



CAHYA MATA SARAWAK

CAHYA MATA SARAWAK BERHAD 21076-T

Annual Report 2008

www.cmsb.com.my

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Cover Rationale

The cover of CMS' Annual Report this year features CMS Cement's newest product, Cemplast masonry cement, being loaded on a truck at the Bintulu plant. Such is a daily scene at CMS Cement's Kuching and Bintulu plants where trucks are loaded early in the morning with bags of Ordinary Portland Cement (OPC) and Cemplast ready to be transported to building materials dealers and on to customers at construction sites.

CMS Cement celebrated its 30th anniversary of production in 2008 as Sarawak's Partner of Progress.

It has been a long journey to get to this milestone; in meeting our obligation to consistently supply quality cement to customers throughout Sarawak both in urban centres and remote towns and villages. Starting as a cement grinding operation in Kuching with an annual production capacity of 500,000 tonnes in 1978, Cement Manufacturers Sarawak (as it was known then) has worked hard. Thirty years later, a name change (to CMS Cement), the addition of a second grinding plant in Bintulu, the securing of our raw materials supply, the building of a strong and wide distribution network across Sarawak, hundreds of projects and thousands of customers later, CMS Cement is proud to cement Sarawak's dreams for development to become a reality.

Sales in 1978 registered 71,000 tonnes. Today, CMS Cement's sales exceed a million tonnes each year.

Going forward, CMS Cement endeavours to do its best to continue cementing its reputation as Sarawak's Partner of Progress, to become a better cement producer, and to always be our customer's choice.

The same values apply for the entire CMS group as it aspires to fulfill its Vision to be the Pride of Sarawak.



Welcome

2008 was a good year for your company, Cahya Mata Sarawak. Through the combined efforts of its 1,400 employees, CMS group reported a pre-tax profit of RM150.57 million for the twelve months ended 31 December 2008 and a profit after tax and minority interests of RM95.77 million. Our continuing operations did well and reported total revenues of RM893.03 million and a pre-tax profit of RM139.49 million, a four-fold improvement from the previous year. The Group also made positive strides in improving internal processes, in enhancing corporate governance, in building a strong corporate culture and in helping the community around us.

Shareholders, here is how your company did in 2008.

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Form of Proxy

Performance in 2008

- Revenue
RM893.03 million
- Profit before taxation
from continuing operations
RM139.49 million
- Net profit attributable
to equity holders
RM95.77 million
- Basic earning per share
29.07 sen
- Equity attributable to ordinary
equity holders of the Company
RM1,248.83 million

CMS Group

Financial Highlights

	2004	Restated 2005*	2006*	2007	2008
Revenue (RM'000)	1,020,344	5,196,614	6,210,644	2,552,466	893,033
Profit before taxation (RM'000)	130,955	469,853	517,807	887,441	150,570
Profit/(loss) attributable to equity holders of the Company (RM'000)	28,749	-117,987	6,865	388,166	95,770
Weighted average no. of shares	329,306	329,446	329,446	329,446	329,446
Basic earnings/(loss) per share (sen)	8.73	-35.81	2.08	117.82	29.07
Gross dividends per share (sen)	5	5	5	15	5
Total shareholders' funds (RM'000)	991,970	853,451	851,478	1,238,248	1,248,825
Total assets (RM'000)	2,710,384	90,197,381	103,410,293	2,790,777	2,327,136
Net tangible assets/(liabilities) per share (RM)	2.42	-0.63	-0.59	3.54	3.56
Net assets per share (RM)	3.01	2.59	2.58	3.76	3.79
Return on average shareholders' equity (%)	2.93	-13.85	0.81	37.15	7.70
Return on total assets (after tax) (%)	1.06	-0.13	0.01	13.91	4.12
Total borrowings (RM'000)	782,218	4,260,237	4,574,719	678,303	649,767
Gearings (times)	0.79	4.99	5.37	0.55	0.52
Current assets (RM'000)	751,601	71,479,903	81,459,806	2,021,426	890,595
Current liabilities (RM'000)	772,065	84,661,323	98,049,742	664,731	509,145
Current ratio (times)	0.97	0.84	0.83	3.04	1.75
CMS share price Information (RM)					
• Low	1.44	0.88	0.88	1.44	1.02
• High	2.38	1.63	1.58	3.20	2.48
• Closing	1.50	0.93	1.46	2.29	1.14

* RHB was deemed a subsidiary of UBG following the adoption of FRS 127 with effect from 1 January 2006 after taking into consideration the potential voting rights arising from the RHB ICULS that UBG held. The comparative figures for 2005 were restated accordingly.

CMS

at a Glance

Cahaya Mata Sarawak (CMS) is a leading conglomerate listed on the Main Board of the Malaysian stock exchange, Bursa Malaysia. With most of its operations based in Sarawak, CMS is the biggest private sector player in the largest state in Malaysia. From humble beginnings in 1974 as a manufacturer of a single product, CMS' portfolio today spans construction materials, trading, construction, road maintenance, property development, financial services, technology and education.

Key Products & Services



Stone Aggregates



Concrete Products



Premix



Steel Wires



Cement

1 Cement

CMS Cement, Sarawak's sole cement manufacturer, produces high quality Ordinary Portland Cement (OPC) at grinding plants in Kuching and Bintulu. With an annual production capacity of 1.75 million metric tonnes (MT), the Company meets customer demand from throughout Sarawak with an established distribution network. CMS Cement also produces masonry cement.

2 Clinker

Clinker, the main raw material of cement, is manufactured by CMS Clinker. Production capacity of CMS Clinker, East Malaysia's sole clinker producer, stands at 800,000 MT per annum.

3 Concrete Products

Pre-formed concrete products (square piles, bridge beams, culverts, cement sand bricks, kerbs) and pre-fabricated Industrialised Building System (IBS) concrete products are manufactured by CMS Concrete Products in Kuching.

4 Stone Aggregates (granite, microtonalite, limestone)

CMS Quarries and CMS Penkuari together are the largest aggregate producers in Sarawak, supplying 30% of the market.

5 Premix

CMS Premix and CMS Premix (Miri) are Sarawak's leading premix producers supplying high quality asphaltic concrete (premix) and bitumen emulsion for the construction of highways, flyovers and airport runways. The Group owns and operates its own bitumen emulsion plants.

6 Steel Wires

Drawn steel wires and wire mesh are produced by CMS Wires in Kuching.

7 Steel Engineering & Fabrication

CMS holds a 20% equity stake in Main Board-listed KKB Engineering Berhad which is principally involved in steel fabrication works, hot-dip galvanising, civil construction and the manufacture of LP gas cylinders, steel pipes and uPVC roofing/cladding sheets.

8 Trading

CMS Infra Trading is a leading supplier of water treatment chemicals, pipes and fittings, vehicle and equipment spare parts, construction materials, petroleum products and safety equipment for roads.

Our Vision

To Be the Pride of Sarawak

Our Mission

- Driven by profit
- Proactive & synergised in business
- On spec & on time
- Integrity & respect

Our Stakeholders

- Shareholders
- Employees
- Customers
- The Community



Property Development



Construction



Road Maintenance



Education

9 Construction

PPES Works (Sarawak) undertakes civil engineering, building and utilities work, road construction and maintenance, bridges and water-related projects. PPES Works is 51% owned by CMS and 49% owned by Government agency, Sarawak Economic Development Corporation (SEDC). Other construction outfits within the Group are Putrajaya Perdana Berhad and water infrastructure specialist Loh & Loh Corporation Berhad. Both are member companies of UBG Berhad.

10 Property Development

Projek Bandar Samariang, a joint-venture between CMS and the Employees Provident Fund Board (EPF), is owner and developer of Bandar Baru Samariang, a 5,200 acre new riverine township in Kuching. The Kuching Isthmus, located to the east of Kuching city centre, is another 240 acre land bank being developed by CMS.

11 Road Maintenance

CMS Roads (a member company of UBG Berhad) maintains over 4,000 km of roads throughout Sarawak using an internationally recognised road management and maintenance system. Another 600 km of Federal roads in southern Sarawak are maintained by PPES Works.

12 Unit Trust Funds

CMS Trust Management's unit trust funds cater to the various risk appetites of investors. The Company also provides asset management expertise and customised investment solutions.

13 Private Equity

CMS Opus Private Equity provides an alternative financing platform to bridge investors with under-capitalised but potentially profitable companies.

14 Stockbroking & Investment Banking

CMS Capital is the single largest shareholder in financial services holding company, K&N Kenanga Holdings Berhad, whose principal subsidiaries include Kenanga Investment Bank Berhad.

15 Technology Solutions

CMS I-Systems develops technology solutions for the insurance and healthcare sectors. Its current list of clientele includes companies in Malaysia, the ASEAN region and India.

16 Education

CMS Education owns and operates Tunku Putra School in Kuching which provides kindergarten, primary and secondary-level classes for both the national and international streams.

Corporate Information

Directors

Y A M Tan Sri Dato' Seri Syed Anwar Jamalullail
Y Bhg Dato Sri Mahmud Abu Bekir Taib
Tuan Syed Ahmad Alwee Alsree
Y Bhg Dato' Richard Alexander John Curtis
Y Bhg Dato Sri Liang Kim Bang
Y Bhg General (Retired) Tan Sri Dato' Seri Mohd Zahidi
bin Haji Zainuddin
YB Datuk Haji Talib bin Zulpilip
Y Bhg Datuk Wan Ali Tuanku Yubi
Y Bhg Datu Michael Ting Kuok Ngie
@ Ting Kok Ngie
Mr Kevin How Kow

Company Secretary

Denise Koo Swee Pheng

Registered Office

Level 6, Wisma Mahmud
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Website

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Registrar

Symphony Share Registrars Sdn Bhd
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Capital Square
No 8 Jalan Munshi Abdullah
50100 Kuala Lumpur
Malaysia
T +60 3 2721 2222
F +60 3 2721 2530

Auditors

Ernst & Young

Principal Bankers

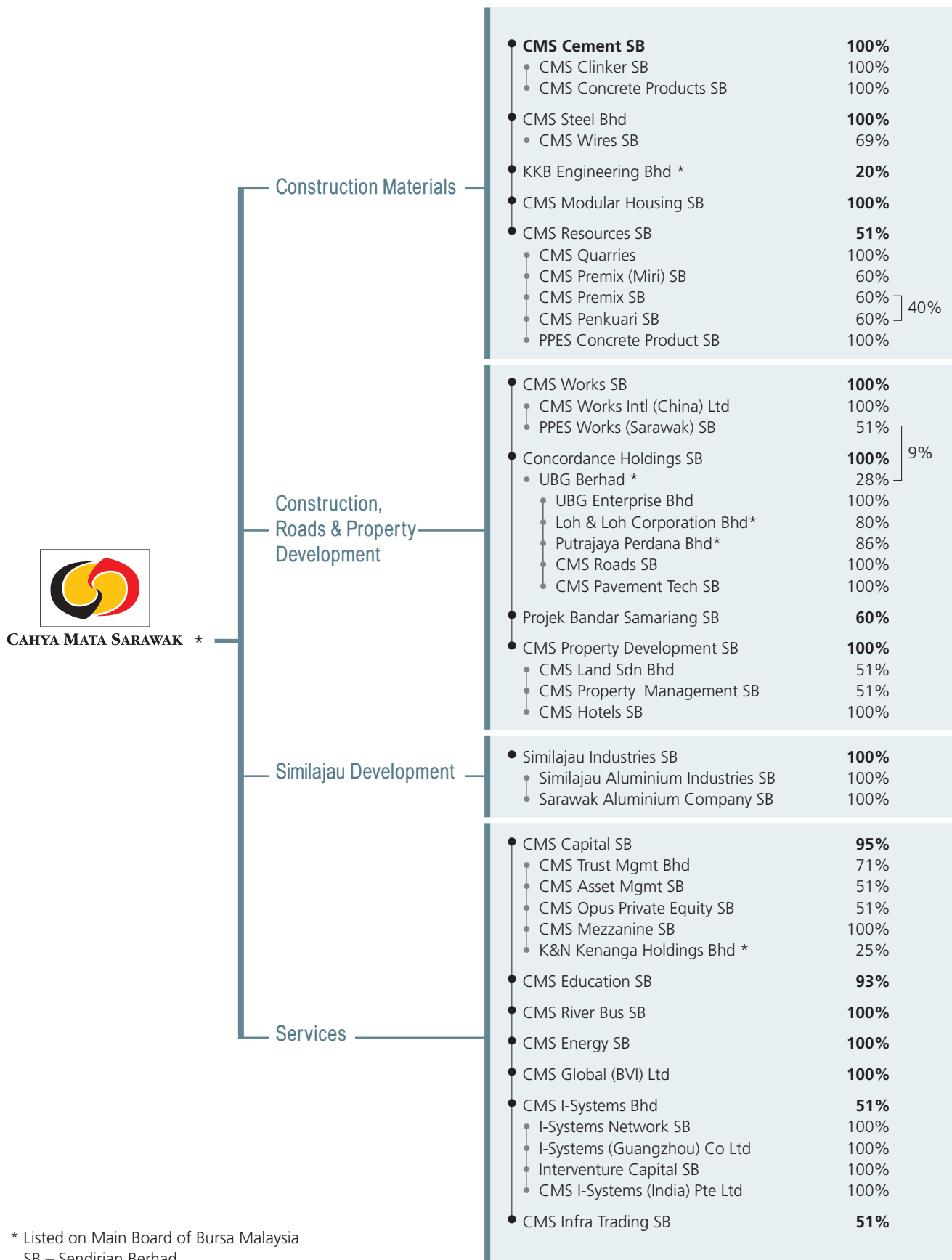
RHB Bank Berhad
CIMB Bank Berhad
EON Bank Berhad
Citibank Berhad
Bank Muamalat Malaysia Berhad
Public Bank Berhad
OCBC Bank (Malaysia) Berhad
Kenanga Investment Bank Berhad

Stock Exchange Listing

Main Board, Bursa Malaysia Securities Berhad
Stock code: CMSB
Stock number: 2852

Group Corporate Structure

as at April 2009



* Listed on Main Board of Bursa Malaysia
SB – Sendirian Berhad

Letter to Shareholders

by Group Chairman



**Y A M TAN SRI DATO' SERI
SYED ANWAR JAMALULLAIL**
Group Chairman

Dear Shareholders,

As Group Chairman, it gives me pleasure to present to you a report on how your company performed in 2008.

CMS group reported a pre-tax profit of RM150.57 million for the twelve-month period ended 31 December 2008 compared to RM887.44 million in the year before. The Group registered a profit after tax and minority interests of RM95.77 million, equivalent to basic earnings per share of 29.07 sen for the current twelve-month period compared to the previous corresponding period's profit of RM388.17 million or basic earnings per share of 117.82 sen. In 2007, the higher profit and earnings per share were due to the exceptional gain on the sale of the Group's interest in banking group Rashid Hussain Berhad.

In line with our policy of prudent dividend payout, the Board of Directors is proposing to reward you with a first and final dividend of 5 sen per share less 25% tax for 2008.

Overview

Our continuing operations reported a total revenue of RM893.03 million for the twelve months ended 31 December 2008, marginally higher than the previous year. This resulted in a pre-tax profit of RM139.49 million compared to a pre-tax loss of RM36.73 million for the previous corresponding period which had included a provision for loss on a construction project as well as impairment in value of investment in an associated company and impairment of goodwill on consolidation.

The improved profit for 2008 was due to better performance recorded by all businesses compared to the previous year. This was further improved by the dilution gain of RM60.73 million (before minority interest) arising from a share issue by UBG which led to CMS' indirect interest in UBG being diluted from 51.8% to 37.2%. Lower net interest expense recorded by CMS on lower borrowings and increased cash balances also helped the overall financial performance.

Briefly, our cement and clinker operations reported higher profits than the previous corresponding period. Combined, these operations were the highest contributor to Group profits for the year. Construction and the construction materials operations reported higher profits, whilst the continued soft property market led to a loss for the year, although smaller than the year before. Our new investment in steel engineering has yielded positive results. Unfortunately, the Group's stockbroking / investment banking associate reported a significant loss for the current twelve-month period compared to a profit in the previous corresponding period as a result of volatility in the local bourse and deterioration towards the end of the year.

Outlook & Prospects

The year 2009 will be difficult as we are living through a genuinely global crisis. An economic crisis that originated in the US has now impacted the whole world; Malaysia included. Our nation's Gross Domestic Product (GDP) moderated at 4.6% growth in 2008 compared to 6.3% in 2007. Malaysia is no longer cushioned from external economic effects as demonstrated by the 0.1% growth registered in the 4th Quarter of 2008 compared to 4.7% growth in the 3rd Quarter of 2008 due to the sharp slowdown amid weakening domestic demand and falling exports. Daily news reports of worsening economic indicators of the US, Europe, Japan and China economies show that Malaysia is headed for an economic crisis as well.

Malaysia now faces an extremely challenging economic environment in the face of the sharp deterioration of the global economy. To counter these effects, the Government has announced two stimulus packages to shore up growth in the economy. The first, announced in November 2008, is valued at RM7 billion. The second, a significantly larger and more comprehensive stimulus package of RM60 billion, was announced in March 2009. Interest rates have also been cut several times in recent months to boost spending.

In Sarawak, the GDP growth forecast for 2009 is expected to slow to 4%, down from 5% growth in 2008 as the State's economy has become more integrated with the rest of the world. All supply sectors of Sarawak's economy are expected to register 'moderate' growth between 2008 and 2009.

To sustain the growth momentum, Sarawak is forging ahead with implementation of the Sarawak Corridor of Renewable Energy (SCORE). Under the Mid-Term Review of the 9th Malaysia Plan conducted in June 2008, the Federal Government had allocated RM2.5 billion to SCORE. Early indicators show encouraging response to SCORE especially in attracting investment. One year since its launch in February 2008, close to RM80 billion worth of projects has been committed to SCORE's development, with the bulk of foreign investment for the set-up of heavy industries. Infrastructure building for SCORE is slated to begin in 2009.

The external environment points to a challenging operating environment in 2009 and beyond. However, CMS stands today on a firmer footing to weather this storm after having implemented a series of initiatives to re-align our businesses, sharpen our focus, implement more effective management processes and controls, and exercise greater prudence in spending. These measures coupled with shareholders' support and commitment from the Board, Management and staff, will enhance our ability to deal with the impact of an uncertain economic environment and to respond to unforeseen events.

Appreciation

Ladies and Gentlemen, the Group performed well in 2008, with many operations beating budgeted expectations of profits. For this, I would like to thank all 1,400 CMS employees, members of the Management teams and Boards, at the Group and subsidiary levels, for their commitment and hard work. Thank you also to the various external parties that CMS works with – Government departments, agencies, vendors, suppliers and business partners – for your support over the course of engaging with us in 2008.

Last but not least, my special thanks go to you, our shareholders, who believe in us and our future. Challenging times bring out the unexpected in people and organisations. With your continued support and confidence, we believe we can ride these tough economic times and challenges and continue to maintain focus towards achieving our end goal which is to build CMS into a respected and preferred Malaysian company.



Y A M TAN SRI DATO' SERI SYED ANWAR JAMALULLAIL
Group Chairman

Looking Back at 2008

01.02 Announcing UBG's Corporate Evolution



UBG opened the year 2008 with big news on the corporate front. In a series of notices to Bursa Malaysia, UBG announced its plans to acquire 100% equity interest in CMS Roads Sdn Bhd, 100% equity interest in CMS Pavement Tech Sdn Bhd, 49.21% equity interest in Putrajaya Perdana Berhad (PPB), and 37.56% equity interest in Loh & Loh Corporation Berhad (LLCB). Also announced was the proposed issuance of new UBG shares to Majestic Masterpiece Sdn Bhd, and Mandatory Offers by UBG for the remaining shares in PPB and LLCB not already held by UBG upon completion of the proposed acquisitions.

11.02 CMS signs MoU for Development of Steel Cluster at SCORE

CMS signed an MoU with Saudi Arabian entity Pan Kingdom Invest Co. and Malaysian entity GIG Holdings Sdn Bhd for the proposed development of a steel cluster and iron ore hub in Samalaju Industrial Park, Sarawak.

11.02 SALCO signs MoUs at Launch of SCORE



The SALCO smelter project was a key feature at the grand launching of the Sarawak Corridor of Renewable Energy (SCORE), Malaysia's 5th Economic Corridor Development. The launch, held in Bintulu, Sarawak, was officiated by the Prime Minister of Malaysia. A series of Memoranda of Understanding (MoU) were signed at the event between CMS and Rio Tinto Alcan (working together as SALCO) with Sarawak Energy Berhad for power, with Sarawak Skills Development Centre for training and with Aluminium Pechiney for smelter technology. The Prime Minister also presented the first of SALCO's training grants to Malaysians, and visited the SALCO exhibition booth.

12.02 More Corporate Changes in UBG

UBG announced to Bursa Malaysia the proposed acquisition of 16.6% of the issued and paid-up share capital of UBG by Majestic Masterpiece Sdn Bhd (MMSB). Also announced was UBG's proposed issuance of 182,640,800 new Ordinary Shares at RM0.25 each to MMSB, and the Mandatory Offer made by MMSB to acquire Ordinary shares in UBG not held by MMSB as at that date.

The same date saw announcements on UBG's proposed acquisition of 68,604,274 Ordinary Shares of RM0.50 each in Putrajaya Perdana Berhad and the resulting Mandatory Offer, and proposed acquisition of 25,540,431 Ordinary Shares of RM1.00 each in Loh & Loh Corporation Berhad and its resulting Mandatory Offer.

21.02 Koffee Talk goes to KL

The popular CMS employee event, 'Koffee Talk' crossed over to Kuala Lumpur for the first time, allowing CMS' top leadership some valuable time with non-executives in its KL-based operations. Twenty-one employees from CMS I-Systems, CMS Opus Private Equity, CMS Trust and the KL Office sat down to a hearty breakfast at a KLCC cafe whilst engaging in serious discussion about jobs, careers and company direction amongst many other topics.

04.03 Spreading CMS' Corporate Responsibility Message

CMS Group Executive Director, Tuan Syed Ahmad Alwee Alsree, proudly shared the Group's success at cultivating a strong commitment to towards employee volunteerism and Corporate Social Responsibility programmes in his presentation to over 280 human resource practitioners at the 4th Annual National Employment Law Conference held in Kuala Lumpur. The 'CMS Doing Good' Programme garnered 7,719 man-hours in employee volunteerism its first year of implementation in 2007.

24.03 CMS Trust wins International Islamic Fund Awards

CMS Trust Management Berhad announced two major international wins for the CMS Islamic Fund which was named Best Malaysia Fund for the 1 and 3-year period by Failaka Advisors at the 3rd Annual Islamic Fund Awards held in Dubai. Failaka Advisors recognises the best performers amongst the world's Islamic investment funds.

The international award wins followed earlier local award recognitions. Perennial award winner, CMS Premier Fund was named 'Best Equity Malaysia Fund – 10 years' by The Edge-Lipper Malaysia Fund Awards 2008. Meanwhile, the Employees Provident Fund (EPF) recognised CMS Asset Management's quality performance by naming it 2nd runner up for the 'Best Overall Equity Portfolio Manager Award 2007'.

26.03 DUN Pinnacle Installed

Sarawak's most visually-striking structure, the new Sarawak State Legislative Assembly or Dewan Undangan Negeri (DUN) complex made steady progress towards its final majestic form with the hoisting of the roof pinnacle. Marked by its distinctive yellow 'Payung Negara' roof, the iconic new DUN complex is 114 m in height, has a total floor space of 47,747 sq m, and can accommodate 108 members of the State Legislative Assembly.

01.04 Introducing the new Construction Materials SBU

CMS announced an internal re-organisation which resulted in a new Strategic Business Unit (SBU) encompassing the construction materials operations of quarrying, premix and wires. These operations were formerly clustered with the manufacturing operations of cement and concrete products. With the addition of clinker to CMS Cement's business, dividing the construction businesses into two SBUs allows for greater focus in the different types of businesses. The newly formed Construction Materials SBU is headed by 16-year CMS veteran Goh Chii Bing who described the challenges ahead as "Our industry has much competition. The new SBU will allow for greater focus to secure supply to projects in certain growth opportunities such as in SCORE, and even the potential of expansion into new industries."

03.04 CMS Senior Management heads for Retreat

CMS Group senior management took to the beach resort of Damai, Santubong for their annual 2-day management retreat. With the theme "Firing Up Our Engines of Growth", all heads of divisions of Centre Management and business units shared the spotlight to present achievements, brainstorm action plans, and answer a slew of questions and challenges from colleagues.

15.04 CMS welcomes KKB Engineering

CMS formally welcomed Main Board-listed steel engineering entity KKB Engineering Berhad to the Group following a 20% equity interest acquisition in KKB. "Going forward, we hope to develop a wider relationship not with just KKB undertaking steel fabricating works for CMS but to play a pro-active supporting role as their business expands into oil & gas, marine and ship-building", said Dato' Richard Curtis, CMS Group Managing Director.

21.04 SALCO Exhibition goes Statewide



SALCO moved its exhibition on the various uses of aluminium and background information on CMS and Rio Tinto Alcan to Kuching. This was the final destination of a successful State-wide roadshow that began in Bintulu in mid-February and subsequently moved to Miri, Mukah and Sibul.

06.05 Stressing Importance of Work Ethics in Organisations

"Organisations need to develop their own Code of Ethics which would reflect their stakeholders' needs. This in turn would have a bearing on the effectiveness of implementation of the Code within the organisation", said CMS Group Managing Director Dato' Richard Curtis in his presentation at the 2008 East Malaysia Conference on Internal Auditing held in Kuching.

20.05 CMS & UBG meet Shareholders at AGM

Main Board-listed Cahya Mata Sarawak Berhad and UBG Berhad held their Annual General Meetings with shareholders in Kuching. All resolutions of both companies were passed.

05.06 CMS at Career Fair in Selangor

CMS Group Human Resources went out in full force to tap into the potential workforce pool in Peninsular Malaysia during the Industrial Career Exposition 2008 held in Shah Alam, Selangor Darul Ehsan. More than 1,000 people visited CMS' booth over the 3-day career fair.

10.06 SALCO – Catalyst for Samalaju Growth

"The SALCO smelter will be the catalyst for an unprecedented construction boom at Samalaju. Apart from various downstream industries for the manufacture of semi-finished and finished aluminium products, we expect a hive of activity from the development of a township and construction of supporting infrastructure", said CMS Group Managing Director Dato' Richard Curtis in his presentation at the Regional Business Conference & Exhibition in Bintulu – The Gateway for SCORE and BIMP-EAGA held on 9 – 11 June 2008.

10.06 Sebuyau Bridge Launched

PPES Works' stood proud to watch the Prime Minister of Malaysia officially launch its project, the Sebuyau Bridge. The 171 m long two-lane bridge which links Kampung Buloh to Sebuyau in the Samarahan Division is part of the larger network of 932.4 km coastal roads that will link Sematan in southern Sarawak all the way to Miri in the north.

26.06 Middle Management Have Their Say

Similar to the session amongst the senior management of CMS held in April, for the first time, the Group's middle management had an opportunity to have their say and contribute to how CMS can fire-up its Engines of Growth in 2008 and beyond. The intense 2-day session, attended by over 60 employees from across CMS Group, yielded a wealth of energy and new ideas from the team who stand to be the future leaders of CMS.

01.07 Merger of CMS Trust and CMS Asset Management

The operations of CMS Asset Management were merged with CMS Trust Management Berhad, adding an important service to the latter company's portfolio. "CMS is committed to making the unit trust business work. The merger of our unit trust and asset management businesses is to better equip ourselves to face the competition", said Tuan Syed Ahmad Alwee Alsree, Chairman of CMS Trust Management Berhad.

02.07 UBG's Acquisition of CMS Roads and CMS Pavement Tech Completed

UBG's acquisition of CMS Roads and CMS Pavement Tech were completed with the allotment of 44,652,000 new UBG shares to PPES Works and the payment of a cash consideration of RM23.37 million to Sarawak Economic Development Corporation (SEDC). CMS Roads and CMS Pavement Tech are now wholly-owned subsidiaries of UBG.

16.07 Re-Classification of CMS on Bursa Malaysia

CMS was re-classified as a company in the "Industrial Products" category from a "Financial Services" company previously amongst Bursa Malaysia's listed entities. The re-classification was made to reflect the change in the Group's major business activities and revenue contributors. With the sale of RHB in 2007, the manufacturing and construction materials businesses of CMS contributed the largest portion of revenue and profit on a consolidated basis.

17.07 OurCMS newsletter now available in Bahasa Malaysia



In an effort to improve communication to more co-workers across the Group, CMS' in-house newsletter, OurCMS, is now published in two languages – English and Bahasa Malaysia. In addition, each CMS employee is given a personal copy of the newsletter to take home to share news on the Group's happenings with members of their family.

02.08 CMS Property joins in Fun at Sarawak Regatta

CMS Property was proud to contribute RM25,000 to the events of Sarawak Regatta 2008, in keeping with a long CMS tradition of being part of the exciting annual boat race event along the Sarawak River in Kuching. The property developer also opened an exhibition booth at the Kuching Waterfront showcasing its latest housing development, the modern designed double storey terraced houses at Taman Indah, Bandar Baru Samariang. These new houses feature more space with cooler interiors. These include 9 ft high ceilings, floor-to-ceiling windows, an open plan living and dining room design to enhance air flow to create cooler homes, and a skylight above the staircase to add to the house interior's fresh and light ambience.

04.08 Sultan of Brunei Gets To Know SALCO



SALCO was proud to receive a very special royal guest to its exhibition at the Sarawak Development Exhibition when the Sultan of Brunei, His Royal Highness Sultan Hassanal Bolkiah paid a visit.

04.08 CMS Trust Financial Investment Talk Road-shows

CMS Trust Management Berhad kicked-off another series of investment talks entitled "The Perfect Storm: Uncovered" following an earlier series held in 2007. The nationwide road-show met with investors, both current and potential, in Kuching, Miri, Kota Kinabalu, Penang and Kuala Lumpur. The talks received overwhelming response from the public hungry for advice to weather the stormy financial markets.

09.08 A Celebration of Learning at Tunku Putra School

Tunku Putra School threw open its campus doors to the public for its annual showcase of excellence in holistic education. Visitors were impressed with the "live" classroom demonstrations, show of art work and academic presentations, as well as displays of drama and musical talent from the school students, aged between 4 and 17 years.

17.08 PPES Works completes Pusat Islam



PPES Works' hard work to complete the iconic Pusat Islam complex in Kuching culminated in a grand opening by the Sarawak Chief Minister who re-named the complex as the Islamic Information Centre. Uniquely designed and technically challenging to build, the new Islamic Centre comprises a cluster of six inter-connected buildings featuring ethnic design elements from the many different communities of Sarawak. The project included the incorporation of Iban motif carvings on the building facade, a Bidayuh 'Barok', tall Melanau main columns in the Auditorium, Malay house roofs gable ends, Chinese roofing, and Orang Ulu motifs on columns.

19.08 Syed Ahmad made CMS Group Executive Director

CMS announced the re-designation of Tuan Syed Ahmad Alwee Alsree to Group Executive Director. Tuan Syed Ahmad, who was appointed to the Board of CMS in September 2006 had earlier held the title of Deputy Group Managing Director. "As Group Executive Director, Tuan Syed Ahmad will focus on ensuring the opportunities and challenges and key management issues across CMS Group are addressed by Management and staff. This will involve a special focus on CMS affiliate companies, and the newly re-organised UBG", said YAM Tan Sri Syed Anwar Jamalullail, CMS Group Chairman.

23.08 PPES Works completes Swinburne University Extension



PPES Works' construction capabilities were again on display at the official opening of the newly completed Swinburne University of Technology campus extension in Kuching. The campus extension features several custom-designed buildings to accommodate new courses, hostels and car parks for its increasing student population. PPES Works was proud to have been able to keep the University in operation during the construction period. According to former PPES Works' Executive Director, Robert Gardner, "Our staff did an excellent job in keeping the existing university facilities fully operational during construction of the campus extension within what was a very congested construction site."

10.09 Cemplast On Trial

CMS Cement hosted 75 dealers and key clients to a demonstration of application techniques of its newest product, Cemplast masonry cement. "Cemplast is an excellent choice for a superior finish in brick and block-laying, plastering and other cement applications that require a finer texture. Its plastic mortar readily fills surface irregularities to ensure superior bond strength and durability", said CMS Cement Marketing Manager, Syed Hassim Shah.

10.10 UBG keeps PPB & LLCB listed

UBG announced the divestment of 5,132,000 shares in Putrajaya Perdana Berhad and 3,338,000 shares in Loh & Loh Corporation Berhad as part of its efforts to maintain the listing status of PPB and LLCB. Earlier, as at 29 August 2008 and 3 September 2008, UBG's equity stake in PPB stood at 89.55%, and 85.23% equity interest in LLCB.

19.09 UBG announces New Board Line-Up

UBG announced major changes to its Board of Directors with the resignation of five directors to make way for the appointment of five new members to its Board of Directors. His Excellency Yousif Mana Saeed Alotaiba, an Emirati national, was appointed as Non-Executive Director, whilst Jordanian national, Shaher Mohammed Ali Al-Awartani was appointed as Alternate Non-Executive Director. Malaysian Low Taek Jho joined the UBG Board as Non Independent & Non Executive Director, whilst fellow Malaysian Tan Vern Tact was appointed as Alternate Director. Also on the same date, Krishnan C K Menon was appointed to the UBG Board as Independent Non-Executive Director.

25.10 CMS Deputy Chairman Honoured by Sarawak State



Dato Sri Mahmud Abu Bekir Taib, CMS Deputy Group Chairman, was honoured by the Sarawak State Government as the sole recipient of the prestigious "Panglima Negara Bintang Sarawak" (PNBS) award in conjunction with the 87th birthday of the Governor of Sarawak. A member of the CMS Board of Directors since 1995, Dato Sri Mahmud helped found Sarawak's first stockbroking company and played pivotal roles in the

25.09 UBG in Oil & Gas Tie-up with Mubadala



UBG again made headlines with the announcement of the execution of a Heads of Agreement with global giant, Mubadala Development Company of the United Arab Emirates (UAE), to establish a Malaysian exploration and production project company. Mubadala maintains a diverse portfolio of commercial initiatives around the world in energy, aerospace, real estate, healthcare, technology, infrastructure and services.

construction and construction materials operations of CMS. Today, Dato Sri Mahmud plays an active role in the evolution of UBG which is again expanding its horizons, this time beyond Sarawak into Peninsula Malaysia and regionally in the Middle East.

01.11 Introducing IBS by CMS Concrete Products

CMS Concrete Products added another product to its offering to the market - Industrialised Building Systems (IBS) components. The venture into producing prefabricated concrete products is seen as a timely move following the Government's call in October 2008 to promote the use of prefabricated products in the construction sector to reduce the nation's dependence on foreign labour. All Government development and housing projects have been ordered to use at least 70% IBS components.

07.11

CMS Annual Report wins Overall Excellence Award again



For the fifth time in 10 years, the CMS Annual Report was again accorded winner of the Overall Excellence Award for Corporate Reports presented by the Sarawak Chamber of Commerce & Industry. The award, the highest recognition amongst listed entities of Sarawak for corporate reporting and transparency, is another feather in CMS' cap towards building a reputation for integrity. Apart from mandatory disclosures of financial and other non-financial information, additional disclosures within the CMS Annual Report 2007 on human resource matters and corporate social responsibility added to an in-depth understanding of the conglomerate.

30.11

Celebrating 30 years as Sarawak's Partner of Progress



CMS Cement, Sarawak's sole cement manufacturer, celebrated its 30th anniversary of production with recognition of being "Sarawak's Partner of Progress". According to Sarawak's Chief Minister, CMS Cement had played an instrumental role in Sarawak's infrastructure development since 1978. By meeting the entire State's cement requirements, CMS Cement had helped Sarawak undergo rapid transformation over the past 30 years from an under-developed State to one with development and living standards comparable to other states in Malaysia.

01.12

CMS Town Hall hits the road again



Annual CMS employee event, Group MD's Address, took on a new name in 2008 to become the Town Hall event. For 5 consecutive days, CMS top leaders hit the road to speak to employees in all CMS companies across Sarawak starting with Kuching on 1 December, then on to Sibu, Bintulu, Miri, and finally ending with a session in Kuala Lumpur on 5 December. As in previous years, the Town Halls were excellent avenues for two-way communication focusing on company direction, HR matters, and company culture. The hot topic at this year's Town Hall was the evolution of UBG which has meant a change in ownership of CMS Roads and CMS Pavement Tech, affecting hundreds of employees.

30.12

100% Passes for Tunku Putra School's PMR Results

Tunku Putra School celebrated the success of its first batch of students who sat for the national-level Penilaian Menengah Rendah (PMR) examinations. The School's students scored 100% passes, with one student obtaining straight As in all 8 subjects taken. Many others scored A in Bahasa Malaysia, Science, English and Mathematics. Tunku Putra School's success in the Malaysian national-level public examination follows similar success achieved in international-level examinations. According to School Principal, Dr Suzanne Collins, "The fact that our students excel in both national and international curricula examinations, and excel in other non-academic areas, proves that Tunku Putra's philosophy of providing a holistic education works."

31.12

CMS Trust rewards loyal investors even in hard times

Despite high volatility in the stock market throughout 2008, the year closed on a high for CMS Trust investors when the Company announced income distributions for several of its Funds. Growth funds, CMS Premier Fund and CMS Islamic Fund, distributed a 9% yield, whilst balanced funds, CMS Balanced Fund and CMS Islamic Balanced Fund, announced a 10% yield. "These income distributions are considerably higher than normal. It's our way of saying Thank You to our loyal investors who have been with us through thick and thin", said Simon Chow, CMS Trust's Head of Marketing & Client Services.

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Construction Materials

Cement

CMS Cement Sdn Bhd, Sarawak's sole cement manufacturer, celebrated its 30th anniversary of production on 30 November 2008 with the recognition of being "Sarawak's Partner of Progress". Starting as a cement grinding operation in Kuching in 1978, Cement Manufacturers Sarawak (as it was known then) had an annual production capacity of 500,000 tonnes. Since then, the Company has worked hard to meet operational challenges to ensure a consistent supply of quality cement for the entire Sarawak market. Today, CMS Cement's plants in Kuching and Bintulu have a total annual production capacity of 1.75 million tonnes.

CMS Cement recorded increased sales volume and a higher pre-tax profit in 2008, and continued to be the highest contributor to CMS Group profits. The increase in profits was mainly attributed to lower costs of production as a result of economies of scale achieved with the higher demand for cement. With the supply of cement's main raw material, clinker, largely from its in-house source (following the acquisition of CMS Clinker in November 2007), CMS Cement was able to better control costs further lowering overall production costs.

Out of 2008's total sales, about 3% was exported to the Sabah market. There are plans to further develop export sales in the future in this and to other markets.

In October 2008, CMS Cement introduced a new product to the market - 'Cemplast' masonry cement. Promotional awareness programmes are on-going across Sarawak, Sabah and Brunei.

Towards the end of 2008, a reduction in raw material costs, specifically elimination of bunker surcharges, enabled CMS Cement to take the lead role in Sarawak to demonstrate its commitment to corporate responsibility by passing on the cost saving to its dealers and thence to customers. On 1 November 2008, CMS Cement announced a reduction in the selling price of Ordinary Portland Cement (OPC) to its dealers by RM5 per tonne. The price reduction was also in response to a nationwide call by the Government and industry associations to reduce prices of construction materials to overcome the present economic challenges. The Company announced a second price reduction of another RM5 per tonne in early February 2009.



Clinker



Cement



CMS Clinker
at Mambong

Clinker

In November 2007, CMS Cement acquired East Malaysia's sole clinker manufacturer, **CMS Clinker Sdn Bhd**. The acquisition significantly reduces CMS Cement's reliance on clinker imports and is the step to CMS Cement becoming a fully integrated cement producer.

With new management in place, the clinker plant located at Mambong, 21 km from Kuching city, has been operating efficiently. Production rates are satisfactory, and clinker quality is strictly maintained.

For the year 2008, CMS Clinker registered a pre-tax profit significantly better than the previous year. This was due to higher sales volumes and better selling prices for clinker (up from 2007's RM132 per tonne to 2008's RM168 per tonne). Performance was helped by lower interest paid on loans.

CMS Clinker has a current production capacity of 800,000 tonnes per annum which is still short of demand from CMS Cement. Studies into the financial feasibility of a second line are being undertaken.

Concrete Products

CMS Concrete Products Sdn Bhd specialises in the manufacture of pre-formed concrete products such as RC square piles, bridge beams, culverts, kerbs and cement sand bricks. The Company reported a drop in pre-tax profit for 2008 compared to the previous year mainly due to a reduction in sales volume and its sales mix which saw sales of low margin products outdo sales of high margin products. Overall, ready-mixed concrete, piles and box culverts accounted for the bulk of products sold.

In November 2008, CMS Concrete Products added pre-fabricated Industrialised Building Systems (IBS) components to its product offering. The move into the production of IBS is seen as timely in response to the Government's call for the construction industry to use more innovative methods of construction to reduce Malaysia's reliance on foreign labour. CMS Concrete Products is able to produce a variety of pre-fabricated concrete-based IBS components. These include wall panels, pre-cast columns and beams, staircases, hollow blocks and RC half-slabs.

In April 2008, a dedicated Strategic Business Unit was formed to better position CMS Group's quarrying, premix and wires businesses to tap into new growth opportunities such as created by the newly launched Sarawak Corridor of Renewable Energy (SCORE). The Construction Materials SBU reported a higher combined pre-tax profit in 2008.

Quarrying

CMS Quarries Sdn Bhd and **CMS Penkuari Sdn Bhd** produce granite, microtonalite and limestone aggregates. Existing reserves of 22 million mt at four operating quarries with a combined annual rated capacity of 2.1 million mt make CMS' quarrying operations the largest in Sarawak, accounting for a 30% market share. The quarrying operations are looking to increase its reserves in the near future.

CMS Quarries recorded a 12% increase in sales volume in 2008, benefiting from major orders to supply aggregate for the construction of a new highway project in Kuching and road repairs in Sibu division. Coupled with a better average selling price, the Company recorded a pre-tax profit in 2008 although lower compared to the previous year.



Quarrying



Premix



Wires

Premix

Together, **CMS Premix Sdn Bhd** and **CMS Premix (Miri) Sdn Bhd** supply 60% of Sarawak's market for high quality asphaltic concrete (premix) and bitumen emulsion which is used in the construction of roads, flyovers and airport runways.

In 2008, CMS Premix posted a higher pre-tax profit on the back of better sales from increased orders, including from several major private sector projects. This was complemented by successful internal cost savings to mitigate raw material price rises following fuel cost increases over the year.

Similar to the Kuching-based operation, CMS Premix (Miri) experienced higher raw material costs which it countered with internal cost saving measures. Overall, CMS Premix (Miri) achieved a 21% higher pre-tax profit in 2008 compared to 2007.

The Company also succeeded in expanding its existing service to customers by including the provision of auxiliary services in rehabilitation and improvement of existing roads, premix re-surfacing and maintenance works.

Wires

CMS Wires Sdn Bhd manufactures drawn wires and wire mesh for the local market.

The Company tripled its profit in 2008 against the previous year due to an increase in sales volume and better margins.

Although the price of wire rods continued to rise during the first 9 months of 2008, CMS Wires was able to capitalise on its buffer stock of wire rods which had been purchased at a lower price previously and when rod prices fell, it was not over stocked. It also sold steel products at a higher profit margin during that period.

Trading

CMS Infra Trading Sdn Bhd recorded a pre-tax profit in 2008. This was attributed to an increase in sales of water works related products such as water treatment chemicals, ductile iron pipes and mild steel pipes. These products accounted for 50% of the Company's revenue and 77% of its profit. Sales of building materials such as cement, steel bars and roofing materials also rose, contributing to 38% of total company sales and 18% of profits.

The Company secured new supply contracts through competitive bidding during the year and expanded its product range in related areas with long term potential.

Strategic Investment: Steel Engineering

CMS holds a 20% equity stake in Main Board-listed **KKB Engineering Berhad** (KKB) whose principal business activities are steel fabrication works, hot-dip galvanising, civil construction and the manufacture of LP gas cylinders, steel pipes and uPVC roofing/cladding sheets.

KKB reported favourable financial results for the financial year 2008.

Despite very challenging and slower economic and business conditions, the Group achieved a pre-tax profit of RM16.1 million on the back of lower revenue of RM121.4 million recorded for the year.

Having begun operations in 1962, KKB has grown from a steel engineering base and diversified its activities to the engineering and manufacturing sectors. It has established a strong track record by contributing to the development of Sarawak, and is well-positioned to play an integral role in the further industrialisation of the State through opportunities offered by SCORE.

Construction, Roads & Property Development

Construction

PPES Works (Sarawak) Sdn Bhd registered a pre-tax profit in 2008, a vast improvement from the previous year's loss which saw a large provision for loss on a single project. A gain from the disposal of fixed assets and lower administration and operating expenses also helped the positive performance.

Construction of the iconic New Sarawak State Legislative Assembly (DUN) Complex on the banks of Sungai Sarawak is nearing completion. Similarly, construction of the Borneo Convention Centre Kuching is targeted for completion by the fourth quarter of 2009.

The Company saw a higher profit contribution from several projects, namely the Borneo Convention Centre Kuching, Federal Roads Maintenance, its share of profit from the new Sarawak DUN Complex, Gerugu Dam, Swinburne University Sarawak campus extension, Sarikei Regional Water Supply, Triso – Melebu – Pusa Coastal Road, Similajau infrastructure works, Gerugu Dam resettlement scheme, Jalan Mulukun – Ng. Gaat road project and the Tanjung Manis – Pulau Bruit water supply project.

During 2008, PPES Works was proud to successfully complete 3 major projects – the Islamic Information Centre (previously known as Pusat Islam), Swinburne University Sarawak campus extension and Mukah Coal-Fired Power Plant.

The success of being able to undertake construction of these challenging projects is another feather in PPES Works' cap which is building up its civil engineering and project management capabilities in new areas of construction, especially for specialised buildings. PPES Works' previous 'stronghold' expertise was in roads construction.

Road Maintenance

CMS maintains 643 km of Federal roads in Sarawak (an increase during the year from 590 km previously) from Sematan up to Sarikei under a 15-year concession awarded to PPES Works. Combined with maintenance of all State roads equivalent to another 4,000 km in Sarawak by CMS Roads, now a member company of the UBG group, the road maintenance operations of CMS are the largest in the State.

Although affected by higher fuel costs which translated into higher premix, transport and other costs, PPES Works' **Federal Roads Maintenance** operations recorded a higher pre-tax profit in 2008. This positive result was attributed to longer road length, more routine works and an increase in periodic instructed works. As a true partner to the Government to ensure better quality roads for the rakyat, PPES Works enjoyed the confidence of the Government to make urgent repairs to slope failures following bad weather, particularly towards the end of last year.

A strong working relationship and vigilant collaboration between the Federal Roads Maintenance direct crew and its many sub-contractors also ensured that works were carried out more efficiently and effectively.

Property Development

Bandar Baru Samariang is becoming a much sought-after suburb of Kuching city. With affordable homes designed for modern living and comfort, convenient amenities, a tranquil and lush greenery setting with the majestic Mount Santubong as a backdrop, the Township provides a quality of life that matches the lifestyle demands of Kuching urbanites.

Bandar Baru Samariang is located 7 km from Kuching city centre and within easy reach of the beaches of Damai and Santubong. Accessibility to and from the Township is set to further improve in 2009 with the partial completion of the Federal Administrative Centre highway linking Matang to Kuching city centre and the Samariang riverine loop road in the near future.

As with the generally sluggish property market around the country, Sarawak too faced a buyers' market in 2008. **Projek Bandar Samariang Sdn Bhd**, as developer of Bandar Baru Samariang township, was not spared by the uncertainties in the economy such as rising inflation and job insecurity. These have deterred people from buying properties. Financial institutions have also tightened their rates on approval of housing loan applications.

Projek Bandar Samariang experienced lower property sales in 2008 compared to the previous year. Overall, the balance of backlog of completed properties has reduced following aggressive marketing efforts combining road-shows, events, advertising and media publicity. New packages, comprising single storey terraced and single storey semi-detached houses, were launched in 2008. These saw encouraging interest from the market with buyers attracted by the Township's location and resort-feel of the new design homes. Sales of the 3-storey commercial units fronting the main highway linking Kuching to Damai picked up towards the end of 2008.

Whilst completed property sales were slow, the Company recorded a pre-tax profit for 2008 mainly attributed to the land sale for a proposed Halal hub and for land acquired for the highway which cuts across Bandar Baru Samariang.



Road Maintenance



Kuching Isthmus



Sarawak State Legislative Assembly complex



SALCO Smelter (artist impression)



SALCO signing at the Launch of SCORE



Aluminium Ingot

CMS Property Development Sdn Bhd is involved in property management and marketing for Projek Bandar Samariang. Other sources of revenue comes from rental income of its properties. Low project management fees and low marketing fees due to slow sales resulted in an overall loss for the Company in 2008.

CMS Land Sdn Bhd, which owns the 240-acre land bank at Kuching Isthmus, reported a higher pre-tax loss for 2008. The Company is currently in advanced negotiations with several major clients to develop commercial office buildings at Kuching's new central business district. Physical progress in the development of the Kuching Isthmus is being made. Construction of the 5,000 delegates capacity international class Borneo Convention Centre Kuching is targeted for completion by the end of 2009. The construction of a marina is also underway.

Strategic Investment: UBG

The evolution of **UBG Berhad** from a financial services group into one with strategic exposure in construction, property development and water infrastructure was closely followed by the corporate sector and media throughout 2008. In February, UBG announced the proposed acquisition of controlling interests in water infrastructure specialist **Loh & Loh Corporation Berhad** and niche construction specialist **Putrajaya Perdana Berhad**, as well as the acquisition of **CMS Roads Sdn Bhd** and **CMS Pavement Tech Sdn Bhd**. By September 2008, acquisition of these 4 entities was completed.

The evolution of UBG also entailed the entry of a new major shareholder through the direct investment by a Middle-Eastern consortium, Abu Dhabi-Kuwait-Malaysia Investment Corp. This resulted in a dilution of CMS' equity in the enlarged UBG, from 51.8% to 37.2% as at the end of 2008.

The entry of new shareholders representing a diverse base of institutional shareholders, both local and foreign, and changing focus of UBG aims to harness the Group's new capabilities and synergy to increase its order books. As a Pan-Regional Middle East South East Asia (MESEA) company, UBG's immediate focus is to tap business opportunities in Sarawak (through SCORE), within Malaysia, and regionally.

Similajau Development

The main focus of Similajau Development Strategic Business Unit is development of a world class aluminium smelter at Samalaju, approximately 60 km from Bintulu in Sarawak.

The **Sarawak Aluminium Company (SALCO)** smelter is being developed by CMS and leading aluminium producer, Rio Tinto Alcan (RTA). Similajau Aluminium Industries Sdn Bhd, a CMS subsidiary, will have a 40% participating interest in the Project with 60% participating interest held by RTA. The smelter will have an initial production capacity of 720,000 tonnes per year, with potential to be expanded to 1.5 million tonnes per year.

A Heads of Agreement (HoA) between CMS and RTA was signed in August 2007. Pre-feasibility studies on the design, engineering, construction, commissioning and operation of the smelter commenced in late 2007. The final Pre-Feasibility Study report is near completion. Discussions with Sarawak Energy Berhad on securing competitively priced power for the SALCO smelter are in the final stages of negotiation.

Meanwhile, work on a public Detailed Environmental Impact Assessment (DEIA) for the SALCO smelter is progressing. Through field surveys, monitoring, data collection and assessment, the DEIA seeks to evaluate the potential environmental, social and economic impacts of the smelter project. Outcomes of the DEIA will be used to optimise design of the smelter and in the preparation of environmental management plans for construction and operation. Public consultation is an important part of the SALCO DEIA. A detailed copy of the report will be made available to the public for comment at the SALCO web-site (www.salco.com.my) when it is complete. In June 2008, the Department of Environment approved the DEIA's Terms of Reference which can be found on the SALCO web-site.

Community engagement in Bintulu and Nyalau has begun. A manufacturing licence for the smelter was issued by the Malaysian Industrial Development Authority (MIDA) in February 2008, whilst a parcel of land at the Samalaju Industrial Park (SIP) has been allocated by the State Government for the smelter site.

Supporting infrastructure around the proposed site and at SIP is being planned by the Government. This includes development of a deep-sea port for the industrial zone. In February 2009, the Government announced an allocation of RM300 million for infrastructure development at SIP which covers 6,000 hectares. An area of 1,000 hectares has been earmarked for the Samalaju township to house up to 50,000 residents.

The Government also has plans to develop a steel cluster as part of SCORE. In February 2008, CMS subsidiary, **Similajau Industries Sdn Bhd**, entered into a Memorandum of Understanding with GIG Holdings Sdn Bhd (of Malaysia) and Pan Kingdom Invest Co. (of Saudi Arabia) for the development of a steel cluster and iron ore hub at the Samalaju Industrial Park. The parties are in the process of assessing the availability and adequacy of power and natural gas required by the proposed Project.

Services

Fund Management



CMS' operations of fund management and asset management were merged in July 2008 under the banner of **CMS Trust Management Berhad**. In line with its branding 'Wealth Intelligence', the merged entity has better positioned CMS Trust to tap new opportunities in creating significant value for its investors and business partners.

Whilst its internal operations have been strengthened, the external deterioration of the local stock market and global financial crisis has adversely affected CMS Trust. The Company reported a pre-tax loss in 2008 compared to a profit in the year before. With weak market sentiment, CMS Trust experienced a decline in management revenue including front-end sales charges for its unit trust funds. Given the volatility and uncertainty in the stock market, CMS Trust did not launch any new funds during the year. Total Assets Under Management (AUM) of CMS Trust as at 31 December 2008 stood at RM1.53 billion.

CMS Trust announced income distributions for 4 of its nine funds for the financial year ended 31 December 2008 from its reserve profits. Equity growth funds, CMS Premier Fund and CMS Islamic Fund, distributed a 9% yield, whilst unit-holders of CMS Balanced Fund and CMS Islamic Balanced Fund received income distributions equivalent to a 10% yield.

CMS Trust funds continued to win recognition for their performance.

In 2008, CMS Premier Fund won the "Best Equity Malaysia Fund for the 10-year period" at The Edge-Lipper Malaysia Fund Awards 2008. On the international front, CMS Islamic Fund was named "Best Malaysian Fund" for the 1-year period and 3-year period at the 3rd Annual Failaka Islamic Fund Awards 2008 presented in Dubai in April 2008.

Regionally, CMS Trust was recognised by reknown financial publication Asian Investor at its 2008 Investment Performance Awards for the Company's performance in the Malaysian Islamic Equities 5-year performance category.

Private Equity

CMS Opus Private Equity Sdn Bhd (COPE) recorded a pre-tax profit in 2008 mainly through strict management of operating expenses. During the year, CMS Opus successfully concluded a private equity investment with a Kuala Lumpur-based integrated oil & gas upstream services provider. The Investee Company is one of the fastest growing integrated geo-solutions and engineering services providers in Exploration and Production (EP) within the region's oil & gas sector. With more than 15 subsidiaries, it operates from offices in Malaysia, Singapore, Indonesia, Vietnam, Bangladesh and China.

With this new investment, COPE has successfully managed two exciting investments in the oil & gas sector. These investments represent very unique opportunities as they are in the attractive oil & gas industry, one of the fastest growing sectors in the Malaysian economy. Investments in this sector have been difficult to source and serve to demonstrate COPE's capabilities in concluding top-tier private equity transactions, notwithstanding competition from other bigger private equity players, both local and foreign.

Strategic Investment: Financial Services

CMS maintains a 25% equity stake in K&N Kenanga Holdings Berhad, a financial services holding company with its principal subsidiary, Kenanga Investment Bank Berhad. The global financial downturn led to a challenging environment for the local capital market in 2008, resulting in lower revenue for the Kenanga Group. Overall, Kenanga recorded a pre-tax loss of RM70.1 million for 2008, a decline of 152.3% from the previous year's profit. The loss was mainly due to provisioning for losses on loans, advances and financing, and recognition of impairment losses on securities available for sale. Stockbroking income decreased 60.6% in line with the decrease in trading value on the local bourse. Kenanga's Middle East ventures have yet to contribute to the Group's income as they are still at its infancy stage.

On a more positive note, the Group's futures broking subsidiary, Kenanga Deutsche Futures Sdn Bhd, managed to maintain its position as the leading futures broker in Malaysia.

It was awarded the "Top Overall Futures Broker" recognition by Bursa Malaysia Derivatives Berhad for the sixth consecutive year and the "Top Equities Futures Broker" award for 2008.

Going forward, Kenanga expects to launch new investment banking products in 2009 and see growth in its debt capital market and corporate finance businesses. Kenanga is also embarking on a vigorous business expansion into regional markets to eventually position the Group on an international platform to grow its business globally.

Technology

CMS I-Systems Berhad had an excellent year in 2008. The Company saw 20% growth in revenue over the year, translating to a 403% increase in pre-tax profit in 2008 as compared to 2007. Management attributed this to strict spending control, aggressive marketing and implementation of an effective management strategy to win new customers and retain existing ones, both locally and overseas. By building on its knowledge of regional best practices and domain expertise in the insurance sector, CMS I-Systems has been able to penetrate competitive foreign markets.

Today, CMS I-Systems' revenue base comes mainly from its overseas accounts, India (65%) and China (10%), compared to Malaysia (23%). Apart from Malaysia, the Company has offices in Guangzhou and Beijing, China, and in Mumbai and Chennai, India.

In 2008, CMS I-Systems' increased its presence in the domestic and Indian markets by adding two new major customers to its list of clientele - Star Union Dai-ichi Life Insurance Company Limited based in India, and Etiqa, Malaysia's second largest insurance company and biggest Takaful operator.

Going forward, CMS I-Systems is shifting from its conventional business model to a more market-driven business model.



Tunku Putra School

Education

CMS Education Sdn Bhd owns and operates **Tunku Putra School** in Kuching which offers national and international curricula for students at kindergarten, primary and secondary level. With classes kept small, excellent teaching resources and facilities at a 22-acre campus, Tunku Putra School students are assured of quality attention. The School's enrolment currently stands at 520 students (as at April 2009), comprising boys and girls from Malaysia, Korea, Australia, USA and Europe.

Tunku Putra School promotes a holistic approach to education which values a child's academic, social, emotional and physical development. The School's contemporary education system seeks to produce active and independent learners through integrated lessons which allow students room to participate actively in the learning process. A range of co-curriculum activities including weekly swimming, drama, music and physical education complements the holistic education process.

The School celebrated several academic successes in 2008. Its first batch of students who sat for the Malaysian national curriculum Penilaian Menengah Rendah (PMR) examinations obtained 100% passes.

In the international stream, the School attained a 97.3% pass rate in the Cambridge International General Certificate of Secondary Education (IGCSE) examination. More than half of the students scored well above average, attaining A*, A and B grades. Its first batch of students who took the General Certificate of Education (GCE) A-Level examinations at the initial Advanced Subsidiary level also made the School proud with a 92% pass rate.



Y A Bhg Tun Abdullah Ahmad Badawi
Former Prime Minister of Malaysia



SCORE will develop Sarawak's central region
(Shown in green highlight)

Sarawak Corridor of Renewable Energy (SCORE)

The Sarawak Corridor of Renewable Energy (SCORE) is a major initiative to develop the central region of Sarawak, Malaysia's largest state, towards transforming Sarawak into a developed state by the year 2020. SCORE covers an area of 70,708 sq km with a population of approximately 862,000 people.

Central to the development of SCORE is the abundance of energy resources found in the area, specifically, hydropower (20,000 MW), coal (1.47 billion tonnes) and natural gas (40.9 trillion cubic ft). This will allow Sarawak to price its energy competitively and encourage investments of energy-intensive industries that will act as a catalyst for industrial development in SCORE.

Investment efforts will be focused in 5 new growth nodes, namely Tanjung Manis, Mukah, Samalaju, Tunoh and Baram.

Ten priority industries have been identified – oil-based, aluminium, metal-based (steel, nickel, zinc), glass, tourism, oil palm based, timber-based, livestock, aquaculture & fisheries, and marine engineering. These industries will be aggressively promoted and developed through greater foreign and private sector participation, which will be the driving force behind the growth of industrial development in SCORE.

The economic impact of SCORE will accelerate GDP growth, improve infrastructure, increase employment and provide greater human capital development. The Regional Corridor Development Authority (RECODA) has been established under the Regional Corridor Development Authority Ordinance 2006 to spearhead the development, management and promotion of SCORE.

SCORE was officially launched by the former Prime Minister of Malaysia, Tun Abdullah Ahmad Badawi, in February 2008 in Bintulu. A total of RM100 billion worth of Memoranda of Understanding was signed at the event, marking a promising start to SCORE.

Further Insight into CMS by Group Managing Director



Dato' Richard Curtis
Group Managing Director

How effective has implementation of the ROAR Strategy been for the growth of CMS?

In order to answer that question, it would be best to rewind CMS' scenario to 3 years ago. CMS, then, was truly a diverse organisation with operations in many sectors, looking to tap business opportunities both locally and overseas. It had many plans, some perhaps a little beyond its capabilities and resources at that given time. The Group was spread over too thin until it got to a point when we found that whilst we made profits every year, we had to pay a whole chunk out in interest payments. We had to address the financial imbalance fast, or suffer more for a longer period of time. In short, something had to be done, and quickly too. Change took place, and with it, management of change. True to its name, Cahya Mata Sarawak demonstrated it has the resilience to accept new ways of doing things because it was focused on success.

We sought change with implementation of the ROAR Strategy, an in-house campaign which came about from inside the organisation, ourselves, and not from external consultants. The 4-phase ROAR Strategy, to be implemented over a 2 year period, would see our CMS be positioned as a respected Malaysian company, not just a Sarawak company, with a performance capability to get to a profitable future.

We had to take a step back and re-look at ourselves, clearly identify our stakeholders and their needs. This led us to craft a new corporate Vision which everyone could understand and translate into what they do everyday, into our products and services. Cahya Mata Sarawak's Corporate Vision is To Be The Pride of Sarawak – an ultimate goal that was in us all the time, staring at us. What we did was to put it up there clearly for everyone to see, as a goal to strive towards. Next, we identified 4 core values which we have now redefined as our Mission, our purpose. Our next step was to align all CMS' businesses towards fulfilling our Mission which would contribute to us achieving our Vision in the future.

Aligning our business strategies, structure, processes and systems, skills and people culture has been a challenge. With more than 40 subsidiaries and associate companies in various sectors and approximately 1,400 direct employees in locations throughout Malaysia – it was a challenge. But with strong leadership by our Board and Management team, and strong teamwork by our staff, our CMS came together because we have a common purpose and Vision.

Three years on, CMS has indeed changed. Our business profile is now different having sold our steel operation and interests in RHB, with the corporate transformation and expansion of UBG, and with the acquisition of the clinker business which will finally allow our cement to become an integrated player positioned for bigger markets. Financially, we are in a better position today than 3 years ago. Our continuing operations have shown growth over the last 3 years.

Our operations are today more efficient and focused. Teams talk about the importance of delivering On Spec and On Time, apart from fulfilling our promises of project delivery. Where previously the attention was to increase revenue, today, the focus is on profit. All else falls into place when you are constantly looking at profit as opposed to other measures.

We are certainly more proactive and synergised as a Group. Centralisation of departments and functions and improved internal communication has helped. We're spending more time talking and listening to what our staff are telling us. After all, they know the business, they speak with our customers, they are the face of CMS. Helping them do their jobs better is so satisfying. Like when we completed the acquisition of the clinker business, one of our staff likened it to "realising our dreams". We're caring for our staff more, even if it comes with more financial costs. But we believe in our CMS team and their passion to do what it takes to build CMS into the Pride of Sarawak.

Integrity and respect are also priorities. It is so important that CMS becomes an organisation known for these qualities in order to attract quality employees and partners to do successful business with us. Our leaders are the first to have to walk this talk - to stress on corporate governance, transparency, integrity and respect for the individual.

However, it's not just about focusing on improving ourselves. Today, more and more of our staff are finding the joy of genuinely helping the needy community around us. You don't always have to give money. Giving your time and effort sends out a bigger message of how much you care.

In short, there is new energy around CMS.

What are CMS' next plans?

Our plan with ROAR by end 2008 was to have completed the transformation and by now, our CMS would be ready to build itself as a Malaysian, not just a Sarawak, powerhouse. But we are not there yet. Despite the momentum and successes achieved in the first 3 phases of implementing ROAR, some of our plans are taking slightly longer to materialise due to external factors beyond our control such as in the clinker operation and the aluminium smelter project. Added to all these challenges is the current economic downturn. Analysts differ in opinion on when the global economy will improve. Fortunately in Sarawak, we have SCORE and a forward-looking Government which is willing to invest in the State's infrastructure now in order to position the State for when the economy picks up.

We at CMS believe in making the most of every situation and will use this time to seek out opportunities to improve the knowledge of our businesses and leverage on our capabilities and resources to make new opportunities and strengthen market positions. It's challenging and exciting at the same time.

Our next plans are to fire up our Engines of Growth. In construction materials, we are looking to increase our quarrying resources and put more investment in pre-mix. In cement, we want to expand capacity and tap bigger markets. Our big plans related to Samalaju and SCORE centre around the aluminium smelter which will catapult CMS as a major industrial products player in the country. In construction and property development, CMS will continue to grow its order books and sales. And by tapping on the synergy offered by our new investments in niche construction companies, CMS has the capability to do great things.

How will the Group manage in the current economic uncertainties?

My key message to our CMS team in managing during this economic downturn is to remember 3 things – control costs, conserve cash and stick to our Mission. We have a clear business focus in the form of our Engines of Growth, and have our CMS house in order – financially, businesses are aligned, our organisation and people energised. We are ready to realise our goals to turn CMS into a leading regional metals and construction materials producer. We're forcing our teams to think about their own Blue Ocean Strategies especially for our construction material products. We believe that when the going gets tough, the tough get going!

The Group operates a centralised Strategic Group Human Resources division – a new function at Centre Management following the pooling of talents and resources from the various companies across the Group. The new division provides a strategic framework to manage the motivations and continuous development of a diverse and high performing work-force in order to support the Group's corporate direction and business needs. Key initiatives and activities in 2008 included:



In-house training in progress

People Development

- Succession Planning and an extensive Talent Management exercise with specific training programmes for key management positions were implemented during the year.
- The Senior Management Strategic Workshop involving 30 members was held in April 2008. The Middle Management Workshop involving a larger group of 60 was held in June.
- Employee Training – A total of 348 employees attended in-house training during the year whilst 346 employees attended external training. Courses ranged from financial and risk management to labour laws, IT and related technical courses. A number of internal programmes were facilitated by in-house subject specialists. These included courses on audit, integrity and financial budgeting skills.
- Industrial Training – A total of 41 undergraduate students from local universities, institutions of higher learning and technical colleges participated in CMS' Industrial Training. Students joined operations in manufacturing, construction and in office settings. Sessions lasted between 6 – 16 weeks. CMS also approved an increase in allowance provided to interns, with a larger increase for interns whose parents work in the Group.

Performance Management

- Performance of 90 management staff was measured through the Key Performance Indicators (KPI) system. The KPI 2008 setting challenge session was held in February, with quarterly review sessions in July and October 2008.

Communication

- CMS continued its traditional annual staff gathering to communicate strategic direction of the Group. This year's Town Hall sessions (previously known as the Group MD's Address) were held in Kuching, Sibul, Bintulu, Miri and Kuala Lumpur from 1 - 5 December 2008. Presentations by the Group Managing Director and Group Executive Director were followed by lively Question & Answer sessions, thereby allowing employees the opportunity to speak with the Top Management face-to-face.
- The merger of CMS Trust Management and CMS Asset Management was given special attention. Town Hall meetings were held in May and June 2008 in Kuching and Kuala Lumpur to communicate the merger and to allay concerns of employees.
- More attended the popular 'Koffee Talk' breakfast sessions held throughout the year, giving non-executive employees direct access to the Group Managing Director and Group Executive Director without the presence of their Management. In 2008, employees from KL-based operations, CMS Cement Bintulu plant and newcomer CMS Clinker attended 'Koffee Talk' for the first time. Other sessions included employees from Kuching-based operations.
- The first Cultural Transformation Survey was conducted at the end of 2008. Findings of the Survey indicated over 70% were in agreement that a positive cultural transformation within the Group has taken place. Of equal importance were the areas highlighted for continuous improvement.



Career Fair

Employee Benefits and Welfare

- The Board approved a Poverty Line Income Adjustment affecting 609 employees whose basic salaries were below RM600 per month. The revised remuneration was implemented in January 2008.
- In line with market practice, CMS revised its Employee Benefits package that saw improved medical, dental and hospitalisation entitlements, revisions to travelling allowance rates and sick leave entitlement. New benefits were also introduced such as Retirement Gratuity, Acting Allowance, Non-Overtime Leave in lieu of Overtime Allowance and Calamity Leave.
- Following the dramatic fuel hike towards the middle of 2008, the Group decided to implement a floating mechanism for Mileage Rate claims to cushion the rising costs effect on employees.
- In a demonstration of 'CMS Cares', the Group set up a Compassionate Fund to assist needy employees. In 2008, financial assistance was extended to 3 cases.
- Having been absorbed into CMS Group at the end of 2007, remuneration and benefits of CMS Clinker's ex-patriate employees were reviewed in January 2008 along with an extension of employment contracts. A review for the Company's 261 local employees was implemented soon after to standardise CMS Clinker's Terms and Conditions of Employment with that of the wider Group.

Recruitment

- Career Fairs – CMS participated in career fairs in Kuching and Selangor Darul Ehsan in a bid to tap the local human capital pool. Apart from the exhibition display and brochures on the Group's diverse businesses, spot interviews were also conducted.
- Enhancing the Job Application process - An on-line recruitment system was launched in June 2008 to enable applicants to easily submit resumes and details via CMS' web portal.

Corporate Responsibility

– CMS Doing Good

Doing Good for the Community

Fulfilling CMS' Corporate Responsibility role continues to be an important facet of CMS' corporate culture. As a Group, CMS gives back to the community through donations, sponsorship, and other corporate initiatives. Since 2007, CMS employees have been encouraged to directly participate in a variety of activities under the 'CMS Doing Good' Community Outreach Programme.

The 'CMS Doing Good' programme serves in part to inculcate in staff a more caring attitude towards those in need, and in part to profile CMS to the community at large that it is a company whose employees truly care about those in need and who are prepared to help outside of their office hours.

CMS is proud of its strong employee volunteerism culture. In 2008, a total of 7,215 man-hours were dedicated by employee volunteers in helping the wider community. A breakdown into how we spent our time 'Doing Good' for the Community in 2008 is as follows:

Rebuilding Communities	38%
Sustaining Charities	24%
Education	20%
Philanthropy	7%
Community Clean-up	7%
Saving Lives	4%

CMS encourages community work that will stand the test of time. By shifting the focus to sustainability, volunteerism can induce longer-lasting, value-added solutions for communities everywhere. Of the total 7,215 man-hours employee volunteers dedicated to the community, 6,162 man-hours (equivalent to 85% of total man-hours) were spent on sustainable causes such as rebuilding communities, sustaining needy charities, on education and saving lives.

A further break-down found:

Sustainable for	Man-hours dedicated	%
Under 1 year	2,200	36%
1 – 3 years	1,202	19%
More than 3 years	2,760	45%
	6,162	100%

Highlights of Sustainable 'CMS Doing Good' projects by Employee Volunteers in 2008

• Rebuilding Communities

- 1 Provided regular volunteers in weekly home builds organised by Habitat-for-Humanity.
- 2 Raised funds to build a church in Betong (rural Sarawak) and donated construction materials (stone aggregates) to Kampung Mambong (on the outskirts of Kuching) to build a church.
- 3 Built a drainage system and gravity feed system at rural villages in Sabah.
- 4 Raised funds for China's earthquake victims.
- 5 Raised funds and emergency supplies for fire victims in Skrang (rural Sarawak).
- 6 Constructed temporary homes for Skrang longhouse fire victims.
- 7 Installed road-safety features along an accident-prone area near a school in Kuching.
- 8 Constructed a school driveway and car park in Betong (rural Sarawak).
- 9 Constructed a drainage system at a small vendors' market at Kampung Sinar Baru, Padawan, Kuching.
- 10 Donated cash towards construction of mosques, temples and schools in Sarawak.
- 11 Assisted in building a new longhouse and moving residents' household belongings in Sarikei, Sarawak.

• Education

- 1 Organised a creative mathematics teaching seminar for teachers, a parenting skills seminar, a safety awareness seminar and fire fighting training in Sabah.
- 2 Conducted English tuition classes for children and adults at Kampung Stampin, Kuching.
- 3 Promoted road safety through the "Buckle Up" Safety Campaign amongst staff, students and parents of Tunku Putra School, Kuching.
- 4 Conducted weekly English reading and tuition programmes for The Salvation Army Children's Home and orphans (PERYATIM).
- 5 Participated in environmental campaigns through tree planting activities organised by the Malaysian Nature Society (MNS).
- 6 Conducted Iban traditional dance classes for children and adults in Kuching.
- 7 Set up the wireless Internet connection for Home of Hope in Selangor Darul Ehsan.
- 8 Taught orphans basic Microsoft Word and Powerpoint programme skills in Selangor Darul Ehsan.



Building new longhouses



Fun with kids



Iban dance class



Sale of work



SALCO
calendar
& books
community
partnership

• Sustaining Charities

- 1 Donated office furniture to an impoverished Tamil school in Kuala Lumpur and to charity homes in Kuching.
- 2 Raised funds through ticket sales for PERKATA, Kuching Autistic Association, Sarawak Children's Cancer Society, and The Salvation Army Children's Home.
- 3 Set up food stalls to raise funds for charity homes – PERKATA, Kuching Autistic Association, Sarawak Society for the Blind, Sarawak Cheshire Home, Sarawak Children's Cancer Society, The Salvation Army Children's Home, Sarawak Thalassaemia Association.
- 4 Donated cash to The Salvation Army Children's Home and various charitable organisations in Sarawak.
- 5 Coordinated food collections from Tunku Putra School's community of staff, students and parents.
- 6 Participated in a joggerthon around Kuching city in aid of the Malaysian Red Crescent Society.
- 7 Gave personal donations to sustain mosques' operations.

• Saving Lives

- 1 Donated blood to Kuching Blood Bank and Normah Specialist Medical Centre on a regular basis.

Corporate Sponsorships & Donations

CMS companies regularly give cash sponsorships and donations to various causes ranging from the annual Sarawak Regatta to training programmes to the organising of community events and activities. Two special programmes carried out during 2008 demonstrated how CMS can contribute to the sustainability of the wider community.

CMS Adopt-a-Mosque Community Programme

This community programme which contributes towards the payment of monthly utility bills for 66 mosques and surau across Sarawak continued into the 6th year. In addition to cash contributions, in 2008, CMS went further to organise a series of seminars for committee members of participating mosques and surau to equip them with better management techniques, budgeting skills and meetings management. Imparting such knowledge contributes to the sustainability of these urban mosques and village surau, lending a positive impact to the wider community. A total of RM146,000 was spent on the CMS Adopt-a-Mosque community programme in 2008.

SALCO's Community Partnership Programme with Nyalau schools

Even before the SALCO smelter commences construction, its community engagement programme has begun. In 2008, in response to a request from a school principal for assistance to improve the level of spoken and written English language amongst his students, SALCO's Community Partnership Programme provided 400 English story books and workbooks to 2 primary schools in the villages of Nyalau, Bintulu. In exchange for submitting a piece of artwork based on the theme "My Village" or "My School", each child received a book to keep. The school also received books to add to their library collection. Of the 220 pieces of artwork received from the school students aged between 6 – 12 years, 12 drawings were chosen to feature in the SALCO Calendar 2009 titled "My Nyalau – Through A Child's Eyes". Calendars were also distributed to each child to take home to their proud families.

Doing Good for the Environment

Industrial Recycling

Promoting the cause of sustainability led PPES Works to set up a joint-venture in 2006 with a group of young entrepreneurs to recycle waste into organic compost branded as "EcoGold". In 2008, the joint-venture was proud to have recycled almost 600 tonnes of industrial waste, collected from oil palm plantations and timber mills, into compost used in landscaping projects in Kuching, Kota Kinabalu and Singapore. Export volume in 2008 was 174 tonnes.

Environmental Monitoring

As a responsible manufacturing group, keeping chemical and waste emissions at a minimum is a priority at CMS Cement. Monthly or quarterly measurements take place to ensure that smoke and dust emissions, boundary noise and septic discharge are reduced or controlled within industrial and national standards. CMS Cement is certified with ISO 14001.

Building Environmental Awareness

Many of CMS' office-based operations have begun to use dedicated Recycling bins to separate paper, glass and other recycled material. In 2008, bins were placed at CMS' head office in Kuching, at CMS Property Development and CMS Trust Management. The operations of PPES Works and CMS Cement have long promoted the benefits of recycling amongst employees, including organising quarterly 'buy back' events with Kuching city councils.

Reducing Industrial Waste

By working together, CMS Cement and CMS Concrete Products have found a way to put oil waste (a hazardous water pollutant) to good use, and act responsibly towards the environment by reducing its own industrial waste. Under certification and approval by the Department of Environment (DOE), CMS Cement now sends its waste engine and lubricant oils to CMS Concrete Products to be re-used as mould releasing agents in the production of concrete products.

Doing Good for the Marketplace

Responsibility to Shareholders

As a public-listed entity, CMS prides itself on compliance with the strict regulations set by Bursa Malaysia and on maintaining the highest Corporate Governance standards. CMS Berhad continues to maintain its sterling record of zero reprimand from Bursa Malaysia.

In 2008, CMS received the Overall Excellence Award for corporate reporting by the Sarawak Chamber of Commerce & Industry. It was the 5th time since 1999 that CMS had received the State's highest award for transparency and excellence in corporate reporting. Besides mandatory disclosures on financial reporting and presentation, CMS was commended for sharing information on the Group's practices towards the Environment, management of its Human Resources and Corporate Social Responsibility (CSR) towards the community.

Responsibility to Customers

CMS makes a continuous effort to ensure that its customers receive good products and services per our "On Spec, On Time" corporate Mission. Customer satisfaction surveys are conducted regularly to gain insight to ensuring continuous improvements. In 2008, customer feedback received on its annual survey led CMS Cement to cut lead time on distribution and invoicing delivery. Quality improvements occurred after more rigorous inspections and stock management systems were put in place. In providing the best customer service at all times, direct feedback is sought from customers after every transaction is made. By having its team on-site in the township, similar customer feedback from house-owners helped CMS Property improve future house designs.

Doing Business with CMS

Ensuring transparency and fairness to all vendors and suppliers who do business with CMS is paramount in keeping to our 'Pride of Sarawak' goal. CMS' website carries a dedicated section for 'Doing Business With Us' to make it simple and easy for contractors and suppliers to register before undertaking to supply, execute and complete any work for the Group. Relevant forms and information guides on the Contractor - Supplier Management System Registration are available. In 2008, CMS' Group Procurement continued to improve and streamline its processes and policies of the Contractor - Supplier Management System to be more effective and efficient for its external customers (contractors and suppliers) and internal customers (the various CMS in-house departments and subsidiary companies).

Doing Good at the Workplace

CMS Group has 1,400 employees spread across operations nationwide. With the majority of employees based in Sarawak, our team is made of a diverse community of races.

Respect for Employees - Keeping Communication Channels Open

Our 'Koffee Talk' sessions continued in 2008 with the Group Managing Director and Group Executive Director having 'heart-to-heart' chats with non-executive level employees over a casual breakfast session. For the first time, 'Koffee Talks' were held for employees in Kuala Lumpur and for CMS Clinker, newcomers to the CMS family in 2008.

The annual Town Hall sessions (previously known as Group Managing Director's Address) to communicate the strategic direction of CMS and its group of companies was held in December 2008 in Kuching, Sibul, Bintulu, Miri and Kuala Lumpur. As with previous years, there were lively exchanges between management and employees at the sessions.

Fair Remuneration & Better Benefits

CMS revisited its remuneration package in 2008 to ensure that all employees are paid fairly. Armed with a philosophy that no employee's income should be below the Poverty Line, low paid employees' monthly salaries were reviewed and adjusted accordingly.

During the year, the Group also implemented a series of improved policies and practices in overtime, medical coverage, retirement packages, long service recognition, leave and allowances. These were implemented not only in keeping with market practice, but more as part of CMS' Corporate Responsibility in treating employees fairly and with respect.

CMS Cares – Insurance & Compassionate Fund

Even during difficult times, CMS tries hard to care for its employees and their loved ones. As at mid-November 2008, CMS had helped families of deceased employees claim RM775,648.00 in Group Term Life Insurance policies to ease their financial burden. In addition to insurance policies, CMS has set up the CMS Compassionate Fund to assist employees in their time of need.

Promoting Safety & Health at the Workplace

Newcomer to the Group, CMS Clinker realised early that it had to focus on ramping up its Safety & Health practices to be on-par with other manufacturing operations within the Group. Armed with management support and approval of an investment of RM3 million to be spent over the next 3 years, CMS Clinker kick-started its Safety & Health improvement programme in 2008 with safety awareness and training, better safety signage, and a reduction of safety hazards around its 38 hectare plant site. The '5S' programme was also introduced during the year.

CMS Concrete Products qualified for the '5S' certification from Malaysia Productivity Centre (MPC) in October 2008, a step in the right direction towards improving Occupational Safety & Health at its plant in Kuching.

CMS Cement, a recognised national leader in Safety & Health, continued to conduct regular safety training, workshops, emergency drills and activities for its 280 employees. These included regular drills on fire and emergency both at the Plant and for wharf-related duties (ISPS drills), training on First Aid and fire fighting, audits on safety inspection, personnel monitoring for dust and noise exposure, and training on proper usage of personal protective equipment. The Safety Awareness training was extended to external contractors and lorry drivers. CMS Cement is certified with OHSAS 18001.

CMS Employees' Children's Internship Programme

Beginning 2008, CMS widened its internship programme to include a special allocation for children of our employees. The number of accepted applicants for the "Employees' Children's Internship Programme" is unlimited. Priority is given to applicants from lower-income families who have the best academic results. For CMS, the benefits fringe on the injection of "young blood" into the Group as well as a Corporate Responsibility of providing valued service to our loyal workforce and their families.

Board of Directors



Malaysian, Age 57 years

Group Chairman

Independent, Non-Executive Director

Chairman – Nomination and Remuneration Committee

Chairman – Executive Committee

Member – Group Audit Committee

Y A M Tan Sri Dato' Seri Syed Anwar Jamalullail

Y A M Tan Sri Syed Anwar is the Group Chairman of CMS, having been appointed to the Board on 10 May 2006. He holds a Bachelor of Arts (Accounting) degree from Macquarie University, Australia, and is a Chartered Accountant and Certified Practising Accountant of Australia. He began his career as a financial accountant with Malaysia Airlines System Berhad in 1975 and has worked for Price Waterhouse (Australia), D&C Nomura Merchant Bank Berhad, Amanah Merchant Bank Berhad and Amanah Capital Partners Berhad as its Group Managing Director. Tan Sri Syed Anwar has also served as Chairman of Malaysian Resources Corporation Berhad, Media Prima Berhad and the Investment Panel of Lembaga Urusan Tabung Haji. Tan Sri Syed Anwar had been a director of Maxis Communications Berhad. Apart from CMS, Tan Sri Syed Anwar is currently Chairman of DRB-HICOM Berhad, EON Capital Berhad, Uni. Asia Life Assurance Berhad and Uni. Asia General Insurance Berhad. He is a director of Nestle (M) Berhad and several other companies. Tan Sri Syed Anwar has no family relationship with any director and/or major shareholder of the Company.



Malaysian, Age 45 years

Deputy Group Chairman

Non-Independent, Non-Executive Director

Member – Nomination and Remuneration Committee

Member – Executive Committee

Y Bhg. Dato Sri Mahmud Abu Bekir Taib

Y Bhg Dato Sri Mahmud is Deputy Group Chairman of CMS. He was appointed to the Board of CMS as Group Executive Director in January 1995. Having pursued his tertiary education in USA and Canada, Dato Sri Mahmud has extensive experience in the stockbroking and corporate sectors. He was a founding member of Sarawak Securities Sdn Bhd, Sarawak's first stock-broking company which is now merged with K&N Kenanga Holdings Berhad. Dato Sri Mahmud is currently Chairman of UBG Berhad and is a director of CMS subsidiaries in construction, construction materials, financial services and property development. Dato Sri Mahmud is also Deputy Chairman of Putrajaya Perdana Berhad and director of several other private companies. Dato Sri Mahmud is the brother of YB Dato Sri Sulaiman Abdul Rahman Taib, Jamilah Hamidah Taib and Hanifah Hajar Taib, all major shareholders of CMS. He is also a son of Lejla Taib (a major shareholder of CMS) and brother-in-law of Tuan Syed Ahmad Alwee Alsree (Group Executive Director of CMS). Dato Sri Mahmud is a director of Majaharta Sdn Bhd (a major shareholder of CMS).



Singapore national, Age 43 years

Group Executive Director

Chairman – Risk Committee

Member – Nomination and Remuneration Committee

Member – Executive Committee

Tuan Syed Ahmad Alwee Alsree

Tuan Syed Ahmad Alwee Alsree is Group Executive Director of CMS, having been appointed to the Board on 4 September 2006. He joined CMS in February 2004 as Group General Manager – Human Resources, was appointed as Deputy Group Managing Director in September 2006, and subsequently re-designated as Group Executive Director in August 2008. Tuan Syed Ahmad is Chairman of CMS Trust Management Berhad and Similajau Aluminium Industries Sdn Bhd, and Deputy Chairman of UBG Berhad and Loh & Loh Corporation Berhad. He is also a director of KKB Engineering Berhad and several CMS subsidiaries in financial services, construction, property development, technology and education. Tuan Syed Ahmad graduated with a Bachelor of Law (LL.B.) from the National University of Singapore, and practised law in Singapore for over 10 years prior to joining CMS Group. Tuan Syed Ahmad is the brother-in-law of Dato Sri Mahmud Abu Bekir Taib (a director and a major shareholder of CMS), Jamilah Hamidah Taib and YB Dato Sri Sulaiman Abdul Rahman Taib (major shareholders of CMS). He is a son-in-law of Lejla Taib (a major shareholder of CMS) and the spouse of Hanifah Hajar Taib (a major shareholder of CMS).



UK national, Malaysian Permanent Resident, Age 57 years

Group Managing Director

Member – Executive Committee

Y Bhg. Dato' Richard Alexander John Curtis

Y Bhg Dato' Richard Curtis is the Group Managing Director of CMS, having been appointed to the Board on 4 September 2006. Dato' Richard graduated with a Bachelor of Law (LL.B.) (Honours) degree from University of Bristol, UK and is a Sloan Fellow of the London Business School. He began his career in legal practice as a solicitor in Norton Rose (1974-1979) in London and then joined Jardine Matheson & Co. (1979-1983) in Hong Kong after which he joined the Jardine Offshore Group (1983-1986) in postings to Singapore and Indonesia. Dato' Richard also pursued his own businesses (1988-1997) in retail, consultancy and construction. He was Chief Executive Officer of The Melium Group from 1997 – 2000, a leading Malaysian retail company and F&B chain operator. Dato' Richard is currently a director of K&N Kenanga Holdings Berhad, Kenanga Investment Bank Berhad and a number of CMS subsidiaries. Dato' Richard is a Trustee of Yayasan Raja Muda Selangor. Dato' Richard has no family relationship with any director and/or major shareholder of the Company.



Malaysian, Age 72 years

Senior Independent, Non-Executive Director

Y Bhg. Dato Sri Liang Kim Bang

Y Bhg Dato Sri Liang Kim Bang was appointed to the Board of CMS on 26 June 1986. He studied at University of Malaysia, Singapore (1957 – 1961) graduating with B.A. and B.A. (Honours) degrees and at University of Cambridge (Trinity College), England (1962 – 1963) in Public Administration. He joined the Sarawak Civil Service in 1961, served in various capacities, including as Chairman and Director of several statutory bodies and Government-linked companies, both listed and non-listed. He was the Sarawak State Financial Secretary from 1984 – 1994. At present, Dato Sri Liang is the Non-Executive Chairman of CMS Cement Sdn Bhd and CMS Clinker Sdn Bhd. He is also a Non-Executive Director of PPB Group Berhad, UBG Berhad and CMS Trust Management Berhad. Dato Sri Liang has no family relationship with any director and/or major shareholder of the Company.



Malaysian, Age 61 years

Independent, Non-Executive Director

Member – Nomination and Remuneration Committee

Y Bhg. General (Retired) Tan Sri Dato' Seri Mohd Zahidi bin Hj Zainuddin

Y Bhg General (R) Tan Sri Dato' Seri Mohd Zahidi was appointed to the Board of CMS on 8 July 2005. He has 39 years experience as a professional military officer with his last appointment as Chief of Defence Forces Malaysia from January 1999 until his retirement at the end of April 2005. General (R) Tan Sri Zahidi is currently Chairman of Affin Holdings Berhad and CMS I-Systems Berhad. He is a director of Asiatic Development Berhad, Bandar Raya Developments Berhad, Bintulu Port Holdings Berhad, Defence Technologies Berhad, Resorts World Berhad and Wah Seong Corporation Berhad. In November 2006, General (R) Tan Sri Zahidi was elected by DYMM Paduka Seri Sultan Perak to be a Member of Dewan Negara Perak, and is a director of Yayasan Sultan Azlan Shah. He is also a member of the Malaysian-Indonesian Eminent Persons Group elected by the Prime Minister (since July 2008). General (R) Tan Sri Zahidi holds a Master of Science degree in Defence and Strategic Studies from Quaid-I-Azam University of Islamabad, Pakistan. He has attended the Senior Executive Programme in National and International Security at Harvard University, USA, and courses at the Command and General Staff College in the Philippines, Joint Warfare Centre in Australia, Joint Services Staff College in Australia and the National Defence College in Pakistan. General (R) Tan Sri Zahidi has no family relationship with any director and/or major shareholder of the Company.


Malaysian, Age 57 years

Non-Independent,
Non-Executive Director

Member – Group Audit Committee

YB Datuk Haji Talib bin Zulpilip

YB Datuk Haji Talib was appointed to the Board of CMS on 13 February 1995. He is currently Chairman of the Sarawak Economic Development Corporation (since 1995), and has been an elected Member of the Sarawak State Legislative Assembly since September 1996. YB Datuk Haji Talib has held senior positions in both public service (as Permanent Secretary in the Ministry of Industrial Development and Ministry of Infrastructure Development, Sarawak) and in the private sector (at Petronas and several other organisations). He holds a Master of Commerce and Administration degree from Victoria University, New Zealand. Apart from CMS, YB Datuk Haji Talib is a director of Sarawak Concrete Industries Berhad, a number of CMS subsidiaries, and several private limited companies. YB Datuk Haji Talib has no family relationship with any director and/or major shareholder of the Company.


Malaysian, Age 59 years

Independent, Non-Executive Director

Member – Nomination and
Remuneration Committee

Y Bhg. Datuk Wan Ali Tuan Ku Yubi

Y Bhg Datuk Wan Ali was appointed to the Board of CMS on 23 June 1995. A former Sarawak State Financial Secretary (1995 – 2000) and Director/Chief Executive Officer of Sarawak Energy Berhad (formerly known as Sarawak Enterprise Corporation Berhad) (December 2000 – June 2005), Datuk Wan Ali had a long career in public service. He also served as Permanent Secretary in the Ministry of Land Development, Sarawak, and as General Manager of Land Custody and Development Authority, Sarawak. He holds a Bachelor of Economics degree and Graduate Diploma in Education from University of Malaya. He also holds a Master of Education degree from Birmingham University, UK. Datuk Wan Ali has no family relationship with any director and/or major shareholder of the Company.


Malaysian, Age 68 years

Independent, Non-Executive Director

Member – Group Audit Committee

Member – Nomination and
Remuneration Committee

Y Bhg. Datu Michael Ting Kuok Ngie

Y Bhg Datu Michael Ting was appointed to the Board of CMS on 24 March 1999. A civil engineer by profession, Datu Michael served in the Public Works Department (PWD) for 32 years. His last appointment was as Director of PWD prior to retiring in 1998. Datu Michael continued to serve as Technical Advisor to Sarawak's State Planning Unit for a further two years. Datu Michael holds a Bachelor of Engineering (Honours) and Master of Engineering degrees in Civil Engineering, both from the Technical University of Nova Scotia, Canada. Datu Michael is currently a director of Loh & Loh Corporation Berhad, CMS Trust Management Berhad and a number of subsidiaries of the CMS Group. Datu Michael has no family relationship with any director and/or major shareholder of the Company.



Malaysian, Age 60 years

Independent, Non-Executive Director
Chairman – Group Audit Committee

Kevin How Kow

Kevin How Kow was appointed to the Board of CMS on 12 March 2004. Kevin is a Fellow of the Institute of Chartered Accountants in England & Wales and the Institute of Certified Public Accountants of Singapore. He is a member of the Malaysian Institute of Accountants and the Malaysian Institute of Certified Public Accountants. He was made a partner of Ernst & Young, Malaysia in 1984 and served as Partner-in-charge of its offices in Sabah and Sarawak. From 1996 onwards, Kevin was Partner-in-charge of the firm's practice in Sabah and Labuan until his retirement at the end of 2003. Kevin's directorships in public companies include CMS I-Systems Berhad, K&N Kenanga Holdings Berhad, Kenanga Investment Bank Berhad, Sabah Development Bank Berhad and Saham Sabah Berhad. He is also a director of CMS Opus Private Equity Sdn Bhd and other private limited companies. Kevin has no family relationship with any director and/or major shareholder of the Company.

Save as disclosed, none of the Directors have:

- Any conflict of interest with CMS.
- Any conviction for offences within the past 10 years other than traffic offences.

Senior Management

**Tuan Syed Hizam bin Syed Mahmood
Ezzularab Abdul-Moez Alsagoff**

Acting Group Chief Financial Officer

Hasanah Abdullah

Group General Manager, Human Resources

David Ling Koah Wi

Group General Counsel

Abdul Rashid Daljit Abdullah

Head, Group Technology

Eda Ahmad

Head, Group Corporate Communications

Woo Yoke Meng

Group Internal Auditor

Tuan Haji Othman Abdul Rani

Head, Cement SBU

Isaac Lugun

Head, Similajau Development SBU

Goh Chii Bing

Head, Construction Materials SBU

Financial Calendar 2008

27.02.08	The Group reported a profit after tax and minority interests of RM384.94 million (unaudited) for the financial year ended 31 December 2007.
25.04.08	Notice of the 33rd Annual General Meeting was announced. Also announced was the proposal to declare a first and final dividend of 5 sen per share less 26% income tax and a special dividend of 10 sen per share less 26% income tax for the year ended 31 December 2007.
20.05.08	CMS' 33rd Annual General Meeting took place.
21.05.08	The Group reported a profit after tax and minority interests of RM8.56 million (unaudited) for the first quarter ended 31 March 2008.
18.07.08	The first and final dividend of 5 sen per share less 26% tax and a special dividend of 10 sen per share less 26% tax for the financial year ended 31 December 2007 amounting to RM36.57 million was paid.
28.08.08	The Group reported a profit after tax and minority interests of RM20.26 million (unaudited) for the second quarter ended 30 June 2008.
28.11.08	The Group reported a profit after tax and minority interests of RM29.85 million (unaudited) for the third quarter ended 30 September 2008.
27.02.09	The Group reported a profit after tax and minority interests of RM37.0 million (unaudited) for the fourth quarter of 2008, and profit after tax and minority interests of RM95.67 million (unaudited) for the 12 months ended 31 December 2008.

Statement of Corporate Governance

Cahaya Mata Sarawak's ("CMS") approach to corporate governance is designed to ensure that its business and affairs are effectively managed in order to deliver value to the shareholders. It is a system that the Board has put in place to enhance transparency and accountability, to provide checks and balances throughout the organisational structure, whilst emphasizing increased business efficiency of the Group.

Statement of Corporate Governance

The Board would like to assure shareholders of its commitment towards maintaining the highest standards of corporate governance and the effective application of its principles and best practices throughout the Group, as set out in the Malaysian Code of Corporate Governance ("the Code"). These principles include accurate financial disclosure, an open dialogue between the Board of Directors and Management, accountability to our shareholders, and utmost integrity in all our actions.

The Board will continue to enhance its role in improving governance practices effectively to safeguard the interests of shareholders and other stakeholders.

Corporate Governance Principles

This Report, which has been considered and adopted by the Board, sets out the manner in which the Company implemented and applied the Code's principles and best practices. The Board believes that the Principles of the Code and the Best Practices outlined in the Code have, in all material respects, been complied with and adhered to.

Board of Directors

Principal Responsibilities of the Board

The Board of Directors is accountable to shareholders for the performance of CMS. Without intending to limit this general role and its statutory duties, the Board's principal functions and responsibilities include the following:

- Setting the Group's overall strategic direction and monitoring progress of these strategies.
- Authorising and monitoring investments and strategic commitments.

- Approving business plans and budgets.
- Overseeing conduct of the Company's business.
- Identifying principal risks and ensuring systems are in place to manage these risks.
- Reviewing the adequacy of the Company's system of internal controls.
- Succession planning, including appointing, fixing the compensation of, and where appropriate, replacing senior management.
- Developing investor relations programmes for the Group.
- Scrutinising and reporting to shareholders on, but not limited to, the financial statements of the Company.

Board Balance and Independence

The Board currently has ten (10) members, of which eight (8) are non-executive Directors, including the Chairman. Six (6) of the ten (10) Directors are independent Directors, which exceeds the one-third requirement set by Bursa Malaysia Securities Berhad ("Bursa Securities").

This size and composition of the Board is considered optimum, well balanced and caters effectively at present to the scope and complexity of the diverse businesses of CMS Group.

Together, the Directors have a wide range of business, financial, management, technical, private sector and public service experience. This enables the Board to provide effective leadership to the Group's strategy and performance. A brief profile of each Director is presented on pages 036 to 039 of this Annual Report.

The independent Directors, based on their breadth of knowledge and experience, provide unbiased and independent views, advice and judgment to take account the interests of all stakeholders including shareholders, employees, customers, suppliers and the communities in which the Group conducts its business. By way of their majority membership of the Audit Committee and the Nomination and Remuneration Committee ("NRC"), the independent Directors fulfill a self-regulating and key role in corporate accountability.

Division of Roles and Responsibilities between the Chairman and the Group Managing Director

The role of the Chairman and the Group Managing Director is separated and clearly defined to ensure a balance of power and authority. The Chairman is responsible for ensuring the Board's effectiveness and conduct, whilst the Group Managing Director has overall responsibility for the operating units, organizational effectiveness and implementation of the Board's policies and decisions. In addition, the Group Managing Director also acts as the intermediary between the Board and Management.

Appointments to the Board

The NRC recommends the appointment of new Directors to the Board. Upon appointment, new Directors undergo a familiarisation programme to facilitate a quick and comprehensive understanding of the Group. This includes a detailed information package comprising:

- Corporate and company organisation structures.
- Terms of Reference of the various Board committees.
- Profiles of key personnel.
- An overview of the Group's operations.
- Corporate governance guidelines which have been approved by the Board. The guidelines set out specific roles, duties, responsibilities and rights of the Directors.

Visits to the various operating businesses and meetings with senior management are arranged, as appropriate.

Re-election of Directors

In accordance with the Company's Articles of Association, all Directors appointed by the Board are subject to election by shareholders at the first Annual General Meeting after their appointment. One-third of the remaining Directors are required to submit themselves for re-election by rotation at each Annual General Meeting. All Directors must submit themselves for re-election at least once in every three years. Directors over seventy years of age are required to submit themselves for re-appointment annually in accordance with Section 129(6) of the Companies Act, 1965.

Directors' Remuneration

The Company has adopted the objective recommended by the Code to determine remuneration for a Director to ensure that the Company attracts and retains Directors of high caliber and integrity coupled with the appropriate qualifications, skills and experience needed to run the Group successfully.

Non-Executive Directors

For Non-Executive Directors, the level of remuneration reflects the experience of and special responsibilities undertaken by the Non-Executive Director concerned. In particular, remuneration includes membership of Board Committees and directorships at subsidiary companies. Fees payable to Directors are subject to annual approval by shareholders at the Annual General Meeting.

Executive Directors

Remuneration of Executive Directors is decided through a two stage process. First, recommendations based on CMS Group policies and market rates are made for consideration of the NRC. This is followed by the Board's consideration and decision. Executive Directors' remuneration includes:

- **Basic salary** – The basic salary of Executive Directors is commensurate with the job's expectations. This salary is structured along CMS' salary structure guidelines and job evaluation. Annual increments are approved by the CMS Board after taking into consideration cost of living adjustments (COLA), merit increments and prevailing market rates. Subject to the NRC's recommendation and the Board's approval, Executive Directors shall receive a salary increment which is based on individual and company performance.
- **Bonus scheme** – The Group operates a bonus scheme which is linked to performance. Key Performance Indicators (KPI) are implemented to measure performance of the Group Managing Director. Bonuses in respect of all Executive Directors shall be paid based on achievements against their individual corporate and priority targets, and subject to the NRC's recommendation and the Board's approval.
- **Pension arrangements / contribution plans** – Contributions are made to the national mandatory contribution plan, the Employees Provident Fund, for and by the Executive Directors.
- **Benefits-in-kind** – Medical benefits, insurance coverage, leave entitlement, club membership, car and driver entitlement, and for expatriates, leave passages and housing allowance. These benefits are in line with standard market practices and rates.
- **Service contract** – The notice period for termination of the Executive Directors' service contracts is 6 months on either side.

Remuneration paid to the Directors of the Company during 2008, analysed into bands of RM50,000, is set out in Note 9 to the Financial Statements. This complies with the disclosure requirements under the Listing Requirements of Bursa Securities. The Board is of the view that transparency and accountability with regard to Directors' remuneration is met by this disclosure method.

The number of Directors and total remuneration during the financial year ended 31 December 2008 are as follows:

Remuneration Band (RM)	Number of Directors	
	Executive	Non-executive
1 – 50,000		1
50,001 – 100,000		2
100,001 – 150,000		2
150,001 – 200,000		2
200,001 – 250,000		1
250,001 – 300,000		1
300,001 – 350,000		1
350,001 – 400,000		1
400,001 – 450,000		1
450,001 – 500,000		1
500,001 – 550,000		1
550,001 – 600,000		1
600,001 – 650,000		1
650,001 – 700,000		1
700,001 – 750,000		1
750,001 – 800,000		1
800,001 – 850,000		1
850,001 – 900,000		1
900,001 – 950,000		1
950,001 – 1,000,000		1
1,000,001 – 1,050,000		1
1,050,001 – 1,100,000	1	
1,100,001 – 1,150,000	1	
1,150,001 – 1,200,000	1	
1,200,001 – 1,250,000	1	
1,250,001 – 1,300,000	1	
1,300,001 – 1,350,000	1	
1,350,001 – 1,400,000	1	
1,400,001 – 1,450,000	1	
1,450,001 – 1,500,000	1	
1,500,001 – 1,550,000	1	
1,550,001 – 1,600,000	1	
1,600,001 – 1,650,000	1	
1,650,001 – 1,700,000	1	
1,700,001 – 1,750,000	1	
1,750,001 – 1,800,000	1	
1,800,001 – 1,850,000	1	
1,850,001 – 1,900,000	1	
1,900,001 – 1,950,000	1	
1,950,001 – 2,000,000	1	
2,000,001 – 2,050,000	1	
2,050,001 – 2,100,000	1	
2,100,001 – 2,150,000	1	
2,150,001 – 2,200,000	1	
2,200,001 – 2,250,000	1	
2,250,001 – 2,300,000	1	
2,300,001 – 2,350,000	1	
2,350,001 – 2,400,000	1	
2,400,001 – 2,450,000	1	
2,450,001 – 2,500,000	1	
2,500,001 – 2,550,000	1	
2,550,001 – 2,600,000	1	
2,600,001 – 2,650,000	1	
2,650,001 – 2,700,000	1	
2,700,001 – 2,750,000	1	
2,750,001 – 2,800,000	1	
2,800,001 – 2,850,000	1	
2,850,001 – 2,900,000	1	
2,900,001 – 2,950,000	1	
2,950,001 – 3,000,000	1	
3,000,001 – 3,050,000	1	
3,050,001 – 3,100,000	1	
3,100,001 – 3,150,000	1	
3,150,001 – 3,200,000	1	
3,200,001 – 3,250,000	1	
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3,800,001 – 3,850,000	1	
3,850,001 – 3,900,000	1	
3,900,001 – 3,950,000	1	
3,950,001 – 4,000,000	1	
4,000,001 – 4,050,000	1	
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4,100,001 – 4,150,000	1	
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9,750,001 – 9,800,000	1	
9,800,001 – 9,850,000	1	
9,850,001 – 9,900,000	1	
9,900,001 – 9,950,000	1	
9,950,001 – 10,000,000	1	

Details of remuneration of the Directors of the Company during the financial year are as follows:

Remuneration (RM'000)	Executive	Non-executive	Total
Salaries & other emoluments	1,908	1,292	3,200
Defined contribution plans	229	130	359
Fees	–	728	728
Estimated money value of benefits-in-kind	196	111	307
Total	2,333	2,261	4,594

Directors' Training

All Directors have attended the required Mandatory Accreditation Programme ("MAP") within the stipulated time-frame. In addition, the Directors attended training programmes, conferences and seminars to keep abreast with relevant developments in the business environment as well as new regulatory requirements on a continuous basis in compliance with Paragraph 15.09 of the Listing Requirements of Bursa Securities.

In 2008, the Directors attended an in-house seminar entitled "Presentation on Board Effectiveness – Insight into Good Practices" organized by PricewaterhouseCoopers. Other trainings attended by the Directors during the year covered a range of topics which provided the Directors with updates on business trends and management, corporate governance, investor relations, employment, finance, tax, audit and legal issues. These trainings are regarded as appropriate in providing our Directors with continuous education and enhancement of their knowledge and skills in the discharge of their responsibilities as director of a diversified public-listed group such as CMS.

A summary of training, conferences and seminars attended by the Directors in 2008 is as follows:

- Corporate Governance
 - Effective Chairmanship
 - Presentation on Board Effectiveness – Insight to Good Practices
 - Prevention of Fraud, Anti Money Laundering and Board Effectiveness
 - Importance of IT security
 - Recent Changes in the Corporate Legal Framework towards Better Corporate Governance - Implications on Directors' Duties
 - Auditing Corporate Governance

- Management
 - Sustainability – The Way Forward
 - National Employment Law Conference 2008
 - International CEO Conference 2008
- Financial
 - 2008 National Conference on Internal Auditing
 - Latest development on tax audits & tax investigations
 - General outlook on 'soft' commodities and the distortion of funds on fundamentals of supply and demand
 - 2009 Budget Proposals and Recent Tax Developments
 - Tax Seminar – The 2009 Budget
 - Investor Relations Management
 - Market Liquidity and Implications on the World Economy

Board Performance Evaluation and Review

As a best practice in corporate governance, the Board carries out annual assessments on the effectiveness of the overall Board and its Board Committees. The objective is to improve the Board's effectiveness by identifying gaps, addressing weaknesses and maximising strengths.

In a combination of self and peer assessment, Directors used a series of questions to provide feedback on the level of effectiveness on various performance aspects. These included composition of the various Board committees, roles and responsibilities, performance against principal Board responsibilities, communication and information, and conduct. Responses from the Directors were analysed and presented to the NRC and the Board. Areas requiring improvement are addressed by the Board and Management.

Board Meetings and Supply of Information

During the year, seven (7) Board Meetings including three (3) Special Meetings were held. Attendance of Directors at the Board Meetings in 2008 is as follows:

Name of Director	Attendance at Meetings (2008)
Y A M Tan Sri Dato' Seri Syed Anwar Jamalullail (Independent, Non-Executive Chairman)	6 / 7 (86%)
Y Bhg. Dato Sri Mahmud Abu Bekir Taib (Non-Independent, Non-Executive)	6 / 7 (86%)
Tuan Syed Ahmad Alwee Alsree (Executive)	7 / 7 (100%)
Y Bhg. Dato' Richard Curtis (Executive)	7 / 7 (100%)
Y Bhg. Dato Sri Liang Kim Bang (Independent, Non-Executive)	7 / 7 (100%)
Y Bhg. General (Retired) Tan Sri Dato' Seri Mohd Zahidi Zainuddin (Independent, Non-Executive)	6 / 7 (86%)
YB Datuk Haji Talib Zulpilip (Non-Independent, Non-Executive)	6 / 7 (86%)
Y Bhg. Datuk Wan Ali Tuanku Yubi (Independent, Non-Executive)	6 / 7 (86%)
Y Bhg. Datu Michael Ting Kuok Ngie (Independent, Non-Executive)	7 / 7 (100%)
Kevin How Kow (Independent, Non-Executive)	7 / 7 (100%)
YB Dato Sri Sulaiman Abdul Rahman Taib (Resigned on 21 January 2008. Reappointed on 29 January 2008. Did not seek re-election at AGM on 20 May 2008)	0 (0%)

Prior to each Board meeting, the Directors are provided with an agenda and a set of Board papers. These are issued in sufficient time to enable the Directors to obtain further explanation, where necessary, in order to be properly briefed before the meeting.

Senior Management staff, as well as, advisers and professionals appointed to provide advice on corporate proposals and other specific issues may be invited to attend Board meetings. Their role is to provide the Board with views and explanation on certain agenda items tabled to the Board, and to furnish clarification on issues that may be raised by the Directors.

Board members have unlimited access to the Group Company Secretary for any further information required. Independent professional advice is also available to the Directors, as and when required, at the Company's expense.

There is a schedule of matters reserved specifically for the Board's decision, including approval of corporate plans and budgets, acquisition and disposal of undertakings and properties of a substantial value, major investments and financial decisions, as well as significant changes to the management and control structure within the Group, including key policies, procedures and delegated authority limits.

In 2008, the Board papers included the following reports and/or information:

- Group Business Overview covering:
 - Monthly financial reports of the Group.
 - Key operational issues, and the execution and/or implementation of plans.
 - The market situation in Malaysia.
 - Competitors' activities.
- Report on investment in listed associated companies (quarterly).
- Corporate Social Responsibility (half-yearly).
- Human Resources (half-yearly).
- Risk Management (quarterly) highlighting the status of key and other risks.
- Investor relations (half-yearly).
- Update on regulatory and financial matters.

Among the numerous initiatives studied and approved by the Board in 2008 were:

- Review of Group financing, long-term funding and detailed Action Plan.
- Financing strategy for CMS Clinker.
- Review of the Group's ROE (exercise continues in 2009).
- Development of a formal reporting system to monitor investments and drive synergies in listed associated companies
- Review of key risk projects and pursuit of claims.
- Proposed establishment of a new quarry.
- Overview of property development operations and Kuching Isthmus development plan.
- Implementation and roll-out of Limits of Authority (LOA) manual across the Group.
- Tightening of internal disclosure process for Directors and Senior Management of the Group.
- Salary adjustment for non-executive employees in line with the Government's efforts to eradicate poverty.
- Revision of Group Human Resource policies and procedures manual and adjustment in mileage claim rates.
- Succession and career planning.

Group Company Secretary

The Group Company Secretary takes charge of ensuring overall compliance with the Companies Act, Listing Requirements of Bursa Securities and other relevant laws and regulations. In performing this duty, the Group Company Secretary performs the following tasks:

- Ensures all appointments to the Board and its Committees are properly made.
- Maintenance of records to comply with Statutory obligations.
- Ensures that obligations arising from the Listing Requirements of Bursa Securities or other regulatory requirements are met.
- Facilitates the provision of information as requested by the Directors.

The Board may remove the Group Company Secretary.

Board Committees

The following Committees have been established to assist the Board in the execution of its responsibilities. The Committees have written terms of reference which have been approved by the Board and set out their authority and duties.

Directors' Membership on Board Committees

Name of Director	Group Audit	Nomination & Remuneration	EXCO
Y A M Tan Sri Dato' Seri Syed Anwar Jamalullail (Independent, Non-Executive)	Yes	Yes (Chairman)	Yes (Chairman)
Dato Sri Mahmud Abu Bekir Taib (Non-Independent, Non-Executive)	–	Yes	Yes
Tuan Syed Ahmad Alwee Alsree (Executive)	–	Yes*	Yes
Dato' Richard Curtis (Executive)	–	–	Yes
Dato Sri Liang Kim Bang (Independent, Non-Executive)	–	–	–
General (Retired) Tan Sri Dato' Seri Mohd Zahidi Zainuddin (Independent, Non-Executive)	–	Yes	–
YB Datuk Haji Talib Zulpilip (Non-Independent, Non-Executive)	Yes	–	–
Datuk Wan Ali Tuanku Yubi (Independent, Non-Executive)	–	Yes	–
Datu Michael Ting Kuok Ngie (Independent, Non-Executive)	Yes	Yes	–
Kevin How Kow (Independent, Non-Executive)	Yes (Chairman)	–	–

Note: *Appointed as member of Nomination and Remuneration Committee on 7 April 2008.

The Company has three principal Board Committees:

a. Nomination and Remuneration Committee (NRC)

The NRC is responsible for:

- Membership to the Board of Directors and Board Committees:
- Determining criteria for Board membership and annual review of the effectiveness and efficiency of the Board and its Committees.
- Evaluating and proposing new appointments to the Board.
- Establishing a succession plan at the Board-level and a framework for appointment, development and succession for senior management of the Group.
- Recommending appropriate training for Directors.
- Ensuring investments of minority shareholders are fairly reflected on the Board.
- Remuneration of Directors, Board Committees and senior management:
- Recommending a policy and framework for performance evaluation and remuneration of the Directors, both non-executive and executive, and for senior management of the Group.
- Evaluating performance procedures and ensuring remuneration packages are competitive and realistic, with an emphasis on performance.
- Ensuring performance targets are consistent with the interests of the shareholders and to maintain an appropriate balance between long and short term goals.

The NRC meets at least once a year. Four of the six Directors on this Committee are independent directors. The members of the NRC together with their attendance at Committee Meetings in 2008 are set as follows:

Nomination and Remuneration Committee	Attendance at Meetings (2008)
Y A M Tan Sri Dato' Seri Syed Anwar Jamalullail (Independent, Non-Executive) – Chairman of NRC	5 / 5 (100%)
Dato Sri Mahmud Abu Bekir Taib (Non-Independent, Non-Executive)	3 / 5 (60%)
Tuan Syed Ahmad Alwee Alsree (Executive)	2 / 2 (100%)*
General (R) Tan Sri Mohd Zahidi Zainuddin (Independent, Non-Executive)	4 / 5 (80%)
Datuk Wan Ali Tuanku Yubi (Independent, Non-Executive)	5 / 5 (100%)
Datu Michael Ting Kuok Ngie (Independent, Non-Executive)	5 / 5 (100%)

Note: * Appointed as member on 7 April 2008

b. Executive Committee ("EXCO")

In addition, the Board has established an EXCO comprising the Group Chairman, Deputy Chairman, the Executive Directors and members of the senior management team. With clear objectives and terms of reference to oversee the various business turnaround initiatives of the Group, the EXCO met 5 times during 2008.

Executive Committee	Attendance at Meetings (2008)
Y A M Tan Sri Dato' Seri Syed Anwar Jamalullail (Independent, Non-Executive) – Chairman of EXCO	5 / 5 (100%)
Dato Sri Mahmud Abu Bekir Taib (Non-Independent, Non-Executive)	5 / 5 (100%)
Tuan Syed Ahmad Alwee Alsree (Executive)	3 / 5 (60%)
Dato' Richard Curtis (Executive)	5 / 5 (100%)

c. Group Audit Committee

The terms of reference, composition and a summary of the activities of the Group Audit Committee are set out separately on page 050 to 052 of this Annual Report.

Communicating with Shareholders and Investors

Shareholders, Stakeholders and Investors

The Company seeks to develop and maintain regular informative communications with its shareholders totaling over 6,600. In ensuring this, CMS actively communicates with investors, shareholders and stakeholders through:

- The timely release of financial results on a quarterly basis to provide shareholders with an overview of the Group's performance and operations.
- Dialogue with shareholders at the Annual General Meeting.
- A full copy of the Annual Report and Financial Statements is sent to all shareholders each year.
- Press releases and announcements to Bursa Securities and the Media.
- The Company's website, www.cmsb.com.my, which includes press releases, announcements to Bursa Securities and the consolidated quarterly financial results of the Group keeps shareholders up-to-date with the activities and progress of the Group.

Queries or concerns regarding CMS may be conveyed to:

General enquiries

Y Bhg. Dato Sri Liang Kim Bang

Senior Independent, Non-Executive Director

T +60 82 238 888

F +60 82 341 719

E senior.director@cmsb.com.my

Shareholders' enquiries

Denise Koo Swee Pheng

Group Company Secretary

T +60 82 238 888

F +60 82 341 719

E denisek@hq.cmsb.com.my

Finance-related

Tuan Syed Hizam Alsagoff

Acting Chief Financial Officer

T +60 82 238 888

F +60 82 481 545

E alsagoff@hq.cmsb.com.my

Investor relations

Eda Ahmad

Head - Group Corporate Communications

T +60 82 238 888

F +60 82 338 611

E eda@hq.cmsb.com.my

Annual General Meeting ("AGM")

The AGM is the principal forum for dialogue with all shareholders who are given sufficient opportunity to enquire about the Group's activities and prospects, as well as to communicate their expectations and concerns. Shareholders are encouraged to participate in the Question and Answer session on the various resolutions being proposed or about the Group's operations in general. Shareholders who are unable to attend are allowed to appoint proxies to attend and vote on their behalf. Members of the Board, as well as external auditors of the Company, are present to answer questions raised at the AGM.

Each notice of a general meeting, which includes items of special business, will be accompanied by a statement regarding the effect of the proposed resolution in respect of such special business. Separate resolutions are proposed for substantially separate issues at the AGM.

Accountability and Audit

Financial Reporting

In presenting the annual financial statements and announcement of results to shareholders, the Directors aim to present a balanced and understandable assessment the Group's position and prospects.

The Directors consider that, in preparing the financial statements, the Group has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgment and estimates. All accounting standards which the Board considers applicable have been followed. Additional notes and data which go beyond the minimum requirements are published whenever the Board considers amplification is required to give shareholders a proper understanding of the Group and its activities.

Internal Control

The Group's Statement on Internal Control is set out on page 048 to 049 of this Annual Report.

Relationship with the Auditors

Through the Audit Committee, the Board has established transparent and appropriate relationships with the Group's auditors, both external and internal. The non-audit fees charged by external auditors during the year ended 31 December 2008 amounted to RM624,800 (2007: RM624,000).

This statement is made in accordance with a resolution of the Board of Directors dated 27 March 2009.

Statement on Internal Control

The Malaysian Code on Corporate Governance requires listed companies to maintain a sound system of internal control to safeguard shareholders' investments and the Company's assets. This Statement prepared in accordance with paragraph 15.27(b) of the Listing Requirements ("LR") of Bursa Securities has been approved by the Board and reviewed by the external auditors as required under paragraph 15.24 of the LR. Based on their review, the external auditors have reported to the Board of Directors ("Board") that nothing has come to their attention that causes them to believe that this Statement is inconsistent with their understanding of the process the Board has adopted in the review of the adequacy and integrity of the internal control systems of the Group.

Responsibility

The Board recognises its responsibilities for and the importance of sound internal controls and risk management practices, and for reviewing the adequacy and integrity of those systems. It should be noted, however, that such systems are designed to manage rather than eliminate risk. In addition, any system can only provide reasonable, and not absolute, assurance against material misstatement or loss.

The Board does not regularly review the risk management and internal control systems of its associated companies as it does not have direct control over their operations. The Company's interests are served through representation on the Boards of the associated companies and the receipt of quarterly financial reports thereon. These representations also provide the Board with information to assess the performance of the Group's investments.

The Board has established procedures to implement the recommendations of Bursa Securities LR's "Statement on Internal Control: Guidance for Directors of Public Listed Companies". These procedures, which are subject to regular review, are intended to provide an ongoing process for identifying, evaluating and managing the significant risks faced by the Group.

Risk Management

Risk Policy

Risk management is regarded by the Board as an integral part of the business operations. Management at all levels have a collective responsibility for creating a risk aware culture and ensuring that business risk assessment becomes an explicit part of both management and the Strategic Business Unit ("SBU")/CMS Board level decision making process. Management also has responsibility for managing risks and ensuring appropriate control measures are in place or being developed to mitigate significant risks identified and ensuring compliance with applicable laws and regulations.

The main underlying principles of the Group risk policy are:

- Informed risk management is an essential element of the CMS/SBU/Subsidiary strategy.
- Effective risk management provides greater assurance that the Group's strategy and business objectives will be achieved without major surprises.
- Each SBU (and business unit therein) and subsidiary company are responsible for managing risks that can impact the achievement of their business objectives.
- All significant risks are to be identified, analysed, prioritised, monitored and reported.

Risk Reporting

The Group's risk management process provides for regular review, reporting and monitoring. In addition to the monthly operations performance reviews focused on monitoring the achievement of financial objectives and other key performance indicators, the main elements of the risk reporting process are:

- Presentation of a summary of the significant risks to the Board of Directors on a quarterly basis.
- Reporting of significant risks by SBU and subsidiaries in their annual management plans.
- Reporting of significant risks by SBU and subsidiaries on a quarterly basis to the holding Company.
- Review and monitoring of key risks during the management meetings of the business units.

Risk coordinators have been appointed in each significant SBU or subsidiary unit to update the quarterly risk reports. The major risks are aggregated and risk ratings reviewed by the Group Risk Coordinator and Group Managing Director before presentation to the Board. Major operating units are also required to present quarterly risk reports to their respective Boards to assist them to discharge their governance and fiduciary duties.

- Clearly defined delegation of responsibilities to Committees of the Board and the management, including authorization levels for all aspects of the businesses. Such delegation is subject to periodic review throughout the year as to their implementation and for their continuing suitability.
- Clearly documented internal procedures set out in the Group Financial Policies and Procedures Manual.
- A detailed Group Procurement Policies and Procedures Manual to regulate procurement of goods and services in the Group. This includes the centralisation of competitive sourcing and evaluation of major purchases to leverage Group buying power and the establishment of a Central Tender Committee which has responsibility to review and endorse all high value purchases in the Group.
- A detailed strategic planning and budgeting process where operating units prepare business plans and detailed capital and operating budgets for the coming year. These plans are approved by the Board.

- All major business commitments or investments will be subject to review in accordance with the procedures set out in the Limits of Authority Manual so as to ensure that all such investments meet the risk appetite and investment criteria determined by the Board and that SBU's operating budget.
- A performance management system has been implemented wherein individual performance of key executives will be monitored against agreed targets (Key Performance Indicators) to strengthen accountability controls and to instill a stronger performance culture.
- Monitoring of monthly results against budget through the monthly operations review meetings with subsidiaries with major variances being followed up and management action taken, where necessary.
- An independent Audit Committee comprising non-executive members of the Board, the majority being independent directors.
- Regular internal audit activities to assess the adequacy of internal controls, integrity of financial information provided and the extent of compliance with established procedures.
- An emphasis on the quality and ability of employees with continuing education, training and development being actively encouraged through a wide variety of programs.
- All significant contracts and legally enforceable agreements are vetted by the Group's Legal Department.

The above control arrangements being in place provide reasonable assurance to the Board that the structure of controls is appropriate to the Group's operations and that risks are managed to an acceptable level throughout the Group's diverse businesses. Such arrangements, however, do not eliminate the possibility of human error or deliberate circumvention of control procedures by employees or others.

This statement is made in accordance with a resolution of the Board of Directors dated 27 March 2009.

Group Audit Committee Report

This report provides details of the composition of the Group Audit Committee ("the Committee"), its terms of reference and a summary of activities of the Committee and the Internal Audit function during the year ended 31 December 2008.

Composition

The Group Audit Committee comprises the following Board members:

Kevin How Kow – Chairman

(Independent, Non-Executive Director)

(Re-designated as Chairman on 29 January 2008)

Y A M Tan Sri Dato' Seri Syed Anwar Jamalullail

(Independent, Non-Executive Director)

YB Datuk Haji Talib bin Zulpilip

(Non-Executive Director)

Datu Michael Ting Kuok Ngie

(Independent Non-Executive Director)

Dato Sri Liang Kim Bang

(Senior Independent, Non-Executive Director)

(Ceased as Chairman/Member on 29 January 2008)

Terms of Reference of the Group Audit Committee

1. Constitution

- i. The Committee was established by a resolution of the Board on 27 March 1995.
- ii. The functions of the Committee shall extend to CMS Group of Companies collectively referred to as the "Group".
- iii. The Board shall ensure that the composition and functions of the Committee comply as far as possible with both Bursa Securities Listing Requirements as well as other regulatory requirements.

2. Membership

- i. The members of the Committee shall be appointed by the Board from among their number. They shall consist of not more than five members and not fewer than three members, of whom a majority shall be independent non-executive directors.
- ii. In the event of any vacancy resulting in the noncompliance of para 2(i) above, the Board shall, within three months of that event, appoint such number of new members required to fulfill the minimum requirement.
- iii. The Chairman of the Committee shall be an independent director appointed by the Board.
- iv. All members of the Committee, including the Chairman, shall hold office only so long as they serve as Directors of the Company.

3. Objectives

- i. To assist the Board in fulfilling its fiduciary responsibilities relating to corporate accounting and reporting practices for the Group.
- ii. To maintain, through regularly scheduled meetings, a direct line of communication between the Board and the external auditors as well as the internal auditors.
- iii. To avail to the external and internal auditors a private and confidential audience at any time they desire and to request such audience through the Chairman of the Committee, with or without the prior knowledge of Management.
- iv. To act upon the Board of Directors' request to investigate and report on any issue or concern with regard to the management of the Group.

4. Duties

- i. To review with the external auditors the audit plan and their evaluation of the system of internal controls.
- ii. To consider and recommend for approval of the Board the appointment or dismissal of the external auditors and the audit fees.
- iii. To review the assistance given by the Company's and the Group's officers to the auditors.
- iv. To approve the appointment or termination of the Group Internal Auditor and ensure that the Group Internal Audit Division is adequately resourced and has an independent status within the Group.
- v. To review any appraisal or assessment of the performance of staff of the internal audit function.
- vi. To review the adequacy of the internal audit plans, scope of examination of the internal auditors and ensure that appropriate action is taken by Management in respect of the audit observations and the Committee's recommendations.
- vii. To review the quarterly financial statements to Bursa Securities and the annual audited financial statements before submission to the Board. The review should focus primarily on compliance with accounting standards as well as other regulatory requirements and the adequacy of information disclosure for a fair and full presentation of the financial affairs of the Group.
- viii. To review any related party transaction and conflict of interest situation that may arise within the Company and the Group including any transaction, procedure or conduct that raises questions of management integrity.
- ix. To direct any special investigations on the Group's operations to be carried out by the Group Internal Audit Division or any other appropriate agencies.
- x. To discuss problems and reservations arising out of external or internal audits and any matters which the auditors wish to bring up in the absence of Management or the Executive Directors of the Group where necessary.
- xi. To perform other related duties as may be agreed by the Committee and the Board.

5. Authority

- i. The Committee is authorised to investigate any matter within its terms of reference and shall have unrestricted access to obtain any information it requires from any employee of the Group.
- ii. The Committee is authorised to direct any employee of the Group to appear before it to give information or clarification as required.
- iii. The Committee is also authorised by the Board to obtain outside legal or any other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise.
- iv. Where the Committee is of the view that a matter reported by it to the Board has not been satisfactorily resolved resulting in a breach of Bursa Securities Listing Requirements, the Committee is also required to promptly report such matter to Bursa Securities.

6. Meetings and Minutes

- i. The Committee shall meet not less than four times a year although additional meetings may be called at any time at the Chairman's discretion. The quorum of each meeting shall be a majority of independent non-executive directors.
- ii. In addition to the Committee members, the meeting will normally be attended by representatives of the external auditors, the Group Managing Director, the Group Chief Financial Officer, the Group Internal Auditor and any appropriate persons as determined by the Chairman.
- iii. The Company Secretary shall be the Secretary to the Committee. Prior to the meeting, he shall send an agenda to all members of the Committee. Minutes of each meeting shall be kept and distributed to each member of the Committee and the Board.

Meetings In 2008

During the year ended 31 December 2008, the Committee held six meetings which were attended by the members as follows:

Name of Director	Attendance at Meetings
Kevin How Kow	6 / 6 (100%)
Y A M Tan Sri Dato' Seri Syed Anwar Jamalullail	6 / 6 (100%)
YB Datuk Haji Talib bin Zulpilip	5 / 6 (83%)
Datu Michael Ting Kuok Ngie	6 / 6 (100%)

On 29 January 2008, Kevin How was re-designated as Chairman to replace Dato Sri Liang Kim Bang who remained on the Board as the Senior Independent Non-Executive Director. On the same date, Y A M Tan Sri Dato' Seri Syed Anwar Jamalullail, the Group Chairman, was appointed a member of the Committee. The Committee held two meetings with the external auditors on 28 February 2008 and 27 November 2008 without the presence of Management to discuss the results of the audit, extent of cooperation provided by the Company and officers and any other observations that they may have during the annual audit.

Activities of the Committee in the Year 2008

- Reviewed the audit plan with the external auditors and their evaluation of the system of internal control;
- Reviewed the assistance given by the Company's and Group's officers to the external auditors;
- Reviewed accounting/audit issues, findings and other reservations arising from the external audit and ensure that appropriate action is taken;
- Reviewed the adequacy of the internal audit plans, scope of examination and internal audit reports and ensure that appropriate action is taken by management in respect of the audit findings and the Committee's recommendations;

- Reviewed the quarterly and year end financial results of the Company and the Group prior to making a recommendation to the Board for approval and public release thereof;
- Reviewed the Statement of Related Party Transactions and Procedures;
- Reviewed the Statement of Internal Control and the Audit Committee Report before they were presented to the Board of Directors;
- Considered and recommended to the Board the reappointment of the external auditors of the Group and the audit fees; and
- Reviewed the appraisal of the performance of the internal audit staff.

Internal Audit Function

The Company has an Internal Audit Division whose primary responsibility is to conduct regular and systematic audits of the significant operations of the Group based on assessed risks so as to provide reasonable assurance to the Committee of the adequacy of the systems of internal control within the Group. The annual group internal audit plan is approved by the Committee each year. The Internal Audit function which is independent of the activities they audit has carried out several planned audits and special ad-hoc reviews and investigations during the year. Reports on the adequacy of controls and extent of compliance with internal financial policies and operational procedures in respect of the areas audited and recommendations to improve the existing systems of internal control and operational effectiveness have been provided to both operations management and the Committee.

This statement is made in accordance with a resolution of the Board of Directors dated 27 March 2009.

Additional Compliance Information

The following information is presented in compliance with the Listing Requirements of Bursa Securities:

Share Buy-backs

CMS did not enter into any share buy-back transactions during the financial year ended 31 December 2008.

Options, Warrants or Convertible Securities

CMS did not issue any options, warrants or convertible securities during the financial year ended 31 December 2008.

American Depositary Receipt (ADR)/Global Depositary Receipt (GDR)

During the financial year, CMS did not sponsor any ADR or GDR programme.

Sanctions and / or Penalties

There were no sanctions or penalties imposed on CMS and its subsidiary companies, directors, or management by the relevant regulatory bodies during the financial year.

Non-Audit Fees

Non-audit fees of RM624,800 were paid to the external auditors for the financial year ended 31 December 2008.

Variation in Results

There were no variances of more than 10% for the audited results of the Group from the unaudited results as announced on 27 February 2009.

Profit Guarantee

There was no profit guarantee by CMS and its subsidiary companies during the financial year under review.

Material Contracts

There were no material contracts entered during the financial year ended 31 December 2008 by CMS and its subsidiary companies involving Directors and major shareholders.

Revaluation Policy

The Group does not adopt a policy of regular revaluation on landed properties.

Recurrent Related Party Transactions of a Revenue Nature

On 15 April 2009, CMS announced the recurrent related party transactions of a revenue or trading nature which it expected to enter into with persons who are considered to be "Related Party" as defined in Chapter 10 of the Listing Requirements of Bursa Malaysia Securities Berhad. A breakdown of the aggregate value of transactions conducted during the financial year under review is set out below:

	RM'000	Relationship
Telecommunication equipment and services paid to: – Achi Jaya Communications Sdn. Bhd.	17	A company controlled by Dato Sri Mahmud Abu Bekir Taib (a major shareholder of CMS).
Office rental paid to: – Satria Realty Sdn. Bhd.	974	A company controlled by Majaharta Sdn Bhd (a major shareholder of CMS) which in turn is controlled by Hanifah Hajar Taib and Jamilah Hamidah Taib (major shareholders of CMS and persons connected to Lejla Taib, YB Dato Sri Sulaiman Abdul Rahman Taib, Dato Sri Mahmud Abu Bekir Taib and Tuan Syed Ahmad Alwee Alsree).
Office upkeep paid to: – Centigrade Resources Sdn. Bhd.	569	Subsidiary company of Satria Realty Sdn. Bhd.
Professional fees paid to: – KTA (Sarawak) Sdn Bhd	357	A person connected to Datu Michael Ting has direct interest of 20%.
Management fees received from: – COPE-KPF Opportunities 1 Sdn Bhd	1,500	A company controlled by CMS Opus Private Equity Sdn Bhd ("COPE"), which in turn is controlled by Tuan Haji Azam Azman [a director of COPE and COPE-KPF Opportunities 1 Sdn Bhd ("COPE-KPF")] by virtue of his direct interest of 37.45% in Opus Resolute Sdn Bhd which holds 100% interest in Opus Capital Sdn Bhd which in turn holds 49% interest in COPE which in turn holds 49.9% interest in COPE-KPF.
Management advisory fees paid to: – AGI Asset Management Ltd.	912	A company controlled by Ian Tham Khean Hin and Syed Abdel Nasser Bin Syed Hassan Aljunied.
Accommodation expenses paid to: – AGI Asset Management Ltd.	120	A company controlled by Ian Tham Khean Hin and Syed Abdel Nasser Bin Syed Hassan Aljunied.

Statement of Directors' Responsibility

The Directors are required by the Companies Act, 1965 ("the Act") to prepare financial statements for each financial year which gives a true and fair view of the state of affairs of the Group and the Company at the end of the financial year and the results and cash flows of the Group and the Company for the financial year. As required by the Act and the Listing Requirements of Bursa Securities, the financial statements have been prepared in accordance with the applicable Financial Reporting Standards in Malaysia, the provisions of the Act and Bursa Securities Listing Requirements. The Directors consider that in preparing the financial statements for the year ended 31 December 2008 set out on page 062 to 135, the Group has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgement and estimates. The Directors have responsibility for ensuring that the Group and the Company keep accounting records which disclose with reasonable accuracy the financial position of the Group and the Company which enable them to ensure that the financial statements comply with the Act. The Directors have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

This statement is made in accordance with a resolution of the Board of Directors dated 27 March 2009.

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Notes to the Financial Statements

Directors' Report

The Directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2008.

Principal activities

The Company is principally an investment holding company. It also provides centralised treasury, administrative and other support services to the Group.

The Group is principally engaged in clinker and cement manufacturing, construction and quarry operations, financial services, property development, trading and services.

The principal activities of the subsidiaries are more particularly set out in Note 20 to the financial statements.

There have been no significant changes in the nature of the principal activities during the financial year except for the deemed disposal of investment in UBG Berhad ("UBG") as disclosed in Note 43(vii) to the financial statements.

Results

	Group RM'000	Company RM'000
Profit after tax from continuing operations	127,588	32,685
Profit after tax from discontinued operations	11,175	—
Profit for the year	138,763	32,685
Attributable to:		
Equity holders of the Company	95,770	32,685
Minority interests	42,993	—
	138,763	32,685

There were no material transfers to or from reserves or provisions during the financial year other than as disclosed in the financial statements.

In the opinion of the Directors, the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature except for the gain on deemed disposal of investment in UBG as disclosed in Note 20 to the financial statements.

Dividends

The amounts of dividends paid by the Company since 31 December 2007 were as follows:

In respect of the financial year ended 31 December 2007 as reported in the directors' report of that year:

	RM'000
First and final dividend of 5% less 26% taxation, on 329,445,840 ordinary shares, declared on 20 May 2008 and paid on 18 July 2008	12,189
Special dividend of 10% less 26% taxation, on 329,445,840 ordinary shares, declared on 20 May 2008 and paid on 18 July 2008	24,379
	36,568

At the forthcoming Annual General Meeting, a first and final dividend in respect of the financial year ended 31 December 2008 of 5% less 25% taxation on 329,445,840 ordinary shares, amounting to a dividend payable of RM12,354,219 (3.75 sen net per ordinary share) will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2009.

Directors

The names of the Directors of the Company in office since the date of the last report and at the date of this report are:

Y A M Tan Sri Dato' Seri Syed Anwar Jamalullail
Dato Sri Haji Mahmud Abu Bekir Taib
YB Dato Sri Sulaiman Abdul Rahman Taib
Dato Sri Liang Kim Bang
General (R) Tan Sri Dato' Seri Mohd Zahidi Bin Zainuddin
YB Datuk Haji Talib Bin Zulpilip
Datuk Wan Ali Tuanku Yubi
Datu Michael Ting Kuok Ngie @ Ting Kok Ngie
Kevin How Kow
Dato' Richard Alexander John Curtis
Tuan Syed Ahmad Alwee Alsree

Group Chairman
 Deputy Group Chairman
 (Retired on 20 May 2008)

Group Managing Director
 Group Executive Director

Dato Sri Liang Kim Bang retires pursuant to Section 129 of the Companies Act, 1965 and a resolution is being proposed for his re-appointment as director under the provisions of Section 129(6) of the said Act to hold office until the next Annual General Meeting of the Company.

In accordance with Article 110 of the Company's Articles of Association, YB Datuk Haji Talib Bin Zulpilip, Datuk Wan Ali Tuanku Yubi and Datu Michael Ting Kuok Ngie @ Ting Kok Ngie retire at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

Directors' benefits

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the Directors might acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the Directors or the fixed salary of a full-time employee of the Company as shown in Note 9 to the financial statements) by reason of a contract made by the Company or a related corporation with any director or with a firm of which he is a member, or with a company in which he has a substantial financial interest, except as disclosed in Note 40 to the financial statements.

Nomination and Remuneration Committee

The Nomination and Remuneration Committee carries out the annual review of the Group's remuneration policy in general, and determines the remuneration packages of Executive Directors of the Company. The Nomination and Remuneration Committee proposes, subject to the approval of the respective Boards, the remuneration to be paid to each Director for his services as a Member of the Board as well as committees of the Board in respect of the Group.

The members of the Nomination and Remuneration Committee comprising majority of the independent Non-Executive Directors of the Company who have served since the date of the last report are:

Y A M Tan Sri Dato' Seri Syed Anwar Jamalullail

Dato Sri Haji Mahmud Abu Bekir Taib

General (R) Tan Sri Dato' Seri Mohd Zahidi Bin Zainuddin

Datuk Wan Ali Tuanku Yubi

Datu Michael Ting Kuok Ngie @ Ting Kok Ngie

Tuan Syed Ahmad Alwee Alsree

(Appointed on 7 April 2008)

Directors' interests

According to the register of Directors' shareholdings, the interests of Directors in office at the end of the financial year in shares of the Company during the financial year were as follows:

	Number of Ordinary Shares of RM1 Each At 1 January 2008 and 31 December 2008
Direct interest:	
Dato Sri Haji Mahmud Abu Bekir Taib	29,400,085
General (R) Tan Sri Dato' Seri Mohd Zahidi Bin Zainuddin	20,000
Indirect interest*:	
Datu Michael Ting Kuok Ngie @ Ting Kok Ngie	19,000
Tuan Syed Ahmad Alwee Alsree	45,630,102

* Deemed interest pursuant to Section 134(12)(c) of the Companies Act, 1965.

None of the other Directors in office at the end of the financial year had any interest in shares in the Company or its related corporations during the financial year.

Other statutory information

- a. Before the income statements and balance sheets of the Group and of the Company were made out, the Directors took reasonable steps:
 - i. to ascertain that proper action had been taken in relation to the writing-off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written-off and that adequate provision had been made for doubtful debts; and
 - ii. to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.
- b. At the date of this report, the Directors are not aware of any circumstances which would render:
 - i. the amount written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; and
 - ii. the values attributed to the current assets in the financial statements of the Group and of the Company misleading.
- c. At the date of this report, the Directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- d. At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.
- e. As at the date of this report, there does not exist:
 - i. any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
 - ii. any contingent liability of the Group or of the Company which has arisen since the end of the financial year.
- f. In the opinion of the Directors:
 - i. no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations as and when they fall due; and
 - ii. no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

Significant events

Details of significant events are disclosed in Note 43 to the financial statements.

Auditors

The auditors, Ernst & Young, have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 27 March 2009.



Y A M Tan Sri Dato' Seri Syed Anwar Jamalullail



Dato' Richard Alexander John Curtis

Statement by Directors

pursuant to Section 169(15)
of the Companies Act, 1965

We, **Y A M Tan Sri Dato' Seri Syed Anwar Jamalullail** and **Dato' Richard Alexander John Curtis**, being two of the Directors of **Cahya Mata Sarawak Berhad**, do hereby state that in the opinion of the Directors, the accompanying financial statements set out on pages 062 to 135 are drawn up in accordance with the provisions of the Companies Act, 1965 and Financial Reporting Standards in Malaysia and so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2008 and of the results and the cash flows of the Group and of the Company for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 27 March 2009.



Y A M Tan Sri Dato' Seri Syed Anwar Jamalullail



Dato' Richard Alexander John Curtis

Statutory Declaration

pursuant to Section 169(16)
of the Companies Act, 1965

I, **Syed Hizam bin Syed Mahmood Ezzularab Abdul-Moez Alsagoff**, being the officer primarily responsible for the financial management of **Cahya Mata Sarawak Berhad**, do solemnly and sincerely declare that the accompanying financial statements set out on pages 062 to 135 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.



Syed Hizam bin Syed Mahmood Ezzularab Abdul-Moez Alsagoff
Acting Chief Financial Officer

Subscribed and solemnly declared by the abovenamed **Syed Hizam bin Syed Mahmood Ezzularab Abdul-Moez Alsagoff** at Kuching in the State of Sarawak on 27 March 2009.

Before me,



LEE HENG CHEONG
Commissioner For Oaths
10th, (2nd Floor), Lorong 4,
Jalan Nanas, 93400 Kuching
Sarawak



Independent Auditors' Report

to the Members of Cahya Mata Sarawak Berhad
(Incorporated in Malaysia)

Report on the financial statements

We have audited the financial statements of **Cahya Mata Sarawak Berhad**, which comprise the balance sheets as at 31 December 2008 of the Group and of the Company, and the income statements, statements of changes in equity and cash flow statements of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 062 to 135.

Directors' responsibility for the financial statements

The Directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2008 and of their financial performance and cash flows for the year then ended.

Report on other legal and regulatory requirements

In accordance with the requirements of the Companies Act 1965 in Malaysia, we also report the following:

- In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries have been properly kept in accordance with the provisions of the Act.
- We have considered the accounts and the auditors' reports of the subsidiaries of which we have not acted as auditors, which are indicated in Note 20 to the financial statements.
- We are satisfied that the accounts of the subsidiaries that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.
- The auditors' reports on the accounts of the subsidiaries were not subject to any qualification and did not include any comment required to be made under Section 174(3) of the Act.

Other matters

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.


ERNST & YOUNG
AF: 0039

Chartered Accountants


YONG VOON KAR
1769/04/10 (J/PH)

Chartered Accountants

Kuching, Malaysia
Date: 27 March 2009

Income Statements

for the year ended 31 December 2008

	Note	Group		Company	
		2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Continuing operations					
Revenue	3	893,033	891,895	96,588	102,976
Cost of sales	4	(687,710)	(747,235)	(4,429)	(11,017)
Gross profit		205,323	144,660	92,159	91,959
Other income		67,072	6,648	2,327	6
Administrative expenses		(65,546)	(57,440)	(21,923)	(19,791)
Selling and marketing expenses		(6,629)	(6,723)	–	–
Other expenses		(7,143)	(10,208)	(6,575)	(27,950)
Impairment losses/written off	5	–	(112,302)	–	–
Operating profit / (loss)		193,077	(35,365)	65,988	44,224
Finance costs	6	(41,671)	(40,604)	(27,957)	(26,276)
Share of (loss)/profit of associates		(14,240)	34,383	–	–
Share of profit of jointly controlled entities		2,325	4,858	–	–
Profit / (loss) before tax	7	139,491	(36,728)	38,031	17,948
Income tax expense	10	(11,903)	(33,852)	(5,346)	(20,169)
Profit / (loss) after tax from continuing operations		127,588	(70,580)	32,685	(2,221)
Discontinued operations					
– CMS Steel Berhad	11	11,175	2,365	–	–
– Rashid Hussain Berhad		–	823,081	–	–
– Utama Merchant Bank Berhad		–	30,718	–	–
Profit for the year from discontinued operations		11,175	856,164	–	–
Profit / (loss) for the year		138,763	785,584	32,685	(2,221)
Attributable to:					
Equity holders of the Company		95,770	388,166	32,685	(2,221)
Minority interests		42,993	397,418	–	–
		138,763	785,584	32,685	(2,221)
Earnings per share attributable to equity holders of the Company (sen):					
For profit/(loss) from continuing operations	12	25.68	(20.28)		
For profit from discontinued operations	12	3.39	138.10		
For profit for the year		29.07	117.82		

The accompanying notes form an integral part of the financial statements.

Balance Sheets

as at 31 December 2008

	Note	Group		Company	
		2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Assets					
Non-current assets					
Property, plant and equipment	14	325,036	351,516	3,504	3,979
Prepaid land lease payments	15	38,006	40,391	–	–
Land held for property development	16(a)	39,875	40,145	–	–
Investment properties	17	6,212	6,328	20,571	22,398
Intangible assets	18	14,290	9,923	2,059	–
Goodwill on consolidation	19	61,709	61,709	–	–
Investments in subsidiaries	20	–	–	1,058,797	1,056,898
Investments in associates	21	757,106	250,036	32,302	–
Investments in jointly controlled entities	22	6,494	8,640	–	–
Other investments	23	165,764	–	165,764	–
Deferred tax assets	24	22,049	663	–	–
		1,436,541	769,351	1,282,997	1,083,275
Current assets					
Property development costs	16(b)	126,989	123,303	–	–
Inventories	25	98,797	73,336	–	–
Amount due from customers on contracts	26	8,123	19,633	–	–
Marketable securities	27	49,750	5,432	49,588	–
Amount due from subsidiaries	28	–	–	61,184	120,212
Trade and other receivables	29	249,479	247,077	3,081	5,562
Tax recoverable		4,317	17,254	745	10,872
Cash and bank balances	30	353,140	1,515,294	322,086	626,190
		890,595	2,001,329	436,684	762,836
Assets classified as held for sale	11	–	20,097	–	–
		890,595	2,021,426	436,684	762,836
Total Assets		2,327,136	2,790,777	1,719,681	1,846,111

	Note	Group 2008 RM'000	2007 RM'000	Company 2008 RM'000	2007 RM'000
Equity And Liabilities					
Equity attributable to equity holders of the Company					
Share capital	31	329,446	329,446	329,446	329,446
Share premium	31	427,513	427,513	427,513	427,513
Other reserves	32	24,880	73,505	180,633	180,633
Retained earnings	33	466,986	407,784	46,652	50,535
		1,248,825	1,238,248	984,244	988,127
Minority interests		166,283	538,644	–	–
Total equity		1,415,108	1,776,892	984,244	988,127
Non-current liabilities					
Borrowings	34	382,221	326,996	251,879	320,340
Deferred tax liabilities	24	20,662	22,158	328	171
		402,883	349,154	252,207	320,511
Current liabilities					
Trade and other payables	37	230,708	254,124	4,510	5,625
Amount due to customers on contracts	26	6,240	48,317	–	–
Amount due to subsidiaries	28	–	–	389,498	472,925
Borrowings	34	267,546	351,307	89,222	58,923
Current tax payable		4,651	10,983	–	–
		509,145	664,731	483,230	537,473
Total liabilities		912,028	1,013,885	735,437	857,984
Total Equity And Liabilities		2,327,136	2,790,777	1,719,681	1,846,111

The accompanying notes form an integral part of the financial statements.

Consolidated Statement of Changes in Equity

for the year ended 31 December 2008

	Attributable to equity holders of the Company					Minority interests	Total equity
	Share capital (Note 31) RM'000	Share premium (Note 31) RM'000	Non-Distributable Other reserves (Note 32) RM'000	Distributable Retained earnings (Note 33) RM'000	Total RM'000		
Note							
At 1 January 2008	329,446	427,513	73,505	407,784	1,238,248	538,644	1,776,892
Currency translation differences	-	-	7	-	7	7	14
Income and expenses recognised directly in equity	-	-	7	-	7	7	14
Profit for the year	-	-	-	95,770	95,770	42,993	138,763
Total recognised income and expense for the year	-	-	7	95,770	95,777	43,000	138,777
Acquisition of additional interest from minority shareholders	-	-	-	-	-	(11,427)	(11,427)
Disposal of subsidiaries	-	-	-	-	-	(12,844)	(12,844)
Dividends	-	-	-	(36,568)	(36,568)	(134)	(36,702)
Changes in group composition	-	-	(47,869)	-	(47,869)	(391,719)	(439,588)
Effect of dilution of interest in a subsidiary	-	-	(763)	-	(763)	763	-
At 31 December 2008	329,446	427,513	24,880	466,986	1,248,825	166,283	1,415,108

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Consolidated Statement of Changes in Equity
for the year ended 31 December 2008

	Attributable to equity holders of the Company					Minority interests	Total equity
	Non-Distributable						
	Share capital (Note 31) RM'000	Share premium (Note 31) RM'000	Other reserves (Note 32) RM'000	(Accumulated losses) / retained earnings RM'000		Total	
Note	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2007	329,446	427,513	122,377	(27,858)	851,478	1,810,233	2,661,711
Dilution of interest due to conversion of RHB ICULS by minority interests	-	-	(4,155)	13,482	9,327	(2,024)	7,303
Currency translation differences	-	-	(1,163)	-	(1,163)	(12,876)	(14,039)
Exercise of call warrants 2003/2008	-	-	(2,182)	2,182	-	41,141	41,141
Unrealised net gain on revaluation of securities AFS	-	-	2,351	-	2,351	26,340	28,691
Net transfer to income statement on disposal or impairment	-	-	118	-	118	2,191	2,309
Deferred tax	-	-	(4)	-	(4)	(381)	(385)
Income and expense recognised directly in equity	-	-	(5,035)	15,664	10,629	54,391	65,020
Profit for the year	-	-	-	388,166	388,166	397,418	785,584
Total recognised income and expense for the year	-	-	(5,035)	403,830	398,795	451,809	850,604
Realised upon disposal of subsidiary	-	-	(43,837)	43,837	-	(1,635,970)	(1,635,970)
Dividends	-	-	-	(12,025)	(12,025)	-	(12,025)
Dividends paid to minority interests	-	-	-	-	-	(87,428)	(87,428)
At 31 December 2007	329,446	427,513	73,505	407,784	1,238,248	538,644	1,776,892

The accompanying notes form an integral part of the financial statements.

Company Statement of Changes in Equity

for the year ended 31 December 2008

	Note	Non-Distributable				Distributable		Total equity
		Share capital (Note 31)	Share premium (Note 31)	Capital reserve	Merger reserve	Retained earnings (Note 33)		
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2008		329,446	427,513	12,633	168,000	50,535		988,127
Profit for the year, representing total recognised income and expense for the year		-	-	-	-	32,685		32,685
Dividends	13	-	-	-	-	(36,568)		(36,568)
At 31 December 2008		329,446	427,513	12,633	168,000	46,652		984,244
At 1 January 2007		329,446	427,513	12,633	168,000	64,781		1,002,373
Loss for the year, representing total recognised income and expense for the year		-	-	-	-	(2,221)		(2,221)
Dividends	13	-	-	-	-	(12,025)		(12,025)
At 31 December 2007		329,446	427,513	12,633	168,000	50,535		988,127

The accompanying notes form an integral part of the financial statements.

Consolidated Cash Flow Statement

for the year ended 31 December 2008

	Note	2008 RM'000	2007 RM'000
Cash flows from operating activities			
Profit/(loss) before tax			
Continuing operations		139,491	(36,728)
Adjustments for:			
Amortisation of intangible assets	7	1,766	1,542
Amortisation of prepaid land lease payments	7	954	827
Amortisation of transaction costs	6	265	265
Bad debts written off, net of recoveries	7	645	231
Depreciation of investment properties	7	116	117
Depreciation of property, plant and equipment	7	30,091	16,888
Gain on acquisition of additional interest in subsidiaries	7	(1,358)	–
Gain on disposal of investments	7	(506)	(359)
Gain on disposal of property, plant and equipment	7	(902)	(117)
Gain on disposal/deemed disposal of subsidiaries	7	(60,732)	–
Gross dividend income	7	(3,549)	–
Loss on disposal of intangible assets	7	–	499
Loss on disposal of subsidiary	7	18	–
Impairment losses/written off	5	–	112,302
Interest expense	7	41,585	40,105
Interest income	7	(28,217)	(45,306)
Property, plant and equipment written off	7	163	94
Provision for bad and doubtful debts, net of recoveries	7	21	418
Reversal of overprovision on berth occupancy	7	(9,952)	–
Share of loss/(profit) of associates		14,240	(34,383)
Share of profit of jointly controlled entities		(2,325)	(4,858)
Unrealised foreign exchange loss	7	10	109
Write down of inventories	7	362	12
Operating profit before working capital changes		122,186	51,658
(Increase)/decrease in operating assets:			
Property development costs		(3,686)	22,522
Inventories		(25,823)	(15,511)
Amount due from customers on contracts		(29,873)	32,083
Investments		5,270	(4,853)
Receivables		(12,753)	288
Increase/(decrease) in operating liabilities:			
Payables		(11,153)	6,676
Other liabilities		10,969	212
Cash generated from operations		55,137	93,075
Interest received		28,217	45,306
Interest paid		(45,555)	(59,827)
Taxes paid, net of refund		(23,178)	(32,626)
Net cash generated from operating activities – discontinued operations (RHB)		–	1,381,498
Net cash (used in)/generated from operating activities – discontinued operations (CMS Steel)	11	(629)	4,749
Net cash generated from operating activities		13,992	1,432,175

	Note	2008 RM'000	2007 RM'000
Cash flows from investing activities			
Purchase of property, plant and equipment		(13,116)	(22,865)
Proceeds from disposal of property, plant and equipment		442	423
Proceeds from disposal of investments		34,458	543
Acquisition of subsidiary		–	(107,979)
Acquisition of intangible assets	18	(6,133)	(1,141)
Investments in associates		(2,352)	(8,000)
Dividends received from associates		5,675	1,684
Dividends received from investments		2,632	–
Purchase of investments		(584,322)	–
Expenditure incurred on land held for development		270	(283)
Distribution of profit from jointly controlled entities		4,471	5,086
Net cash outflow on disposal of RHB		–	(10,459,185)
Net cash inflow on disposal of UMBB		–	30,718
Acquisition of additional interest in existing subsidiaries		(10,069)	–
Net cash generated from investing activities – discontinued operations (RHB)		–	695,706
Net cash generated from investing activities – discontinued operations (CMS Steel)	11	–	36,652
Net cash outflow from disposal/deemed disposal of subsidiaries	20	(531,202)	–
Net cash used in investing activities		(1,099,246)	(9,828,641)
Cash flows from financing activities			
Drawdown of borrowings		177,300	4,800
Repayment of borrowings		(167,473)	(270,733)
Proceeds from issuance of CMS Income Securities		–	142,088
Repayment of CMS Income Securities	35	(50,000)	(30,000)
Dividends paid to shareholders of the Company	13	(36,568)	(12,025)
Dividends paid to minority interests in subsidiaries		(134)	(42,795)
Capital repayment to minority interests		–	(657,732)
Net cash generated from financing activities – discontinued operations (RHB)		–	84,081
Net cash used in financing activities – discontinued operations (CMS Steel)	11	–	(14,000)
Net cash used in financing activities		(76,875)	(796,316)
Net decrease in cash and cash equivalents		(1,162,129)	(9,192,782)
Cash and cash equivalents at the beginning of the year		1,515,269	10,708,051
Cash and cash equivalents at the end of the year	30	353,140	1,515,269

The accompanying notes form an integral part of the financial statements.

Company Cash Flow Statement

for the year ended 31 December 2008

	Note	2008 RM'000	2007 RM'000
Cash flows from operating activities			
Profit before tax		38,031	17,948
Adjustments for:			
Advances to subsidiary written off	7	5,495	–
Amortisation of intangible assets	7	35	–
Amortisation of transaction costs	6	265	265
Depreciation of investment property	7	650	550
Depreciation of property, plant and equipment	7	820	743
Gain on disposal of property, plant and equipment	7	–	(4)
Gross dividend income	7	(74,034)	(91,807)
Interest expense	7	31,950	36,797
Interest income	7	(17,869)	(8,686)
Loss on disposal of subsidiary	7	1,080	–
Gain on disposal of investments	7	(506)	–
Property, plant and equipment written off	7	1	12
Provision against advance to subsidiary	7	–	27,950
Reversal for provision against advance to subsidiary	7	(1,350)	–
Operating loss before working capital changes		(15,432)	(16,232)
Increase in receivables		(3,014)	(2,038)
Increase in payables		62	4,208
(Decrease)/increase in amount due to subsidiaries		(23,050)	539,676
Cash (used in)/generated from operations		(41,434)	525,614
Interest received		17,869	8,686
Interest paid		(35,920)	(56,519)
Taxes paid, net of refund		11,183	11,738
Net cash (used in)/generated from operating activities		(48,302)	489,519

	Note	2008 RM'000	2007 RM'000
Cash flows from investing activities			
Acquisition of intangible assets	18	(2,094)	–
Dividends received		67,788	67,019
Investment in associate		(32,302)	–
Purchase of investments		(233,760)	–
Purchase of property, plant and equipment	14	(361)	(9,021)
Proceeds from disposal of investments		34,458	–
Proceeds from disposal of property, plant and equipment		16	7
Purchase of additional interest in existing subsidiaries		(2,979)	–
Net cash (used in)/generated from investing activities		(169,234)	58,005
Cash flows from financing activities			
Proceeds from issuance of CMS Income Securities		–	142,088
Repayment of CMS Income Securities		(50,000)	(30,000)
Repayment of term loans		–	(110,000)
Dividends paid to shareholders of the Company		(36,568)	(12,025)
Net cash used in financing activities		(86,568)	(9,937)
Net (decrease)/increase in cash and cash equivalents		(304,104)	537,587
Cash and cash equivalents at the beginning of the year		626,190	88,603
Cash and cash equivalents at the end of the year	30	322,086	626,190

The accompanying notes form an integral part of the financial statements.

Notes to the Financial Statements

31 December 2008

1. Corporate information

The Company is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Board of Bursa Malaysia Securities. The registered office is located at Level 6, Wisma Mahmud, Jalan Sungai Sarawak, 93100 Kuching, Sarawak.

The Company is principally an investment holding company. It also provides centralised treasury, administrative and other support services to the Group. The principal activities of the subsidiaries are set out in Note 20 of the financial statements. There have been no significant changes in the nature of the principal activities during the financial year except for the deemed disposal of investment in UBG as disclosed in Note 43(vii) to the financial statements.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 27 March 2009.

2. Significant accounting policies

2.1 Basis of preparation

The financial statements comply with the provisions of the Companies Act, 1965 and Financial Reporting Standards in Malaysia. At the beginning of the current financial year, the Group and the Company had adopted revised Financial Reporting Standards ("FRS") which are mandatory for the financial periods beginning on or after 1 July 2007 as described fully in Note 2.3.

The financial statements of the Group and of the Company have also been prepared on a historical cost basis.

The financial statements are presented in Ringgit Malaysia (RM) and all values are rounded to the nearest thousand (RM'000) except when otherwise indicated.

2.2 Summary of significant accounting policies

a. Subsidiaries and basis of consolidation

i. Subsidiaries

Subsidiaries are entities over which the Group has the ability to control the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has such power over another entity.

In the Company's separate financial statements, investments in subsidiaries are stated at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

ii. Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the balance sheet date. The financial statements of the subsidiaries are prepared for the same reporting date as the Company.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. In preparing the consolidated financial statements, intragroup balances, transactions and unrealised gains or losses are eliminated in full. Uniform accounting policies are adopted in the consolidated financial statements for like transactions and events in similar circumstances.

Acquisitions of subsidiaries are accounted for using the purchase method. The purchase method of accounting involves allocating the cost of the acquisition to the fair value of the assets acquired and liabilities and contingent liabilities assumed at the date of acquisition. The cost of an acquisition is measured as the aggregate of the fair values, at the date of exchange, of the assets given, liabilities incurred or assumed, and equity instruments issued, plus any costs directly attributable to the acquisition.

Any excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities represents goodwill. Any excess of the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition is recognised immediately in profit or loss.

2. Significant accounting policies (contd.)

2.2 Summary of significant accounting policies (contd.)

a. Subsidiaries and basis of consolidation (contd.)

ii. Basis of consolidation (contd.)

Acquisitions of subsidiaries prior to 1 January 2006 which meet the merger criteria as set out in MASB 21: Business Combinations were accounted for using merger accounting principles. When the merger method is used, the cost of investment in the Company's books is recorded at cost which is the fair value of shares at the date of the exchange and the difference between the carrying value of the investment and the fair value of shares acquired is treated as merger reserve or merger deficit. The results of the companies being merged are included as if the merger had been effected throughout the current and previous financial years.

Minority interests represent the portion of profit or loss and net assets in subsidiaries not held by the Group. It is measured at the minorities' share of the fair value of the subsidiaries' identifiable assets and liabilities at the acquisition date and the minorities' share of changes in the subsidiaries' equity since then.

b. Associates

Associates are entities in which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but not in control or joint control over those policies.

Investments in associates are accounted for in the consolidated financial statements using the equity method of accounting. Under the equity method, the investment in associate is carried in the consolidated balance sheet at cost adjusted for post-acquisition changes in the Group's share of net assets of the associate. The Group's share of the net profit or loss of the associate is recognised in the consolidated profit or loss. Where there has been a change recognised directly in the equity of the associate, the Group recognises its share of such changes. In applying the equity method, unrealised gains and losses on transactions between the Group and the associate are eliminated to the extent of the Group's interest in the associate. After application of the equity method, the Group determines whether it is necessary to recognise any additional impairment loss with respect to the Group's net investment in the associate. The associate is equity accounted for from the date the Group obtains significant influence until the date the Group ceases to have significant influence over the associate.

Goodwill relating to an associate is included in the carrying amount of the investment and is not amortised. Any excess of the Group's share of the net fair value of the associate's identifiable assets, liabilities and contingent liabilities over the cost of the investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's share of the associate's profit or loss in the period in which the investment is acquired.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any long-term interests that, in substance, form part of the Group's net investment in the associate, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

The most recent available financial statements of the associates are used by the Group in applying the equity method. Where the dates of the financial statements used are not coterminous with those of the Group, the share of results is arrived at from the last audited financial statements available and management financial statements to the end of the accounting period. Uniform accounting policies are adopted for like transactions and events in similar circumstances.

In the Company's separate financial statements, investments in associates are stated at cost less impairment losses.

On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

2. Significant accounting policies (contd.)

2.2 Summary of significant accounting policies (contd.)

c. Jointly controlled entities

The Group has an interest in a joint venture which is a jointly controlled entity. A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control, and a jointly controlled entity is a joint venture that involves the establishment of a separate entity in which each venturer has an interest.

Investments in jointly controlled entities are accounted for in the consolidated financial statements using the equity method of accounting as described in Note 2.2(b).

In the Company's separate financial statements, investments in jointly controlled entities are stated at cost less impairment losses.

On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

d. Intangible assets

i. Goodwill

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Following the initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is not amortised but instead, it is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

ii. Research and development costs

All research costs are recognised in profit or loss as incurred.

Expenditure incurred on projects to develop new products is capitalised and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Product development expenditures which do not meet these criteria are expensed when incurred.

Development costs, considered to have finite useful lives, are stated at cost less any impairment losses and are amortised using the straight-line basis over the commercial lives of the underlying products not exceeding ten years. Impairment is assessed whenever there is an indication of impairment and the amortisation period and method are also reviewed at least at each balance sheet date.

iii Computer software

Computer software acquired separately is measured on initial recognition at cost. Following initial recognition, the computer software is carried at cost less any accumulated amortisation and any accumulated impairment losses. The useful life of the computer software is amortised on a straight-line basis over the estimated economic useful life of three to ten years and assessed for impairment whenever there is an indication that the computer software may be impaired. The amortisation period and the amortisation method for the computer software are reviewed at least at each balance sheet date.

e. Property, plant and equipment and depreciation

All items of property, plant and equipment are initially recorded at cost. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

2. Significant accounting policies (contd.)

2.2 Summary of significant accounting policies (contd.)

e. Property, plant and equipment and depreciation (contd.)

Subsequent to recognition, property, plant and equipment, except for freehold land, are stated at cost less accumulated depreciation and any accumulated impairment losses.

Certain items of property, plant and equipment of the Group have not been revalued since 1996. The Directors have not adopted a policy of regular revaluations of such assets and no later valuation has been recorded. As permitted under the transitional provisions of IAS 16 (Revised): Property, Plant and Equipment, these assets continue to be stated at their 1996 valuation less accumulated depreciation. The above transitional provisions are available only on the first application of the MASB Approved Accounting Standard IAS 16 (Revised): Property, Plant and Equipment which is effective for periods ending on or after 1 September 1998. By virtue of this transitional provision, an entity that had recorded its property, plant and equipment at revalued amounts but had not adopted a policy of revaluation has been allowed to continue carrying those assets on the basis of their previous revaluations subject to continuity in its depreciation policy and the requirement to write down the assets to their recoverable amounts for impairment adjustments. The transitional provisions will remain in force until and unless the entity chooses to adopt a revaluation policy in place of a cost policy. When that happens, FRS 116 (which supersedes IAS 16) would require revaluations to be carried out at regular intervals. Any revaluation surplus is credited to the revaluation reserve included within equity, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit or loss, in which case the increase is recognised in profit or loss to the extent of the decrease previously recognised. A revaluation deficit is first offset against unutilised previously recognised revaluation surplus in respect of the same asset and the balance is thereafter recognised in profit or loss. Upon disposal or retirement of an asset, any revaluation reserve relating to the particular asset is transferred directly to retained earnings.

Freehold land has an unlimited useful life and therefore is not depreciated.

Buildings-in-progress are not depreciated as these assets are not available for use. Depreciation of other property, plant and equipment is provided for on a straight-line basis to write off the cost of each asset to its residual value over the estimated useful life, at the following annual rates:

Buildings, jetty, roads and drainage	2% or over the period of lease whichever is shorter
Plant and machinery	1% to 25%
Office equipment and motor vehicles	5% to 33 1/3%

The residual values, useful life and depreciation method are reviewed at each financial year-end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any and the net carrying amount is recognised in profit or loss and the unutilised portion of the revaluation surplus on that item is taken directly to retained earnings.

f. Investment properties

Investment properties are properties which are held either to earn rental income or for capital appreciation or both. These include land held for a currently undetermined future use. Properties that are occupied by the companies in the Group are accounted for as owner-occupied rather than as investment properties. Investment properties are stated at cost less accumulated depreciation and impairment losses consistent with the accounting policies for property, plant and equipment as stated in Note 2.2(e).

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in profit or loss in the year in which they arise.

2. Significant accounting policies (contd.)

2.2 Summary of significant accounting policies (contd.)

g. Land held for property development and property development costs

i. Land held for property development

Land held for property development consists of land where no development activities have been carried out or where development activities are not expected to be completed within the normal operating cycle. Such land is classified within non-current assets and is stated at cost less any accumulated impairment losses.

Land held for property development is reclassified as property development costs at the point when development activities have commenced and where it can be demonstrated that the development activities can be completed within the normal operating cycle.

ii. Property development costs

Property development costs comprise all costs that are directly attributable to development activities or that can be allocated on a reasonable basis to such activities.

When the financial outcome of a development activity can be reliably estimated, property development revenue and expenses are recognised in the income statement by using the stage of completion method. The stage of completion is determined by the proportion that property development costs incurred for work performed to date bear to the estimated total property development costs.

Where the financial outcome of a development activity cannot be reliably estimated, property development revenue is recognised only to the extent of property development costs incurred that is probable will be recoverable, and property development costs on properties sold are recognised as an expense in the period in which they are incurred.

Any expected loss on a development project, including costs to be incurred over the defects liability period, is recognised as an expense immediately.

Property development costs not recognised as an expense are recognised as an asset, which is measured at the lower of cost and net realisable value.

The excess of revenue recognised in the income statement over billings to purchasers is classified as accrued billings within trade receivables and the excess of billings to purchasers over revenue recognised in the income statement is classified as progress billings within trade payables.

h. Construction and service contracts

Where the outcome of a construction or service contract can be estimated reliably, contract revenue and contract costs are recognised as revenue and expenses respectively by using the stage of completion method. The percentage of completion is determined by reference to either the proportion of costs incurred to-date to the total estimated costs or the completion of a physical proportion of contract work to-date.

Where the outcome of a construction or service contract cannot be reliably estimated, contract revenue is recognised to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

When the total of costs incurred on construction or service contracts plus, recognised profits (less recognised losses), exceed progress billings, the balance is classified as amount due from customers on contracts. When progress billings exceed costs incurred plus, recognised profits (less recognised losses), the balance is classified as amount due to customers on contracts.

2. Significant accounting policies (contd.)

2.2 Summary of significant accounting policies (contd.)

i. Impairment of non-financial assets

The carrying amounts of assets, other than construction contract assets, property development costs, inventories, deferred tax assets and non-current assets held for sale, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated to determine the amount of impairment loss.

For goodwill, intangible assets that have an indefinite useful life and intangible assets that are not yet available for use, the recoverable amount is estimated at each balance sheet date or more frequently when indicators of impairment are identified.

For the purpose of impairment testing of these assets, recoverable amount is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the cash-generating unit ("CGU") to which the asset belongs to. Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's CGUs, or groups of CGUs, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

An impairment loss is recognised in profit or loss in the period in which it arises, unless the asset is carried at a revalued amount, in which case the impairment loss is accounted for as a revaluation decrease to the extent that the impairment loss does not exceed the amount held in the asset revaluation reserve for the same asset.

Impairment loss on goodwill is not reversed in a subsequent period. An impairment loss for an asset other than goodwill is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of an asset other than goodwill is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset other than goodwill is recognised in profit or loss, unless the asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase.

j. Inventories

Inventories are stated at lower of cost and net realisable value.

Cost is determined using the weighted average and first in, first out method. The cost of raw materials comprises costs of purchase. The costs of finished goods and work-in-progress comprise costs of raw materials, direct labour, other direct costs and appropriate proportions of manufacturing overheads based on normal operating capacity. The cost of unsold properties comprises cost associated with the acquisition of land, direct costs and appropriate proportions of common costs.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

2. Significant accounting policies (contd.)

2.2 Summary of significant accounting policies (contd.)

k. Financial instruments

Financial instruments are recognised in the balance sheet when the Group has become a party to the contractual provisions of the instrument.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends and gains and losses relating to a financial instrument classified as a liability, are reported as expense or income. Distributions to holders of financial instruments classified as equity are recognised directly in equity. Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

i. Cash and cash equivalents

For the purposes of the cash flow statements, cash include cash on hand and at bank, deposit at call and short term highly liquid investments which have an insignificant risk of changes in value, net of outstanding bank overdrafts.

ii. Other non-current investments

Non-current investments other than investments in subsidiaries, associates, jointly controlled entities and investment properties are stated at cost less impairment losses. On disposal of an investment, the difference between net disposal proceeds and its carrying amount is recognised in profit or loss.

iii. Marketable securities

Marketable securities are carried at the lower of cost and market value, determined on an aggregate basis. Cost is determined on the weighted average basis while market value is determined based on quoted market values. Increases or decreases in the carrying amount of marketable securities are recognised in profit or loss. On disposal of marketable securities, the difference between net disposal proceeds and the carrying amount is recognised in profit or loss.

iv. Trade receivables

Trade receivables are carried at anticipated realisable values. Bad debts are written off when identified. An estimate is made for doubtful debts based on a review of all outstanding amounts as at the balance sheet date.

v. Trade payables

Trade payables are stated at the fair value of the consideration to be paid in the future for goods and services received.

vi. Interest bearing loans and borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

vii. Income securities

The Income Securities, which are recognised as financial liabilities are measured initially at its fair value, which is the amount of proceeds received.

In subsequent periods, the Income Securities are measured at amortised cost using the effective interest rate method.

The amortised cost of the Income Securities is the amount at which the Income Securities are measured at initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initial amount and the maturity amount.

The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the Income Securities. When calculating the effective interest rate, the Group has estimated cash flows considering all contractual terms of the Income Securities.

The amortised expense of the Income Securities, applying the effective interest rate, is recognised in profit or loss as finance costs in the period in which it is incurred.

viii. Equity instruments

Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

2. Significant accounting policies (contd.)

2.2 Summary of significant accounting policies (contd.)

i. Leases

i. Classification

A lease is recognised as a finance lease if it transfers substantially to the Group all the risks and rewards incidental to ownership. Leases of land and buildings are classified as operating or finance leases in the same way as leases of other assets and the land and buildings elements of a lease of land and buildings are considered separately for the purposes of lease classification.

ii. Finance leases – the Group as lessee

Assets acquired by way of hire purchase or finance leases are stated at an amount equal to the lower of their fair values and the present value of the minimum lease payments at the inception of the leases, less accumulated depreciation and impairment losses. The corresponding liability is included in the balance sheet as borrowings. In calculating the present value of the minimum lease payments, the discount factor used is the interest rate implicit in the lease, when it is practicable to determine; otherwise, the Group's incremental borrowing rate is used. Any initial direct costs are also added to the carrying amount of such assets.

Lease payments are apportioned between the finance costs and the reduction of the outstanding liability. Finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are recognised in profit or loss over the term of the relevant lease so as to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

The depreciation policy for leased assets is in accordance with that for depreciable property, plant and equipment as described in Note 2.2(e).

iii. Operating leases – the Group as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the term of the relevant lease. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

In the case of a lease of land and buildings, the minimum lease payments or the up-front payments made are allocated, whenever necessary, between the land and the buildings elements in proportion to the relative fair values for leasehold interests in the land element and buildings element of the lease at the inception of the lease. The up-front payment represents prepaid lease payments and are amortised on a straight-line basis over the lease term.

iv. Operating leases – the Group as lessor

Assets leased out under operating leases are presented on the balance sheets according to the nature of the assets. Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

m. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

2. Significant accounting policies (contd.)

2.2 Summary of significant accounting policies (contd.)

n. Income tax

Income tax on the profit or loss for the year comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted at the balance sheet date.

Deferred tax is provided for, using the liability method. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unutilised tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unutilised tax losses and unused tax credits can be utilised. Deferred tax is not recognised if the temporary difference arises from goodwill or negative goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is recognised as income or an expense and included in the profit or loss for the period, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also recognised directly in equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or the amount of any excess of the acquirer's interest is the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of the combination.

o. Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

Provision for restructuring costs is recognised when a detailed and formal restructuring plan has been approved, and the restructuring has either commenced or has been announced publicly. Costs relating to ongoing activities are not provided for.

p. Employee benefits

i. Short term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Group and the Company, except where they relate to development expenditure and project under study, these expenses are capitalised accordingly.

ii. Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities or funds and will have no legal or constructive obligation to pay further contributions if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years. Such contributions are recognised as an expense in the profit or loss as incurred or capitalised as development expenditure or project under study, as appropriate. As required by law, companies in Malaysia make such contributions to the Employees Provident Fund. Some of the Group's foreign subsidiaries also make contributions to their respective countries' statutory pension schemes.

iii. Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits as a liability and an expense when it is demonstrably committed to either terminate the employment of current employees according to a detailed plan without possibility of withdrawal.

q. Foreign currencies

i. Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia (RM), which is also the Company's functional currency.

2. Significant accounting policies (contd.)

2.2 Summary of significant accounting policies (contd.)

q. Foreign currencies (contd.)

ii. Foreign currency transactions

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency ("foreign currencies") are recorded in the functional currencies using the exchange rates prevailing at the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are translated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not translated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are included in profit or loss for the period except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operation. These are initially taken directly to the foreign currency translation reserve within equity until the disposal of the foreign operations, at which time they are recognised in profit or loss. Exchange differences arising on monetary items that form part of the Company's net investment in foreign operation are recognised in profit or loss in the Company's separate financial statements or the individual financial statements of the foreign operation, as appropriate.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

iii. Foreign operations

The results and financial position of foreign operations that have a functional currency different from the presentation currency (RM) of the consolidated financial statements are translated into RM as follows:

- Assets and liabilities for each balance sheet presented are translated at the closing rate prevailing at the balance sheet date;
- Income and expenses for each income statement are translated at average exchange rates for the year, which approximate the exchange rates at the dates of the transactions; and
- All resulting exchange differences are taken to the foreign currency translation reserve within equity.

Goodwill and fair value adjustments arising on the acquisition of foreign operations on or after 1 January 2006 are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the balance sheet date. Goodwill and fair value adjustments which arose on the acquisition of foreign subsidiaries before 1 January 2006 are deemed to be assets and liabilities of the parent company and are recorded in RM at the rates prevailing at the date of acquisition.

r. Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

i. Sale of properties

Revenue from sale of properties is accounted for by the stage of completion method as described in Note 2.2(g)(ii).

ii. Construction and service contracts

Revenue from construction and service contracts is accounted for by the stage of completion method as described in Note 2.2(h).

iii. Road maintenance contract

Revenue from routine maintenance work is based on fixed rates and recognised upon performance of work in accordance with the terms as stipulated in the Road Maintenance Agreement. Revenue from work orders is based on the schedule of rates approved by client.

2. Significant accounting policies (contd.)

2.2 Summary of significant accounting policies (contd.)

r. Revenue recognition (contd.)

iv. Sale of goods

Revenue is recognised upon transfer of significant risks and rewards of ownership to the buyer. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of consideration due, associated costs or the possible return of goods.

v. Revenue from services

Revenue from services is recognised upon performance of services.

vi. Dividend income

Dividend income is recognised when the right to receive payment is established.

vii. Interest income

Interest is recognised on a time proportion basis.

s. Non-current assets (or disposal groups) held for sale and discontinued operation

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary.

Immediately before classification as held for sale, the measurement of the non-current assets (or all the assets and liabilities in a disposal group) is brought up-to-date in accordance with applicable FRSs. Then, on initial classification as held for sale, non-current assets or disposal groups (other than investment properties, deferred tax assets, employee benefits assets, financial assets and inventories) are measured in accordance with FRS 5 that is at the lower of carrying amount and fair value less costs to sell. Any differences are included in profit or loss.

A component of the Group is classified as a discontinued operation when the criteria to be classified as held for sale have been met or it has been disposed of and such a component represents a separate major line of business or geographical area of operations, is part of a single co-ordinated major line of business or geographical area of operations or is a subsidiary acquired exclusively with a view to resale.

2.3 Changes in accounting policies and effects arising from adoption of new and revised FRSs

On 1 January 2008, the Group and the Company adopted the following revised FRS, Amendment to FRS and Interpretations:

FRS 107	Cash Flow Statements
FRS 111	Construction Contracts
FRS 112	Income Taxes
FRS 118	Revenue
FRS 120	Accounting for Government Grants and Disclosure of Government Assistance
FRS 134	Interim Financial Reporting
FRS 137	Provisions, Contingent Liabilities and Contingent Assets
Amendment to FRS 121	The Effects of Changes in Foreign Exchange Rates – Net investments in a Foreign Operation
IC Interpretation 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities
IC Interpretation 2	Members' Shares in Co-operative Entities and Similar Instruments
IC Interpretation 5	Rights to Interests arising from Decommissioning, Restoration and Environment Rehabilitation Funds
IC Interpretation 6	Liabilities arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment
IC Interpretation 7	Applying the Restatement Approach under FRS 129 ₂₀₀₄ Financial Reporting in Hyperinflationary Economies
IC Interpretation 8	Scope of FRS 2

The revised FRS, Amendment to FRS and Interpretations above do not have significant impact on the financial statements of the Group or of the Company.

2. Significant accounting policies (contd.)

2.4 Standards and Interpretations issued but not yet effective

At the date of authorisation of these financial statements, the following new FRS and Interpretations were issued but not yet effective and have not been applied by the Group and the Company:

FRS and Interpretations		Effective for financial periods beginning on or after
FRS 4	Insurance Contracts	1 January 2010
FRS 7	Financial Instruments: Disclosures	1 January 2010
FRS 8	Operating Segments	1 July 2009
FRS 139	Financial Instruments: Recognition and Measurement	1 January 2010
IC Interpretation 9	Reassessment of Embedded Derivatives	1 January 2010
IC Interpretation 10	Interim Financial Reporting and Impairment	1 January 2010

The new FRS and Interpretations above are expected to have no significant impact on the financial statements of the Group or of the Company upon their initial application except for the changes in disclosures arising from the adoption of FRS 8.

The Group and the Company are exempted from disclosing the possible impact, if any, to the financial statements upon the initial application of FRS 7 and FRS 139.

2.5 Significant accounting estimates and judgements

a. Critical judgements made in applying accounting policies

The following are judgements made by management in the process of applying the Group's accounting policies that have the most significant effect on the amounts recognised in the financial statements.

Classification between investment properties and property, plant and equipment

The Group has developed certain criteria based on FRS 140 in making judgement whether a property qualifies as an investment property. Investment property is a property held to earn rentals or for capital appreciation or both.

Some properties comprise a portion that is held to earn rentals and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately, the Group would account for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as an investment property.

b. Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

i. Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value-in-use of the CGU to which the goodwill is allocated. Estimating a value-in-use amount requires management to make an estimate of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill as at 31 December 2008 was RM61,709,000 (2007: RM61,709,000). Further details are disclosed in Note 19.

2. Significant accounting policies (contd.)

2.5 Significant accounting estimates and judgements (contd.)

b. Key sources of estimation uncertainty (contd.)

ii. Property development

The Group recognises property development revenue and expenses in the income statement by using the stage of completion method. The stage of completion is determined by the proportion that property development costs incurred for work performed to-date bear to the estimated total property development costs.

Significant judgement is required in determining the stage of completion, the extent of the property development costs incurred, the estimated total property development costs, as well as the recoverability of the development projects. In making the judgement, the Group evaluates based on past experience and by relying on the work of specialists.

iii. Construction contracts

The Group recognises contract revenue based on percentage of completion method. The stage of completion is measured by reference to either the costs incurred to-date to the estimated total cost or the completion of a physical proportion of work to-date. Significant judgement is required in determining the stage of completion, the extent of the costs incurred and the estimated total revenue (for contracts other than fixed contracts) and costs. Total contract revenue also includes an estimation of the variation works that are recoverable from the customers. In making the judgement, the Group relies on past experience and work of specialists.

iv. Deferred tax assets

Deferred tax asset are recognised for all unutilised tax losses, unabsorbed capital allowances and provisions to the extent that is probable that taxable profit will be available against which the tax losses, capital allowances and provisions can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The total carrying value of recognised tax losses, capital allowances and provisions of the Group was RM208,588,000 (2007: RM2,361,000) and the unrecognised tax losses, capital allowances and provisions of the Group was RM155,583,000 (2007: RM371,615,000).

3. Revenue

Revenue of the Group comprises sales of goods and services net of discounts, income from property development, construction contracts and interest income after eliminating transactions within the Group.

Revenue of the Company comprises dividend income from subsidiaries and investments, interest income from central cash management accounts, rental income and fees for administrative and other support services provided to the Group.

The significant categories of revenue recognised during the year are as follows:

	Group		Company	
	2008	2007	2008	2007
	RM'000	RM'000	RM'000	RM'000
Sales of goods	466,586	384,379	–	–
Contract revenue	276,035	331,663	–	–
Financial services	13,453	23,253	–	–
Property development	10,174	19,980	–	–
Sales of land	3,236	2,092	–	–
Trading and services	91,296	85,129	4,085	1,983
Dividend income	3,540	–	74,034	91,807
Interest income	27,403	44,351	17,869	8,686
Rental income	1,310	1,048	600	500
	893,033	891,895	96,588	102,976

4. Cost of sales

	Group		Company	
	2008	2007	2008	2007
	RM'000	RM'000	RM'000	RM'000
Cost of inventories sold	424,465	358,791	–	–
Construction contract costs	241,975	354,467	–	–
Cost of services rendered	11,712	13,983	–	–
Interest expense and commitment fee (Note 6)	455	64	4,429	11,017
Property development costs (Note 16(b))	8,430	17,998	–	–
Cost of land disposed	673	1,932	–	–
	687,710	747,235	4,429	11,017

5. Impairment losses / written off

	Group		Company	
	2008	2007	2008	2007
	RM'000	RM'000	RM'000	RM'000
Charged for the financial year				
– goodwill	–	44,502	–	–
– securities AFS	–	800	–	–
– investment in associate (Note 21)	–	67,000	–	–
	–	112,302	–	–

6. Finance costs

	Group		Company	
	2008	2007	2008	2007
	RM'000	RM'000	RM'000	RM'000
Interest expense on:				
Bank overdrafts	8	6	1	4
Bankers' acceptances	1,010	258	–	–
Central cash management accounts	–	–	3,972	8,757
Hire-purchase and finance lease liabilities	132	41	–	–
CMS Income Securities (Note 35)	27,617	23,434	27,617	23,434
Revolving credits	7,763	10,373	–	94
Term loans	4,695	5,993	–	4,508
Margin trading financing	360	–	360	–
Total interest expense (Note 7)	41,585	40,105	31,950	36,797
Add: Other charges				
Bank charges and commitment fee	201	190	96	123
Facility fee	75	108	75	108
Amortisation of transaction costs	265	265	265	265
	541	563	436	496
	42,126	40,668	32,386	37,293
Less: Amounts charged to cost of sales (Note 4)				
Interest expense	455	–	4,333	10,894
Commitment fee	–	64	96	123
	455	64	4,429	11,017
	41,671	40,604	27,957	26,276

7. Profit / (loss) before tax

	Group		Company	
	2008	2007	2008	2007
	RM'000	RM'000	RM'000	RM'000
Continuing operations				
The following amounts have been included in arriving at profit/(loss) before tax:				
Employee benefits expense (Note 8)	66,977	82,672	13,011	10,747
Non-Executive Directors' remuneration (Note 9)	2,659	4,067	1,859	1,927
Advances to subsidiary written off	–	–	5,495	–
Amortisation of intangible assets (Note 18)	1,766	1,542	35	–
Amortisation of prepaid land lease payments (Note 15)	954	827	–	–
Auditors' remuneration:	966	979	52	101
Statutory audit				
– current year	308	332	45	45
– under provision in prior year	33	23	–	–
Other services	625	624	7	56
Bad debts written off net of recoveries	645	231	–	–
Depreciation on investment properties (Note 17)	116	117	650	550
Depreciation on property, plant and equipment	30,091	16,888	820	743
Gain on acquisition of additional interest in a subsidiary	(1,358)	–	–	–
Gain on disposal of property, plant and equipment	(902)	(117)	–	(4)
Gain on deemed disposal of subsidiary (Note 20)	(60,732)	–	–	–
Gain on disposal of investments	(506)	(359)	(506)	–
Gross dividend income	(3,549)	–	(74,034)	(91,807)
Hire of plant and machinery	3,679	8,086	–	–
Impairment losses/written off (Note 5)	–	112,302	–	–
Interest expense (Note 6)	41,585	40,105	31,950	36,797
Interest income	(28,217)	(45,306)	(17,869)	(8,686)
Loss on disposal of intangible assets	–	499	–	–
Loss on disposal of subsidiary	18	–	1,080	–
Operating leases:	4,782	6,714	1,010	962
– minimum lease payments for land and buildings	3,750	4,111	1,010	962
– minimum lease payments for wharf	1,032	2,603	–	–
Property, plant and equipment written off	163	94	1	12
Provision against advance to subsidiary	–	–	–	27,950
Provision for bad and doubtful debts, net of recoveries	21	418	–	–
Realised foreign exchange loss	73	57	–	–
Rental income	(1,310)	(1,048)	(600)	(500)
Reversal of provision against advance to subsidiary	–	–	(1,350)	–
Reversal of overprovision on berth occupancy	(9,952)	–	–	–
Unrealised foreign exchange loss	10	109	–	–
Write down of inventories	362	12	–	–

8. Employee benefits expense

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Salaries, wages and bonus	61,522	74,416	11,551	9,598
Contributions to defined contribution plan	6,767	7,986	1,402	1,106
Social security contributions	533	451	58	43
Other benefits	242	411	–	–
	69,064	83,264	13,011	10,747
Less: Amount capitalised in development expenditure (Note 18)	(547)	(592)	–	–
Less: Amount capitalised in project under study (Note 29)	(1,540)	–	–	–
Total employee benefits expense	66,977	82,672	13,011	10,747

Included in employee benefits expense of the Group and of the Company (including amounts capitalised) are Executive Directors' remuneration amounting to RM5,534,000 (2007: RM5,133,000) and RM2,137,000 (2007: RM1,878,000) respectively, as further disclosed in Note 9.

9. Directors' remuneration

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Executive Directors' remuneration (Note 8):				
Other emoluments	5,534	5,133	2,137	1,878
Less: Amount capitalised in development expenditure	(119)	(82)	–	–
Less: Amount capitalised in project under study	(696)	–	–	–
	4,719	5,051	2,137	1,878
Non-Executive Directors' remuneration (Note 7):				
Fees	878	2,111	514	552
Other emoluments	1,781	1,956	1,345	1,375
	2,659	4,067	1,859	1,927
Total Directors' remuneration	7,378	9,118	3,996	3,805
Estimated money value of benefits-in-kind	401	358	290	234
Total Directors' remuneration including benefits-in-kind (Note 40(e))	7,779	9,476	4,286	4,039

The details of remuneration of the Directors of the Company during the financial year are as follows:

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Executive:				
Salaries and other emoluments	1,908	1,682	1,908	1,677
Defined contribution plans	229	201	229	201
Estimated money value of benefits-in-kind	196	158	196	158
	2,333	2,041	2,333	2,036
Non-Executive:				
Salaries and other emoluments	1,292	1,292	1,215	1,245
Fees	728	1,206	514	552
Defined contribution plans	130	130	130	130
Estimated money value of benefits-in-kind	111	90	94	76
	2,261	2,718	1,953	2,003
	4,594	4,759	4,286	4,039

9. Directors' remuneration (contd.)

The number of Directors of the Company whose total remuneration during the financial year fell within the following bands is analysed below:

	Number of Directors	
	2008	2007
Executive Directors:		
RM950,001 to RM1,000,000	–	1
RM1,000,001 to RM1,050,000	–	1
RM1,050,001 to RM1,100,000	1	–
RM1,200,001 to RM1,250,000	1	–
Non-Executive Directors:		
RM1 to RM50,000	1	–
RM50,001 to RM100,000	2	3
RM100,001 to RM150,000	2	–
RM150,001 to RM200,000	2	2
RM200,001 to RM250,000	–	1
RM300,001 to RM350,000	–	1
RM700,001 to RM750,000	1	–
RM800,001 to RM850,000	1	2

10. Income tax expense

	Group		Company	
	2008	2007	2008	2007
	RM'000	RM'000	RM'000	RM'000
Continuing operations				
Current income tax:				
Malaysian income tax	31,533	38,246	5,500	20,200
Under/(over) provided in prior years:				
Malaysian income tax	2,414	(2,723)	(311)	(2)
	33,947	35,523	5,189	20,198
Deferred tax:				
Relating to origination and reversal of temporary differences	(22,031)	(267)	175	(20)
Relating to changes in tax rates	(670)	(822)	(20)	(14)
Under/(over) provided in prior years	657	(582)	2	5
	(22,044)	(1,671)	157	(29)
Total income tax expense	11,903	33,852	5,346	20,169

Domestic income tax is calculated at the Malaysian statutory tax rate of 26% (2007: 27%) of the estimated assessable profit for the year. Certain subsidiaries of the Company being Malaysian resident companies with paid-up capital of RM2.5 million or less qualify for the preferential tax rates under Paragraph 2A, Schedule 1 of the Income Tax Act, 1967 as follows:

On the first RM500,000 of chargeable income: 20%

In excess of RM500,000 of chargeable income: Malaysian corporate statutory tax rate

The Malaysian corporate statutory tax rate will be reduced to 25% with effect from the year of assessment 2009. The computation of deferred tax as at 31 December 2008 has reflected these changes.

10. Income tax expense (contd.)

A reconciliation of income tax expense applicable to profit/(loss) before tax at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Company is as follows:

	Group	
	2008	2007
	RM'000	RM'000
Profit/(loss) before tax	139,491	(36,728)
Taxation at Malaysian statutory tax rate of 26% (2007: 27%)	36,268	(9,917)
Effect of income subject to tax rate of 20% (2007: 20%)	(213)	(299)
Changes in tax rates	(670)	(822)
Share of results of associates	3,702	(9,283)
Share of results of jointly controlled entities	(605)	(1,312)
Group tax relief transferred from a subsidiary	(314)	–
Effect of expenses not deductible for tax purposes	26,057	56,333
Effect of income not subject to tax	(31,977)	(2,799)
Effect of utilisation of previously unrecognised tax losses and unabsorbed capital allowances	(7,841)	(70)
Deferred tax assets not recognised during the year	3,453	4,321
Deferred tax assets recognised on previously unabsorbed capital allowances	(19,028)	(21)
Under/(over) provision of tax expense in prior years	2,414	(2,723)
Under/(over) provision of deferred tax in prior years	657	(582)
Taxation on interest income derived from discontinued operations	–	1,036
Others	–	(10)
Income tax expense for the year	11,903	33,852

	Company	
	2008	2007
	RM'000	RM'000
Profit before tax	38,031	17,948
Taxation at Malaysian statutory tax rate of 26% (2007: 27%)	9,888	4,846
Changes in tax rates	(20)	(14)
Group tax relief transferred from a subsidiary	(314)	–
Effect of expenses not deductible for tax purposes	9,584	15,334
Effect of income not subject to tax	(13,483)	–
Over provision of tax expense in prior years	(311)	(2)
Under provision of deferred tax in prior years	2	5
Income tax expense for the year	5,346	20,169

11. Discontinued operations and disposal group classified as held for sale**CMS Steel Berhad ("CMS Steel")**

On 5 January 2006, the Board of Directors approved and announced the proposed closure of the operations of CMS Steel due to the continuous losses incurred and given that there was no indication that the steel industry would turn around in the near future.

CMS Steel ceased operations on 31 March 2006. The disposal of the steel mill and all ancillary facilities was completed in 2007 whilst the sale of the land and buildings was completed during the year. Accordingly, the results of CMS Steel are presented separately in the consolidated income statement as discontinued operations.

An analysis of the results of CMS Steel's discontinued operation is as follows:

	Group	
	2008	2007
	RM'000	RM'000
Revenue	–	–
Other income	11,456	3,251
Expenses	(377)	(798)
Profit before tax	11,079	2,453
Income tax expense	96	(88)
Profit for the year	11,175	2,365

The following amounts have been included in arriving at profit before tax of CMS Steel's discontinued operation:

	Group	
	2008	2007
	RM'000	RM'000
Auditors' remuneration		
Statutory audit		
– current year	3	11
– (over)/under provision in prior year	(7)	1
Other services	–	113
Bad debts written off	130	–
Employee benefits expense	32	287
Interest expense	–	515
Gain on disposal of property, plant and equipment and prepaid land lease payments	(11,262)	(3,217)
Property, plant and equipment written off	–	33
Provision for doubtful debts no longer required	(130)	(48)
Provision for termination benefits no longer required	(63)	–
Rental expense	7	7

The cash flows attributable to CMS Steel's discontinued operation are as follows:

	Group	
	2008	2007
	RM'000	RM'000
Operating cash flows	(629)	4,749
Investing cash flows	–	36,652
Financing cash flows	–	(14,000)
Total cash flows	(629)	27,401

11. Discontinued operations and disposal group classified as held for sale (contd.)

The assets and liabilities of CMS Steel classified as held for sale are as follows:

	Group carrying amount	
	2008	2007
	RM'000	RM'000
Assets		
Property, plant and equipment	–	13,687
Prepaid land lease payments	–	6,410
Assets classified as held for sale	–	20,097

12. Earnings per share

Basic earnings per share amounts are calculated by dividing profit/(loss) for the year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares in issue during the financial year.

	2008	2007
	RM'000	RM'000
Profit/(loss) from continuing operations attributable to ordinary equity holders of the Company	84,595	(66,813)
Profit from discontinued operations attributable to ordinary equity holders of the Company	11,175	454,979
Profit attributable to ordinary equity holders of the Company	95,770	388,166

	2008	2007
	'000	'000
Weighted average number of ordinary shares in issue	329,446	329,446

	2008	2007
	sen	sen
Basic earnings per share for:		
Profit/(loss) from continuing operations	25.68	(20.28)
Profit from discontinued operations	3.39	138.10
Profit for the year	29.07	117.82

13. Dividends

	Dividends in respect of year			Net dividends recognised in year	
	2008 RM'000	2007 RM'000	2006 RM'000	2008 RM'000	2007 RM'000
Recognised during the year:					
First and final dividend for 2006: 5% less 27% taxation, on 329,445,840 ordinary shares (3.65 sen per ordinary share)	–	–	12,025	–	12,025
First and final dividend for 2007: 5% less 26% taxation, on 329,445,840 ordinary shares (3.70 sen per ordinary share)	–	12,189	–	12,189	–
Special dividend for 2007: 10% less 26% taxation, on 329,445,840 ordinary shares (7.40 sen per ordinary share)	–	24,379	–	24,379	–
Proposed for approval at AGM (not recognised as at 31 December):					
First and final dividend for 2008: 5% less 25% taxation, on 329,445,840 ordinary shares (3.75 sen per ordinary share)	12,354	–	–	–	–
	12,354	36,568	12,025	36,568	12,025

At the forthcoming Annual General Meeting, a first and final dividend in respect of the financial year ended 31 December 2008 of 5% less 25% taxation on 329,445,840 ordinary shares, amounting to a dividend payable of RM12,354,219 (3.75 sen net per ordinary share) will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2009.

14. Property, plant and equipment

	Land and buildings* RM'000	Plant and machinery RM'000	Office equipment and motor vehicles RM'000	Capital work-in- progress RM'000	Total RM'000
Group 2008					
Cost					
At 1 January 2008	129,685	562,361	84,835	4,867	781,748
Additions	3,261	355	8,119	2,556	14,291
Disposals	–	(3,052)	(3,034)	–	(6,086)
Written off	–	(243)	(270)	–	(513)
Reclassification	–	3,896	(1,063)	(2,833)	–
Transferred from prepaid land lease payments (Note 15)	254	–	–	–	254
Arising from disposal/deemed disposal of subsidiaries	–	(9,592)	(9,941)	(3,547)	(23,080)
Exchange differences	–	–	23	–	23
At 31 December 2008	133,200	553,725	78,669	1,043	766,637
Accumulated depreciation and impairment					
At 1 January 2008	39,453	327,464	63,315	–	430,232
Depreciation charge for the year:	3,257	21,361	7,167	–	31,785
Recognised in profit or loss (Note 7)	3,257	20,892	5,942	–	30,091
Capitalised in construction costs (Note 26)	–	469	1,225	–	1,694
Disposals	–	(3,051)	(2,855)	–	(5,906)
Written off	–	(102)	(248)	–	(350)
Reclassification	–	674	(674)	–	–
Arising from disposal/deemed disposal of subsidiaries	–	(6,299)	(7,882)	–	(14,181)
Exchange differences	–	–	21	–	21
At 31 December 2008	42,710	340,047	58,844	–	441,601
Net carrying amount					
At 31 December 2008	90,490	213,678	19,825	1,043	325,036

14. Property, plant and equipment (contd.)

	Land and buildings* RM'000	Plant and machinery RM'000	Office equipment & motor vehicles RM'000	Capital work-in- progress RM'000	Total RM'000
Group 2007 Cost					
At 1 January 2007	617,690	299,708	1,207,874	15,584	2,140,856
Additions	2,868	1,079	29,151	4,607	37,705
Disposals	(2,045)	(45)	(3,131)	–	(5,221)
Written off	–	(12,922)	(6,554)	–	(19,476)
Reclassification	11,455	–	5	(11,460)	–
Transferred to prepaid land lease payments (Note 15)	(730)	–	–	(3,864)	(4,594)
Transferred to investment properties (Note 17)	(3,938)	–	–	–	(3,938)
Arising from acquisition of subsidiary	67,820	274,541	3,321	–	345,682
Arising from disposal of subsidiary	(562,277)	–	(1,144,868)	–	(1,707,145)
Exchange differences	(1,158)	–	(963)	–	(2,121)
At 31 December 2007	129,685	562,361	84,835	4,867	781,748
Accumulated depreciation and impairment					
At 1 January 2007	108,374	190,694	958,995	–	1,258,063
Depreciation charge for the year:	5,189	9,575	36,241	–	51,005
Recognised in profit or loss	5,189	9,045	35,919	–	50,153
Capitalised in construction costs (Note 26)	–	530	322	–	852
Disposals	–	(41)	(2,571)	–	(2,612)
Written off	–	(12,915)	(6,467)	–	(19,382)
Transferred to prepaid land lease payments (Note 15)	(75)	–	–	–	(75)
Transferred to investment properties (Note 17)	(784)	–	–	–	(784)
Arising from acquisition of subsidiary	22,861	140,151	2,531	–	165,543
Arising from disposal of subsidiary	(95,832)	–	(924,680)	–	(1,020,512)
Exchange differences	(280)	–	(734)	–	(1,014)
At 31 December 2007	39,453	327,464	63,315	–	430,232
Net carrying amount					
At 31 December 2007	90,232	234,897	21,520	4,867	351,516

14. Property, plant and equipment (contd.)

* Land and buildings of the Group:

	Freehold land RM'000	Buildings, jetty, roads & drainage RM'000	Total RM'000
2008			
Cost			
At 1 January 2008	255	129,430	129,685
Additions	161	3,100	3,261
Transferred from prepaid land lease payments (Note 15)	–	254	254
At 31 December 2008	416	132,784	133,200
Accumulated depreciation and impairment			
At 1 January 2008	–	39,453	39,453
Depreciation charge for the year	–	3,257	3,257
At 31 December 2008	–	42,710	42,710
Net carrying amount			
At 31 December 2008	416	90,074	90,490
2007			
Cost			
At 1 January 2007	122,241	495,449	617,690
Additions	–	2,868	2,868
Disposals	–	(2,045)	(2,045)
Reclassification	–	11,455	11,455
Transferred to prepaid land lease payments (Note 15)	–	(730)	(730)
Transferred to investment properties (Note 17)	–	(3,938)	(3,938)
Arising from disposal of subsidiary	(121,953)	(440,324)	(562,277)
Arising from acquisition of subsidiary	–	67,820	67,820
Exchange differences	(33)	(1,125)	(1,158)
At 31 December 2007	255	129,430	129,685
Accumulated depreciation and impairment			
At 1 January 2007	1,136	107,238	108,374
Depreciation charge for the year	–	5,189	5,189
Transferred to prepaid land lease payments (Note 15)	–	(75)	(75)
Transferred to investment properties (Note 17)	–	(784)	(784)
Arising from acquisition of subsidiary	–	22,861	22,861
Arising from disposal of subsidiary	(1,136)	(94,696)	(95,832)
Exchange differences	–	(280)	(280)
At 31 December 2007	–	39,453	39,453
Net carrying amount			
At 31 December 2007	255	89,977	90,232

14. Property, plant and equipment (contd.)

	Motor vehicles RM'000	Office equipment RM'000	Capital work-in- progress RM'000	Total RM'000
Company				
2008				
Cost				
At 1 January 2008	5,262	6,472	–	11,734
Additions	92	158	111	361
Disposals/written off	(296)	(9)	–	(305)
At 31 December 2008	5,058	6,621	111	11,790
Accumulated depreciation				
At 1 January 2008	2,991	4,764	–	7,755
Depreciation charge for the year (Note 7)	305	515	–	820
Disposals/written off	(282)	(5)	–	(287)
At 31 December 2008	3,013	5,274	–	8,286
Net carrying amount				
At 31 December 2008	2,046	1,347	111	3,504
2007				
Cost				
At 1 January 2007	4,823	6,536	14,766	26,125
Additions	439	400	8,182	9,021
Disposals/written off	–	(464)	–	(464)
Transferred to investment properties (Note 17)	–	–	(22,948)	(22,948)
At 31 December 2007	5,262	6,472	–	11,734
Accumulated depreciation				
At 1 January 2007	2,746	4,715	–	7,461
Depreciation charge for the year (Note 7)	245	498	–	743
Disposals/written off	–	(449)	–	(449)
At 31 December 2007	2,991	4,764	–	7,755
Net carrying amount				
At 31 December 2007	2,271	1,708	–	3,979

14. Property, plant and equipment (contd.)

i. The carrying amount of temporarily idle plant and machinery of the Group amounted to Nil (2007: RM756,024).

ii. Net carrying amounts of property, plant and equipment held under hire-purchase and finance lease arrangements are as follows:

	Group	
	2008	2007
	RM'000	RM'000
Plant and machinery	2,789	3,486
Office equipment and motor vehicles	3,487	1,242
	6,276	4,728

Details of the terms and conditions of the hire-purchase and finance lease arrangements are disclosed in Note 37(iii).

iii. Property, plant and equipment of the Group with net carrying amounts of RM178,894,000 charged as collateral for the Group's borrowings in 2007 were discharged in 2008.

15. Prepaid land lease payments

	Long term leasehold land RM'000	Short term leasehold land RM'000	Total RM'000
Group			
2008			
Cost			
At 1 January 2008	24,065	23,609	47,674
Reversal of overaccrued cost	(1,177)	–	(1,177)
Transferred to property, plant and equipment (Note 14)	(254)	–	(254)
Reclassification	(453)	453	–
At 31 December 2008	22,181	24,062	46,243
Accumulated amortisation			
At 1 January 2008	2,173	5,110	7,283
Amortisation for the year (Note 7)	369	585	954
Reclassification	(77)	77	–
At 31 December 2008	2,465	5,772	8,237
Net carrying amount			
At 31 December 2008	19,716	18,290	38,006

15. Prepaid land lease payments (contd.)

	Long term leasehold land RM'000	Short term leasehold land RM'000	Total RM'000
Group			
2007			
Cost			
At 1 January 2007	146,885	17,000	163,885
Additions	3,730	–	3,730
Transferred from property, plant and equipment (Note 14)	3,864	730	4,594
Transferred to investment properties (Note 17)	(1,288)	–	(1,288)
Reclassification	(4,087)	4,087	–
Arising from disposal of subsidiaries	(125,039)	(1,777)	(126,816)
Arising from acquisition of subsidiary	–	3,569	3,569
At 31 December 2007	24,065	23,609	47,674
Accumulated amortisation and impairment			
At 1 January 2007	28,629	4,331	32,960
Amortisation for the year (Note 7)	360	467	827
Transferred from property, plant and equipment (Note 14)	–	75	75
Transferred to investment properties (Note 17)	(8)	–	(8)
Reclassification	(752)	752	–
Arising from disposal of subsidiaries	(26,056)	(515)	(26,571)
At 31 December 2007	2,173	5,110	7,283
Net carrying amount			
At 31 December 2007	21,892	18,499	40,391

16. Land held for property development and property development costs

a. Land held for property development

	Leasehold land RM'000	Development expenditure RM'000	Total RM'000
Group			
2008			
Cost			
At 1 January 2008	35,187	4,958	40,145
Additions	–	401	401
Disposals	(490)	(181)	(671)
Carrying amount at 31 December 2008	34,697	5,178	39,875

16. Land held for property development and property development costs (contd.)

a. Land held for property development (contd.)

	Leasehold land RM'000	Development expenditure RM'000	Total RM'000
Group 2007 Cost			
At 1 January 2007	35,279	4,583	39,862
Additions	–	404	404
Disposals	(92)	(29)	(121)
Carrying amount at 31 December 2007	35,187	4,958	40,145

The landed properties of the Group have been pledged to secure bank overdraft and revolving credit facilities for certain subsidiaries.

b. Property development costs

	Leasehold land RM'000	Development expenditure RM'000	Total RM'000
Group 2008 Cumulative property development costs			
At 1 January 2008	83,419	209,116	292,535
Costs incurred during the year	84	13,919	14,003
Unsold units transferred to inventories	–	(1,887)	(1,887)
At 31 December 2008	83,503	221,148	304,651
Cumulative costs recognised in profit or loss			
At 1 January 2008	(508)	(168,724)	(169,232)
Recognised during the year	(31)	(8,399)	(8,430)
At 31 December 2008	(539)	(177,123)	(177,662)
Property development costs at 31 December 2008	82,964	44,025	126,989

16. Land held for property development and property development costs (contd.)**b. Property development costs (contd.)**

	Leasehold land RM'000	Development expenditure RM'000	Total RM'000
Group 2007			
Cumulative property development costs			
At 1 January 2007	85,261	211,798	297,059
Costs incurred during the year	–	6,936	6,936
Disposals	(1,802)	–	(1,802)
Unsold units transferred to inventories	(40)	(9,618)	(9,658)
At 31 December 2007	83,419	209,116	292,535
Cumulative costs recognised in profit or loss			
At 1 January 2007	(479)	(150,755)	(151,234)
Recognised during the year	(29)	(17,969)	(17,998)
At 31 December 2007	(508)	(168,724)	(169,232)
Property development costs at 31 December 2007	82,911	40,392	123,303

The title to certain landed properties of the Group with a cost of RM1,074,000 (2007: RM1,074,000) is registered in the name of a third party in trust for a subsidiary. The subsidiary concerned, however, retains full beneficial interest and in all respects remains as the proprietor of the said property by virtue of a Power of Attorney granted to the subsidiary to, inter alia, develop, manage, sell and dispose of the subject property.

17. Investment properties

	Long term leasehold land RM'000	Buildings RM'000	Total RM'000
Group 2008 Cost			
At 1 January 2008/31 December 2008	3,458	3,938	7,396
Accumulated depreciation			
At 1 January 2008	205	863	1,068
Depreciation charge for the year (Note 7)	38	78	116
At 31 December 2008	243	941	1,184
Net carrying amount			
At 31 December 2008	3,215	2,997	6,212

17. Investment properties (contd.)

	Long term leasehold land RM'000	Buildings RM'000	Total RM'000
Group			
2007			
Cost			
At 1 January 2007	2,170	–	2,170
Transferred from property, plant and equipment (Note 14)	–	3,938	3,938
Transferred from prepaid land lease payments (Note 15)	1,288	–	1,288
At 31 December 2007	3,458	3,938	7,396
Accumulated depreciation			
At 1 January 2007	159	–	159
Depreciation charge for the year (Note 7)	38	79	117
Transferred from property, plant and equipment (Note 14)	–	784	784
Transferred from prepaid land lease payments (Note 15)	8	–	8
At 31 December 2007	205	863	1,068
Net carrying amount			
At 31 December 2007	3,253	3,075	6,328

	Leasehold land and building 2008 RM'000	2007 RM'000
Company		
Cost		
At 1 January	22,948	–
Transferred from property, plant and equipment (Note 14)	–	22,948
Reversal of overaccrued cost	(1,177)	–
At 31 December	21,771	22,948
Accumulated depreciation		
At 1 January	550	–
Depreciation charge for the year (Note 7)	650	550
At 31 December	1,200	550
Net carrying amount		
At 31 December	20,571	22,398

The fair values of the Group and the Company's investment properties are RM12,713,000 (2007: RM12,713,000) and RM22,948,000 (2007: RM22,948,000), respectively. Based on prevailing market conditions and rental income attributable to the relevant investment properties, the directors consider that there is no significant change in the fair values between 31 December 2007 and 31 December 2008.

The Company's investment property is leased to a subsidiary.

18. Intangible assets

	Computer software RM'000	Development expenditure RM'000	Quarry license RM'000	Total RM'000
Group 2008				
Cost				
At 1 January 2008	1,075	14,049	516	15,640
Additions	5,206	927	–	6,133
At 31 December 2008	6,281	14,976	516	21,773
Accumulated amortisation				
At 1 January 2008	836	4,875	6	5,717
Amortisation (Note 7)	239	1,450	77	1,766
At 31 December 2008	1,075	6,325	83	7,483
Net carrying amount				
At 31 December 2008	5,206	8,651	433	14,290
2007				
Cost				
At 1 January 2007	957	13,858	–	14,815
Additions	118	1,023	–	1,141
Disposals	–	(832)	–	(832)
Arising from acquisition of subsidiary	–	–	516	516
At 31 December 2007	1,075	14,049	516	15,640
Accumulated amortisation				
At 1 January 2007	702	3,806	–	4,508
Amortisation (Note 7)	134	1,402	6	1,542
Disposal	–	(333)	–	(333)
At 31 December 2007	836	4,875	6	5,717
Net carrying amount				
At 31 December 2007	239	9,174	510	9,923

18. Intangible assets (contd.)

	Computer software RM'000
Company 2008	
Cost	
At 1 January 2008	–
Additions	2,094
At 31 December 2008	2,094
Accumulated depreciation	
At 1 January 2008	–
Amortisation charge for the year (Note 7)	35
At 31 December 2008	35
Net carrying amount	
At 31 December 2008	2,059

Development expenditure includes the following charges for the year:

	Group 2008 RM'000	2007 RM'000
Operating lease – minimum lease payments for land and buildings	72	72
Employee benefits expense (Note 8)	547	592

19. Goodwill

	Group 2008 RM'000	2007 RM'000
At 1 January	61,709	1,037,145
Arising from acquisition of a subsidiary	–	61,709
Arising from disposal of a subsidiary	–	(808,264)
Realisation of goodwill upon conversion of RHB ICULS A and B	–	(39,579)
Goodwill written off/impairment	–	(189,302)
At 31 December	61,709	61,709
The carrying amount of goodwill allocated to the Group's CGU is as follows:		
Manufacturing	61,709	61,709

20. Investments in subsidiaries

	Company	
	2008	2007
	RM'000	RM'000
Unquoted shares at cost	1,186,317	1,184,418
Less: Accumulated impairment losses	(127,520)	(127,520)
	1,058,797	1,056,898

Details of the subsidiaries are as follows:

Name of subsidiaries	Country of incorporation	Principal activities	Proportion of ownership interest	
			2008 %	2007 %
Direct subsidiaries of the Company				
CMS Capital Sdn. Bhd.	Malaysia	Investment holding	95.2	93.5
CMS Cement Sdn. Bhd.	Malaysia	Manufacture and sale of cement	100.0	100.0
CMS Digital Sdn. Bhd.	Malaysia	Software development, IT solutions and ICT related services	–	100.0
CMS Education Sdn. Bhd.	Malaysia	Education	93.3	93.3
CMS Energy Sdn. Bhd.	Malaysia	Provision of engineering services to the oil and gas industry	100.0	100.0
CMS Global (BVI) Ltd.	British Virgin Islands	Dormant	100.0	100.0
CMS Infra Trading Sdn. Bhd.	Malaysia	General trading	51.0	51.0
CMS I-Systems Berhad	Malaysia	Software research and development, provision of software related services and trading of computer software	51.0	51.0
CMS Modular Housing Sdn. Bhd.	Malaysia	Dormant	100.0	100.0
CMS Property Development Sdn. Bhd.	Malaysia	Property holding, property development and project management	100.0	100.0
CMS Resources Sdn. Bhd.	Malaysia	Investment and property holding	51.0	51.0
CMS River Bus Sdn. Bhd.	Malaysia	Dormant	100.0	100.0
CMS Steel Berhad (i)	Malaysia	Dormant	100.0	80.0
CMS Works Sdn. Bhd.	Malaysia	Investment holding	100.0	100.0
Concordance Holdings Sdn. Bhd	Malaysia	Investment holding	100.0	100.0
Projek Bandar Samariang Sdn. Bhd.	Malaysia	Property development and related construction works	60.0	60.0
Similajau Industries Sdn. Bhd.	Malaysia	Investment holding	100.0	100.0
Subsidiaries of CMS Capital Sdn. Bhd.				
CMS Asset Management Sdn. Bhd.	Malaysia	Dormant	51.0	51.0
CMS Mezzanine Sdn. Bhd.	Malaysia	Corporate financing	100.0	100.0
CMS Opus Private Equity Sdn. Bhd.	Malaysia	Management of private equity investments	51.0	51.0
CMS Trust Management Berhad	Malaysia	Management of unit trust funds and asset management	71.0	51.0

20. Investments in subsidiaries (contd.)

Name of subsidiaries	Country of incorporation	Principal activities	Proportion of ownership interest	
			2008 %	2007 %
Subsidiaries of CMS Cement Sdn Bhd				
CMS Clinker Sdn. Bhd.	Malaysia	Manufacturing and trading of cement clinker	100.0	100.0
CMS Concrete Products Sdn. Bhd.	Malaysia	Manufacture and sale of concrete products	100.0	100.0
Subsidiary of CMS Infra Trading Sdn. Bhd.				
CMS Sumber Sdn. Bhd. (ii)	Malaysia	Dormant	–	51.0
Subsidiaries of CMS I-Systems Berhad				
CMS I-Systems (India) Private Ltd.	India	Dormant	99.8	–
Interventure Capital Sdn. Bhd.	Malaysia	Provision of management and consulting services	100.0	100.0
I-Systems (Guangzhou) Co. Ltd. *	People's Republic of China	Software development and provision of e-business solutions	100.0	100.0
I-Systems Network Sdn. Bhd.	Malaysia	Software development and internet related services	100.0	100.0
Subsidiaries of CMS Property Development Sdn. Bhd.				
CMS Hotels Sdn. Bhd.	Malaysia	Dormant	100.0	100.0
CMS Land Sdn. Bhd.	Malaysia	Property holding, property development and construction	51.0	51.0
CMS Property Management Sdn. Bhd.	Malaysia	Management and marketing of realty and property projects	51.0	51.0
Subsidiaries of CMS Resources Sdn. Bhd.				
CMS Penkuari Sdn. Bhd. (iii)	Malaysia	Quarry operations	60.0	60.0
CMS Premix (Miri) Sdn. Bhd.	Malaysia	Production and sale of premix	60.0	60.0
CMS Premix Sdn. Bhd.	Malaysia	Production and sale of premix	60.0	60.0
CMS Quarries Sdn. Bhd.	Malaysia	Quarry operations	100.0	100.0
PPES Concrete Product Sdn. Bhd.	Malaysia	Manufacture and sale of concrete products	100.0	100.0
Subsidiary of CMS Steel Berhad				
CMS Wires Sdn. Bhd.	Malaysia	Manufacture and sale of wire mesh and related products	69.0	69.0
Subsidiaries of CMS Works Sdn. Bhd.				
CMS Works International (China) Ltd.	Malaysia	Dormant	100.0	100.0
PPES Works (Sarawak) Sdn. Bhd.	Malaysia	Civil engineering contractor	51.0	51.0
Subsidiary of Concordance Holdings Sdn. Bhd.				
UBG Berhad (iv)	Malaysia	Investment holding	–	51.8
Subsidiary of Similajau Industries Sdn. Bhd.				
Similajau Aluminium Industries Sdn. Bhd.	Malaysia	Investment holding	100.0	100.0

20. Investments in subsidiaries (contd.)

Name of subsidiaries	Country of incorporation	Principal activities	Proportion of ownership interest	
			2008 %	2007 %
Subsidiaries of PPES Works (Sarawak) Sdn. Bhd.				
CMS Pavement Tech Sdn. Bhd.	Malaysia	Road construction and maintenance	–	100.0
CMS Roads Sdn. Bhd.	Malaysia	Road assessment, maintenance and management	–	81.0
Subsidiary of Similajau Aluminium Industries Sdn. Bhd.				
Sarawak Aluminium Company Sdn. Bhd.	Malaysia	Dormant	100.0	100.0

* audited by firms other than Ernst & Young.

- Classified as discontinued operations.
- The subsidiary was dissolved during the year.
- The remaining 40% is held by CMS Premix Sdn. Bhd.
- The investment in UBG Berhad ("UBG") was diluted to that of an equity stake during the year (Note 21 and 43(vii)).

The deemed disposal of UBG had the following effects on the financial position of the Group as at 31 December 2008:

	As at disposal date RM'000
Property, plant and equipment	8,548
Amount due from customers for contract work	2,529
Trade and other receivables	14,700
Amount due from related company	8,099
Amount due from central cash management account	62,924
Cash and bank balances	303
Amount due to customers for contract work	(1,529)
Trade and other payables	(7,305)
Amount due to related company	(5,116)
Current tax liabilities	(734)
Borrowings	(175)
Deferred tax liabilities (Note 24)	(838)
Identifiable net assets	81,406
Less: Minority interests	(12,844)
Total disposal proceeds satisfied by shares	(111,630)
Gain on disposal of subsidiaries by PPES Works (Sarawak) Sdn. Bhd.	(43,068)
Less: Share of gain on disposal still held by Group through investment in UBG	14,126
	(28,942)
Add: Increase in share of net assets of UBG upon issuance of new shares	(31,790)
Total gain on deemed disposal at Group level (Note 7)	(60,732)
Less: Minority interests	21,103
Net gain attributable to equity holders of the Company	(39,629)

20. Investments in subsidiaries (contd.)

	As at disposal date RM'000
Total disposal consideration	111,630
Less: Portion received in shares	(111,630)
Portion received in cash and cash equivalents	–
Less: Cash and cash equivalents of subsidiaries disposed	(531,202)
Net cash outflow of the Group	(531,202)

Further details of the above transactions are set out in Note 43(vi) and (vii).

21. Investment in associates

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Quoted shares in Malaysia, at cost	426,102	282,170	32,302	–
Less: Accumulated impairment losses (Note 5)	(67,000)	(67,000)	–	–
	359,102	215,170	32,302	–
Unquoted shares, at cost	19,318	5	–	–
Redeemable preference shares, at cost	14,000	12,000	–	–
	392,420	227,175	32,302	–
Share of post-acquisition reserves	364,686	22,861	–	–
	757,106	250,036	32,302	–
Market value of quoted shares	483,738	143,385	28,747	–

Details of the associates are as follows:

Name of associates	Country of incorporation	Principal activities	Proportion of ownership interest	
			2008 %	2007 %
Held by the Company:				
KKB Engineering Berhad*	Malaysia	Steel fabrication, civil construction, hot dip galvanising and the manufacture of LPG cylinders	20.0	–
Held through subsidiaries:				
UBG Berhad	Malaysia	Investment holding	37.2	–
K&N Kenanga Holdings Berhad	Malaysia	Investment holding, stockbroking and financial services business	25.1	25.1
COPE-KPF Opportunities 1 Sdn. Bhd.	Malaysia	Investment holding	49.9	49.9
CMS Faradale Development Sdn. Bhd.	Malaysia	Property development	49.0	49.0

* During the financial year, the Company acquired a 20% equity interest in KKB Engineering Berhad through the exchange of a parcel of land belonging to a subsidiary, CMS Steel Berhad.

21. Investment in associates (contd.)

The summarised financial information of the associates is as follows:

	2008 RM'000	2007 RM'000
Assets and liabilities		
Current assets	4,194,236	2,652,420
Non-current assets	1,175,019	201,090
Total assets	5,369,255	2,853,510
Current liabilities	2,872,214	1,924,474
Non-current liabilities	98,694	2,451
Total liabilities	2,970,908	1,926,925
Results		
Revenue	842,655	352,291
(Loss)/profit for the year	(35,887)	139,596

At 31 December 2008, the net carrying amount of goodwill of an associate included within the Group's carrying amount of investment in associates is RM27,587,000 (2007: RM22,447,000).

22. Investments in jointly controlled entities

	Group 2008 RM'000	2007 RM'000
Unquoted shares, at cost	2,455	2,455
Share of post-acquisition reserves	4,039	6,185
	6,494	8,640

22. Investments in jointly controlled entities (contd.)

Details of the jointly controlled entities are as follows:

Name of jointly controlled entities	Country of incorporation	Principal activities	Proportion of ownership interest	
			2008 %	2007 %
PPES Works (Sarawak) Sdn. Bhd./ Naim Cendera Sdn. Bhd. JV	Malaysia	Construction of buildings	55	55
PPES Works (Sarawak) Sdn. Bhd./ Advance Praise Sdn. Bhd. JV	Malaysia	Green waste management and composting	51	51
Chiyoda Malaysia Sdn. Bhd./ PPES Works (Sarawak) Sdn. Bhd. JV	Malaysia	Provision of design, construction and engineering services for various packages of the Independent Oil Terminal Project	40	40
CMS Energy Sdn. Bhd./ Special Triumph Sdn. Bhd./ Poscon Corporation JV	Malaysia	Sub-contract packages of the Independent Oil Terminal Project	51	51
CMS Energy Sdn. Bhd./ Special Triumph Sdn. Bhd./ Posco Machinery & Engineering Co. Ltd. JV	Malaysia	Package 8 (Design and Execution of the Hydraulic Steel Structure Package) of the Bakun Hydroelectric Project Package CW2 Main Civil Works	51	51

The Group's aggregate share of the current assets, non-current assets, current liabilities, income and expenses of the jointly controlled entities is as follows:

	Group	
	2008 RM'000	2007 RM'000
Assets and liabilities		
Current assets	15,715	21,497
Non-current assets	174	229
Total assets	15,889	21,726
Current liabilities	9,395	13,086
Results		
Revenue	53,662	38,360
Expenses, including finance costs and income tax expense	52,237	33,959

23. Other investments

	Group / Company	
	2008	2007
	RM'000	RM'000
Quoted securities in Malaysia, at cost:		
Ordinary shares	165,764	–
Market value	159,281	–

Certain of the shares have been pledged to a bank for the margin trading financing facility granted to the Company (Note 34).

24. Deferred tax assets / (liabilities)

	Group		Company	
	2008	2007	2008	2007
	RM'000	RM'000	RM'000	RM'000
At 1 January	(21,495)	215,109	(171)	(200)
Recognised in profit or loss	22,044	9,196	(157)	29
Recognised in equity	–	(385)	–	–
Exchange differences	–	(101)	–	–
Disposal of subsidiaries (Note 20)	838	(245,314)	–	–
At 31 December	1,387	(21,495)	(328)	(171)
Presented after appropriate offsetting as follows:				
Deferred tax assets	22,049	663	–	–
Deferred tax liabilities	(20,662)	(22,158)	(328)	(171)
At 31 December	1,387	(21,495)	(328)	(171)

24. Deferred tax assets / (liabilities) (contd.)

The components and movements of deferred tax assets and liabilities during the financial year prior to offsetting are as follows:

Deferred tax assets of the Group:

	Provision for liabilities RM'000	Provision for doubtful debts RM'000	Unutilised tax losses & unabsorbed capital allowances RM'000	Leasing business RM'000	General allowances on loans, advances & financing RM'000	Other temporary differences RM'000	Total RM'000
At 1 January 2008	318	91	205	-	-	49	663
Recognised in profit or loss	-	(51)	51,584	-	-	-	51,533
At 31 December 2008	318	40	51,789	-	-	49	52,196
At 1 January 2007	537	284	4,745	16,516	244,839	(12,120)	254,801
Recognised in profit or loss	307	(193)	4	1,732	2,533	(1,172)	3,211
Exchange differences	-	-	(101)	-	-	-	(101)
Disposal of RHB	(526)	-	(4,443)	(18,248)	(247,372)	(8,562)	(279,151)
Other movements in respect of RHB	-	-	-	-	-	21,903	21,903
At 31 December 2007	318	91	205	-	-	49	663

24. Deferred tax assets / (liabilities) (contd.)**Deferred tax liabilities of the Group:**

	Revaluation of leasehold land and building RM'000	Accelerated capital allowances RM'000	Intangible assets RM'000	Securities available for-sale RM'000	Total RM'000
At 1 January 2008	(267)	(21,855)	(36)	–	(22,158)
Recognised in profit or loss	–	(29,490)	–	–	(29,490)
Disposal of subsidiary	–	839	–	–	839
At 31 December 2008	(267)	(50,506)	(36)	–	(50,809)
At 1 January 2007	(267)	(27,689)	(36)	(11,700)	(39,692)
Recognised in profit or loss	–	5,985	–	–	5,985
Recognised in equity	–	–	–	(385)	(385)
Disposal of RHB	–	21,752	–	12,085	33,837
Other movements in respect of RHB	–	(21,903)	–	–	(21,903)
At 31 December 2007	(267)	(21,855)	(36)	–	(22,158)

Deferred tax liability of the Company:

	Accelerated capital allowances 2008 RM'000	2007 RM'000
At 1 January	(171)	(200)
Recognised in profit or loss	(157)	29
At 31 December	(328)	(171)

Deferred tax assets have not been recognised in respect of the following items:

	Group 2008 RM'000	2007 RM'000
Unutilised tax losses	110,871	98,210
Unabsorbed capital allowances	43,946	272,577
Provisions	766	828
	155,583	371,615

As at 31 December 2008, the deferred tax assets are not recognised as it is not probable that future taxable profit will be available against which the unutilised tax losses, unabsorbed capital allowances and provisions can be utilised. The availability of the unutilised tax losses, unabsorbed capital allowances and provisions for offsetting against future taxable profits of the Group is subject to the provisions of the Income Tax Act, 1967.

25. Inventories

	Group	
	2008 RM'000	2007 RM'000
Cost		
Raw materials	31,458	14,152
Finished goods	17,967	9,641
General stores	39,827	33,629
Work-in-progress	33	47
Goods-in-transit	1	981
Completed development units	7,680	9,658
	96,966	68,108
Net realisable value		
General stores	–	2,099
Finished goods	1,831	3,129
	1,831	5,228
	98,797	73,336

26. Amount due from / (to) customers on contracts

Construction contract costs incurred to-date	1,267,424	1,248,728
Attributable profits less recognised losses	54,818	54,261
	1,322,242	1,302,989
Less: Progress billings	(1,320,359)	(1,331,673)
	1,883	(28,684)
Amount due from customers on contracts	8,123	19,633
Amount due to customers on contracts	(6,240)	(48,317)
	1,883	(28,684)
The costs incurred to-date on construction contracts include the following charges made during the financial year:		
Depreciation of property, plant and equipment (Note 14)	1,694	852
Operating leases:		
– minimum lease payments for land and buildings	172	129
– minimum lease payments for equipment	118	877

27. Marketable securities

	Group		Company	
	2008	2007	2008	2007
	RM'000	RM'000	RM'000	RM'000
Quoted securities in Malaysia, at cost:				
Ordinary shares	29,588	–	29,588	–
Unit trusts	20,162	5,432	20,000	–
	49,750	5,432	49,588	–
Market value:				
Ordinary shares	30,066	–	30,066	–
Unit trusts	20,707	5,481	20,545	–

28. Amount due from / (to) subsidiaries

	Company	
	2008	2007
	RM'000	RM'000
Central cash management accounts (i)	–	45,981
Amount due from subsidiaries (ii)	120,637	135,034
	120,637	181,015
Less: Provision against advances to subsidiaries	(59,453)	(60,803)
	61,184	120,212
Central cash management accounts (i)	(123,743)	(153,455)
Amount due to subsidiaries (ii)	(265,755)	(319,470)
	(389,498)	(472,925)

(i) All balances deposited with the Company are unsecured, repayable on demand and earn interest at rates ranging from 3.06% to 3.25% (2007: 2.8% to 6.5%) per annum. All balances due to the Company are also repayable on demand and are charged interest at rates ranging from 5% to 7% (2007: 7.5%) per annum.

(ii) These amounts are unsecured, interest-free and have no fixed terms of repayment.

Other information on financial risks of amounts due from / (to) subsidiaries are disclosed in Note 41.

29. Trade and other receivables

	Group		Company	
	2008	2007	2008	2007
	RM'000	RM'000	RM'000	RM'000
Trade receivables				
Third parties	184,905	206,951	–	–
Less: Provision for doubtful debts	(3,516)	(13,754)	–	–
	181,389	193,197	–	–
Associate	52	40	–	–
Retention sum	27,911	27,054	–	–
Trade receivables, net	209,352	220,291	–	–
Other receivables				
Other receivables	12,290	16,822	1,046	3,786
Less: Provision for doubtful debts	(694)	(694)	–	–
	11,596	16,128	1,046	3,786
Project under study	17,466	911	–	–
Amount due from joint venture	4,434	2,608	–	–
Other deposits	2,085	2,140	260	228
Prepayments	3,197	3,448	426	457
Interest receivable	1,349	1,551	1,349	1,091
Other receivables, net	40,127	26,786	3,081	5,562
	249,479	247,077	3,081	5,562

Project under study relates to expenditure that is directly attributable to conducting studies including professional charges and other expense incurred on a proposed aluminium smelter project. Included therein are employee benefits expense of RM1,540,000 (2007: Nil).

Credit risk

The Group's primary exposure to credit risk arises through its trade receivables. The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The credit period is generally for a period of one month, extending up to four months for major customers. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. Interest of 12% (2007: 12%) per annum is charged on overdue balances on a case-by-case basis.

30. Cash and cash equivalents

	Group		Company	
	2008	2007	2008	2007
	RM'000	RM'000	RM'000	RM'000
Cash in hand and at bank	22,662	35,407	5,029	123
Short term deposits with financial institutions	330,478	1,479,887	317,057	626,067
Cash and bank balances	353,140	1,515,294	322,086	626,190

Other information on financial risks of cash and cash equivalents is disclosed in Note 41.

For the purpose of the cash flow statements, cash and cash equivalents comprise the following as at the balance sheet date:

	Group		Company	
	2008	2007	2008	2007
	RM'000	RM'000	RM'000	RM'000
Cash and bank balances	353,140	1,515,294	322,086	626,190
Bank overdrafts (Note 34)	–	(25)	–	–
	353,140	1,515,269	322,086	626,190

Included in cash at bank of the Group and Company is an amount of RM4,787,229 (2007: Nil) being monies held in trust by a nominee company under a discretionary fund management agreement with a licensed fund manager.

Included in short term deposits with financial institutions of the Group and Company is an amount of RM75,000,000 (2007: Nil) being deposits placed with a banking subsidiary of an associate.

31. Share capital and share premium

	Number of Ordinary Shares of RM1 Each	Share capital (Issued and fully paid) '000	Amount Share premium RM'000	Total share capital and share premium RM'000
At 1 January 2007/2008 and 31 December 2007/2008		329,446	329,446	427,513
				756,959

	Number of Ordinary Shares of RM1 Each	Amount	2007
	2008	2008	RM'000
	'000	'000	RM'000
Authorised			
At 1 January and 31 December	1,000,000	1,000,000	1,000,000

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

32. Other reserves

	Capital reserves RM'000	Translation reserves RM'000	Merger deficit RM'000	Total RM'000
Group				
At 1 January 2008	85,506	(1)	(12,000)	73,505
Currency translation differences	–	7	–	7
Change in group composition	(47,869)	–	–	(47,869)
Dilution of equity from merger of subsidiaries	–	–	(763)	(763)
At 31 December 2008	37,637	6	(12,763)	24,880

	Capital reserves RM'000	Reserve funds RM'000	AFS reserves RM'000	Translation reserves RM'000	Merger deficit RM'000	Total RM'000
At 1 January 2007	85,506	49,244	3,231	(3,604)	(12,000)	122,377
Conversion of ICULS by minority interests	–	(4,038)	(175)	58	–	(4,155)
Currency translation differences	–	–	–	(1,163)	–	(1,163)
Exercise of call warrants 2003/2008	–	(2,148)	(44)	10	–	(2,182)
Unrealised net gain or revaluation of securities AFS	–	–	2,351	–	–	2,351
Net transfer to income statement on disposal or impairment	–	–	118	–	–	118
Deferred tax	–	–	(4)	–	–	(4)
Realised upon disposal of RHB	–	(43,058)	(5,477)	4,698	–	(43,837)
At 31 December 2007	85,506	–	–	(1)	(12,000)	73,505

Capital reserves comprise accretion from shares issued by subsidiaries, retained earnings capitalised for bonus issues by subsidiaries as well as surplus arising from revaluation of land and buildings in 1996.

33. Retained earnings

Prior to the year of assessment 2008, Malaysian companies adopted the full imputation system. In accordance with the Finance Act 2007 which was gazetted on 28 December 2007, companies shall not be entitled to deduct tax on dividend paid, credited or distributed to its shareholders, and such dividends will be exempted from tax in the hands of the shareholders ("single tier system"). However, there is a transitional period of six years, expiring on 31 December 2013, to allow companies to pay franked dividends to their shareholders under limited circumstances. Companies also have an irrevocable option to disregard the 108 balance and opt to pay dividends under the single tier system. The change in the tax legislation also provides for the 108 balance to be locked-in as at 31 December 2007 in accordance with Section 39 of the Finance Act 2007.

The Company did not elect for the irrevocable option to disregard the 108 balance. Accordingly, during the transitional period, the Company may utilise the credit in the 108 balance as at 31 December 2008 and 2007 to distribute cash dividend payments to ordinary shareholdings as defined under the Finance Act 2007.

The Company has tax exempt profits available for distribution of approximately RM154 million (2007: RM104 million) as at 31 December 2008, subject to agreement of the Inland Revenue Board.

As at 31 December 2008 and 2007, the Company has sufficient credit in the 108 balance to pay franked dividends out of its entire retained earnings.

34. Borrowings

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Secured:				
Revolving credits	74,710	77,950	–	–
Margin trading financing	15,903	–	15,903	–
	90,613	77,950	15,903	–
Unsecured:				
Bank overdrafts (Note 30)	–	25	–	–
Bankers' acceptances	27,300	7,534	–	–
Revolving credits	50,000	52,000	–	–
Term loans	156,656	161,531	–	–
CMS Income Securities (Note 35)	325,198	379,263	325,198	379,263
	559,154	600,353	325,198	379,263
Total borrowings				
Bank overdrafts (Note 30)	–	25	–	–
Bankers' acceptances	27,300	7,534	–	–
Revolving credits	124,710	129,950	–	–
Term loans	156,656	161,531	–	–
CMS Income Securities (Note 35)	325,198	379,263	325,198	379,263
Margin trading financing	15,903	–	15,903	–
	649,767	678,303	341,101	379,263
Maturity period of borrowings:				
Repayable within one year	267,546	351,307	89,222	58,923
One year to five years	253,661	326,996	251,897	320,340
Over five years	128,560	–	–	–
	649,767	678,303	341,101	379,263

The margin trading financing is secured by way of a pledge against shares held by the Company in other investments (Note 23).

The revolving credits of the subsidiaries are secured by legal charges over landed properties of subsidiaries.

The bank overdrafts, bankers' acceptances, revolving credits and term loans of the Group bear interest at rates ranging from 3.59% to 7.00% (2007: 3.60% to 8.00%) per annum.

The margin trading financing of the Group and of the Company bears interest at the rate of 6.5% (2007: Nil) per annum.

35. CMS Income Securities

On 29 December 2005, pursuant to a Trust Deed dated 16 December 2005, the Company undertook to issue RM400 million CMS Income Securities ("CMSIS") to refinance existing group borrowings and for working capital requirements.

The CMSIS consist of the following:

- i. 400 fixed rate coupon-bearing serial bonds ("Bonds") at a nominal sum of RM999,000 each. The Bonds comprise the bond principal and the bond coupon; and
- ii. 400 Non-Convertible Redeemable Preference Shares ("NCRPS") of RM1 each at an issue price of RM1,000 each (Note 36).

The NCRPS are effectively stapled to the Bonds in that the NCRPS and the Bonds are issued simultaneously to the same party and the coupon payment obligations under the Bonds are dependent on the payments made under the NCRPS.

- a. The salient terms of the Bonds are as follows:
 - i. The Bonds are issued in series and each series is redeemable from the second to the seventh anniversary from the date of issue:

Serial	Total nominal sum available for subscription RM'000	Tenor (years)
A	29,970	2
B	49,950	3
C	69,930	4
D	79,920	5
E	84,915	6
F	84,915	7
	399,600	

- ii. The Bonds comprise a principal element ("Bonds Principal") and a coupon element ("Bonds Coupon");
 - iii. The Bonds Coupon shall be at the nominal rate of 0.01% per annum unless dividends are not paid on the NCRPS, in which case the Bonds Coupon shall range from 6.67% to 18.80% per annum, to be paid semi-annually.
 - iv. Unless previously redeemed or purchased and cancelled, the Bonds Principal shall be redeemed by the Company at par on maturity;
 - v. A Debt Repayment Reserve Account ("DPRA") is maintained by the Company and charged (pledged) to the Trustee for the benefit of the Bondholders. 60% of all future cash proceeds, if any, arising from the sale and / or the listing of equity interests in certain subsidiaries of the Company will be deposited in the DPRA. The Company shall be permitted to utilise the funds held in the DPRA to invest in Permitted Investments (as defined in the Trust Deed) pending utilisation of the funds and to utilise any income earned to service the debt payment due under the CMS Income Securities;
 - vi. The Bonds are not listed on any boards of Bursa Malaysia Securities Berhad ("Bursa Securities") but the Bonds Principal are tradeable and transferable under the Real Time Electronic Transfer of Funds and Securities System (RENTAS) maintained by BNM; and
 - vii. The Bonds bear a rating of A2 by Rating Agency Malaysia Berhad (RAM) at the date of issue.
- b. The salient features of the NCRPS are as follows:
 - i. The NCRPS are effectively stapled to the Bonds in that the NCRPS and the Bonds are issued simultaneously to the same party and the coupon payment obligations under the Bonds are dependent on the payments made under the NCRPS;

35. CMS Income Securities (contd.)

b. The salient features of the NCRPS are as follows (contd.):

- ii. The NCRPS do not have a fixed tenor but are redeemable at any time within the last one year of the tenor of the respective series of Bonds to which the NCRPS are linked, at a premium of RM999 per share.

Serial	Total sum available for subscription RM'000	Tenor (years)
A	30	1
B	50	2
C	70	3
D	80	4
E	85	5
F	85	6
	400	

- iii. The NCRPS holders have the right to pre-determined dividend rates in relation to the interest payment obligations which would otherwise be paid on the redeemable bonds linked thereto;
- iv. The NCRPS do not carry any rights to participate in the profits or surplus assets of the Company;
- v. The NCRPS shall not be converted to ordinary shares of the Company;
- vi. The NCRPS holders have the right on a winding-up or other return to capital, to payment, prior to all other shares in the Company;
- vii. The NCRPS holders are not entitled to voting rights at any general meeting of the Company except on resolutions to amend the NCRPS holders' rights, to declare dividends to other classes of shares whilst there remain preference dividends in arrears, or to commence dissolution of the Company; and
- viii. The NCRPS are not listed on any boards of Bursa Securities.

The CMSIS are classified as debt instruments and hence are reported as liabilities.

	Group / Company	
	2008	2007
	RM'000	RM'000
The CMSIS are accounted for in the balance sheets as follows:		
Proceeds from issue of CMSIS	442,403	442,403
Less: Unamortised transaction costs	(1,060)	(1,326)
	441,343	441,077
Interest expense recognised in profit or loss:		
At 1 January	40,794	17,360
Recognised during the year (Note 6)	27,617	23,434
At 31 December	68,411	40,794
Preferential dividends on the NCRPS paid:		
At 1 January	(72,608)	(29,451)
Paid during the year	(31,948)	(43,157)
At 31 December	(104,556)	(72,608)

35. CMS Income Securities (contd.)

	Group / Company	
	2008	2007
	RM'000	RM'000
Bonds principal repayment and NCRPS redemption:		
At 1 January	(30,000)	–
Paid during the year	(50,000)	(30,000)
At 31 December	(80,000)	(30,000)
Amount included in borrowings (Note 34)	325,198	379,263
The effective interest rate on the CMSIS is 7.27% (2007: 6.08%) per annum.		
The CMSIS are repayable over the following periods:		
Not later than 1 year	73,319	58,923
Later than 1 year and not later than 2 years	81,623	71,490
Later than 2 years and not later than 5 years	171,316	250,176
	326,258	380,589
Less: Unamortised transaction costs	(1,060)	(1,326)
	325,198	379,263

36. Non-convertible redeemable preference shares ("NCRPS")

	Group / Company			
	Number of NCRPS		Amount	
	of RM1 each		2008	
	2008	2007	2008	2007
			RM	RM
Nominal value – issued and fully paid				
At 1 January	370	400	370	400
Redeemed during the year	(50)	(30)	(50)	(30)
At 31 December	320	370	320	370
Authorised				
At 1 January and 31 December	400	400	400	400

	Group / Company	
	2008	2007
	RM'000	RM'000
Share premium		
At 1 January	370	400
Redemption during the year	(50)	(30)
At 31 December	320	370
Amount included in CMSIS (Note 35)	320	370

The preferential dividends are charged to the CMSIS in the period in which they are incurred.

37. Trade and other payables

	Group		Company	
	2008	2007	2008	2007
	RM'000	RM'000	RM'000	RM'000
Trade payables				
Third parties (i)	131,484	149,615	6	6
Retention sums on contracts	25,098	22,155	–	–
Progress billings in respect of property development costs	655	102	–	–
	157,237	171,872	6	6
Other payables				
Other payables	41,519	26,627	3,518	1,190
Accruals	22,520	45,470	986	4,429
Deposits payable	1,963	3,460	–	–
Deferred income	1,630	1,861	–	–
Provision for liabilities (ii)	400	543	–	–
Hire-purchase liabilities (iii)	5,439	4,291	–	–
	73,471	82,252	4,504	5,619
	230,708	254,124	4,510	5,625

(i) Trade payables are non-interest bearing and the normal trade credit terms granted to the Group range from one month to four months.

(ii) Provision for liabilities relates to the provision for resettlement costs.

(iii) Hire-purchase liabilities:

	Group	
	2008	2007
	RM'000	RM'000
Future minimum hire purchase payments:		
Not later than 1 year	2,005	1,472
Later than 1 year and not later than 2 years	1,903	1,398
Later than 2 years and not later than 5 years	2,162	1,999
Later than 5 years	20	–
Total future minimum hire purchase payments	6,090	4,869
Less: Future finance charges	(651)	(578)
Present value of hire purchase liabilities	5,439	4,291
Present value of hire purchase liabilities:		
Not later than 1 year	1,685	1,213
Later than 1 year and not later than 2 years	1,709	1,279
Later than 2 years and not later than 5 years	2,025	1,799
Later than 5 years	20	–
	5,439	4,291
Analysed as:		
Current liabilities	1,685	1,213
Non-current liabilities	3,754	3,078
	5,439	4,291

The hire purchase liabilities bore interest at the balance sheet date at rates ranging between 2.39% to 5.26% (2007: 2.3% to 6.54%) per annum.

Other information on financial risks of hire purchase liabilities are disclosed in Note 41.

38. Operating lease arrangements

a. The Group as lessee

The Group has entered into non-cancellable operating lease agreements for the use of land, buildings and certain plant and machinery. These leases have an average life of between 3 and 5 years with no renewal or purchase option included in the contracts. Certain contracts include escalation clauses or contingent rental arrangements computed based on sales achieved while others include fixed rentals for an average of 3 years. There are no restrictions placed upon the Group by entering into these leases.

The Group also leases various plant and machinery under cancellable operating lease agreements. The Group is required to give a six-month notice for the termination of those agreements.

The future aggregate minimum lease payments under non-cancellable operating leases contracted for as at the balance sheet date but not recognised as liabilities and the total of future aggregate minimum sublease receipts expected to be received under non-cancellable subleases, are as follows:

	Group	
	2008 RM'000	2007 RM'000
Future minimum rental payments:		
– not later than 1 year	728	677
– later than 1 year and not later than 5 years	685	38
	1,413	715

The lease payments recognised in profit or loss during the financial year are disclosed in Note 7.

b. The Group as lessor

The Group has entered into a non-cancellable operating lease agreement on its investment property portfolio. This lease has a remaining non-cancellable lease term of less than 5 years.

The future minimum lease payments receivable under the non-cancellable operating lease contracted for as at the balance sheet date but not recognised as receivables, are as follows:

	Group	
	2008 RM'000	2007 RM'000
Future minimum rental payments:		
– not later than 1 year	480	480
– later than 1 year and not later than 5 years	1,240	1,720
	1,720	2,200

Investment property rental income, including contingent rent, recognised in profit or loss during the financial year is disclosed in Note 3.

39. Commitments and contingencies

	Group		Company	
	2008	2007	2008	2007
	RM'000	RM'000	RM'000	RM'000
a. Capital commitments				
Authorised capital expenditure not provided for in the financial statements:				
Approved and contracted for:				
Property, plant and equipment	3,203	6,120	–	2,098
Others	6,265	8,000	–	–
	9,468	14,120	–	2,098
Approved and not contracted for:				
Property, plant and equipment	43,452	30,464	1,160	1,008
Others	949	–	–	–
	44,401	30,464	1,160	1,008
	53,869	44,584	1,160	3,106
b. Contingent liabilities				
Unsecured guarantees in respect of banking facilities granted to subsidiaries	–	–	6,656	11,531
Share of contingent liabilities of associates	215,996	220,817	–	–
Contingent liability	–	13,718	–	–
	215,996	234,535	6,656	11,531

i. In 2001, CMS Capital Sdn. Bhd., a subsidiary of the Company, had provided an indemnity to the purchaser of Sarawak Securities Sdn. Bhd. against several legal suits filed by former remisiers in the Industrial Court of Malaysia claiming reinstatement of employment. The subsidiary's Directors are of the opinion that these remisiers would not be entitled to such claims. Accordingly no provision has been made in this respect.

ii. Legal suits have been filed by former employees in the Industrial Court of Malaysia against the Company and a subsidiary alleging wrongful dismissal and claiming reinstatement to their former positions and / or other relief that the Court deems fit and proper. As the Industrial Court has yet to make a decision/award on these matters, it is not possible to determine the Group and the Company's potential liability (if any) at this juncture.

c. Other contingencies

An amount of RM5,466,968 (2007: RM5,466,968) included in trade receivables is in dispute and in the process of arbitration. Within the same claim on the receivable, a counterclaim of RM2,240,930 (2007: RM2,240,930) was filed by the debtor. Subsequent to the counterclaim, a further claim of RM4,268,307 (2007: RM4,268,307) was made by the subsidiary against the debtor for loss of profit and other general damages. Both counterclaims by the debtor and the further claim made by the subsidiary have not been accounted for in the financial statements. The Directors are of the opinion that the case is in favour of the subsidiary and are confident of recovering the debt and that the counterclaim is of no basis.

40. Related party disclosures

During the financial year, the Group and the Company had, in the normal course of business transacted on normal commercial terms the following transactions:

a. Transactions with subsidiaries:

	Company	
	2008 RM'000	2007 RM'000
Income		
Interest income	3,983	1,140
Internal audit fee	249	194
Secretarial fee	81	89
Rental income	600	500
IT support fee	659	839
Management fee	205	172
Payroll fee	162	–
Procurement fee	784	668
Human resource fee	1,083	22
Expenditure		
Interest expense	3,972	8,757
Investment management fee	163	–
Provision of IT technical support services	246	–

Information regarding outstanding balances with subsidiaries as at 31 December 2008 is disclosed in Note 28.

b. Transactions with companies in which certain Directors of the Company and /or persons connected to them have a substantial financial interest and /or are Directors:

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Expenditure				
Telecommunication equipment and services	17	14	3	7
Office upkeep and rental	1,543	1,441	1,276	1,207
Professional fees	357	184	–	–

c. Transactions with companies in which certain Directors of the subsidiaries and /or persons connected to them have a substantial financial interest and /or are Directors:

	Group	
	2008 RM'000	2007 RM'000
Income		
Management fees	1,500	1,500
Expenditure		
Management advisory fees	912	–
Accommodation charges	120	–
Share of office expenses	125	128

40. Related party disclosures (contd.)**d. Transactions with associates:**

	Group	
	2008	2007
	RM'000	RM'000
Income		
Supply of materials	23,009	–
Investment management fees	19	–
Interest income	78	128
Expenditure		
Sub-contracting charges, supplying, fabricating and erecting of structural steel works	19,791	–
Roads maintenance work charges	3,368	–
Rental of machinery	434	–
Rental of vehicles	27	–

e. Transactions with a company in which a person connected to a key management personnel of the Group has a substantial financial interest:

	Group	
	2008	2007
	RM'000	RM'000
Expenditure		
Staff training expenses	24	–

f. Compensation of key management personnel

The remuneration of directors and other members of key management during the year was as follows:

	Group		Company	
	2008	2007	2008	2007
	RM'000	RM'000	RM'000	RM'000
Short-term employee benefits	8,653	11,108	4,816	5,380
Post-employment benefit: Defined contribution plan	815	836	463	367
	9,468	11,944	5,279	5,747

Included in total key management personnel are:

	Group		Company	
	2008	2007	2008	2007
	RM'000	RM'000	RM'000	RM'000
Directors' remuneration, including amounts capitalised (Note 9)	8,594	9,558	4,286	4,039

41. Financial instruments

a. Financial risk management objectives and policies

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's businesses whilst managing its interest rate (both fair value and cash flow), liquidity and credit risks. The Board reviews and agrees policies for managing each of these risks and they are summarised below. It is and has been throughout the year under review, the Group's policy that no trading in derivative financial instruments shall be undertaken.

b. Interest rate risk

The Group's primary interest rate risk relates to interest-bearing debt, as the Group had no substantial long-term interest-bearing assets as at 31 December 2008. The investments in financial assets are short term in nature and they are not held for speculative purposes.

The following tables set out the carrying amounts, the weighted average effective interest rates ("WAEIR") as at the balance sheet date and the remaining maturities of the Group's and the Company's financial instruments that are exposed to interest rate risk:

	WAEIR %	Within 1 year RM'000	1 – 2 years RM'000	2 – 5 years RM'000	More than 5 years RM'000	Total RM'000
Group						
At 31 December 2008						
Fixed rate						
CMS Income Securities (Note 35)	7.27	(73,319)	(81,623)	(171,316)	–	(326,258)
Hire purchase liabilities (Note 37(iii))	3.80	(1,685)	(1,709)	(2,025)	(20)	(5,439)
Floating rate						
Deposits with financial institutions (Note 30)	3.37	330,478	–	–	–	330,478
Bankers' acceptances (Note 34)	3.59	(27,300)	–	–	–	(27,300)
Revolving credits (Note 34)	5.62	(124,710)	–	–	–	(124,710)
Term loans (Note 34)	5.26	(26,315)	(23,221)	(64,320)	(42,800)	(156,656)
Margin trading financing (Note 34)	6.50	(15,903)	–	–	–	(15,903)
At 31 December 2007						
Fixed rate						
Term loans (Note 34)	4.70	(150,000)	–	–	–	(150,000)
CMS Income Securities (Note 35)	6.08	(58,923)	(71,490)	(250,176)	–	(380,589)
Hire purchase liabilities (Note 37(iii))	4.21	(1,213)	(1,279)	(1,799)	–	(4,291)
Floating rate						
Deposits with financial institutions (Note 30)	3.51	1,479,887	–	–	–	1,479,887
Bank overdrafts (Note 34)	7.75	(25)	–	–	–	(25)
Bankers' acceptances (Note 34)	3.60	(7,534)	–	–	–	(7,534)
Revolving credits (Note 34)	5.94	(129,950)	–	–	–	(129,950)
Term loans (Note 34)	5.56	(4,875)	(4,875)	(1,781)	–	(11,531)

41. Financial instruments (contd.)**b. Interest rate risk (contd.)**

	WAEIR %	Within 1 year RM'000	1 – 2 years RM'000	2 – 5 years RM'000	More than 5 years RM'000	Total RM'000
Company						
At 31 December 2008						
Fixed rate						
CMS Income Securities (Note 35)	7.27	(73,319)	(81,623)	(171,316)	–	(326,258)
Floating rate						
Amount due to subsidiaries (Note 28)	3.06	(123,743)	–	–	–	(123,743)
Deposits with financial institutions (Note 30)	2.99	317,057	–	–	–	317,057
Margin trading financing (Note 34)	6.50	(15,903)	–	–	–	(15,903)
At 31 December 2007						
Fixed rate						
Amount due from subsidiaries (Note 28)	5.14	45,981	–	–	–	45,981
Amount due to subsidiaries (Note 28)	3.20	(153,455)	–	–	–	(153,455)
CMS Income Securities (Note 35)	6.08	(58,923)	(71,490)	(250,176)	–	(380,589)
Floating rate						
Deposits with financial institutions (Note 30)	3.51	626,067	–	–	–	626,067

c. Liquidity risk

The Group manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that refinancing, repayment and funding needs are met. As part of its overall liquidity management, the Group maintains sufficient levels of cash or cash convertible investments to meet its working capital requirements. In addition, the Group strives to maintain available banking facilities of a reasonable level to its overall debt position.

d. Credit risk

The Group's credit risk is primarily attributable to trade receivables. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant. For transactions that are not denominated in the functional currency of the relevant operating unit, the Group does not offer credit terms without the specific approval of the Head of Credit Control. Since the Group trades only with recognised and creditworthy third parties, there is no requirement for collateral.

The credit risk of the Group's other financial assets, which comprise cash and cash equivalents, marketable securities and non-current investments, arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these financial assets.

The Group does not have any significant exposure to any individual customer or counterparty nor does it have any major concentration of credit risk related to any financial assets.

41. Financial instruments (contd.)

e. Fair value

The carrying amounts of financial assets and liabilities of the Company at the balance sheet date approximated their fair values except for the following:

	Note	Group / Company Carrying amount RM'000	Fair value RM'000
At 31 December 2008			
Other Investments	23	165,764	159,281
CMS Income Securities	34	326,258	327,515
		492,022	486,796
At 31 December 2007			
CMS Income Securities	34	380,589	325,131

The methods and assumptions used by management to determine fair values of financial instruments other than those whose carrying amounts reasonably approximate their fair values are as follows:

CMS Income Securities

The fair value is estimated based on discounted cash flows using prevailing market rates for borrowings with similar risk profile.

42. Segment information

The segment reporting format is determined to be business segments as the Group's risk and rates of return are affected predominantly by differences in products and services produced.

The Group is organised into seven major business segments:

- Manufacturing – manufacturing of cement, clinker, wires and concrete products;
- Construction – civil engineering, road construction and maintenance;
- Construction materials – quarry operations, production and sale of premix;
- Financial services – asset and fund management and other financial services;
- Property development – property holding and development and project management;
- Others – general trading, investment holding and other services; and
- Discontinued operations – manufacturing of steel, banking and other financial services.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets, liabilities, income and expenses.

Transfer prices between business segments are set on an arm's length basis in a manner similar to transactions with third parties. Segment revenue, expenses and results include transfer between business segments. These transfers are eliminated on consolidation.

42. Segment information (contd.)

	Continuing operations						
	Manu- facturing RM'000	Construction RM'000	Construction materials RM'000	Financial services RM'000	Property development RM'000	Others RM'000	Total operations RM'000
31 December 2008							
Revenue							
Total revenue	373,719	277,573	123,480	13,616	15,529	141,043	944,960
Inter-segment sales	(20,572)	(1,538)	(10,041)	(163)	(774)	(18,839)	(51,927)
	353,147	276,035	113,439	13,453	14,755	122,204	893,033
Sales to external customers							893,033
Results							
Segment operating profit/(loss)	90,590	60,024	11,986	488	(795)	27,535	189,828
Unallocated corporate income							3,249
Finance costs							(41,671)
Share of (loss)/profit of Associates	-	-	-	(13,700)	18	(558)	(14,240)
Share of profit of jointly controlled entities	-	1,526	-	-	-	799	2,325
Profit before tax							139,491
Income tax expense							(11,903)
Net profit for the year							127,588
							11,175
							138,763

42. Segment information (contd.)

	Manu- facturing RM'000	Construction RM'000	Construction materials RM'000	Financial services RM'000	Property development RM'000	Others RM'000	Elimination RM'000	Total RM'000
31 December 2008								
Assets								
Segment assets	573,105	371,345	112,844	24,823	208,119	67,836	(250,869)	1,107,203
Investments in associates	–	–	531	232,198	–	524,377	–	757,106
Investments in jointly controlled entities	–	6,494	–	–	–	–	–	6,494
Unallocated assets								456,333
Total assets	573,105	377,839	113,375	257,021	208,119	592,213		2,327,136
Liabilities								
Segment liabilities	447,222	223,053	47,825	6,659	175,471	46,889	(381,029)	566,090
Unallocated liabilities								345,938
Total liabilities	447,222	223,053	47,825	6,659	175,471	46,889		912,028
Other segment information								
Capital expenditure	12,127	3,486	2,278	872	113	4,381		23,257
Depreciation	23,837	3,409	1,922	451	223	2,059		31,901
Amortisation of prepaid land lease payments	622	21	140	–	56	115		954
Amortisation of intangible assets	126	–	–	–	–	1,640		1,766

42. Segment information (contd.)

	Continuing operations						Total operations RM'000	Discontinued operations RM'000	Total operations RM'000
	Manu- facturing RM'000	Construction RM'000	Construction materials RM'000	Financial services RM'000	Property development RM'000	Others RM'000			
31 December 2007									
Revenue									
Total revenue	339,124	338,083	92,983	23,253	23,195	146,992	963,630	1,660,571	2,624,201
Inter-segment sales	(20,994)	(6,357)	(26,716)	—	(120)	(17,548)	(71,735)	—	(71,735)
Sales to external customers	318,130	331,726	66,267	23,253	23,075	129,444	891,895	1,660,571	2,552,466
Results									
Segment operating profit/(loss)	73,363	(43,011)	(4,555)	(63,221)	(875)	20,833	(17,466)	924,684	907,218
Unallocated corporate expenses	—	—	—	—	—	—	(17,899)	—	(17,899)
Finance costs	—	—	—	34,425	(42)	—	(40,604)	(515)	(41,119)
Share of profit/(loss) of associates	—	—	—	—	—	—	34,383	—	34,383
Share of profit of jointly controlled entities	—	4,293	—	—	—	565	4,858	—	4,858
(Loss)/profit before tax	—	—	—	—	—	—	(36,728)	924,169	887,441
Income tax expense	—	—	—	—	—	—	(33,852)	(68,005)	(101,857)
Net (loss)/profit for the year	—	—	—	—	—	—	(70,580)	856,164	785,584

42. Segment information (contd.)

	Manu- facturing RM'000	Construction RM'000	Construction materials RM'000	Financial services RM'000	Property development RM'000	Others RM'000	Eliminations RM'000	Total RM'000	Discontinued operations RM'000	Total operations RM'000
31 December 2007										
Assets										
Segment assets	479,069	385,629	88,478	53,710	216,645	872,798	(295,680)	1,800,649	20,097	1,820,746
Investments in associates	–	513	–	249,523	–	–	–	250,036	–	250,036
Investments in jointly controlled entities	–	8,640	–	–	–	–	–	8,640	–	8,640
Unallocated assets								711,355	–	711,355
Total assets	479,069	394,782	88,478	303,233	216,645	872,798		2,770,680	20,097	2,790,777
Liabilities										
Segment liabilities	314,124	282,723	31,826	29,606	180,077	45,936	(255,452)	628,840	–	628,840
Unallocated liabilities								385,045	–	385,045
Total liabilities	314,124	282,723	31,826	29,606	180,077	45,936		1,013,885	–	1,013,885
Other segment information										
Capital expenditure	3,314	6,525	2,314	576	22	6,384		19,135	18,570	37,705
Depreciation	10,009	3,848	1,472	376	99	1,936		17,740	33,265	51,005
Amortisation of prepaid land lease payments	526	21	119	–	–	161		827	–	827
Amortisation of intangible assets	–	–	–	–	–	1,542		1,542	–	1,542
Impairment losses recognised in profit and loss	457	11,090	21,302	67,000	–	12,453		112,302	144,800	257,102

43. Significant events

i. Acquisition of additional interest in CMS Steel Berhad ("CMS Steel")

On 22 November 2007, the Company entered into a Share Sale Agreement with Amsteel Corporation Berhad ("Amsteel") for the acquisition of 22,000,000 ordinary shares of RM1.00 each, representing the remaining 20% equity interest of CMS Steel, from Amsteel for a total consideration of RM1.

The acquisition was completed on 29 February 2008. Pursuant hereto, the Company's equity interest in CMS Steel has increased from 80% to 100%.

ii. Acquisition of additional interest in CMS Capital Sdn. Bhd. ("CMS Capital")

On 16 January 2008, the Company acquired 3,461,538 ordinary shares of RM1.00 each representing 1.66% of the equity interest in CMS Capital, for RM2,906,040. Pursuant thereto, the Company's interest in CMS Capital has increased from 93.53% to 95.20%.

iii. Acquisition of interest in KKB Engineering Berhad ("KKB")

On 7 November 2007, the Company announced that CMS Steel, an 80% owned subsidiary of the Company entered into a Conditional Sale and Purchase Agreement ("CSPA") with KKB for the disposal by CMS Steel to KKB of a piece of provisional leasehold land, together with buildings erected thereon for a disposal consideration of RM32,000,000 to be satisfied by KKB via the issuance of 16,000,000 new KKB shares at an issued price of RM2.00 per KKB share ("Consideration Shares") to the Company, subject to the terms and conditions under the CSPA.

In connection with the disposal, CMS Steel had entered into a separate deed of settlement with the Company whereby the Company agreed to accept the allotment and issuance of the Consideration Shares as part settlement of the outstanding debt owed by CMS Steel to the Company.

Following the completion of the disposal on 17 April 2008, KKB became a 20% associate of the Company.

iv. Disposal of CMS Digital Sdn. Bhd. ("CMS Digital")

On 11 June 2008, the Company disposed of 1,000,000 ordinary shares of RM1.00 each representing the entire equity interest in CMS Digital for a cash consideration of RM1.00 to Adat Sensasi Sdn. Bhd..

v. Merger exercise

On 10 March 2008, CMS Capital, a 95.20% owned subsidiary of the Company entered into a Sale and Purchase Agreement with Utama Gilang Sdn. Bhd. for the acquisition of 3,315,000 ordinary shares of RM1.00 each representing the remaining 49% equity interest in CMS Trust Management Berhad ("CMS Trust") for a total cash consideration of RM7,069,117. The acquisition was completed on 4 April 2008.

Subsequently on 27 June 2008, CMS Capital entered into a Shareholders' Agreement with AGI Asset Management Ltd. ("AGI") for the disposal of 1,961,937 ordinary shares of RM1.00 each representing 29% equity interest in CMS Trust for a consideration of RM23,508.82 paid by CMS Capital to AGI and in consideration of AGI agreeing to a transfer of the whole business of CMS Asset Management Sdn. Bhd. ("CMS Asset"), a 51% owned subsidiary of CMS Capital and 49% owned by AGI, pursuant to a Business Agreement between CMS Asset and CMS Trust dated 27 June 2008. The merger between CMS Asset and CMS Trust was approved by the Securities Commission on 26 May 2008. Following the merger, CMS Trust is duly authorised to carry on the business as a unit trust management company and is also duly authorised to carry on the business of fund management on behalf of individuals, corporate and institutional clients under the Capital Markets & Services Act 2007.

43. Significant events (contd.)

vi. Disposal of CMS Roads Sdn. Bhd. ("CMS Roads") and CMS Pavement Tech Sdn. Bhd. ("CMS Pavement") to UBG

On 2 July 2008, PPES Works (Sarawak) Sdn. Bhd. ("PPES"), a 51% owned subsidiary, completed the disposal of its 810,000 ordinary shares of RM1.00 each representing 81% equity interest in CMS Roads to UBG at a total purchase consideration of RM99.63 million, which was satisfied by the issuance of 39,852,000 new ordinary shares of RM0.25 each in UBG ("UBG Share(s)") to PPES at an issue price of RM2.50 per UBG Share.

Further to the disposal of CMS Roads, PPES also disposed of 5,000,000 ordinary shares of RM1.00 each representing the entire equity interest of CMS Pavement to UBG for a total purchase consideration of RM12.0 million satisfied by the issuance of 4,800,000 new ordinary shares at an issue price of RM2.50 per UBG Share on 2 July 2008.

As a result, CMS Roads and CMS Pavement ceased to be subsidiaries of PPES on 2 July 2008.

vii. Regularisation Scheme (PN17) by UBG

On 25 July 2008, UBG completed the acquisition of 68,604,274 ordinary shares of RM0.50 each representing approximately 49.0% equity interest in Putrajaya Perdana Berhad ("PPB") from Swan Symphony Sdn. Bhd. ("SSSB") for a total cash consideration of RM332,730,729 by the subscription of 133,092,300 new UBG Shares. SSSB had nominated Majestic Masterpiece Sdn. Bhd. ("MMSB") to be allotted and issued with the 133,092,300 new UBG Shares. UBG entered into a Shareholders' Agreement with MMSB for the restricted issue.

Concurrently, UBG completed the acquisition of 25,540,431 ordinary shares of RM0.50 each in Loh & Loh Corporation Berhad ("LLCB") from Binary Bestari Sdn. Bhd. ("BBSB") representing a 37.56% equity interest in LLCB for a total cash consideration of RM123,871,090 and for the subscription of 49,548,500 new UBG Shares by BBSB, or an entity nominated by BBSB. BBSB had nominated MMSB to be allotted and issued with the 49,548,500 new UBG Shares.

Following the completion of the restricted issue by UBG on 31 July 2008, the Company's indirect equity interests in UBG have reduced from 51.8% to 37.2% and UBG has ceased to be a subsidiary of the Company.

Analysis of Shareholdings

as at 18 March 2009

Authorised Share Capital : 1,000,000,000 ordinary shares of RM1.00 per share
400 non-cumulative redeemable preference shares of RM1.00 per share

Issued and Paid-up Share Capital: 329,445,840 ordinary shares of RM1.00 per share
320 non-cumulative redeemable preference shares of RM1.00 per share

Voting Right: One voting right for one ordinary share

Directors' Shareholdings

Name of Shareholder	Direct Shareholdings	% of Issued Capital	Indirect Shareholdings	% of Issued Capital
1. Dato Sri Mahmud Abu Bekir Taib	29,400,085	8.92	–	–
2. General (Retired) Tan Sri Dato' Seri Mohd Zahidi Bin Hj Zainuddin	20,000	0.006	–	–
3. Datu Michael Ting Kuok Ngie @ Ting Kok Ngie	–	–	19,000 ²	0.005
4. Tuan Syed Ahmad Alwee Alsree	–	–	45,630,102 ²	13.85

Distribution of Shareholdings

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Ordinary Shares Held	% of Issued Capital
1 to 99	42	0.63	1,085	0.00
100 to 1,000	1,801	26.90	1,733,037	0.53
1,001 to 10,000	3,912	58.43	16,371,286	4.97
10,001 to 100,000	824	12.31	23,291,000	7.07
100,001 to less than 5% of issued shares	111	1.66	120,293,800	36.51
5% and above of issued shares	5	0.07	167,755,632	50.92
Total	6,695	100.00	329,445,840	100.00

Category of Shareholders

Category	No. of Shareholders	% of Shareholders	No. of Ordinary Shares Held	% of Issued Capital
Individuals	5,522	82.19	119,756,661	36.36
Banks/Finance companies	12	0.22	11,420,700	3.46
Investment Trusts/Foundation/Charities	0	0	0	0
Industrial and Commercial Companies	114	1.68	51,920,702	15.76
Government Agencies/Institutions	3	0.03	28,488,860	8.65
Nominee Companies	1,044	15.88	117,858,917	35.77
Total	6,695	100.00	329,445,840	100.00

Thirty Largest Shareholders as per Record of Depositors

Name of Shareholder	No. of Ordinary Shares Held	% of Issued Capital
1. Majaharta Sdn. Bhd.	44,925,102	13.64
2. Lejla Taib	37,000,000	11.23
3. YB Dato Sri Sulaiman Abdul Rahman Taib	29,465,085	8.94
4. RHB Capital Nominees (Tempatan) Sdn Bhd <i>Pledged securities account for Dato Sri Mahmud Abu Bekir Taib</i>	29,400,085	8.92
5. Sarawak Economic Development Corporation	26,965,360	8.19
6. DB (Malaysia) Nominee (Asing) Sdn Bhd <i>Exempt AN for Deutsche Bank AG Singapore (PWM Asing)</i>	11,819,100	3.59
7. Employees Provident Fund Board	11,293,400	3.43
8. Pui Cheng Wui	6,740,705	2.05
9. HSBC Nominees (Asing) Sdn Bhd <i>Exempt AN for HSBC Private Bank (Suisse) S.A. (Singapore Tst Accl)</i>	6,033,000	1.83
10. Malaysia Nominees (Asing) Sdn Bhd <i>Pretoria Limited</i>	6,000,000	1.82
11. Malaysia Nominees (Asing) Sdn Bhd <i>Kimber Cove Corporation</i>	6,000,000	1.82
12. UOBM Nominees (Asing) Sdn Bhd <i>Galliano Holdings Limited</i>	6,000,000	1.82
13. UOBM Nominees (Asing) Sdn Bhd <i>Roundsun Assets Limited</i>	5,646,200	1.71
14. UOBM Nominees (Asing) Sdn Bhd <i>Taminga Profits Limited</i>	5,600,000	1.70
15. Malaysia Nominees (Asing) Sdn Bhd <i>Honeywell Assets Limited</i>	5,500,000	1.67
16. Malaysia Nominees (Asing) Sdn Bhd <i>Fullstead Finance Corporation</i>	5,287,695	1.61
17. Malaysia Nominees (Asing) Sdn Bhd <i>Bakerville Profits Limited</i>	5,146,200	1.56
18. Malaysia Nominees (Asing) Sdn Bhd <i>Fullearn Assets Inc</i>	4,400,000	1.34
19. Pui Cheng Wui	2,610,800	0.79
20. Jimmy Thomas @ James Abraham Thomas	2,266,900	0.69
21. TM Asia Life Malaysia Bhd <i>As beneficial owner</i>	1,874,800	0.57
22. Kumpulan Wang Simpanan Pekerja	1,500,000	0.46
23. Citigroup Nominees (Asing) Sdn Bhd <i>CBNY for DFA Emerging Markets Fund</i>	1,401,400	0.43
24. UOBM Nominees (Asing) Sdn Bhd <i>Exempt AN for Societe Generale Bank & Trust, Singapore Branch (Cust Asset)</i>	1,030,000	0.31
25. Mayban Nominees (Tempatan) Sdn Bhd <i>Pledged securities account for Li Cheng Thong @ Lee Chen Thung</i>	985,000	0.30
26. Malaysian Trustees Berhad <i>Pacificmas Asset Management Sdn Bhd for Great Eastern Life Assurance (Malaysia) Berhad</i>	910,000	0.28
27. RHB Nominees (Tempatan) Sdn Bhd <i>RHB Investment Management Sdn Bhd for Perbadanan Nasional Berhad</i>	902,000	0.27
28. Mayban Nominees (Asing) Sdn Bhd <i>Pledged securities account for San Tuan Sam</i>	876,200	0.27
29. Citigroup Nominees (Asing) Sdn Bhd <i>CBNY for DFA Emerging Markets Small Cap Series</i>	823,600	0.25
30. Lee San Ming @ Lee Lay Eng	780,000	0.24
Total	269,182,632	81.71

Substantial Shareholders as per Register of Substantial Shareholders, excluding nominee companies

Name of Substantial Shareholders	Direct Shareholding	Indirect Shareholding	% of Issued Capital
1. Hanifah Hajar Taib	705,000	44,925,102 ¹	13.85
2. Tuan Syed Ahmad Alwee Alsree	–	45,630,102 ²	13.85
3. Majaharta Sdn. Bhd.	44,925,102	–	13.64
4. Jamilah Hamidah Taib	–	44,925,102 ¹	13.64
5. Lejla Taib	37,000,000	–	11.23
6. YB Dato Sri Sulaiman Abdul Rahman Taib	29,465,085	–	8.94
7. Dato Sri Mahmud Abu Bekir Taib	29,400,085	–	8.92
8. Sarawak Economic Development Corporation	26,965,360	–	8.19

¹ Deem interest pursuant to Section 6A of the Companies Act, 1965

² Deem interest pursuant to Section 134 (12) (c) of the Companies Act, 1965

List of Properties

as at 31 December 2008

Location	Date of acquisition / revaluation	Description	Usage	Tenure	Remaining lease period (expiry date)	Land Area / Built up Area (hectare / m ²)	Age of buildings	Net book value (RM)
Lot 5895, Section 64, Sungai Tabuan, Pending Industrial Estate, Kuching.	1996	Land & cement mill	Office & factory	Leasehold	28 years (2036)	6.25 / 15,223	31 years*	20,401,431
* The age of the new office extension and canteen is 10 years								
Lot 766, Block 20, Kemena Land District, Bintulu.	1997	Land & cement mill	Office & factory	Leasehold	54 years (2062)	6.88 / 68,797	12 years	18,155,120
Lot 767, Block 20, Kemena Land District, Bintulu.	1997	Land	Vacant Land	Leasehold	54 years (2062)	10.125 / N/A	–	7,104,403
Lot 571, Block 4, Sentah Segu Land District Kuching	1992/2002	Land & Clinker Mill	Office & factory	Leasehold	35.4 years (2042)	24.15 / 53,877	11 years	47,672,833
Lot 528, Block 4, Sentah Segu Land District Kuching	1996	Land	Vacant Land	Leasehold	3.5 years (2011)	0.11 / N/A	–	1,675
Lot 872, Block 4, Sentah Segu Land District Kuching	1996	Land	Vacant Land	Leasehold	4.8 years (2012)	0.218 / N/A	–	4,640
Lot 415, Block 32, Kemena Land District, Bintulu.	1996	Industrial land	Held for rental income	Leasehold	36 years (2044)	2.228 / N/A	–	1,948,171
Lot 34 & 35, Section 15, Kuching Town Land District, Nanas Road, Kuching.	1994	4 storey shophouse	Held for rental income	Leasehold	807 years (2815)	0.41 / 1,400	12 years	4,273,632
Lot 90, Block 11, Lambir Land District, KM17, Miri-Bintulu Road, Miri.	1994	Mixed zone land	Premix operation	Leasehold	46 years (2054)	2.73 / N/A	–	53,845
Lot 444, Block 11, Seduan Land District, 8th Mile, Sibu Ulu Oya Road, Sibu.	1994	Mixed zone land	Premix operation	Leasehold	47 years (2055)	2.76 / N/A	–	195,673
Lot 71, Block 17, Kuching Central Land District, Kuching.	1996	Mixed zone land	Quarry operation	Leasehold	48 years (2056)	18.94 / N/A	–	2,095,146
Lot 294, Block 17, Kuching Central Land District, Kuching.	1996	Mixed zone land	Quarry operation	Leasehold	48 years (2056)	2.75 / N/A	–	484,273

Location	Date of acquisition / revaluation	Description	Usage	Tenure	Remaining lease period (expiry date)	Land Area / Built up Area (hectare / m ²)	Age of buildings	Net book value (RM)
Lot 212, Block 17, Kuching Central Land District, Kuching.	1996	Mixed zone land	Office & factory	Leasehold	48 years (2056)	5.04 / 900	11 years	1,176,804
Lot 353, Block 17, Kuching Central Land District, Kuching.	1996	Mixed zone land	Premix operation	Leasehold	48 years (2056)	2.24 / N/A	–	354,677
Lot 338, 340 – 345, Block 10, Sentah-Segu Land District, Kuching.	1996	Mixed zone land	Quarry operation	Leasehold	30 years (2038)	3.07 / N/A	–	846,802
Lot 302 – 304, 354 – 357, 362 and 363, Block 17, Kuching Central Land District, Kuching.	1999	Mixed zone land	Quarry operation	Leasehold	816 years (2824)	4.27 / N/A	–	3,456,045
Lot 342 – 343, Block 17, Kuching Central Land District, Kuching.	1999	Mixed zone land	Quarry operation	Leasehold	16 years (2024)	0.74 / N/A	–	206,348
Lot 134, Section 64, Kuching Town Land District, Kuching.	1998	Mixed zone land	Jetty and land	Leasehold	50 years (2058)	0.43 / N/A	11 years	1,386,970
Lot 2128, Sublot 2, Kuching Town Land District, Kuching.	1998	3-Storey shophouse	Office	Leasehold	52 years (2060)	0.012 / 334.45	11 years	406,979
Lot 2116, Sublot 2, Kuching Town Land District, Kuching.	2003	3-Storey corner shophouse	Office	Leasehold	52 years (2060)	0.012 / 327.6	11 years	499,494
Lot 493, Block 5, Muara Tebas Land District, Sejingkat, Kuching.	1996	Mixed zone land	Vacant land	Freehold	In perpetuity	1.223 / N/A	–	254,956
Lot 494, Block 5, Muara Tebas Land District, Sejingkat, Kuching.	1998	Mixed zone land	Vacant land	Leasehold	29 years (2037)	0.53 / N/A	–	83,692
Lot 488, Block 5, Muara Tebas Land District, Sejingkat, Kuching.	1996	Mixed zone land	Vacant land	Leasehold	18 years (2026)	2.70 / N/A	–	330,924
Lot 1319, Block 7, Muara Tebas Land District, Sejingkat, Kuching.	1997	Mixed zone land	Land held for development	Leasehold	88 years (2096)	26.4 / N/A	–	22,248,442
Lot 2342, Block 7, Muara Tebas Land District, Sejingkat, Kuching.	1997	Mixed zone land	Land held for development	Leasehold	88 years (2096)	38.2 / N/A	–	32,192,821

Location	Date of acquisition / revaluation	Description	Usage	Tenure	Remaining lease period (expiry date)	Land Area / Built up Area (hectare / m ²)	Age of buildings	Net book value (RM)
Lot 2345, Block 7, Muara Tebas Land District, Sejingkat, Kuching.	1997	Mixed zone land	Land held for development	Leasehold	88 years (2096)	33.2 / N/A	–	27,979,101
Lot 622, Section 66, Kuching Town Land District, Kuching.	1998	Mixed zone land	Land held for development	Leasehold	50 years (2058)	3.14 / N/A	–	3,671,118
Lot 744, Section 66, Kuching Town Land District, Kuching.	1998	Mixed zone land	Land held for development	Leasehold	50 years (2058)	14.508 / N/A	–	16,857,347
Lot 2082, Section 66, Kuching Town Land District Kuching.	1996	Land & factory	Office & factory	Leasehold	37 years (2045)	0.85 / 3,936	25 years	2,643,303
Parcel 42, Block 71, Kuching Central Land District, Kuching.	–	**	Quarry operation	–	–	N/A / 1,262	16 years	237,891
G.N. No.100 Sebuyau, Kota Semarahan Division, Kuching.	–	**	Jetty	–	–	N/A	9 years	389,899
Lot 846, Block 9, Salak Land District, Kuching.	1999	Mixed zone land	Land held for township development	Leasehold	90 years (2098)	1,544.61 / N/A	–	11,509,984
Lot 3284, Lot 3765, Lots 3986 – 3990, Lot 3992 – 3994, Lot 3541, Block 9, Salak Land District, Kuching	1999	Mixed zone land	Land held for township development	Leasehold	90 years (2098)	65.85 / N/A	–	545,021
Lot 1, Block 13, Salak Land District, Kuching.	1999	Mixed zone land	Land held for township development	Leasehold	90 years (2098)	349.70 / N/A	–	2,710,680
Lot 449, Block 15, Salak Land District, Kuching	2007	Mixed zone land	Land & school	Leasehold	59 years	7.49 / 5,321.85	2 years	19,311,543
Lot 2221, Block 17, Menuku Land District.	2008	Mixed zone land	Quarry operation	Freehold	In perpetuity	8220 square meter / N/A	–	161,347
Lot 360 & Lot 361, Block 17, Kuching Central Land District, Kuching.	–	**	Temporary sheet pile				1 year	458,990

** Land owned by third party

Revaluation Policy

The Group does not adopt a policy of regular revaluation.

Cahaya Mata Sarawak Berhad (21076-T)

Level 6 Wisma Mahmud
Jalan Sungai Sarawak
93100 Kuching
T +60 82 238 888
F +60 82 333 828

Level 33, Menara Maxis
Kuala Lumpur City Centre
50088 Kuala Lumpur
T +60 3 2078 9133
F +60 3 2078 7233

Construction Materials

CMS Cement Sdn. Bhd. (321916-K)

Lot 5895, Jalan Simen Raya
PO Box 2000
Pending Industrial Estate
93450 Kuching
T +60 82 332 111
F +60 82 334 537

CMS Clinker Sdn. Bhd. (49256-V)

Lot 571, Block 4
Sentah Segu Land District
Jalan Mambong
PO Box A599
93810 Kuching
T +60 82 610 229
F +60 82 610 227

CMS Concrete Products Sdn. Bhd. (366884-X)

Lot 212, Block 17, KCLD
Jalan Old Airport
93250 Kuching
T +60 82 614 406
F +60 82 614 406

PPES Concrete Product Sdn. Bhd. (152276-P)

Lot 212, Block 17, KCLD
Jalan Old Airport
93250 Kuching
T +60 82 614 406
F +60 82 614 406

CMS Wires Sdn. Bhd. (23092-U)

Lot 87, Lorong Tenaga 2
Off Jalan Tenaga
Lock Bag 3039
Bintawa Industrial Estate
93450 Kuching
T +60 82 484 924
F +60 82 486 085

CMS Resources Sdn. Bhd. (98773-T)

7th Mile, Kuching-Serian Road
93350 Kuching
T +60 82 610 226
F +60 82 612 434

CMS Quarries Sdn. Bhd. (121767-D)

7th Mile, Kuching-Serian Road
93350 Kuching
T +60 82 615 605, 610 226
F +60 82 615 598

CMS Penkuari Sdn. Bhd. (27895-T)

7th Mile, Kuching-Serian Road
93250 Kuching
T +60 82 614 913
F +60 82 614 923

CMS Premix Sdn. Bhd. (117700-W)

Lot 353, Block 17, 7th Mile
Penrissen Road
93250 Kuching
T +60 82 614 208
F +60 82 614 626

CMS Premix (Miri) Sdn. Bhd. (218541-T)

Mile 11, Miri-Bintulu Road
98000 Miri
T +60 85 491 136
F +60 85 491 136

Similajau Development

Sarawak Aluminium Company Sdn. Bhd. (783974-K)

Similajau Aluminium Industries Sdn. Bhd. (782329-P)
Similajau Industries Sdn. Bhd. (783430-V)

Level 6, Wisma Mahmud
Jalan Sungai Sarawak
93100 Kuching
T +60 82 238 888
F +60 82 338 611

Construction

PPES Works (Sarawak) Sdn. Bhd. (209892-K)

1st – 4th Floor
Lot 619 – 623, Section 62, KTLD
Jalan Padungan
93100 Kuching
T +60 82 340 588
F +60 82 340 695

Property Development

Projek Bandar Baru Samariang Sdn. Bhd. (443828-P)
CMS Property Development Sdn. Bhd. (321917-U)
CMS Property Management Sdn. Bhd. (326616-U)
CMS Land Sdn. Bhd. (410797-H)

Level 5, Wisma Mahmud
Jalan Sungai Sarawak
93100 Kuching
T +60 82 237 777
F +60 82 252 652

CMS Hotels Sdn. Bhd. (690299-T)
CMS River Bus Sdn. Bhd. (317047-P)

Level 6, Wisma Mahmud
Jalan Sungai Sarawak
93100 Kuching
T +60 82 238 888
F +60 82 333 828

Services

CMS Infra Trading Sdn. Bhd. (196635-M)
No. 2128, Sublot 2
Jalan Utama, Pending
93450 Kuching
T +60 82 348 950
F +60 82 348 952

CMS I-Systems Berhad (227507-D)
Level 13, Kelana Brem Tower 1
Jalan SS 7/15, Kelana Jaya
47301 Petaling Jaya
Selangor Darul Ehsan
T +60 3 7492 2238
F +60 3 7492 2268

CMS Education Sdn. Bhd. (392555-A)
Tunku Putra School
Jalan Stadium, Petra Jaya
93050 Kuching
T +60 82 313 900
F +60 82 313 970

CMS Energy Sdn. Bhd. (343095-A)
CMS Global (BVI) Ltd. (672792)
Level 6, Wisma Mahmud
Jalan Sungai Sarawak
93100 Kuching
T +60 82 238 888
F +60 82 333 828

Concordance Holdings Sdn. Bhd. (73782-U)
CMS Capital Sdn. Bhd. (120674-T)

Level 6, Wisma Mahmud
Jalan Sungai Sarawak
93100 Kuching
T +60 82 238 888
F +60 82 333 828

CMS Trust Management Berhad (353563-P)
Level 1, Wisma Mahmud
Jalan Sungai Sarawak
93100 Kuching
T +60 82 343 032
F +60 82 343 016

Level 39, Menara Standard Chartered
Jalan Sultan Ismail
50250 Kuala Lumpur
T +60 3 2142 6888
F +60 3 2142 6887

CMS Opus Private Equity Sdn. Bhd. (694013-H)
Level 33, Menara Maxis
Kuala Lumpur City Centre
50088 Kuala Lumpur
T +60 3 2078 9133
F +60 3 2078 7233

Associates

UBG Berhad (240931-X)
Level 70, Tower 2
Petronas Twin Towers
Kuala Lumpur City Centre
50088 Kuala Lumpur
T +60 3 2332 0222
F +60 3 2332 0333

K&N Kenanga Holdings Berhad (302859-X)
8th Floor, Kenanga International
Jalan Sultan Ismail
50250 Kuala Lumpur
T +60 3 2162 1490
F +60 3 2161 4990

KBB Engineering Berhad (26495-D)
Lot 865, Section 66
Bintawa Industrial Estate
Jalan Kilang
93450 Kuching
T +60 82 333 877
F +60 82 331 152

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Thirty-fourth Annual General Meeting of the Company will be held at Ballroom II & III, Lobby Floor, Hilton Kuching, Jalan Tunku Abdul Rahman, 93100 Kuching, Sarawak on Wednesday, 20 May 2009 at 11:00 a.m. for the following purposes:

1. To receive the Audited Financial Statements for the year ended 31 December 2008 and the Reports of the Directors and Auditors thereon. **(Ordinary Resolution 1)**
2. To declare a first and final dividend of 5 sen per share less 25% income tax for the year ended 31 December 2008. **(Ordinary Resolution 2)**
3. To re-elect the following Directors who retire in accordance with Article 110 of the Company's Articles of Association and are offering themselves for re-election:-
 - a. YB Datuk Haji Talib bin Zulpilip
(Ordinary Resolution 3)
 - b. Y Bhg Datuk Wan Ali Tuanku Yubi
(Ordinary Resolution 4)
 - c. Y Bhg Datu Michael Ting Kuok Ngie @ Ting Kok Ngie
(Ordinary Resolution 5)
4. To consider and if thought fit, to pass the following Ordinary Resolution in accordance with Section 129 of the Companies Act, 1965:-

"THAT YBhg Dato Sri Liang Kim Bang, retiring pursuant to Section 129 of the Companies Act, 1965, be and is hereby re-appointed a Director of the Company to hold office until the next Annual General Meeting." **(Ordinary Resolution 6)**
5. To approve the payment of Directors' fees for the year ended 31 December 2008. **(Ordinary Resolution 7)**
6. To re-appoint Messrs. Ernst & Young as Auditors of the Company and to authorise the Directors to fix their remuneration. **(Ordinary Resolution 8)**

As Special Business

7. To consider and if thought fit, to pass the following resolution as Ordinary Resolution:-

(Ordinary Resolution 9)

Proposed Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature ("Proposed Shareholders' Mandate")

"THAT, subject always to the Listing Requirements of Bursa Securities Malaysia Berhad, approval be and is hereby given to the Company and/or its subsidiary companies to enter into recurrent related party transactions of a revenue or trading nature with those related parties as set out in Section 2.4 of the Circular to Shareholders dated 28 April 2009 ("Circular") which are necessary for the CMS Group's day to day operations subject to the following:

- a. the transactions are carried out in the ordinary course of business and are on terms not more favourable to the related parties than those generally available to the public and not to the detriment of the minority shareholders; and
- b. disclosure of the aggregate value of the recurrent transactions conducted pursuant to the Proposed Shareholders' Mandate will be disclosed in the Annual Report for the said financial year AND THAT such approval shall continue to be in force until:-
 - i. the conclusion of the next Annual General Meeting ("AGM") of the Company, at which time it will lapse, unless by a resolution passed at an AGM, the authority is renewed; or
 - ii. the expiration of the period within which the next AGM of the Company subsequent to the date it is required to be held pursuant to Section 143(1) of the Companies Act, 1965 ("the Act") [but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act]; or
 - iii. revoked or varied by resolution passed by the Shareholders of the Company in a general meeting,

whichever is earlier.

AND THAT the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they may consider expedient or necessary to give effect to the Proposed Shareholders' Mandate.

AND THAT the estimated value given on the recurrent related party transactions specified in Section 2.4 of the Circular being provisional in nature, the Directors of the Company be hereby authorised to agree to the actual amount or amounts thereof provided always that such amount or amounts comply with the review procedures set out in Section 2.6 of the Circular."

Notice of Dividend Payment

NOTICE IS HEREBY GIVEN that the first and final dividend of 5 sen per share less 25% income tax for the financial year ended 31 December 2008, if approved at the above Annual General Meeting, will be paid on 17 July 2009 to Depositors whose names appear in the Record of Depositors on 30 June 2009.

A Depositor shall qualify for entitlement only in respect of:-

- a. Shares transferred into the Depositor's Securities Account before 4.00 p.m. on 30 June 2009 in respect of transfers;
- b. Shares bought on Bursa Malaysia on a cum entitlement basis according to the Rules of Bursa Malaysia.

By Order of the Board

Denise Koo Swee Pheng

Group Company Secretary
Kuching, Sarawak
28 April 2009

Notes:

1. A member entitled to attend and vote at this meeting is entitled to appoint one or more proxies to attend and vote in his stead. A proxy need not be a member of the Company. A corporation must complete the form of proxy under its common seal or under the hand of a duly authorised officer or attorney. Where a member appoints more than one proxy, the appointment shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.
2. A Form of Proxy is enclosed herewith and should be completed and deposited at the Registered Office of the Company at Level 6, Wisma Mahmud, Jalan Sungai Sarawak, 93100 Kuching, Sarawak not less than 48 hours before the time fixed for the meeting.

Explanatory Notes On Special Business: (Ordinary Resolution 9)

Proposed Shareholders' Mandate

The proposed Ordinary Resolution 9, if passed, will enable the CMS Group to enter into recurrent related party transactions of a revenue or trading nature which are necessary for the day-to-day operations, provided such transactions are in the ordinary course of business and are on terms not more favourable to the related parties than those generally available to the public and not to the detriment of the minority shareholders.

Please refer to the Circular to Shareholders dated 28 April 2009 for further information.

Statement Accompanying

Notice of Annual General Meeting

Name	YB Datuk Haji Talib bin Zulpilip	Y Bhg Datuk Wan Ali Tuanku Yubi	Y Bhg Datu Michael Ting Kuok Ngie @Ting Kok Ngie	Y Bhg Dato Sri Liang Kim Bang
Age	57	59	68	72
Nationality	Malaysian	Malaysian	Malaysian	Malaysian
Designation	Non-Executive Director	Independent Non-Executive Director	Independent Non-Executive Director	Senior Independent Non-Executive Director
Date first appointed on the Board	13 February 1995	12 June 1995	24 March 1999	26 June 1986
Working experience and occupation	As per profile in page 038	As per profile in page 038	As per profile in page 038	As per profile in page 037
Directorships in other public companies	Sarawak Concrete Industries Berhad	None	CMS Trust Management Berhad Loh & Loh Corporation Berhad	CMS Trust Management Berhad UBG Berhad PPB Group Berhad
Securities holdings in the Company and its subsidiaries	None	None	CMS-19,000 [Deem interest pursuant to Section 134 (12)(c) of the Companies Act, 1965]	None
Family relationship with any Director and /or major shareholder of the Company	None	None	None	None
Conflict of interest with the Company	None	None	None	None
List of convictions for offences within the past 10 years	None	None	None	None
No of the Company's Board meetings attended in the financial year	6/7 (86%)	6/7 (86%)	7/7 (100%)	7/7 (100%)

Form of Proxy



CAHYA MATA SARAWAK BERHAD
(Company No.: 21076-T)
(Incorporated in Malaysia)

No. of Shares Held

I/We (full name)

NRIC/Co. No.

of (full address)

being a member/members of Cahya Mata Sarawak Berhad hereby appoint

of

or, failing him, the Chairman of the Meeting as my/our proxy to attend and vote for me/us and on my/our behalf at the Thirty-Fourth Annual General Meeting of the Company to be held at Ballroom II & III, Lobby Floor, Hilton Kuching, Jalan Tunku Abdul Rahman, 93100 Kuching, Sarawak on Wednesday, 20 May 2009 at 11:00 a.m. and at any adjournment thereof.

No.	Resolutions	For	Against
1.	Receive the Audited Financial Statements and Reports of the Directors and Auditors thereon		
2.	Declaration of First and Final Dividend		
3.	Re-election of YB Datuk Haji Talib bin Zulpilip as Director		
4.	Re-election of Y Bhg Datuk Wan Ali Tuanku Yubi as Director		
5.	Re-election of Y Bhg Datu Michael Ting Kuok Ngie @ Ting Kok Ngie as Director		
6.	Re-appointment of Y Bhg Dato Sri Liang Kim Bang as Director		
7.	Approval of Directors' fees for the year ended 31 December 2008		
8.	Re-appointment of Auditors		
9.	Proposed Shareholders' Mandate for Recurrent Related Party Transactions		

Date

2009

Signature

Notes:

1. A member entitled to attend and vote at this meeting is entitled to appoint one or more proxies to attend and vote in his stead. A proxy need not be a member of the Company. A corporation must complete this form of proxy under its common seal or under the hand of a duly authorised officer or attorney. Where a member appoints more than one proxy, the appointment shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.
2. This form of proxy, duly signed, must be deposited at the Registered Office of the Company at Level 6, Wisma Mahmud, Jalan Sungai Sarawak, 93100 Kuching, Sarawak not less than 48 hours before the time fixed for the meeting.
3. Unless voting instructions are indicated in the spaces provided above, the proxy may vote as he thinks fit.

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Stamp

The Company Secretary

Cahaya Mata Sarawak Berhad (21076-T)

Level 6 Wisma Mahmud

Jalan Sungai Sarawak

93100 Kuching, Sarawak

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