-T)

Condensed consolidated statement of financial position as at 31 December 2016

	Note	Unaudited As at 31.12.2016 RM'000	Audited As at 31.12.2015 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment		721,567	730,028
Prepaid land lease payments		15,211	15,974
Land held for property development		234,333	297,022
Investment properties		5,391	5,508
Intangible assets		3,824	4,142
Goodwill		61,709	61,709
Investments in associates		851,300	671,280
Investments in joint ventures		52,248	34,090
Deferred tax assets		32,630	38,709
Other receivables		86,241	64,561
Investment securities		300	300
		<u>2,064,754</u>	<u>1,923,323</u>
Current assets			
Property development costs		354,748	265,972
Inventories		185,361	143,765
Trade and other receivables		316,864	400,324
Other current assets		37,442	37,102
Investment securities		9,662	98,116
Derivative financial asset		35,414	35,414
Tax recoverable		3,199	1,996
Cash and bank balances		457,070	325,067
		<u>1,399,760</u>	<u>1,307,756</u>
TOTAL ASSETS		<u>3,464,514</u>	<u>3,231,079</u>
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital		537,188	537,188
Share premium		330,716	330,716
Other reserves		22,212	(18,760)
Retained earnings		1,304,841	1,168,357
		<u>2,194,957</u>	<u>2,017,501</u>
Non-controlling interests		<u>321,903</u>	<u>295,226</u>
Total equity		<u>2,516,860</u>	<u>2,312,727</u>
Non-current liabilities			
Deferred tax liabilities		36,933	41,805
Loans and borrowings	B7	105,076	95,322
Trade and other payables		106,017	170,113
		<u>248,026</u>	<u>307,240</u>
Current liabilities			
Income tax payable		23,205	21,730
Loans and borrowings	B7	142,880	68,356
Trade and other payables		406,760	474,732
Other current liabilities		126,783	46,294
		<u>699,628</u>	<u>611,112</u>
Total liabilities		<u>947,654</u>	<u>918,352</u>
TOTAL EQUITY AND LIABILITIES		<u>3,464,514</u>	<u>3,231,079</u>
Net assets per share attributable to ordinary owners of the Company (RM)		<u>2.04</u>	<u>1.88</u>

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2015 and the accompanying explanatory notes attached to the interim financial report.

Cahya Mata Sarawak Berhad

(Company No: 21076-T)

Condensed consolidated statement of changes in equity for the year ended 31 December 2016

	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	
At 1 January 2016	2,312,727	2,017,501	537,188	330,716	(18,760)	1,168,357	295,226
Profit net of tax	217,311	169,177	-	-	-	169,177	48,134
Other comprehensive income, net of tax	40,638	40,510	-	-	40,510	-	128
Total comprehensive income	257,949	209,687	-	-	40,510	169,177	48,262
Transactions with owners:-							
Share of associate's reserves	-	-	-	-	462	(462)	-
Dividends on ordinary shares	(32,231)	(32,231)	-	-	-	(32,231)	-
Dividends paid to non-controlling interests	(24,585)	-	-	-	-	-	(24,585)
Non-controlling interests arising from acquisition of a subsidiary	3,000	-	-	-	-	-	3,000
Total transactions with owners	(53,816)	(32,231)	-	-	462	(32,693)	(21,585)
At 31 December 2016	2,516,860	2,194,957	537,188	330,716	22,212	1,304,841	321,903

Cahaya Mata Sarawak Berhad

(Company No: 21076-T)

Condensed consolidated statement of changes in equity for the year ended 31 December 2015

	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	
At 1 January 2015	2,074,533	1,811,731	519,752	289,304	(15,329)	1,018,004	262,802
Profit net of tax	304,600	248,149	-	-	0	248,149	56,451
Other comprehensive expense, net of tax	570	528	-	-	528	0	42
Total comprehensive income	305,170	248,677	-	-	528	248,149	56,493
Transactions with owners:-							
Grant of equity-settled share options to employees	4,497	4,497	-	-	4,497	-	-
Exercise of employees' share options	43,586	43,586	17,436	41,412	(15,262)	-	-
Expiry on employees' share options	(3)	(3)	-	-	(151)	148	-
Share of associate's reserves	(42)	(42)	-	-	6,957	(6,999)	-
Dividends on ordinary shares	(90,945)	(90,945)	-	-	-	(90,945)	-
Dividends paid to non-controlling interests	(22,351)	0	-	-	-	-	(22,351)
Deconsolidation of a subsidiary	(1,718)	0	-	-	-	-	(1,718)
Total transactions with owners	(66,976)	(42,907)	17,436	41,412	(3,959)	(97,796)	(24,069)
At 31 December 2015	2,312,727	2,017,501	537,188	330,716	(18,760)	1,168,357	295,226

Cahaya Mata Sarawak Berhad

(Company No: 21076-T)

Condensed consolidated statement of cash flows for the year ended 31 December 2016

	12 months ended 31.12.2016 RM'000	12 months ended 31.12.2015 RM'000
Profit before taxation	302,139	388,596
Adjustments for non-cash items:		
Non-cash items	64,564	(18,002)
Operating cash flows before changes in working capital	366,703	370,594
Changes in working capital		
Increase in current assets	(57,735)	(202,006)
Decrease/(increase) in land held for development	73,741	(224,495)
Increase/(decrease) in current liabilities	10,435	(25,227)
(Decrease)/increase in non-current liabilities	(64,096)	153,224
Cash flows from operations	329,048	72,090
Interest received	7,214	1,978
Interest paid	(27,719)	(18,810)
Income tax paid, net of refund	(83,350)	(92,978)
Net cash flows from/(used in) operating activities	225,193	(37,720)
Investing activities		
Purchases of investment securities	(19,239)	(52,666)
Dividends from investments	9,599	21,473
Dividends from associates	2,067	3,901
Additional investments in associates	(176,900)	(65,962)
Additional investments in joint ventures	(3,601)	(102)
Additional costs incurred on intangible assets	-	(2,266)
Acquisition of an associate	-	(186,790)
Acquisition of property, plant and equipment	(56,192)	(183,223)
Acquisition of a derivative financial asset	-	(35,414)
Advancement of shareholder's loan	-	(47,840)
Proceeds from disposal of property, plant and equipment	3,126	955
Proceeds from disposal of investment securities	108,735	83,626
Distribution of profits from joint ventures	9,834	3,884
Redemption of redeemable preference shares	-	4,431
Others	(1,081)	18
Net cash used in investing activities	(123,652)	(455,975)
Financing activities		
Drawdown of borrowings	84,278	58,882
Decrease/(increase) in deposits pledged to licensed banks	67	(150)
Decrease in wholesale fund pledged to a licensed bank	-	23,000
Dividends paid to shareholders of the Company	(32,231)	(90,945)
Dividends paid to non-controlling interests in subsidiary companies	(24,585)	(22,351)
Proceeds from exercise of employee's share options	-	43,586
Proceeds from issuance of share to non-controlling interests	3,000	-
Net cash from financing activities	30,529	12,022
Net increase/(decrease) in cash and cash equivalents	132,070	(481,673)
Cash and cash equivalents as at 1 January	323,003	804,676
Cash and cash equivalents as at 31 December	455,073	323,003
Cash and cash equivalents as at 31 December comprised the following:		
Cash and short term deposits	457,070	325,067
Less: Deposits pledged to licensed banks	(1,997)	(2,064)
	455,073	323,003

The condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the year ended 31 December 2015 and the accompanying explanatory notes attached to the interim financial report.

NOTES TO THE QUARTERLY REPORT – 31 DECEMBER 2016

Part A – Explanatory notes pursuant to MFRS 134

A1. Basis of preparation

These condensed consolidated interim financial statements, for the year ended 31 December 2016 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 2015. 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 2015.

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 2015, except with the adoption of the following Malaysian Financial Reporting Standards (“MFRS”), IC interpretations and Amendments to MFRSs and interpretations.

- Annual Improvements to MFRSs 2012 - 2014 Cycle
- Amendments to MFRS 116 and MFRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation
- Amendments to MFRS 116 and MFRS 141: Agriculture - Bearer Plants
- Amendments to MFRS 10, MFRS 12 and MFRS 128: Investments Entities - Applying the Consolidation Exception
- Amendments to MFRS 11: Accounting for Acquisitions of Interests in Joint Operations
- Amendments to MFRS 101: Disclosure Initiatives
- Amendments to MFRS 127: Equity Method in Separate Financial Statements
- MFRS 14: Regulatory Deferral Accounts

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

A3. Seasonal or cyclical factors

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

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

There were no unusual items affecting assets, liabilities, equity, net income or cash flows of the Group for the year ended 31 December 2016.

NOTES TO THE QUARTERLY REPORT – 31 DECEMBER 2016

A5. Changes in estimates

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

A6. Debt and equity securities

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

A7. Dividends paid

The final tax exempt (single-tier) dividend of 3.0 sen per share for the financial year ended 31 December 2015 amounting to RM32,231,272 was paid on 26 May 2016.

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NOTES TO THE QUARTERLY REPORT – 31 DECEMBER 2016

A8. Segmental information

	3 months ended		12 months ended	
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
	RM'000	RM'000	RM'000	RM'000
Segment Revenue				
Cement	148,571	157,377	563,071	600,887
Construction materials & trading	172,857	203,479	581,059	712,058
Construction & road maintenance	97,152	129,824	367,884	459,485
Property development	45,566	35,856	104,663	90,042
Samalaju development [#]	-	7,557	-	16,891
Strategic investments [*]	2,014	1,875	9,594	8,956
Others	14,201	4,048	45,000	22,957
Total revenue including inter-segment sales	480,361	540,016	1,671,271	1,911,276
Elimination of inter-segment sales	(30,090)	(31,696)	(119,217)	(123,268)
	450,271	508,320	1,552,054	1,788,008
Segment Results				
Operating profit/(loss):				
Cement	28,024	13,944	105,003	103,174
Construction materials & trading	32,097	35,203	106,751	107,993
Construction & road maintenance	27,798	44,309	85,405	133,331
Property development	13,400	10,251	23,507	19,853
Samalaju development [#]	-	(2,887)	-	2,192
Strategic investments [*]	43	(930)	(2,475)	(2,047)
Others	28,875	26	19,177	6
	130,237	99,916	337,368	364,502
Unallocated corporate expenses	(9,068)	(4,837)	(23,335)	(21,813)
Share of results of associates	5,317	18,999	(35,169)	34,430
Share of results of joint ventures	15,240	8,237	23,275	11,477
Profit before tax	141,726	122,315	302,139	388,596
Income tax expenses	(26,332)	(16,280)	(84,828)	(83,996)
Profit for the period/year	115,394	106,035	217,311	304,600

[#] Upon internal restructuring, the subsidiaries within the division have been reclassified to property development and others.

^{*} Financial services and education.

A9. Changes in composition of the Group

There have been no changes in the composition of the Group for the quarter ended 31 December 2016.

NOTES TO THE QUARTERLY REPORT – 31 DECEMBER 2016

A10. Fair value of instruments

(a) Determination of fair value

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

	31 December 2016		31 December 2015	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	RM'000	RM'000	RM'000	RM'000
Financial assets:				
Available-for-sale financial assets:				
- Equity instruments	300	300	300	300
- Redeemable participating shares	-	-	8,000	8,000
	<u>300</u>	<u>300</u>	<u>8,300</u>	<u>8,300</u>
Financial liabilities:				
Interest-bearing loans and borrowings				
- Bankers' acceptances	50,300	50,300	33,500	33,500
- Term loans	126,229	143,233	96,800	97,005
- Revolving credits	70,600	70,600	32,000	32,000
- Loans from corporate shareholders	827	868	1,378	1,481
	<u>247,956</u>	<u>265,001</u>	<u>163,678</u>	<u>163,986</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 DECEMBER 2016**A10. Fair value of instruments (contd.)****(b) Fair value hierarchy (contd.)**

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

	Level 1	Level 2	Level 3	Total
	RM'000	RM'000	RM'000	RM'000
31 December 2016				
Financial assets				
Income debt securities fund	-	5,062	-	5,062
Equity instruments	4,600	-	-	4,600
	<u>4,600</u>	<u>5,062</u>	<u>-</u>	<u>9,662</u>
31 December 2015				
Financial assets				
Income debt securities fund	-	64,053	-	64,053
Equity instruments	34,063	-	-	34,063
	<u>34,063</u>	<u>64,053</u>	<u>-</u>	<u>98,116</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 December 2016 was as follows:

(a) Capital commitments

	RM'000
Approved and contracted for:	
- Property, plant and equipment	28,933
- Others	2,103
	<u>31,036</u>
Approved but not contracted for:	
- Property, plant and equipment	262,663
- Intangible assets	360
- Investment in associates	278,271
- Others	20,521
	<u>561,815</u>
	<u>592,851</u>

(b) Other commitment

On 7 April 2016, the Company announced the subscription of RM110 million convertible preference share ("CPS") in a 25% owned associate, OM Materials (Sarawak) Sdn. Bhd., by its wholly owned subsidiary, Samalaju Industries Sdn. Bhd. ("SISB"). SISB has the right to subscribe to the remaining RM190 million of the CPS.

CAHYA MATA SARAWAK BERHAD

(Company No. 21076-T)

NOTES TO THE QUARTERLY REPORT – 31 DECEMBER 2016**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.

A13. Related party transactions

The following table provides information on the transactions which have been entered into with related parties during the year ended 31 December 2016 and 31 December 2015 as well as the balances with the related parties as at 31 December 2016 and 31 December 2015:

		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
Associates:					
- Kenanga Investment Bank Bhd	2016	-	44	-	-
	2015	324	844	-	-
- KKB Engineering Bhd	2016	237	-	45	-
	2015	68	-	50	-
- Harum Bidang Sdn Bhd	2016	-	-	-	-
	2015	-	68,736	-	3,197
- Kenanga Investors Bhd	2016	8,602	69	-	-
	2015	18,732	80	-	-
- Sacofa Sdn Bhd	2016	1,268	172	1,366	1
	2015	-	-	-	-
- OM Materials (Sarawak) Sdn Bhd	2016	5,554	-	4,204	-
	2015	5,380	-	900	-
Joint Ventures:					
- PPES Works Wibawa	2016	128	-	12	-
	2015	167	-	41	-
- PPES Works Naim Land	2016	84	-	25	-
	2015	17	-	10	-
- PPES Works Larico	2016	550	-	111	-
	2015	-	-	73	-
- PPES Works PCSB	2016	1,035	-	279	-
	2015	-	-	-	-
Key management personnel of the Group:					
- Directors' interest	2016	6,885	2,163	518	2
	2015	15,149	2,289	1,557	3
- Subsidiary directors' interest	2016	1,200	-	-	-
	2015	2,896	-	-	-

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

NOTES TO THE QUARTERLY REPORT – 31 DECEMBER 2016

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.

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NOTES TO THE QUARTERLY REPORT – 31 DECEMBER 2016

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

B1. Review of performance

Quarter 4, 2016 (“4Q16”) vs Quarter 4, 2015 (“4Q15”)

The Group’s profit before tax (“PBT”) for 4Q16 was up by 16% compared to 4Q15. This was mainly due to higher other income recorded by the ‘Others’ Division, from the profit recognition of a land sale and foreign exchange difference in 4Q16.

Year-to-date, 2016 (“YE2016”) v Year-to-date, 2015 (“YE2015”)

Revenue fell by 13% while PBT and profit after non-controlling interests (PATNCI) decreased by 22% and 32% respectively in comparison to preceding year’s high result. The substantial reduction in the PBT and PATNCI was attributable to the Group’s share of substantial losses in its associates and lower earnings by the Construction & Road Maintenance Division.

Gross profit margin remained strong at above 20%.

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

- (a) **Cement Division** - recorded a 2% higher PBT of RM105.00 million in YE2016 over YE2015’s PBT of RM103.17 million despite lower sales volume, higher raw materials costs (due to weaker Ringgit) and higher handling costs. This was negated by the 5% increase in cement selling price effective 1 January 2016.
- (b) **Construction Materials & Trading Division** – reported a strong PBT of RM106.75 million for YE2016, 1% lower than the high PBT of RM107.99 million for YE2015 despite lower revenue. This was mainly attributable to higher gross profit margin benefiting from lower purchase costs of bitumen and diesel.
- (c) **Construction & Road Maintenance Division** - posted a PBT of RM85.41 million in YE2016, representing a decrease of 36% over YE2015’s profit of RM133.33 million. This was due to less construction works undertaken as major projects were completed in YE2015. High PBT in YE2015 was mainly due to the reinstatement of arrears of revenue from routine maintenance work. Its share of joint ventures’ results registered a PBT of RM8.39 million in YE2016 against a PBT of RM2.06 million in YE2015.
- (d) **Property Development Division** - PBT improved to RM23.51 million in YE2016 from a PBT of RM19.85 million in YE2015, an increase of 18%.
- (e) **Strategic Investments Division** – reported a slightly higher loss of RM2.48 million for YE2016 (YE2015: loss of RM2.05 million). The education subsidiary saw a higher loss whilst the investment holding subsidiary had lower PBT.
- (f) **Others** – reported a PBT of RM19.20 million (YE2015: RM6k). The contributing factor was the recognition of profit from a land sale amounting to RM25 million.

NOTES TO THE QUARTERLY REPORT – 31 DECEMBER 2016

B2. Material changes in profit before tax for the quarter (Quarter 4, 2016 vs Quarter 3, 2016)

The divisions that reported higher PBT in the current quarter compared to the preceding quarter were the Construction Materials & Trading, Construction & Road Maintenance, Property Development and the Others Divisions. Share of joint ventures' results also improved almost by threefold.

The Property Development Division reported a higher PBT in the current quarter due to the profit recognition from a land sale.

The 'Others' Division recorded a higher PBT from the profit recognition from a land sale and foreign exchange difference in the current quarter.

B3. Prospects for the year ending 31 December 2017

Whilst the operating environment surrounding the Group 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.

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CAHYA MATA SARAWAK BERHAD

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NOTES TO THE QUARTERLY REPORT – 31 DECEMBER 2016**B5. Income tax expense**

	3 months ended		12 months ended	
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
	RM'000	RM'000	RM'000	RM'000
Current income tax:				
- Malaysian income tax	20,275	22,413	78,896	88,322
- Under provision in respect of previous years	359	2,330	1,853	4,280
Deferred tax	2,826	(8,463)	1,207	(8,606)
Real Property Gain Tax	2,872	-	2,872	-
Total income tax expense	26,332	16,280	84,828	83,996

The effective tax rate for the year ended 31 December 2016 was 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.

The effective tax rate for the quarter and year ended 31 December 2015, and quarter ended 31 December 2016 were lower than the statutory tax rate mainly due to recognition of deferred tax asset in relation to the reinvestment tax allowance for the new cement grinding plant.

B6. Corporate proposals

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

B7. Borrowings

	As at 31.12.2016 RM'000	As at 31.12.2015 RM'000
Secured		
Revolving credits	20,600	21,000
Unsecured		
Revolving credits	50,000	11,000
Bankers' acceptances	50,300	33,500
Term loans	126,229	96,800
Loan from corporate shareholder	827	1,378
Total	247,956	163,678
Maturity		
Repayable within one year	142,880	68,356
One year to five years	105,076	95,322
	247,956	163,678

All borrowings were denominated in Ringgit Malaysia.

NOTES TO THE QUARTERLY REPORT – 31 DECEMBER 2016**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 2015.

B12. Dividend payable

The Board of Directors has proposed to declare a final tax exempt (single-tier) dividend at the coming Annual General Meeting of 6.3 sen per ordinary share (2015: 3.0 sen). The dividend entitlement and payment date for the final dividend will be announced at a later date.

The total dividend for the current financial year ended 31 December 2016 is 6.3 sen (2015: 4.5 sen) per ordinary share.

B13. Earnings per share

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

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

	3 months ended		12 months ended	
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
Profit net of tax attributable to owners of the Company used in the computation of earnings per share (RM'000)	101,513	84,585	169,177	248,149
Weighted average number of ordinary shares in issue ('000)	1,074,376	1,074,376	1,074,376	1,064,741
Basic earnings per share (sen)	9.45	7.87	15.75	23.31

NOTES TO THE QUARTERLY REPORT – 31 DECEMBER 2016**B14. Auditor's report on preceding annual financial statements**

The auditors' report on the financial statements for the year ended 31 December 2015 was not subject to any qualification.

B15. Additional disclosure on profit for the period

	Quarter ended 31.12.2016 RM'000	Financial year ended 31.12.2016 RM'000
Profit for the period is arrived at after charging/(crediting):		
Amortisation of intangible assets	319	1,277
Amortisation of prepaid land lease payments	191	763
Bad debt written off	39	39
Property, plant and equipment written off	41	45
Depreciation of property, plant and equipment	13,271	59,160
Depreciation of investment properties	113	201
(Gain)/loss on foreign exchange	(1,923)	(2,245)
(Gain)/loss on disposal of property, plant and equipment	(2)	(149)
(Gain)/loss on disposal of investments	12	-
(Gain)/loss on fair value changes of derivatives	-	-
Impairment loss on trade receivables	1,007	1,642
Interest expense	3,993	11,407
Interest income	(3,700)	(10,430)
Inventory written off	23	116
Net fair value changes in investment securities	168	(1,030)
Reversal of allowance for impairment loss on trade receivables	1,371	223
Reversal of allowance for obsolete inventory	-	-
Write down of inventory	1	1

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NOTES TO THE QUARTERLY REPORT – 31 DECEMBER 2016

B16. Realised and unrealised profits/losses

	As at 31 December 2016 RM'000	As at 31 December 2015 RM'000
Total retained earnings of the Company and its subsidiaries:		
- Realised	1,276,418	1,202,273
- Unrealised	8,051	(4,126)
	<u>1,284,469</u>	<u>1,198,147</u>
Total retained earnings from associates:		
- Realised	37,976	65,129
- Unrealised	893	(29,381)
	<u>38,869</u>	<u>35,748</u>
Total retained earnings from jointly controlled entities:		
- Realised	623	(6,521)
- Unrealised	25,304	17,891
	<u>1,349,265</u>	<u>1,245,265</u>
Add: consolidation adjustments	<u>(44,424)</u>	<u>(76,908)</u>
Total Group retained earnings as per consolidated accounts	<u><u>1,304,841</u></u>	<u><u>1,168,357</u></u>

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