NOTES TO THE QUARTERLY REPORT – 30 JUNE 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.

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 30 June 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 30 June 2009.

A7. Segmental information

	3 months ended		6 months ended	
	30.6.2009	30.6.2008	30.6.2009	30.6.2008
	RM'000	RM'000	RM'000	RM'000
Segment Revenue				
Manufacturing	92,625	94,159	176,933	170,609
Construction	49,265	71,911	85,032	128,980
Construction materials	29,625	26,861	55,677	51,046
Financial services	2,585	3,585	4,964	7,772
Property development	5,976	3,039	9,870	5,408
Others*	38,039	35,945	71,085	69,718
Total revenue including inter-segment sales	218,115	235,500	403,561	433,533
Elimination of inter-segment sales	(8,708)	(17,029)	(14,621)	(30,384)
Total revenue	209,407	218,471	388,940	403,149
Segment Results				
Results from continuing operations:				
Manufacturing	18,000	20,733	36,117	39,446
Construction	3,584	8,550	9,134	15,580
Construction materials	4,624	2,513	7,403	4,907
Financial services	(91)	(63)	(311)	248
Property development	(496)	(68)	(276)	(850)
Others*	658	1,590	719	10,551
Segment operating profit	26,279	33,255	52,786	69,882
Unallocated corporate expenses	1,391	(193)	(6,079)	(641)
Finance costs	(9,579)	(8,648)	(19,845)	(20,491)
Share of profit/(loss) of associates	3,324	(1,627)	1,550	(2,699)
Share of profit of jointly controlled entities	180	261	1,375	1,093
Profit before tax	21,595	23,048	29,787	47,144
Income tax expenses	(6,827)	(9,312)	(13,410)	(17,123)
Results from discontinued operations	0	11,229	0	11,069
Net profit for the period	14,768	24,965	16,377	41,090

* 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 30 June 2009 except for the following:

On 3 June 2009, CMS Infra Trading Sdn Bhd, a subsidiary company of the Company had incorporated a wholly owned subsidiary company named CMS Agrotech Sdn Bhd with an authorised share capital of RM100,000 comprising 100,000 ordinary shares of RM1.00 each of which two ordinary shares are issued and fully paid-up.

The principal activity of CMS Agrotech Sdn Bhd is to carry out businesses relating to organic waste management and recycling centre/facility, production and distribution of organic fertilizers and related consultancy services.

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 2009 is as follows:

	RM'000
Capital expenditure for property, plant and equipment:	
- Approved and contracted for	192
- Approved but not contracted for	33,215
Other capital commitment:	
- Approved and contracted for	36,015
- Approved and not contracted for	932
	70,354

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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 RM29.8 million for the six months ended 30 June 2009, compared to a pre-tax profit of RM47.1 million for the previous corresponding period ended 30 June 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 and results of previous corresponding period included profits totalling RM17 million registered by former subsidiaries.

Manufacturing Division reported lower profits compared to the previous corresponding period mainly due to escalated fuel price for clinker but remained as the highest contributor for the Group. Construction Division reported lower profits as the results for six months ended 30 June 2009 no longer include results of the profit-making subsidiaries which were disposed of in July 2008.

Construction Materials Division reported higher profit than the previous corresponding period benefiting from increased sales revenue mainly due to federal government's spending on rural roads under the stimulus packages coupled with lower material costs. The softening property market has continued to negatively affect the performance of the Property Division.

The performance of the associated company in investment holding was unsatisfactory. However, the improved stock market with higher trading turnover has helped another associated company in the stock broking/investment banking industry to improve its performance. The associated company in the steel fabrication and manufacturing of steel pipes industry reported much better results compared to the previous corresponding period due to the significant improved steel water pipes business.

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 RM21.6 million was 164% higher than the pre-tax profit of RM8.2 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 in the preceding quarter.

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		6 months ended	
	30.6.2009	30.6.2008	30.6.2009	30.6.2008
	RM'000	RM'000	RM'000	RM'000
Income tax based on results for the period for continuing operations				
- Malaysian income tax	7,111	9,222	13,094	17,023
In respect of prior years	316	0	316	(80)
Deferred tax	(600)	90	0	180
Total income tax expense	6,827	9,312	13,410	17,123

The effective tax rates for the current quarter and financial period ended 30 June 2009 and 30 June 2008 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		6 months ended	
	30.6.2009	30.6.2008	30.6.2009	30.6.2008
	RM'000	RM'000	RM'000	RM'000
Other investments at fair value through profit or loss:				
Total purchases	0	0	346	0
Total disposals - sale proceeds	0	0	491	0
Total profit on disposals	0	0	105	0

B7. Quoted securities (cont'd)

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

	As at 30.6.2009 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	143,169	159,281
Marketable securities at fair value through profit or loss:		
At cost	29,203	29,588
At book value	29,203	29,588
At market value	30,754	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 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.

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.

On 7 August 2009, the Company announced that the Company and RTA have mutually agreed to extend the HOA to 30 September 2009 as the pre-feasibility study is still being finalised due to on-going negotiations on the power purchase agreement with Sarawak Energy Berhad.

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 30.6.2009 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	3,974	0
Bankers' acceptances	30,000	27,300
Revolving credits	50,000	50,000
Term loans	145,180	156,657
CMS Income Securities	323,701	325,198
Total	643,833	649,768
Maturity		
Repayable within one year	274,779	267,547
One year to five years	369,054	382,221
	643,833	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 six months ended 30 June 2009 (30 June 2008: Nil).

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	
	30.6.2009	30.6.2008	30.6.2009	30.6.2008
	RM'000	RM'000	RM'000	RM'000
Profit from continuing operations attributable to ordinary equity holders of the parent	11,416	8,861	9,637	17,751
Profit from discontinuing operation attributable to ordinary equity holders of the parent	0	11,396	0	11,069
Profit attributable to ordinary equity holders of the parent	11,416	20,257	9,637	28,820
	3 months ended		6 months ended	
	30.6.2009	30.6.2008	30.6.2009	30.6.2008
	'000	'000	'000	'000
Weighted average number of ordinary shares in issue	329,446	329,446	329,446	329,446
	3 months ended		6 months ended	
	30.6.2009	30.6.2008	30.6.2009	30.6.2008
	sen	sen	sen	sen
Basic earnings per share for:				
Profit from continuing operations	3.47	2.69	2.93	5.39
Profit from discontinued operation	0.00	3.46	0.00	3.36
Profit for the period	3.47	6.15	2.93	8.75

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 August 2009.

BY ORDER OF THE BOARD

Koo Swee Pheng
Secretary
Date: 26 August 2009