NOTES TO THE QUARTERLY REPORT – 31 MARCH 2010

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 2009. 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 2009.

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2009 except for the adoption of Financial Reporting Standards ("FRSs") effective for financial periods beginning 1 January 2010:

FRS 4	Insurance Contracts
FRS 7	Financial Instruments: Disclosures
FRS 8	Operating Segments
FRS 101	Presentation of Financial Statements (revised)
FRS 123	Borrowing Costs
FRS 139	Financial Instruments: Recognition and Measurement
Amendments to FRS 1	First-time Adoption of Financial Reporting Standards and FRS 127 Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
Amendments to FRS 2	Share-based Payment - Vesting Conditions and Cancellations
Amendments to FRS 132	Financial Instruments: Presentation
Amendments to FRS 139	Financial Instruments: Recognition and Measurement, FRS 7: Financial Instruments: Disclosures and IC Interpretation 9: Reassessment of Embedded Derivatives
Amendments to FRSs	Improvements to FRSs (2009)
IC Interpretation 9	Reassessment of Embedded Derivatives
IC Interpretation 10	Interim Financial Reporting and Impairment
IC Interpretation 11	FRS 2 - Group and Treasury Share Transactions
IC Interpretation 13	Customer Loyalty Programmes
IC Interpretation 14	FRS 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
TR i – 3	Presentation of Financial Statements of Islamic Financial Institutions

Other than the adoption of FRS 8, FRS 101 and FRS 139, the application of the above FRSs, Amendments to FRSs and interpretations did not result in any significant changes in the accounting policies and the presentation of the financial results of the Group.

A1. Basis of preparation (contd.)

(a) FRS 8: Operating Segments

The Group applied this standard from financial periods beginning on 1 January 2010. As this is a disclosure standard, there is no impact on the financial position or results of the Group. This new standard requires a 'management approach', under which segment information is presented on the same basis as that used for internal reporting purposes.

(b) FRS 101: Presentation of Financial Statements

Arising from adoption of revised FRS101 which separates owner and non-owner changes in equity, the consolidated statement of changes in equity will now include only details of transactions with owners. All non-owner changes in equity are presented as a single line labelled as total comprehensive income. The Group has adopted the format of consolidated statement of comprehensive income by presenting all items of income and expense recognised in the income statement, together with all other items of recognised income and expense in one single statement. The adoption of this standard does not have any impact on the financial position and results of the Group.

(c) FRS 139: Financial Instruments: Recognition and Measurement

The Group adopted FRS139 on 1 January 2010 which has resulted in changes to accounting policies related to classification, recognition and measurement of its financial assets and liabilities as discussed below:

(i) Initial recognition and measurement
A financial instrument is recognised in the financial statements when, and only when, the Group becomes a party to the contractual provisions of the instruments. A financial instrument is recognised initially at its fair value. In the case of a financial instrument not categorised as fair value through profit or loss, the financial instrument is initially recognised at its fair value plus transaction costs that are directly attributable to acquisition or issue of the financial instrument.

An embedded derivative is recognised separately from the host contract and accounted for as a derivative if, and only if, it is not closely related to the economic characteristics and risks of the host contract and the host contract is not categorised as fair value through profit or loss. In the event that the embedded derivative is recognised separately, the host contract is accounted for in accordance with the policy applicable to the nature of the host contract.

(ii) Financial assets
Financial assets at fair value through profit or loss:
Prior to the adoption of FRS139, financial assets such as investments were accounted for at cost adjusted for amortisation of premium and accretion of discount less impairment or at lower of cost and market values, determined on an aggregate basis. With the adoption of FRS 139, the Group's short term investments are now categorised and measured as fair value through profit or loss and measured at their fair values with the gains and losses recognised in profit or loss.

A1. Basis of preparation (contd.)

(c) FRS 139: Financial Instruments: Recognition and Measurement (contd.)

(ii) Financial assets (contd.)
Loans and receivables:
Prior to adoption of FRS 139, loans and receivables were stated at cost less allowance for doubtful debts. Under FRS139, an impairment loss is recognised for trade and other receivables and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. Gains and losses arising from the amortisation process, impairment, or derecognition of this financial assets are recognised in income statement.

(iii) Financial liabilities
The Group's financial liabilities include borrowings and trade and other payables. All financial liabilities are subsequently measured at amortised cost using the effective interest method.

In accordance with the provision of the standard, the changes are applied prospectively and the comparatives as at 31 December 2009 are not restated. Instead, the opening balances of the financial assets and financial liabilities at 1 January 2010 are restated in accordance with the transitional provisions for first-time adoption of FRS139 as follows:

Group	Before adjustment RM'000	FRS 139 adjustment RM'000	After adjustment RM'000
Trade and other receivables	244,944	(3,520)	241,424
Short term investments	101,917	1,231	103,148
Investment in associates*	283,964	537	284,501
Trade and other payables	(261,637)	880	(260,757)
Minority interests	(182,478)	1,246	(181,232)
Revenue reserve	(476,747)	(374)	(477,121)

** Arising from the Group's share of an associate's adjustments on adoption of FRS 139.*

In addition, these changes in accounting policies have the effect of increasing the profit before tax for the current quarter by RM1.59 million.

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 1st 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 period ended 31 March 2010.

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 2010.

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A7. Segmental information

	3 months ended	
	31.3.2010	31.3.2009
	RM'000	RM'000
Segment Revenue		
Manufacturing	95,170	82,393
Construction	4,302	35,767
Construction materials	33,277	28,182
Financial services	2,679	2,379
Property development	2,737	3,894
Others*	47,356	33,046
Total revenue including inter-segment sales	185,521	185,661
Elimination of inter-segment sales	(7,888)	(6,128)
	177,633	179,533
Segment Results		
Results from continuing operations:		
Manufacturing	19,492	18,125
Construction	2,314	5,549
Construction materials	4,803	2,772
Financial services	(345)	(220)
Property development	(441)	220
Others*	(352)	61
Segment operating profit	25,471	26,507
Unallocated corporate expense	(3,098)	(7,470)
Finance costs	(7,796)	(10,266)
Share of profit/(loss) of associates	6,772	(296)
Share of profit of jointly controlled entities	0	1,195
Profit before tax	21,349	9,670
Income tax expenses	(6,609)	(6,583)
Results from discontinued operations	0	(1,478)
Net profit for the period	14,740	1,609

* 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 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 31 March 2010 except for the following:

On 14 December 2009, CMS Capital Sdn Bhd, a 95.20% owned subsidiary of the Company and AGI Asset Management Ltd entered into a Share Sale Agreement with Kenanga Investment Bank Berhad ("KIBB") for the disposal of 6,765,300 ordinary shares of RM1.00 each in CMS Trust Management Sdn Bhd ("CMSTM"), representing the entire equity interest in CMSTM to KIBB for a total cash consideration of RM23,000,000.

The proposed disposal of CMSTM was completed on 9 April 2010 and CMSTM ceased to be a subsidiary of the Company.

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 2010 was as follows:

	RM'000
Capital expenditure for property, plant and equipment:	
- Approved and contracted for	593
- Approved but not contracted for	67,071
Other capital commitment:	
- Approved and not contracted for	30,220
	97,884

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 RM21.35 million for the three months ended 31 March 2010, compared to a pre-tax profit of RM9.67 million for the three months ended 31 March 2009.

The higher profit for the current period under review was due to higher profit reported by Manufacturing and Construction Materials Divisions coupled with better results of the associated companies and lower net interest expense reported by the Company as a result of higher interest income from higher cash reserves following receipt of disposal proceeds from investment in marketable securities and lower interest expense on lower amounts of borrowings.

The results of other Divisions were comparable to previous corresponding period.

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 RM21.35 million was 65% lower than the pre-tax profit of RM60.90 million in the preceding quarter.

Generally, the first quarter of the year tends to be slower due to wet weather and higher number of public holidays. The significantly high pre-tax profit in the preceding quarter was mainly attributable to the recovery of costs amounting to RM19.77 million for a major completed project by the Construction Division and the gain on disposal of Sarawak Energy Berhad shares amounted to RM16.29 million by the Company.

B3. Prospects for the year ending 31 December 2010

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 remain satisfactory.

B4. Profit forecast or profit guarantee

Not applicable as there was no profit forecast nor profit guarantee issued.

B5. Income tax expense

	3 months ended 31.3.2010 RM'000	3 months ended 31.3.2009 RM'000
Income tax based on results for the period for continuing operations:		
- Malaysian income tax	5,789	5,983
In respect of prior years	(34)	0
Deferred tax	854	600
Total income tax expense	6,609	6,583

The effective tax rate for the current quarter year and prior year's quarter ended 31 March 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.

B7. Quoted securities

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

	3 months ended 31.3.2010 RM'000	3 months ended 31.3.2009 RM'000
Total purchases	25,500	346
Total disposals - sale proceeds	25,292	491
Total profit on disposals	75	105

b) Total investments in quoted securities as at 31 March 2010 are as follows:

	RM'000
At cost	29,340
At book value	27,282
At market value	27,282

B8. Corporate proposals

(a) Heads of Agreement with Rio Tinto Aluminium (Malaysia) Sdn Bhd, a wholly-owned subsidiary of Rio Tinto Aluminium Limited

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 26 March 2010, the Company announced that the Company and RTA have mutually agreed to extend the HOA to 31 May 2010 as the pre-feasibility study is still being finalised due to on-going negotiations on the power purchase agreement with Sarawak Energy Berhad.

(b) Proposed Disposal by Concordance Holdings Sdn Bhd (a wholly-owned subsidiary) (“CHSB”) and PPES Works (Sarawak) Sdn Bhd (a 51%-owned subsidiary) (“PPES”) to PetroSaudi International Ltd of their respective entire equity interests in UBG Berhad (“UBG”), representing in aggregate approximately 37.21% of UBG’s issued and paid-up share capital (Proposed Disposal”)

On 29 December 2009, CHSB and PPES received letters of offer from PetroSaudi to acquire all the UBG shares of RM0.25 each held by them for a fixed cash consideration of RM2.50 per share. The Boards of CMS and PPES had on 8 January 2010 approved the Proposed Disposal. The total cash consideration to be received by CHSB and PPES for the Proposed Disposal amounts to RM465,525,388.

At the Extraordinary General Meeting on 30 April 2010, the shareholders of the Company approved the Proposed Disposal. The Company further announced that it had on 30 April 2010 received a letter dated 29 April 2010 from PetroSaudi informing CHSB and PPES that it is still awaiting certain regulatory approvals in relation to their acquisition.

The Proposed Disposal is expected to be completed by end of May 2010.

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 31.3.2010 RM'000	As at 31.12.2009 RM'000
Secured		
Revolving credits	61,200	64,686
Hire purchase and finance lease liabilities	855	964
Unsecured		
Bank overdrafts	3,915	0
Bankers' acceptances	24,182	26,100
Revolving credits	60,000	60,000
Term loans	118,701	130,342
CMS Income Securities	252,144	252,144
Loan from corporate shareholder	4,410	0
Total	525,407	534,236
Maturity		
Repayable within one year	254,287	256,156
One year to five years	259,102	256,720
Over five years	12,018	21,360
	525,407	534,236

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. Derivatives

There were no derivatives entered into by the Group as at the end of the quarter under review.

B12. Gains/losses arising from fair value changes of financial liabilities

There were no gains/losses arising from fair value changes of financial liabilities.

B13. Changes in material litigation

There were no changes in material litigation since the last annual balance sheet date of 31 December 2009.

B14. Dividend payable

No interim ordinary dividend has been declared for the financial period ended 31 March 2010 (31 March 2009: 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	
	31.3.2010	31.3.2009
	RM'000	RM'000
Profit/(loss) from continuing operations attributable to ordinary owners of the parent	12,130	(301)
Loss from discontinuing operations attributable to ordinary owners of the parent	0	(1,478)
Profit/(loss) attributable to ordinary owners of the parent	12,130	(1,779)
	3 months ended	
	31.3.2010	31.3.2009
	'000	'000
Weighted average number of ordinary shares in issue	329,446	329,446
	3 months ended	
	31.3.2010	31.3.2009
	sen	sen
Basic earnings per share for:		
Profit/(loss)from continuing operations	3.68	(0.09)
Loss from discontinued operations	0.00	(0.45)
Profit/(loss) for the period	3.68	(0.54)

B14. Auditor's report on preceding annual financial statements

The auditors' report on the financial statements for the year ended 31 December 2009 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 27 May 2010.

BY ORDER OF THE BOARD

Koo Swee Pheng
Secretary
Date: 27 May 2010