

NOTES TO THE QUARTERLY REPORT – 30 SEPTEMBER 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 period ended 30 September 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

The first and final dividend of 5 sen per share less 25% tax for the financial year ended 31 December 2008 amounting to RM12,354,219 was paid on 17 July 2009.

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

NOTES TO THE QUARTERLY REPORT – 30 SEPTEMBER 2009

A7. Segmental information

	3 months ended		9 months ended	
	30.9.2009	30.9.2008	30.9.2009	30.9.2008
	RM'000	RM'000	RM'000	RM'000
Segment Revenue				
Manufacturing	100,941	104,465	277,874	275,074
Construction	30,673	73,481	115,705	202,461
Construction materials	42,145	33,152	97,822	84,198
Financial services	2,783	3,667	7,747	11,439
Property development	5,901	3,281	15,771	8,689
Others*	48,215	34,068	119,300	103,786
Total revenue including inter-segment sales	230,658	252,114	634,219	685,647
Elimination of inter-segment sales	(7,460)	(10,531)	(22,081)	(40,915)
Total revenue	223,198	241,583	612,138	644,732
Segment Results				
Results from continuing operations:				
Manufacturing	23,730	23,043	59,847	62,489
Construction	3,551	34,666	12,685	50,246
Construction materials	8,331	2,738	15,734	7,645
Financial services	164	61	(147)	309
Property development	(72)	(709)	(348)	(1,559)
Others*	(43)	22,646	676	33,197
Segment operating profit	35,661	82,445	88,447	152,327
Unallocated corporate expenses	2,553	3,180	(3,526)	2,539
Finance costs	(9,359)	(9,742)	(29,204)	(30,233)
Share of profit/(loss) of associates	6,454	(14,084)	8,004	(16,783)
Share of profit of jointly controlled entities	212	924	1,587	2,017
Profit before tax	35,521	62,723	65,308	109,867
Income tax expenses	(11,420)	(10,405)	(24,830)	(27,528)
Results from discontinued operations	0	19	0	11,088
Net profit for the period	24,101	52,337	40,478	93,427

* 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.

NOTES TO THE QUARTERLY REPORT – 30 SEPTEMBER 2009

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 September 2009 except for the following:

- (a) On 6 July 2009, CMS I-Systems Bhd, a subsidiary company of the Company entered into a shareholders' agreement with West Asia Exports and Imports Private Limited ("WAEIPL") and ETA CMS I Solutions Private limited ("JV Company") to carry on the businesses of automating the motor claims process which encompasses call centre operation, business process outsourcing, business of franchising workshops, financial services distribution centre, towing services and car rental business in India via the JV company, ETA CMS I Solutions Private Limited.

The JV Company was incorporated in India on 12 May 2009 under the Companies Act, 1956 (India) as a private limited company and has an authorised share capital of INR500,000 comprising of 50,000 ordinary shares of INR10 each of which 50,000 ordinary shares are issued and fully paid-up.

The equity participation in the JV Company shall at all times be maintained at CMS I-Systems Bhd 70% and WAEIPL 30%.

- (b) On 15 July 2009, pursuant to a rights issue by CMS I-Systems Bhd, the Company subscribed for the rights issue of 8,000,000 new ordinary shares of RM1.00 each, at par, including 3,923,552 ordinary shares renounced by the other shareholders. In consideration of Cahya Mata Sarawak Bhd agreeing to take up the unsubscribed shares, all the other shareholders transferred a total of 278,286 shares already held by them for a total cash consideration of RM12.00. As a result, upon completion of the rights issue and share transfer, the Company's shareholding in CMS I-Systems Bhd increased from 51% to 68.76%.

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.

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

NOTES TO THE QUARTERLY REPORT – 30 SEPTEMBER 2009

A12. Capital commitments

The amount of commitments not provided for in the interim financial statements as at 30 September 2009 is as follows:

	RM'000
Capital expenditure for property, plant and equipment:	
- Approved and contracted for	287
- Approved but not contracted for	31,202
Other capital commitment:	
- Approved and contracted for	30,015
- Approved and not contracted for	883
	<u>62,387</u>

NOTES TO THE QUARTERLY REPORT – 30 SEPTEMBER 2009

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 RM65.31 million for the nine months ended 30 September 2009, compared to a pre-tax profit of RM109.87 million for the previous corresponding period ended 30 September 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 RM17.38 million registered by former subsidiaries and the dilution gain of RM60.7 million arising from share issue by a subsidiary.

Manufacturing Division reported lower profits compared to the previous corresponding period mainly due to lower selling prices and higher material costs in current period under review but remained as the highest contributor for the Group. Construction Division reported lower profits as the results for nine months ended 30 September 2009 no longer include the gain and results of the profit-making subsidiaries which were disposed of in July 2008.

Construction Materials Division reported significantly 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 "Others" Business Segment Division recorded a significant profit in previous corresponding period ended 30 September 2008 due to the dilution gain of share issued by UBG Bhd.

The performance of the associated company in investment holding was satisfactory. 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 RM35.52 million was 65% higher than the pre-tax profit of RM21.60 million in the preceding quarter.

All businesses reported better performance for the quarter under review except for the "Others" Business Segment Division.

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

NOTES TO THE QUARTERLY REPORT – 30 SEPTEMBER 2009

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 for our continuing operations to be an improvement on 2008 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		9 months ended	
	30.9.2009	30.9.2008	30.9.2009	30.9.2008
	RM'000	RM'000	RM'000	RM'000
Income tax based on results for the period for continuing operations				
- Malaysian income tax	11,970	10,262	25,064	27,285
In respect of prior years	(550)	52	(234)	(28)
Deferred tax	0	91	0	271
Total income tax expense	11,420	10,405	24,830	27,528

The effective tax rates for the current quarter and financial period ended 30 September 2009 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.

NOTES TO THE QUARTERLY REPORT – 30 SEPTEMBER 2009

B7. Quoted securities

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

	3 months ended		9 months ended	
	30.9.2009	30.9.2008	30.9.2009	30.9.2008
	RM'000	RM'000	RM'000	RM'000
Total purchases	0	0	346	0
Total disposals - sale proceeds	0	0	491	0
Total profit on disposals	0	0	105	0

b) Total investments in quoted securities as at 30 September 2009 are as follows:

	RM'000
At cost	220,312
At book value	220,312
At market value	205,988

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 30 September 2009, the Company announced that the Company and RTA have mutually agreed to extend the HOA to 30 November 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.

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

NOTES TO THE QUARTERLY REPORT – 30 SEPTEMBER 2009

B9. Borrowings

	As at 30.9.2009 RM'000	As at 31.12.2008 RM'000
Secured		
Revolving credits	75,746	74,710
Margin trading financing	14,696	15,903
Unsecured		
Bank overdrafts	2,989	0
Bankers' acceptances	28,400	27,300
Revolving credits	50,000	50,000
Term loans	131,848	156,657
CMS Income Securities	323,701	325,198
Total	<u>627,380</u>	<u>649,768</u>
Maturity		
Repayable within one year	269,045	267,547
One year to five years	358,335	382,221
	<u>627,380</u>	<u>649,768</u>

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 nine months ended 30 September 2009 (30 September 2008: Nil).

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

NOTES TO THE QUARTERLY REPORT – 30 SEPTEMBER 2009

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		9 months ended	
	30.9.2009	30.9.2008	30.9.2009	30.9.2008
	RM'000	RM'000	RM'000	RM'000
Profit from continuing operations attributable to ordinary equity holders of the parent	18,729	29,828	28,366	47,579
Profit from discontinuing operation attributable to ordinary equity holders of the parent	0	19	0	11,088
Profit attributable to ordinary equity holders of the parent	18,729	29,847	28,366	58,667
	3 months ended		9 months ended	
	30.9.2009	30.9.2008	30.9.2009	30.9.2008
	'000	'000	'000	'000
Weighted average number of ordinary shares in issue	329,446	329,446	329,446	329,446
	3 months ended		9 months ended	
	30.9.2009	30.9.2008	30.9.2009	30.9.2008
	sen	sen	sen	sen
Basic earnings per share for:				
Profit from continuing operations	5.68	9.05	8.61	14.45
Profit from discontinued operation	0.00	0.01	0.00	3.36
Profit for the period	5.68	9.06	8.61	17.81

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 25 November 2009.

BY ORDER OF THE BOARD

Koo Swee Pheng

Secretary

Date: 25 November 2009