CAHYA MATA SARAWAK BERHAD
(Company No. 21076-T)

NOTES TO THE QUARTERLY REPORT – 31 MARCH 2009

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 2008. 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 2008.

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2008.

A2. Seasonal or cyclical factors

The business operations of the Group are generally non-cyclical or seasonal. Ordinarily, however, there is a lower level of activity, particularly for the Construction and Construction Material Divisions, during the first quarter of the year.

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 year ended 31 March 2009.

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 quarter ended 31 March 2009.

A7. Segmental information

	3 months ended 31.3.2009 RM'000	3 months ended 31.3.2008 RM'000
Segment Revenue		
Revenue from continuing operations:		
Manufacturing	84,308	76,450
Construction	35,767	57,069
Construction materials	26,052	24,185
Financial services	2,379	4,187
Property development	3,894	2,369
Others*	33,046	33,773
Total revenue including inter-segment sales	185,446	198,033
Elimination of inter-segment sales	(5,913)	(13,355)
Total revenue from continuing operations	179,533	184,678
Revenue from discontinued operations	0	0
Total	179,533	184,678
Segment Results		
Results from continuing operations:		
Manufacturing	18,117	18,713
Construction	5,550	7,030
Construction materials	2,779	2,394
Financial services	(220)	311
Property development	220	(782)
Others*	61	8,961
Segment operating profit	26,507	36,627
Unallocated corporate expenses	(7,470)	(448)
Finance costs	(10,266)	(11,843)
Share of loss of associates	(1,774)	(1,072)
Share of profit of jointly controlled entities	1,195	832
Profit before tax	8,192	24,096
Income tax expenses	(6,583)	(7,811)
Results from discontinued operations	0	(160)
Net profit for the period	1,609	16,125

* General trading, education and others

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 2008.

A9. Subsequent events

There are no material events subsequent to the balance sheet date that have not been reflected in the financial statements.

A10. Changes in the composition of the Group

There has been no change in the composition of the Group for the quarter ended 31 March 2009.

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 31 March 2009 is as follows:

	RM'000
Capital expenditure for property, plant and equipment:	
- Approved and contracted for	901
- Approved but not contracted for	41,182
Other capital commitment:	
- Approved and contracted for	6,060
- Approved and not contracted for	949
	49,092

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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 RM8.2 million for the three months ended 31 March 2009, compared to a pre-tax profit of RM24.1 million for the previous corresponding period ended 31 March 2008. The lower profit for the current period under review was due to lower interest income earned by the Company as a result of the decline in deposit rates.

Manufacturing Division achieved comparable profits to the previous corresponding period and remained as the highest contributor for the Group. Construction Division reported lower results as the results for three months ended 31 March 2009 no longer include results of the profit-making subsidiaries which were disposed of in July 2008.

Construction Materials Division and Property Development Division reported marginally higher profit than the previous corresponding period.

The weak stock market continued to adversely affect the associated company in the stock broking/investment banking industry. The performance of another associated company in investment holding was also unsatisfactory. However, the 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 RM8.2 million was 72% lower than the pre-tax profit of RM29.6 million in the preceding quarter.

In general, the first quarter of the year tends to be slower than other quarters due to the wetter weather and large number of public holidays. However, the weather in the beginning of this year was exceptionally bad with flooding all over the state of Sarawak thus resulting in the lower pre-tax profit.

B3. Prospects for the year ending 31 December 2009

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

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		3 months ended	
	31.3.2009	31.3.2008	31.3.2009	31.3.2008
	RM'000	RM'000	RM'000	RM'000
Income tax based on results for the period for continuing operations				
- Malaysian income tax	5,983	7,801	5,983	7,801
In respect of prior years	0	(80)	0	(80)
Deferred tax	600	90	600	90
Total income tax expense	6,583	7,811	6,583	7,811

The effective tax rates for the current quarter and prior year's corresponding quarter 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 year under review.

B7. Quoted securities

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

	3 months ended	
	31.3.2009	31.3.2008
	RM'000	RM'000
Other investment at fair value through profit or loss:		
Total purchases	346	0
Total disposals - sale proceeds	491	0
Total profit on disposals	105	0

B7. Quoted securities (cont'd)

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

	As at 31.3.2009 RM'000	As at 31.12.2008 RM'000
Included within other investments:		
At cost	166,110	165,764
At book value	166,110	165,764
At market value	117,702	159,281
Marketable securities at fair value through profit or loss:		
At cost	29,203	29,588
At book value	27,241	29,588
At market value	27,241	30,066

B8. Corporate proposals

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.

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.

B8. Corporate proposals (cont'd)

On 7 November 2008, the Company announced that the Detailed Environment Impact Assessment studies are continuing on schedule, and the Pre-Feasibility Study report is close to finalisation. Discussions with Sarawak Energy Berhad on the Power Purchase Agreement are in the final stages of negotiation.

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

B9. Borrowings

	As at 31.3.2009 RM'000	As at 31.12.2008 RM'000
Secured		
Revolving credits	75,746	74,710
Margin trading financing	15,232	15,903
Unsecured		
Bank overdrafts	3,815	0
Bankers' acceptances	29,300	27,300
Revolving credits	50,000	50,000
Term loans	145,045	156,657
CMS Income Securities	325,198	325,198
Total	644,336	649,768
Maturity		
Repayable within one year	274,054	267,547
One year to five years	370,282	382,221
	644,336	649,768

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 2008.

B12. Dividend payable

No interim ordinary dividend has been declared for the three months ended 31 March 2009 (31 March 2008: Nil).

B13. (Loss)/earnings per share

Basic (loss)/earnings per share amounts are calculated by dividing (loss)/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		3 months ended	
	31.3.2009	31.3.2008	31.3.2009	31.3.2008
	RM'000	RM'000	RM'000	RM'000
(Loss)/profit from continuing operations attributable to ordinary equity holders of the parent	(1,779)	8,723	(1,779)	8,723
Loss from discontinuing operation attributable to ordinary equity holders of the parent	0	(160)	0	(160)
(Loss)/profit attributable to ordinary equity holders of the parent	(1,779)	8,563	(1,779)	8,563
	3 months ended		3 months ended	
	31.3.2009	31.3.2008	31.3.2009	31.3.2008
	'000	'000	'000	'000
Weighted average number of ordinary shares in issue	329,446	329,446	329,446	329,446
	3 months ended		3 months ended	
	31.3.2009	31.3.2008	31.3.2009	31.3.2008
	sen	sen	sen	sen
Basic (loss)/earnings per share for:				
(Loss)/profit from continuing operations	(0.54)	2.65	(0.54)	2.65
Loss from discontinued operation	0.00	(0.05)	0.00	(0.05)
(Loss)/profit for the period	(0.54)	2.60	(0.54)	2.60

B14. Auditor's report on preceding annual financial statements

The auditors' report on the financial statements for the year ended 31 December 2008 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 26 May 2009.

BY ORDER OF THE BOARD

Koo Swee Pheng
Secretary
Date: 26 May 2009