

# CAHYA MATA SARAWAK BERHAD

(Company No: 21076-T)

## Interim Financial Report

Condensed consolidated statements of comprehensive income for the three month period ended 31 March 2011

	Note	3 months ended		3 months ended	
		31.03.2011 RM'000	31.03.2010 RM'000	31.03.2011 RM'000	31.03.2010 RM'000
<b>Continuing Operations</b>					
Revenue	A7	226,367	177,633	226,367	177,633
Cost of sales		(181,012)	(140,756)	(181,012)	(140,756)
<b>Gross profit</b>		45,355	36,877	45,355	36,877
Other income		15,499	2,646	15,499	2,646
Administrative expenses		(15,111)	(14,166)	(15,111)	(14,166)
Selling and marketing expenses		(2,136)	(2,068)	(2,136)	(2,068)
Other expenses		(1,097)	(916)	(1,097)	(916)
<b>Operating profit</b>		42,510	22,373	42,510	22,373
Finance costs		(5,130)	(7,796)	(5,130)	(7,796)
Share of profit of associated companies		5,715	6,772	5,715	6,772
Share of profit of jointly controlled entities		0	0	0	0
<b>Profit before taxation</b>		43,095	21,349	43,095	21,349
Income tax expense	B5	(8,602)	(6,609)	(8,602)	(6,609)
<b>Profit for the period</b>		34,493	14,740	34,493	14,740
<b>Other comprehensive income, net of tax</b>					
Exchange fluctuation from translation of subsidiary's net asset		68	2	68	2
Share of associate's total comprehensive income		(534)	(803)	(534)	(803)
<b>Other comprehensive income for the period, net of tax</b>		(466)	(801)	(466)	(801)
<b>Total comprehensive income for the period</b>		34,027	13,939	34,027	13,939
Profit attributable to:					
Owners of the parent		30,634	12,130	30,634	12,130
Non-controlling interests		3,859	2,610	3,859	2,610
Profit for the period		34,493	14,740	34,493	14,740
Total comprehensive income attributable to:					
Owners of the parent		30,173	11,367	30,173	11,367
Non-controlling interests		3,854	2,572	3,854	2,572
Total comprehensive income for the period		34,027	13,939	34,027	13,939
		sen	sen	sen	sen
<b>Earnings per share attributable to owners of the parent:</b>					
Basic, for profit from continuing operations	B13	9.30	3.68	9.30	3.68
Diluted		N/A	N/A	N/A	N/A

The condensed consolidated statements of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2010 and the accompanying explanatory notes attached to the interim financial report.

**Cahya Mata Sarawak Berhad**

(Company No: 21076-T)

**Condensed consolidated statement of financial position as at 31 March 2011**

	Note	Unaudited As at 31.03.2011 RM'000	Audited As at 31.12.2010 RM'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	A8	345,810	325,545
Prepaid land lease payments		19,053	19,235
Land held for property development		63,241	62,924
Investment properties		6,095	6,095
Intangible assets		3,077	3,352
Goodwill on consolidation		61,709	61,709
Investments in associated companies		285,334	278,152
Investments in jointly controlled entities		2,635	2,635
Investment securities		300	300
Other receivables		39	0
Deferred tax assets		15,335	16,700
		<u>802,628</u>	<u>776,647</u>
<b>Current assets</b>			
Property development costs		128,820	130,152
Inventories		85,329	86,727
Investment securities		588,236	87,904
Trade and other receivables		205,654	206,960
Other current assets		65,183	39,850
Tax recoverable		4,900	13,098
Cash and bank balances		189,614	773,484
		<u>1,267,736</u>	<u>1,338,175</u>
<b>TOTAL ASSETS</b>		<b><u>2,070,364</u></b>	<b><u>2,114,822</u></b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to owners of the parent</b>			
Share capital		329,446	329,446
Share premium		427,516	427,516
Other reserves		26,323	25,157
Retained earnings		561,182	530,548
		<u>1,344,467</u>	<u>1,312,667</u>
<b>Non-controlling interests</b>		<u>159,467</u>	<u>155,613</u>
<b>Total equity</b>		<b><u>1,503,934</u></b>	<b><u>1,468,280</u></b>
<b>Non-current liabilities</b>			
Loans and borrowings	B9	163,957	174,686
Deferred tax liabilities		23,804	21,937
		<u>187,761</u>	<u>196,623</u>
<b>Current liabilities</b>			
Trade and other payables		219,482	210,707
Other current liabilities		12,863	12,595
Loans and borrowings	B9	135,711	219,900
Income tax payable		10,613	6,717
		<u>378,669</u>	<u>449,919</u>
<b>Total liabilities</b>		<u>566,430</u>	<u>646,542</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b><u>2,070,364</u></b>	<b><u>2,114,822</u></b>
<b>Net assets per share attributable to ordinary owners of the parent (RM)</b>		<b><u>4.08</u></b>	<b><u>3.98</u></b>

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2010 and the accompanying explanatory notes attached to the interim financial report.

**Cahya Mata Sarawak Berhad**

(Company No: 21076-T)

**Condensed consolidated statement of changes in equity for the period ended 31 March 2011**

	< ----- Attributable to Owners of the Parent ----- >						Non-Controlling interests	Total Equity
	Share capital RM'000	Non-distributable				Distributable		
		Share premium RM'000	Capital reserve RM'000	Merger deficit RM'000	Other reserves RM'000	Retained earnings RM'000	Total RM'000	
<b>At 1 January 2011</b>	329,446	427,516	46,491	(12,000)	(9,334)	530,548	1,312,667	1,468,280
Total comprehensive income for the period	0	0	0	0	(461)	30,634	3,854	34,027
Transaction with owners:-	329,446	427,516	46,491	(12,000)	(9,795)	561,182	1,342,840	1,502,307
Grant of equity-settled share options to employees	0	0	0	0	1,627	0	0	1,627
<b>At 31 March 2011</b>	329,446	427,516	46,491	(12,000)	(8,168)	561,182	1,344,467	1,503,934
<b>At 1 January 2010</b>	329,446	427,516	46,491	(12,763)	10,533	476,747	1,277,970	1,460,448
Effects of adopting FRS 139	0	0	0	0	0	374	374	(872)
As restated	329,446	427,516	46,491	(12,763)	10,533	477,121	1,278,344	1,459,576
Total comprehensive income for the period	0	0	0	0	(763)	12,130	11,367	13,939
Transaction with owners:-	329,446	427,516	46,491	(12,763)	9,770	489,251	1,289,711	1,473,515
Additional investment in a subsidiary	0	0	0	0	0	0	0	217
<b>At 31 March 2010</b>	329,446	427,516	46,491	(12,763)	9,770	489,251	1,289,711	1,473,732

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2010 and the accompanying explanatory notes attached to the interim financial report.

**Cahaya Mata Sarawak Berhad**

(Company No: 21076-T)

**Condensed consolidated statement of cash flows for the period ended 31 March 2011**

	<b>3 months ended 31.03.2011 RM'000</b>	<b>3 months ended 31.03.2010 RM'000</b>
Net cash generated from/(used in) operating activities	51,714	(10,064)
Net cash (used in)/generated from investing activities	(540,668)	41,582
Net cash used in financing activities	(98,980)	(12,743)
Net (decrease)/increase in cash and cash equivalents	(587,934)	18,775
Cash and cash equivalents at beginning of financial period	773,431	437,888
Cash and cash equivalents at end of financial period	185,497	456,663
Cash and cash equivalents at the end of the financial period comprise the following:		
Cash and short term funds	189,614	460,578
Bank overdrafts	(4,117)	(3,915)
	185,497	456,663

The condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the year ended 31 December 2010 and the accompanying explanatory notes attached to the interim financial report.

**NOTES TO THE QUARTERLY REPORT – 31 MARCH 2011**

**Part A – Explanatory notes pursuant to FRS 134**

**A1. Basis of preparation and accounting policies**

**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 2010. 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 2010.

**Significant accounting policies**

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2010. At the date of authorisation of these interim financial statements, the following FRSS, IC interpretations and Amendments to FRSS and interpretations were issued but not yet effective and have not been applied by the Group:

**Effective for annual periods beginning on or after 1 March 2010**

- Amendments to FRS 132: Classification of Rights Issues

**Effective for annual periods beginning on or after 1 July 2010**

- FRS 1: First-time Adoption of Financial Reporting Standards
- FRS 3: Business Combinations (revised)
- Amendments to FRS 2: Share-based Payment
- Amendments to FRS 5: Non-current Assets Held for Sale and Discontinued Operations
- Amendments to FRS 127: Consolidated and Separate Financial Statements
- Amendments to FRS 138: Intangible Assets
- Amendments to IC Interpretation 9: Reassessment of Embedded Derivatives
- IC Interpretation 12: Service Concession Arrangements
- IC Interpretation 16: Hedges of a Net Investment in a Foreign Operation
- IC Interpretation 17: Distributions of Non-cash Assets to Owners

**Effective for annual periods beginning on or after 30 August 2010**

- Amendment to IC Interpretation 15: Agreements for the Construction of Real Estate

**NOTES TO THE QUARTERLY REPORT – 31 MARCH 2011**

**A1. Basis of preparation and accounting policies (contd.)**

**Effective for annual periods beginning on or after 1 January 2011**

- Amendments to FRS 1: Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters
- Amendments to FRS 1: Additional Exemptions for First-time Adopters
- Amendments to FRS 2: Group Cash-settled Share-Based Payment Transactions
- Amendments to FRS 7: Improving Disclosures about Financial Instruments
- Amendments to FRS 'Improvements to FRS (2010)'
- IC Interpretation 4: Determining Whether An Arrangement Contains a Lease
- IC Interpretation 18: Transfers of Assets from Customers
- TR i-4: Shariah Compliant Sale Contracts

**Effective for annual periods beginning on or after 1 July 2011**

- Amendments to IC Interpretation 14: Prepayments of a Minimum Funding Requirement
- IC Interpretation 19: Extinguishing Financial Liabilities with Equity Instruments

**Effective for annual periods beginning on or after 1 January 2012**

- FRS 124: Related Party Disclosures
- IC Interpretation 15: Agreements for the Construction of Real Estate

The directors expect that the adoption of the above FRSs and interpretations upon their effective dates will have no material impact on the interim financial statements of the Group other than the enhanced disclosures under the Amendments to FRS 7 which will be presented in the annual financial statements for the financial year ending 31 December 2011.

**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 1<sup>st</sup> 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 2011 except for the gain on acquisition of CMS Roads Sdn Bhd and CMS Pavement Tech Sdn Bhd of RM12.21 million included in other income.

**A4. Changes in estimates**

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

**NOTES TO THE QUARTERLY REPORT – 31 MARCH 2011**

**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 2011.

**A7. Segmental information**

	3 months ended	
	31.3.2011	31.3.2010
	RM'000	RM'000
<b>Segment Revenue</b>		
Manufacturing	102,587	95,170
Construction	31,495	4,302
Construction materials	45,477	33,277
Trading	21,583	2,679
Property development	29,257	2,737
Others*	7,311	47,356
Total revenue including inter-segment sales	237,710	185,521
Elimination of inter-segment sales	(11,343)	(7,888)
	<u>226,367</u>	<u>177,633</u>
<b>Segment Results</b>		
Results from continuing operations:		
Manufacturing	19,838	19,492
Construction ^	20,441	2,314
Construction materials	5,966	4,803
Trading	621	(345)
Property development	(205)	(441)
Others*	229	(352)
Segment operating profit	<u>46,890</u>	<u>25,471</u>
Unallocated corporate income	(4,380)	(3,098)
Finance costs	(5,130)	(7,796)
Share of profit of associates	5,715	6,772
Share of profit of jointly controlled entities	0	0
Profit before tax	<u>43,095</u>	<u>21,349</u>
Income tax expenses	(8,602)	(6,609)
Results from discontinued operations	0	0
Net profit for the period	<u>34,493</u>	<u>14,740</u>

^ Included in the 2011 results was a gain on acquisition of RM12.21 million as mentioned in A3.

\* Financial services, IT services, education and others.

**NOTES TO THE QUARTERLY REPORT – 31 MARCH 2011**

**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 were 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 have been no changes in the composition of the Group for the quarter ended 31 March 2011. However, upon fulfilment of the conditions of the share sale agreement as mentioned in corporate proposal B8(d), the results of CMS Roads Sdn. Bhd. and CMS Pavement Tech Sdn. Bhd. were consolidated into CMS Group's results from 1 March 2011 as the Company exercised management control over these two entities even before legal ownership transfer. This is in accordance with FRS 127: Consolidated and Separate Financial Statement.

**A11. Changes in contingent liabilities and contingent assets**

There were no changes in the contingent liabilities or contingent assets since the last annual reporting date.

**A12. Capital commitments**

The amount of commitments not provided for in the interim financial statements as at 31 March 2011 was as follows:

	RM'000
Capital expenditure for property, plant and equipment:	
- Approved and contracted for	125,159
- Approved but not contracted for	26,324
Other capital commitments:	
- Approved and contracted for	6,000
- Approved and not contracted for	30,000
	<u>187,483</u>



**NOTES TO THE QUARTERLY REPORT – 31 MARCH 2011**

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

**B1. Review of performance**

The Group's recorded a pre-tax profit of RM43.10 million for the three months ended 31 March 2011, compared to a pre-tax profit of RM21.35 million for the 3 months ended 31 March 2010. The higher contribution was registered by the Construction Division and there was a gain on acquisition of CMS Roads Sdn. Bhd. and CMS Pavement Tech Sdn. Bhd. of RM12.21 million.

The profit before tax for period ended 31 March 2011 was contributed by all Divisions except Property Division. The Manufacturing Division, being the largest contributor to the Group's profitability, continued to achieve healthy results. The Construction Materials Division continued its excellent performance, recording a hike in profit before tax riding on the back of the government's spending on continued projects.

The Construction Division registered a jump in profit primarily because of the re-acquisition of the profit-making entities namely CMS Roads Sdn. Bhd. and CMS Pavement Tech Sdn. Bhd., which contributed positively in the quarter under review. The higher contribution was also due to the profit from government's spending on periodic road maintenance work and road rehabilitation.

The Group's associate in the steel fabrication and manufacturing of steel pipes industry, namely KKB Engineering Bhd continued its sterling performance in the 3 months period ended 31 March 2011. However, the Group's other associate in the investment banking industry reported a lower profit for the current period compared to previous corresponding period.

**B2. Material changes in profit before taxation for the quarter**

The Group's profit before tax of RM43.10 million in the quarter under review was 19% lower than the profit before tax of RM53.16 million in the preceding quarter. This was because the Construction and Manufacturing Division registered exceptionally high profits in the preceding quarter.

However, the Group's associate in the investment banking industry returned to profit this quarter as compared to a loss in the preceding quarter primarily due to the loss incurred previously as a result of impairment made in respect of the investment bank's loans and advances and impairment of investment in an associate.

**B3. Prospects for the year ending 31 December 2011**

Whilst the operating environment faced by the Group will remain challenging, the Board expects that the prospects for the year to remain satisfactory.

**NOTES TO THE QUARTERLY REPORT – 31 MARCH 2011**

**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	
	31.3.2011	31.3.2010
	RM'000	RM'000
Current income tax:		
- Malaysian income tax	8,602	5,789
- Over provision in respect of previous years	0	(34)
Deferred tax	0	854
Total income tax expense	<u>8,602</u>	<u>6,609</u>

The effective tax rate for the current quarter ended 31 March 2011 were lower than the statutory tax rate primarily due to the non-taxable capital gain on acquisition of subsidiaries. The effective tax rate for the quarter ended 31 March 2010 was 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 certain 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.

**B7. Quoted securities**

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

	3 months ended	
	31.3.2011	31.3.2010
	RM'000	RM'000
Total purchases	0	0
Total disposals - sale proceeds	0	0
Total profit on disposals	0	0

**NOTES TO THE QUARTERLY REPORT – 31 MARCH 2011**

**B7. Quoted securities (contd.)**

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

	RM'000
At cost	7,500
At book value	7,433
At market value	7,433

**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 Samalaju Aluminium Industries Sdn. Bhd. (formerly known as Similajau Aluminium Industries Sdn. Bhd.) ("SAI"), a wholly-owned subsidiary of Samalaju Industries Sdn. Bhd. (formerly known as 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"). SAI will have a participating interest in the Project of 40% whilst the balance participating interest of 60% will be held by RTA.

On 30 July 2010, the Company announced that both parties have mutually agreed to extend the HOA from 1 August 2010 to be terminable by either party giving the other a one month notice of termination 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 Joint Venture with Premier Cottage Sdn. Bhd. ("PCSB"), Boulevard Jaya Corporation Sdn. Bhd. ("BJSB"), Hikmat Majusama Sdn. Bhd. ("HMSB") and Isthmus Development Sdn. Bhd. ("IDSB")**

On 1 December 2010, the Company announced that CMS Land Sdn. Bhd. ("CMS Land"), a 51%-owned subsidiary of the Company, had entered into a Joint Venture Agreement ("JVA1") with PCSB, BJSB, HMSB and IDSB, being the joint venture company, for the proposed joint venture to build, own and manage a four-star hotel and service apartments ("Hotel") located at the Kuching Isthmus, Kuching.

**NOTES TO THE QUARTERLY REPORT – 31 MARCH 2011**

**B8. Corporate Proposals (contd.)**

**(b) Proposed Joint Venture with Premier Cottage Sdn. Bhd. (“PCSB”), Boulevard Jaya Corporation Sdn. Bhd. (“BJSB”), Hikmat Majusama Sdn. Bhd. (“HMSB”) and Isthmus Development Sdn. Bhd. (“IDSB”) (contd.)**

Pursuant to the terms of the JVA1, CMS Land, PCSB, BJSB and HMSB will subscribe for 300,000 new ordinary shares of RM1.00 each ("Shares") in IDSB ("Shares Subscription"), 5,049,998 new Shares in IDSB, 1,960,000 new Shares in IDSB and 1,960,000 new Shares in IDSB respectively at the par value of the said Shares for cash. PCSB shall also acquire the 2 existing Shares in IDSB from the existing shareholders. Upon completion of the above, the issued and paid-up capital of IDSB will be increased to RM9,270,000.

In addition, pursuant to the terms of the JVA1, CMS Land will inject two parcels of vacant land, being Lot 2839 and Lot 2852, Block 7, Muara Tebas land District, Kuching, totalling approximately 10.5 acres with a lease period of 99 years commencing on 5th May 2010 and expiring on 4th May 2109 ("Land") to IDSB for a total consideration of RM10,000,000 ("Land Consideration") to be satisfied via the issuance of 10,000,000 new Shares ("Consideration Shares") in IDSB ("Proposed Injection") at their par value.

The Hotel will have a four-star rating with 381 hotel rooms and 96 units of service apartments. The approval for the development plan for the Hotel has been obtained on 21 June 2010. Total cost of the Hotel (including outfitting, furniture, fittings and equipment, but excluding financing costs and contingencies) is estimated to be approximately RM380 million and will be financed by IDSB via a combination of issuance of Shares as detailed above, borrowings from banks or financial institutions, as well as advances from the JV partners (save for CMS Land) up to RM50 million.

The joint venture company's initial plan was to commence building works for the Hotel in the first quarter of 2011 and currently, the joint venture company is considering various other available options pertaining to the Hotel development and as such, the actual commencement date for the building works will only be finalised once that decision has been made by the Board of the joint venture company. The Company expects that such decision will be made by the Board of the joint venture company within this year.

**(c) Proposed Joint Venture with Naim Land Sdn. Bhd (formerly known as Naim Cendera Sdn. Bhd.) (“NLSB”) and Bintulu Development Authority (“BDA”)**

On 17 December 2010, the Company announced that its wholly owned subsidiary company, Samalaju Industries Sdn. Bhd. (formerly known as Similajau Industries Sdn. Bhd.) (“SISB”) entered into a Joint Venture Agreement (“JVA2”) with NLSB and BDA to jointly carry on the business of developing the parcel of land at Samalaju New Township into a township to cater to the housing needs arising from the development of the Samalaju Industrial Park including to develop service centres and light industrial buildings on the Land, to build and manage temporary labourers' and executive accommodation that may be required by industries locating their operations on the Samalaju Industrial Park (“the Project”).

**NOTES TO THE QUARTERLY REPORT – 31 MARCH 2011**

**B8. Corporate Proposals (contd.)**

**(c) Proposed Joint Venture with Naim Cendera Sdn. Bhd (“NCSB”) and Bintulu Development Authority (“BDA”) (contd.)**

A summary of the salient terms of the JVA2, inter-alia, are as follows:-

- (i) The JVA2 is conditional upon the parties to the JVA2, where necessary, obtaining their respective approvals or ratification from their board, shareholders or board members, as the case may be.
- (ii) If the conditions precedent referred to in the preceding paragraph are not obtained within twelve (12) months from the date of the JVA2 or such extended date as may be mutually agreed, then any one of the parties to the JVA2 may terminate the JVA2.
- (iii) A private limited company under the name Samalaju Property Development Sdn. Bhd. (“SPDSB”) or such other name as shall be agreed between the joint venture parties and approved by the Companies Commission of Malaysia shall be the joint venture (“JV”) company. The proposed initial authorised, issued and paid-up capital of the JV company shall be Ringgit Malaysia One Million only (RM1,000,000.00) divided into One Million (1,000,000) ordinary shares of RM1.00 each.
- (iv) The equity participation of the parties shall be in the following proportions:-
  - SISB 51%
  - NCSB 39%
  - BDA 10%
- (v) Upon allotment of shares in the JV company, the JV company will become a 51% subsidiary company of CMSB.

**(d) Proposed acquisition of CMS Roads Sdn. Bhd. (“CMS Roads”) and CMS Pavement Tech Sdn. Bhd. (“CMS Pavement”) from Putrajaya Perdana Berhad (“PPB”) (“Proposed Acquisition”)**

On 28 February 2011, CMS Works Sdn. Bhd., a wholly owned subsidiary of the Company, entered into the Share Sale Agreement (“SSA”) with PPB for the acquisition of one million (1,000,000) ordinary shares of Ringgit Malaysia One (RM1.00) each in the capital of CMS Roads for cash consideration of RM70,526,679 and five million (5,000,000) ordinary shares of Ringgit Malaysia One (RM1.00) each in the capital of CMS Pavement for cash consideration of RM11,481,087, which represent one hundred percent (100%) of the issued and paid-up capital of CMS Roads and CMS Pavement respectively (collectively, the “Sale Shares”) and giving rise to an aggregate purchase consideration of RM82,007,766, to be satisfied by cash.

PPB agreed that the Company shall gain management control of CMS Roads and CMS Pavement on the day immediately following the execution of the SSA and the payment of the Purchase Consideration which was on made on 28 February 2011.

**NOTES TO THE QUARTERLY REPORT – 31 MARCH 2011**

**B8. Corporate Proposals (contd.)**

- (d) **Proposed acquisition of CMS Roads Sdn. Bhd. (“CMS Roads”) and CMS Pavement Tech Sdn. Bhd. (“CMS Pavement”) from Putrajaya Perdana Berhad (“PPB”) (“Proposed Acquisition”) (contd.)**

At the Extraordinary General Meeting on 4 May 2011, the shareholders of the Company approved the Proposed Acquisition. The Proposed Acquisition has been completed on 6 May 2011, and accordingly, CMS Roads and CMS Pavement have become wholly-owned subsidiaries of CMS Works.

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**

	<b>As at 31.3.2011 RM'000</b>	<b>As at 31.12.2010 RM'000</b>
<b>Secured</b>		
Bank overdrafts	0	53
Revolving credits	0	13,136
Hire purchase and finance lease liabilities	361	399
<b>Unsecured</b>		
Bank overdrafts	4,117	0
Bankers' acceptances	23,584	38,958
Revolving credits	0	60,000
Term loans	96,687	107,120
CMS Income Securities	170,786	170,786
Loan from corporate shareholder	4,134	4,134
<b>Total</b>	<u>299,669</u>	<u>394,586</u>
<b>Maturity</b>		
Repayable within one year	135,711	219,900
One year to five years	163,131	173,308
Over five years	827	1,378
	<u>299,669</u>	<u>394,586</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.

**NOTES TO THE QUARTERLY REPORT – 31 MARCH 2011**

**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 March 2011.

**B14. Dividend payable**

No interim ordinary dividend has been declared for the financial period ended 31 March 2011 (31 March 2010: Nil)

**B15. Earnings per share**

Basic earnings per share is computed as follows:

	3 months ended	
	31.3.2011	31.3.2010
Profit from continuing operations attributable to ordinary owners of the parent (RM'000)	30,634	12,130
Weighted average number of ordinary shares in issue ('000)	329,446	329,446
Basic earnings per share (sen)	9.30	3.68

There is no dilution in the earnings per share for the current quarter ended 31 March 2011 as the vesting condition on performance relating to the options have not been met and hence there is no dilutive potential ordinary shares outstanding at the end of the reporting period.

**B16. Auditor's report on preceding annual financial statements**

The auditors' report on the financial statements for the year ended 31 December 2010 was not subject to any qualification.

**NOTES TO THE QUARTERLY REPORT – 31 MARCH 2011**

**B17. 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 2011.

**B18. Realised and Unrealised Profits/Losses**

	As at 31 March 2011 RM'000	As at 31 December 2010 RM'000
Total retained profits of the Company and its subsidiaries:		
- Realised	689,091	659,507
- Unrealised	(9,435)	(6,055)
	<hr/> 679,656	<hr/> 653,452
Total retained profits from associated companies:		
- Realised	14,067	7,389
- Unrealised	5,549	6,511
	<hr/> 19,616	<hr/> 13,900
Total retained profits from jointly controlled entities:		
- Realised	180	180
	<hr/> 699,452	<hr/> 667,532
Less consolidated adjustments	(138,270)	(136,984)
Total group retained profits as per consolidated accounts	<hr/> <hr/> 561,182	<hr/> <hr/> 530,548

**BY ORDER OF THE BOARD**

Koo Swee Pheng  
**Secretary**  
**Date: 26 May 2011**