

NOTES TO THE QUARTERLY REPORT – 30 JUNE 2008

Part A – Explanatory notes pursuant to FRS 134

A1. Basis of preparation

The interim financial report is unaudited and has been prepared in accordance with the requirements of FRS 134: Interim Financial Reporting issued by the Malaysian Accounting Standards Board and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial report should be read in conjunction with the audited financial statements for the year ended 31 December 2007. These explanatory notes attached to the interim financial report 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 financial year ended 31 December 2007.

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2007.

A2. Seasonal or cyclical factors

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

A3. 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 2008.

A4. Changes in estimates

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

A5. Debt and equity securities

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

A6. Dividends paid

There was no dividend paid during the financial period ended 30 June 2008.

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A7. Segmental information

	3 months ended		6 months ended	
	30.6.2008	30.6.2007	30.6.2008	30.6.2007
	RM'000	RM'000	RM'000	RM'000
Segment Revenue				
Revenue from continuing operations:				
Manufacturing	94,159	89,672	170,609	158,732
Construction & road maintenance	71,911	89,160	128,980	172,947
Construction materials	26,861	21,753	51,046	38,496
Stockbroking and other financial services	3,585	4,685	7,772	8,896
Property development	3,039	4,416	5,408	9,828
Others*	35,945	36,631	69,718	60,641
Total revenue including inter-segment sales	235,500	246,317	433,533	449,540
Elimination of inter-segment sales	(17,029)	(17,574)	(30,384)	(29,270)
Total revenue from continuing operations	218,471	228,743	403,149	420,270
Revenue from discontinued operations	0	425,585	0	1,660,115
Total	218,471	654,328	403,149	2,080,385

Segment Results

Results from continuing operations:				
Manufacturing	20,733	20,879	39,446	36,548
Construction & road maintenance	8,550	(73,128)	15,580	(66,830)
Construction materials	2,513	(12,971)	4,907	(11,942)
Stockbroking and other financial services	(63)	(66,054)	248	(64,584)
Property development	(68)	(452)	(850)	(188)
Others*	1,590	(5,472)	10,551	(6,728)
Total results from continuing operations	33,255	(137,198)	69,882	(113,724)
Results from discontinued operations	11,229	975,890	11,069	851,881
Unallocated corporate expenses	(193)	(6,284)	(641)	(12,604)
Finance costs	(8,648)	(10,195)	(20,491)	(21,218)
Share of profit/(loss) of associates	(1,627)	12,569	(2,699)	21,811
Share of profit of jointly controlled entities	261	1,157	1,093	2,028
Profit before tax	34,277	835,939	58,213	728,174
Income tax expenses	(9,312)	(10,984)	(17,123)	(18,833)
Net profit for the period	24,965	824,955	41,090	709,341

* General trading, education, UBG Bhd and others.

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A8. Carrying amount of revalued assets

The valuations of land and buildings have been brought forward, without amendment from the financial statements for the year ended 31 December 2007.

A9. Subsequent events

There are no material events subsequent to the balance sheet date that have not been reflected in the financial statements, except for the following:

- (a) Completion of the disposal of 81% equity interest in CMS Roads Sdn Bhd (“CMS Roads”) and 100% equity interest in CMS Pavement Tech Sdn Bhd (“CMS Pavement”) by PPES Works (Sarawak) Sdn Bhd (“PPES”), a 51% owned subsidiary of the Company to UBG Berhad (“UBG”) as announced on 2 July 2008.
- (b) Following the fulfillment of the last condition precedent to the Shareholders’ Agreement between Majestic Masterpiece Sdn Bhd (“MMSB”) and the Company and the completion of the proposed restricted issue by UBG to MMSB on 31 July 2008, the Company’s indirect equity interests in UBG have reduced from 51.8% to 37.2% and UBG has ceased to be a subsidiary of the Company.
- (c) Completion of the acquisition of 100 % equity interest in CMS Roads and CMS Tech by UBG as announced on 2 July 2008.
- (d) Completion of the acquisition of 49.1% and 37.6% equity interests in Putrajaya Perdana Berhad and Loh & Loh Coporation Berhad respectively by UBG on 25 July 2008.
- (e) Restricted issue of 182,640,800 new UBG shares of RM0.25 each to MMSB at the issue price of RM2.50 per UBG share.

Please refer to B8(a)(ii) and (iii) 'Status of Corporate Proposals' for further details.

A10. Changes in the composition of the Group

There has been no change in the composition of the Group for the quarter ended 30 June 2008 except for the following:

- (a) On 7 November 2007, the Company announced that CMS Steel Berhad (“CMS Steel”), an 80% owned subsidiary of the Company entered into a Conditional Sale and Purchase Agreement (‘CSPA’) with KKB Engineering Bhd (“KKB”) for the disposal by CMS Steel to KKB of a piece of provisional leasehold land, together with buildings erected thereon for a disposal consideration of RM32,000,000 to be satisfied by KKB via the issuance of 16,000,000 new KKB shares at an issued price of RM2.00 per KKB share (‘Consideration Shares’) to the Company, subject to the terms and conditions under the CSPA.

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A10. Changes in composition of the Group (cont'd)

In connection with the disposal, CMS Steel had entered into a separate deed of settlement with the Company whereby the Company agreed to accept the allotment and issuance of the Consideration Shares as part settlement of the outstanding debt owed by CMS Steel to the Company.

Following the completion of the disposal on 17 April 2008, KKB became an associate of the Company.

- (b) Disposal of 1,000,000 ordinary shares of RM1.00 each representing the entire equity interest in CMS Digital Sdn Bhd on 11 June 2008 for a cash consideration of RM1.00 to Adat Sensasi Sdn. Bhd.
- (c) On 10 March 2008, CMS Capital Sdn Bhd (“CMS Capital”), a 95.20% owned subsidiary of the Company entered into a Sale And Purchase Agreement with Utama Gilang Sdn Bhd for the acquisition of 3,315,000 ordinary shares of RM1.00 each representing the remaining 49% equity interest in CMS Trust Management Berhad (“CMS Trust”) for a total cash consideration of RM7,069,117.30. The acquisition was completed on 4 April 2008.

Subsequently on 27 June 2008, CMS Capital entered into a Shareholders' Agreement with AGI Asset Management Ltd (“AGI”) for the disposal of 1,961,937 ordinary shares of RM1.00 each representing 29% equity interest in CMS Trust for a consideration of RM23,508.82 paid by CMS Capital to AGI and in consideration of AGI agreeing to a transfer of the whole business of CMS Asset Management Sdn Bhd (“CMS Asset”), a 51% owned subsidiary of CMS Capital and 49% owned by AGI, pursuant to a Business Agreement between CMS Asset and CMS Trust dated 27 June 2008. The merger between CMS Asset and CMS Trust was approved by Securities Commission on 26 May 2008. Following the merger, CMS Trust is duly authorized to carry on the business as a unit trust management company and is also duly authorized to carry on the business of fund management on behalf of individuals, corporate and institutional clients under the Capital Markets & Services Act 2007.

- (d) UBG has subscribed for 25 new ordinary shares of USD1.00 each at par representing 25% equity interest in Unity Capital Partners (Cayman) Ltd, a company incorporated under the Laws of the Cayman Islands. Unity Capital Partners (Cayman) Ltd was incorporated on 28 April 2008 as a company limited by shares under the Laws of the Cayman Islands. The remaining 45% and 30% equity interest in Unity Capital Partners (Cayman) Ltd are held by Unity Partners (Cayman) Ltd (“Unity Partners”), a company incorporated under the Laws of the Cayman Islands and Unity Partners (BVI) Ltd, a company incorporated under the Laws of the British Virgin Islands respectively. Unity Capital Partners (Cayman) Ltd is a dormant company.

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A10. Changes in composition of the Group (cont'd)

(e) As announced on 23 May 2008, UBG has also subscribed for 51 new ordinary shares of USD1.00 each at par in Unity Capital International (Cayman) Ltd (“Unity Capital International”) representing a 51% equity interest in the issued and paid-up share capital of Unity Capital International, for a total consideration of USD51.00. The remaining 49% equity interest in Unity Capital International is held by Unity Partners. Unity Capital International was incorporated on 28 April 2008 as a company limited by shares under the Laws of the Cayman Islands.

Unity Capital International in turn holds a 100% equity interest in Unity Capital Management (Singapore) Pte Ltd (“Unity Singapore”) which was incorporated on 5 May 2008 as a private company limited by shares under the Companies Act of Singapore. The present issued and paid-up share capital of Unity Singapore is SGD2,000,000 comprising 2,000,000 ordinary shares of SGD1.00 each.

The principal activities of Unity Capital International and its subsidiary, Unity Singapore, are that of an investment holding company and fund management respectively. Unity Capital International group of companies will focus on opportunities in the Middle East and South East Asia region.

On 27 May 2008, Unity Capital International’s authorised and paid-up capital have been increased to USD1,500,000 and USD1,470,689 respectively. An additional 750,000 and 720,589 shares of USD 1 each at par were issued to UBG and Unity Partners respectively.

A11. Changes in contingent liabilities and contingent assets

There are no changes in the contingent liabilities or contingent assets since the last annual balance sheet date.

A12. Capital commitments

The amount of commitments not provided for in the interim financial statements as at 30 June 2008 is as follows:

	RM’000
Capital expenditure for property, plant and equipment:	
Approved and contracted for	5,230
Other capital commitment:	
Approved and contracted for	<u>6,000</u>
	<u>11,230</u>

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A13. Other investments

This amount represents funds placed with licensed fund managers, broken down as follows:

- (a) RM201 million placed by CMS; and
- (b) RM351 million placed by UBG

A14. Discontinued operations

(a) CMS Steel Berhad (“CMS Steel”)

CMS Steel ceased operation on 31 March 2006. The disposal of the steel mill and all ancillary facilities was completed in the fourth quarter of 2007. The sale of the land and buildings was completed on 17 April 2008. The results from CMS Steel are presented separately on the income statement as discontinued operations.

The revenue and results of CMS Steel were as follows:

	3 months ended		6 months ended	
	30.6.2008	30.6.2007	30.6.2008	30.6.2007
	RM'000	RM'000	RM'000	RM'000
Revenue	0	0	0	0
Profit/(loss) before tax	11,251	(485)	11,091	(978)
Income tax expense	0	0	0	0
Profit/(loss) for the period	11,251	(485)	11,091	(978)
The following amount has been included in arriving at profit before tax of discontinued operation:				
	RM'000	RM'000	RM'000	RM'000
Gain on disposal of property, plant and equipment	11,262	0	11,262	0

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A14. Discontinued Operations (cont'd)

(b) CMS Digital Sdn Bhd (“CMS Digital”)

On 11 June 2008, the Company disposed of 1,000,000 ordinary shares of RM1.00 each representing the entire equity interest in CMS Digital to Adat Sensasi Sdn Bhd for a cash consideration of RM1.00.

CMS Digital was initially set up to undertake software development businesses in the Multimedia Super Corridor (“MSC”) and had a MSC licence which has expired. CMS Digital changed its strategic business directions to pursue other related contracts in East Malaysia. The business of CMS Digital is no longer complementary to the core businesses of the Group of manufacturing, construction materials, construction and property development.

The revenue and results of CMS Digital were as follows:

	3 months ended		6 months ended	
	30.6.2008	30.6.2007	30.6.2008	30.6.2007
	RM'000	RM'000	RM'000	RM'000
Revenue	0	0	0	0
Profit/(loss) before tax	145	(221)	(22)	(459)
Income tax expense	0	0	0	0
Profit/(loss) for the period	145	(221)	(22)	(459)

NOTES TO THE QUARTERLY REPORT – 30 JUNE 2008

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

B1. Review of performance

The Group's continuing operations reported a pre-tax profit of RM47.1 million for the six months ended 30 June 2008, compared to a pre-tax loss of RM123.2 million for the previous corresponding period ended 30 June 2007. The improved profit for the current period under review was mainly contributed by higher interest income earned by UBG Bhd on increased cash reserves, an absence of gearing in the "Others" Business Segment Division and lower net interest expenses.

All businesses except for the Property Development Division recorded better performance compared to the previous corresponding period with the Manufacturing Division continuing to be the highest contributor for the Group. The previous corresponding period saw a significant loss due mainly to the provision for a potential loss in a major project in the Construction Division, impairment of investment in an associated company and the impairment of goodwill on consolidation.

The softening property market had continued to negatively affect the Property Development Division resulting in higher losses reported.

The weak stock market had adversely affected the associated company in the stock broking industry.

The newly acquired associated company in the steel fabrication and manufacturing of steel pipes industry has contributed positively to the Group's results.

B2. Material changes in profit before taxation for the quarter

The Group's pre-tax profit from continuing operations for the current quarter under review of RM22.9 million was 6% lower than the pre-tax profit of RM24.3 million in the preceding quarter.

All business reported better performance for the quarter under review except for UBG in the "Others" Business Segment Division. The lower profit reported by UBG was mainly attributed to lower interest income and higher expenses incurred in relation to the implementation of its Regularisation Scheme.

B3. Prospects for the year ending 31 December 2008

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

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B4. Profit forecast or profit guarantee

Not applicable as there was no profit forecast or profit guarantee issued.

B5. Income tax expense

	3 months ended		6 months ended	
	30.6.2008	30.6.2007	30.6.2008	30.6.2007
	RM'000	RM'000	RM'000	RM'000
Income tax based on results for the period for continuing operations				
- Malaysian income tax	9,222	12,009	17,023	19,751
In respect of prior years	0	(82)	(80)	(82)
Deferred tax	90	(943)	180	(836)
	<u>9,312</u>	<u>10,984</u>	<u>17,123</u>	<u>18,833</u>
Income tax based on results for the period for discontinuing operations				
- Malaysian income tax	0	7,046	0	94,635
- overseas	0	18	0	82
In respect of prior years	0	(9,965)	0	(9,469)
Deferred tax	0	(44)	0	(7,528)
Tax on INCPS dividends	0	(2,451)	0	(9,804)
	<u>0</u>	<u>(5,396)</u>	<u>0</u>	<u>67,916</u>
Total income tax expense	<u>9,312</u>	<u>5,588</u>	<u>17,123</u>	<u>86,749</u>

The effective tax rate for the current quarter and financial period ended 30 June 2008 and 30 June 2007 were higher than the statutory tax rate principally mainly 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. Sale of unquoted investments and properties

Other than in the ordinary course of business, there were no material sales of unquoted investments and properties for the financial period under review.

NOTES TO THE QUARTERLY REPORT – 30 JUNE 2008

B7. Quoted securities

There were no purchase or disposal of quoted securities during the financial period ended 30 June 2008 except the following which were purchased by its offshore subsidiary during the ordinary course of its fund management business:

- a) Details of purchases and disposals of quoted securities are as follows:

	3 months ended		6 months ended	
	30.6.2008	30.6.2007	30.6.2008	30.6.2007
	RM'000	RM'000	RM'000	RM'000
Other investment at fair value through profit or loss:				
Total purchases	564	0	564	0
Total disposals - sale proceeds	0	0	0	544
Total profit on disposals	0	0	0	359

- b) Details of investments in quoted securities are as follows:

	6 months ended	
	30.6.2008	30.6.2007
	RM'000	RM'000
Other investment at fair value through profit or loss:		
At cost	564	0
At book value	560	0
At market value	560	0

B8. Corporate proposals

- (a) **Status of corporate proposals**

(i) **Heads of Agreement**

On 7 August 2007, the Company announced that Similajau Aluminium Industries Sdn Bhd, a wholly-owned subsidiary of Similajau 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 parties intend 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”). Similajau Aluminium Industries Sdn Bhd will have a participating interest in the Project of 40% whilst the balance participating interest of 60% will be held by RTA.

NOTES TO THE QUARTERLY REPORT – 30 JUNE 2008

B8. Corporate proposals (cont'd)

(a) Status of corporate proposals (cont'd)

(i) Heads of Agreement (cont'd)

The HOA records the agreement of the parties on the key terms of their participation and the basis upon which they will work together on the proposed Project. Further details relating to the parties' participation in the Project will be set out in a more comprehensive agreement(s) to be entered into in due course, for which further announcements will be made at the relevant time.

On 15 November 2007, the Company announced that, as provided under the HOA, the Pre-feasibility Study comprising the Engineering Study and Port Study are progressing well with the final reports of both studies expected to be issued in coming months.

On 7 May 2008, the Company announced that the manufacturing licence for the smelter project has been issued by the Malaysian Industrial Development Authority on 26 February 2008. However, the final report on the Pre-feasibility Study is still being finalised. The major outstanding component is the Power Purchase Agreement the negotiation of which has commenced. Work on the Detailed Environmental Impact Assessment is progressing on schedule.

(ii) Proposed disposal of CMS Roads Sdn Bhd (“CMS Roads”) and CMS Pavement Tech Sdn Bhd (CMS Pavement”)

On 1 February 2008, the Company announced that PPES Works (Sarawak) Sdn Bhd (“PPES”), a 51.0% owned subsidiary, has entered into the following agreements with UBG, in relation to the proposed disposals of 81.0% equity interest in CMS Roads and 100.0% equity interest in CMS Pavement (Hereinafter, the Proposed CMS Roads Disposal and the Proposed CMS Pavement Disposal are collectively referred to as the "Proposed Disposals"):

- a) A conditional share sale agreement together with Sarawak Economic Development Board (“SEDC”) for the proposed disposal of PPES’ and SEDC’s entire respective equity interest in CMS Roads (“CMS Roads SSA”); and
- b) A conditional share sale agreement for the proposed disposal of PPES’ entire equity interest in CMS Pavement (“CMS Pavement SSA”).

NOTES TO THE QUARTERLY REPORT – 30 JUNE 2008

B8. Corporate proposals (cont'd)

(a) Status of corporate proposals (cont'd)

(ii) Proposed disposal of CMS Roads Sdn Bhd (“CMS Roads”) and CMS Pavement Tech Sdn Bhd (CMS Pavement”)(cont'd)

The Proposed Disposals are in conjunction with UBG’s efforts to regularise its status as an Affected Lister Issuer pursuant to Practice Note 17/2005 (“PN 17”) of the Listing Requirements of Bursa Securities which was duly announced on 22 May 2007. The Proposed Disposals form part of UBG’s proposed regularisation scheme that also includes the proposed acquisitions of equity interests in Putrajaya Perdana Berhad (“PPB”) and Loh & Loh Coporation Berhad (“LLCB”) for cash from Swan Symphony Sdn Bhd (“SSSB”) and Binary Bestari Sdn Bhd (“BBSB”), and a proposed restricted issue of new shares of UBG to Majestic Masterpiece Sdn Bhd (“MMSB”) (“Proposed Restricted Issue”).

In conjunction with the abovementioned Proposed Restricted Issue by UBG, the Company has entered into a shareholders’ agreement with MMSB (“Shareholders’ Agreement”).

The proposed disposal of CMS Roads entails the disposal of 810,000 ordinary shares of RM1.00 each representing 81.0% equity interest of CMS Roads by PPES to UBG at a total purchase consideration of RM99.63 million, which will be satisfied by the issuance of 39,852,000 new ordinary shares of RM0.25 each in UBG (“UBG Share(s)”) to PPES at an issue price of RM2.50 per UBG Share.

The proposed disposal of CMS Pavement entails the disposal of 5,000,000 ordinary shares of RM1.00 each representing 100.0% equity interest of CMS Pavement by PPES to UBG at a total purchase consideration of RM12.0 million, which will be satisfied by the issuance of 4,800,000 new UBG Shares at an issue price of RM2.50 per UBG Share.

The Proposed Disposals were completed on 2 July 2008.

Following the fulfilment of the last condition precedent to the Shareholders’ Agreement between MMSB and the Company and the completion of Proposed Restricted Issue by UBG to MMSB on 31 July 2008, the Company’s indirect equity interests in UBG have reduced from 51.8% to 37.2% and UBG has ceased to be a subsidiary of the Company.

NOTES TO THE QUARTERLY REPORT – 30 JUNE 2008

B8. Corporate proposals (cont'd)

(a) Status of corporate proposals (cont'd)

(iii) Proposed Regularisation Scheme (PN17) by UBG

On 31 January 2008, UBG announced that it would be undertaking the Regularisation Scheme to acquire sustainable companies to fulfill its core business requirements and remove UBG from being an “Affected Listed Issuer” under Practice Note 17 of the Listing Requirements. As part of the Regularisation Scheme, UBG entered into:

- (i) conditional share sale agreements with PPES Works (Sarawak) Sdn Bhd (“PPES”) and Sarawak Economic Development Corporation (“SEDC”) for the acquisition of all of PPES’s and SEDC’s equity interests in CMS Roads and CMS Tech (where relevant) for a total consideration of RM135,000,000 which shall be settled via an issuance of 44,652,000 new ordinary shares of RM0.25 each in UBG (“UBG Shares”) to PPES at RM2.50 per UBG Share and cash of RM23,370,000 to SEDC (“CMS Acquisitions”). The CMS Acquisitions were completed on 2 July 2008;
- (ii) conditional share sale agreement with Swan Symphony Sdn Bhd (“SSSB”) (“PPB SSA”) to acquire 68,604,274 ordinary shares of RM0.50 each in PPB (“PPB Shares”) from SSSB, representing approximately 49.0% equity interest in PPB, for a total cash consideration of RM332,730,729 (“PPB Acquisition”) and for the subscription of 133,092,300 new UBG Shares by SSSB, or an entity nominated by SSSB (“PPB Subscription”). SSSB had on 22 May 2008 nominated Majestic Masterpiece Sdn Bhd (“MMSB”) to be allotted and issued with the 133,092,300 new UBG Shares; and
- (iii) conditional share sale agreement with Binary Bestari Sdn Bhd (“BBSB”) (“LLCB SSA”) to acquire 25,540,431 ordinary shares of RM0.50 each in LLCB (“LLCB Shares”) from BBSB, representing a 37.56% equity interest in LLCB for a total cash consideration of RM123,871,090 (“LLCB Acquisition”) and for the subscription of 49,548,500 new UBG Shares by BBSB, or an entity nominated by BBSB (“LLCB Subscription”). BBSB had on 22 May 2008 nominated MMSB to be allotted and issued with the 49,548,500 new UBG Shares.

The PPB Acquisition and PPB Subscription are inter-conditional. The LLCB Acquisition and LLCB Subscription are inter-conditional. The PPB SSA is conditional upon, inter alia, the LLCB SSA being rendered unconditional, and vice-versa. The PPB SSA and LLCB SSA are not interconditional upon the CMS Acquisitions. The PPB SSA and the LLCB SSA became unconditional on 18 July 2008. Consequently, the PPB Acquisition and LLCB Acquisition were completed on 25 July 2008.

NOTES TO THE QUARTERLY REPORT – 30 JUNE 2008

B8. Corporate proposals (cont'd)

(a) Status of corporate proposals (cont'd)

(iii) Proposed Regularisation Scheme (PN17) by UBG (cont'd)

As UBG's aggregate shareholding in PPB and LLCB exceeded 33% upon completion of the PPB SSA and LLCB SSA, UBG is obliged to extend an offer to acquire all the remaining PPB Shares (including PPB Shares that may be issued pursuant to the exercise of PPB's existing ESOS options) and LLCB Shares which are not already held by UBG, at a cash consideration of RM4.85 per PPB Share and LLCB Share ("PPB Offer and LLCB Offer").

Pursuant thereto, AmInvestment Bank Berhad ("AmInvestment Bank"), on behalf of UBG, had on 18 July 2008 served the Notices of Conditional Take-Over in relation to the PPB Offer and LLCB Offer on the respective board of directors.

An aggregate amount of 182,640,800 new UBG Shares (arising from the PPB Subscription and LLCB Subscription) were allotted and issued by UBG to MMSB on 31 July 2008 for the total subscription price of RM456,602,000 ("Restricted Issue"). MMSB's holding of 182,640,800 UBG Shares represents a 36.50% equity interest in the issued and paid-up share capital of UBG as at 4 August 2008.

Since MMSB's shareholding in UBG has exceeded 33% but less than 50% of the voting shares in UBG, MMSB is obligated to extend a mandatory offer on UBG in accordance with Section 6(4) of the Code.

As such, on 18 July 2008, the UBG Board received the Notice of Conditional Take-Over in respect of the offer from CIMB Investment Bank Berhad ("CIMB") and AmInvestment Bank, on behalf of MMSB to acquire the remaining UBG Shares not already owned by MMSB at the offer price of RM2.50 per UBG Share ("MMSB Offer").

The UBG Board had appointed OSK Investment Bank Berhad ("OSK") as the Independent Adviser to the shareholders of UBG in relation to the MMSB Offer. The Securities Commission ("SC") had vide its letter dated 29 July 2008 approved the appointment of OSK as the Independent Adviser.

On 7 August 2008, the approval from the Equity Compliance Unit of the SC under the Foreign Investment Committee's Guideline on the Acquisition of Interests, Mergers and Take-overs by Local and Foreign Interests, was granted for the PPB Offer and LLCB Offer subject to certain conditions. The SC's consent to the contents of the offer documents in relation to PPB Offer and LLCB Offer were also obtained on 7 August 2008. Consequently, the offer documents dated 8 August 2008 setting out the terms and conditions of PPB Offer and LLCB Offer as well as the procedures for acceptance and method of settlement in respect of the PPB Offer and LLCB Offer were despatched to their respective shareholders.

NOTES TO THE QUARTERLY REPORT – 30 JUNE 2008

B8. Corporate proposals (cont'd)

(a) Status of corporate proposals (cont'd)

(iii) Proposed Regularisation Scheme (PN17) by UBG (cont'd)

On 25 June 2008, the approval from the Equity Compliance Unit of the SC under the Foreign Investment Committee's Guideline on the Acquisition of Interests, Mergers and Take-overs by Local and Foreign Interests, was granted for the MMSB Offer, subject to certain conditions. The SC's consent to the contents of the offer document in relation to MMSB Offer was obtained on 7 August 2008. Consequently, the offer document dated 8 August 2008 setting out the terms and conditions of the MMSB Offer as well as the procedures for acceptance and method of settlement in respect of the MMSB Offer was despatched to their respective shareholders.

On 12 August 2008, the holdings of PPB shares by UBG and persons acting in concert with UBG exceeded 50% of the voting shares of PPB and the PPB Offer became unconditional. In accordance with the terms and conditions of the offer document in respect to the PPB Offer dated 8 August 2008, the PPB Offer shall remain open until 5.00 p.m. on 29 August 2008 (being not less than 14 days from 12 August 2008 in accordance Malaysian Code On Take-Overs and Mergers 1998; thereafter, the PPB Offer shall not be open for acceptances.

On 20 August 2008, the holdings of LLCB shares by UBG and persons acting in concert with UBG exceeded 50% of the voting shares of LLCB and the LLCB Offer became unconditional. In accordance with the terms and conditions of the offer document in respect of the LLCB Offer dated 8 August 2008, the LLCB Offer shall remain open until 5.00 p.m. on 3 September 2008 (being not less than 14 days from 20 August 2008) in accordance Malaysian Code On Take-Overs and Mergers 1998; thereafter, the LLCB Offer shall not be open for acceptances.

On 22 August 2008, UBG announced and informed Bursa Malaysia Securities Berhad that it is not in compliance with the public shareholding spread ("Public Spread") requirement pursuant to paragraph 8.15 (1) of the Listing Requirements of Bursa Securities as less than 25% of its total listed shares are in the hands of public shareholders. As at 20 August 2008, the Public Spread of UBG was 16.78% in the hands of 12,337 public shareholders. As stated in the MMSB's offer document, it is MMSB's intention to maintain the listing status of UBG. MMSB would use its best endeavours to rectify the shortfall in the Public Spread within 3 months from the closing date of the Offer.

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(b) Status of Utilisation of Proceeds

As at 30 June 2008, the proceeds from the Disposal of RHB of RM730 million approved by Securities Commission vide their letter dated 22 May 2008 for the above Regularisation Scheme by UBG as detailed below remained unutilised:

Purpose	Proposed Utilisation RM'000
RHB Disposal Proceeds¹	730,000
Less : CMS Roads Acquisitions	(23,370)
Balance before PPB Acquisition, LLCB Acquisition and Restricted Issue	706,630
Less : PPB Acquisition and LLCB Acquisition	(456,602)
Balance of RHB Disposal Proceeds available to part-finance the PPB Offer and LLCB Offer	250,028
Add : Proceeds from Restricted Issue	456,602
Balance before the PPB Offer and LLCB Offer	706,630
To finance the PPB Offer and LLCB Offer ²	(549,904)
Balance to fund working capital and other investment opportunities	156,726

¹ Balance arising after completion of the RHB Disposal and the capital repayment.

² Assuming full acceptances under PPB Offer and LLCB Offer to be extended to the remaining shareholders of PPB and LLCB respectively. Calculation was based on the issued and paid-up share capital of PPB and LLCB as at 7 March 2008 (being the latest practicable date prior to the submission of its application to SC).

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

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NOTES TO THE QUARTERLY REPORT – 30 JUNE 2008

B9. Borrowings

	As at 30.6.2008 RM'000	As at 31.12.2007 RM'000
<i>Secured</i>		
Bank overdrafts	4,373	0
Bankers' acceptances	25,967	0
Revolving credits	76,600	77,950
<i>Unsecured</i>		
Bank overdrafts	175	25
Bankers' acceptances	0	7,534
Revolving credits	50,000	52,000
Term loan	9,094	161,531
CMS Income Securities	377,269	379,263
Total	543,478	678,303
Maturity		
Repayable within one year	235,309	351,307
One year to five years	308,169	326,996
	543,478	678,303

B10. 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.

B11. Changes in material litigation

There were no changes in material litigation since the last annual balance sheet date of 31 December 2007.

B12. Dividend payable

No interim ordinary dividend has been declared for the six months ended 30 June 2008 (30 June 2007: Nil).

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NOTES TO THE QUARTERLY REPORT – 30 JUNE 2008

B13. Earnings per share

Basic earnings per share amounts are calculated by dividing profit for the period attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares in issue during the period.

	3 months ended		6 months ended	
	30.6.2008	30.6.2007	30.6.2008	30.6.2007
	RM'000	RM'000	RM'000	RM'000
Profit/(loss) from continuing operations attributable to ordinary equity holders of the parent	8,861	(117,561)	17,751	(110,754)
Profit from discontinued operation attributable to ordinary equity holders of the parent	11,396	452,265	11,069	450,632
Profit attributable to ordinary equity holders of the parent	<u>20,257</u>	<u>334,704</u>	<u>28,820</u>	<u>339,878</u>
	3 months ended		6 months ended	
	30.6.2008	30.6.2007	30.6.2008	30.6.2007
	'000	'000	'000	'000
Weighted average number of ordinary shares in issue	<u>329,446</u>	<u>329,446</u>	<u>329,446</u>	<u>329,446</u>
	3 months ended		6 months ended	
	30.6.2008	30.6.2007	30.6.2008	30.6.2007
	sen	sen	sen	sen
Basic earnings per share for:				
Profit/(loss) from continuing operations	2.69	(35.68)	5.39	(33.61)
Profit from discontinued operation	3.46	137.28	3.36	136.78
Profit for the period	<u>6.15</u>	<u>101.60</u>	<u>8.75</u>	<u>103.17</u>

B14. Auditor's report on preceding annual financial statements

The auditors' report on the financial statements for the year ended 31 December 2007 was not subject to any qualification.

B15. 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 28 August 2008.

BY ORDER OF THE BOARD

Koo Swee Pheng

Secretary

Date: 28 August 2008