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 2005.

PRINCIPAL ACTIVITIES

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

The Group is principally engaged in cement and steel manufacturing, construction and quarry operations, road maintenance, banking, stockbroking and related financial services, property development and trading.

The principal activities of the subsidiaries are more particularly set out in Note 13 to the financial statements.

There have been no significant changes in the nature of the principal activities of the Group and of the Company during the financial year.

RESULTS

	Group RM'000	Company RM'000
Loss after taxation	117,458	91,398
Minority interests	529	–
Net loss for the year	117,987	91,398

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, other than as disclosed in the financial statements.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the current financial year other than as disclosed in the Statements of Changes in Equity.

DIVIDENDS

During the year, the Company paid a first and final dividend of 5%, less taxation, amounting to RM11,860,050 in respect of the previous financial year.

At the forthcoming Annual General Meeting, a first and final dividend in respect of the financial year ended 31 December 2005 of 5% less 28% taxation, amounting to a dividend payable of RM11,860,050, will be proposed for shareholders' approval.

ISSUE OF SHARES

During the financial year, the Company increased its:

a) Authorised share capital from RM1,000,000,000 to RM1,000,000,400 through the creation of 400 Non-Convertible Redeemable Preference Shares ('NCRPS') of RM1 each; and

b) Issued and paid-up preference share capital of RM400 by way of the issuance of 400 NCRPS of RM1 each at an issue price of RM1,000 per NCRPS through the issue of CMS Income Securities.

Directors' Report (cont'd)

SIGNIFICANT EVENTS

a) On 5 May 2005, a subsidiary, PPES Works (Sarawak) Sdn Bhd ('PPES Works'), completed the acquisition of 300,000 ordinary shares of RM1 each representing 30% of the equity interest in CMS Roads Sdn Bhd ('CMS Roads') for a total consideration of RM19,500,000. The acquisition increased PPES Works' equity interest in CMS Roads from 51% to 81%.

b) On 29 July 2005, the Company acquired 6,349,074 ordinary shares of RM1 each in CMS I-Systems Berhad ('CMSISB') at RM2.85 per share for a total consideration of RM18,094,861. In addition, the Company subscribed for an additional 1,600,000 new ordinary shares in CMSISB at an issue price of RM2.85 per share at a consideration of RM4,560,000. Following the acquisition, the Company holds a total of 7,949,074 ordinary shares, representing 50.96% of the enlarged share capital in CMSISB.

c) On 29 December 2005, the Company undertook to issue RM400 million CMS Income Securities for the purposes of refinancing existing group borrowings and for working capital requirements. The CMS Income Securities 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.

   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. The salient terms are disclosed in Note 35 and 36 to the financial statements, respectively.

SUBSEQUENT EVENT

On 5 January 2006, the Board of Directors of the Company approved and announced the proposed closure of the operations of a subsidiary, CMS Steel Berhad ('CMS Steel'), due to the continuous losses incurred and given that there is no indication that the steel industry will turn around in the near future. The Group intends to exit from its steel operations from the first quarter of 2006 onwards. Further details are disclosed in Note 11 to the financial Statements.

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:

Dato Sri Sulaiman Abdul Rahman Taib	Group Chairman
Tuan Haji Mahmud Abu Bekir Taib	Group Deputy Chairman
Dato Sri Liang Kim Bang	
YB Datuk Haji Talib Bin Zulpilip	
Datuk Wan Ali Tuanku Yubi	
Datu Michael Ting Kuok Ngie @ Ting Kok Ngie	
Kevin How Kow	
General (R) Tan Sri Dato' Seri Mohd Zahidi bin Zainuddin	Appointed on 8 July 2005

In accordance with Article 110 of the Company's Articles of Association, Tuan Haji Mahmud Abu Bekir Taib and YB Datuk Haji Talib Bin Zulpilip retire at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

In accordance with Article 112 of the Company's Article of Association, General (R) Tan Sri Dato' Seri Mohd Zahidi bin Zainuddin retires at the forthcoming Annual General Meeting and, being eligible, offers himself for re-election.

Directors' Report (cont'd)

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 as shown in Note 7 to the financial statements or the fixed salary of a full-time employee of the Company) 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.

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 and a related company during the financial year were as follows:

	Number of Ordinary Shares of RM1 Each At 1 January 2005 and 31 December 2005
Cahya Mata Sarawak Berhad	
Direct interest in shares:	
Dato Sri Sulaiman Abdul Rahman Taib	29,465,085
Tuan Haji Mahmud Abu Bekir Taib	29,400,085
Indirect interest in shares:	
Dato Sri Sulaiman Abdul Rahman Taib	44,925,102
Tuan Haji Mahmud Abu Bekir Taib	44,925,102
Utama Banking Group Berhad	
Direct interest in shares:	
Dato Sri Liang Kim Bang	504,000
YB Datuk Haji Talib bin Zulpilip	13,333

There were no other movements in shares of the Company during the financial year other than as disclosed.

By virtue of their interests in shares of Cahya Mata Sarawak Berhad and Section 6A of the Companies Act, 1965, Dato Sri Sulaiman Abdul Rahman Taib and Tuan Haji Mahmud Abu Bekir Taib are also deemed interested in the shares of the subsidiaries of Cahya Mata Sarawak Berhad to the extent that Cahya Mata Sarawak Berhad has an interest.

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.

Directors' Report (cont'd)

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.

Directors' Report (cont'd)

OTHER INFORMATION

The Company operates a centralised treasury management system, which entails the pooling of funds from and to subsidiaries to ensure that returns on surplus funds are optimised throughout the Group.

There is no element of provision of financial assistance from and to subsidiaries, which are also related parties, in the present operation of this centralised treasury management system. However, in the future, should the Company provide or be provided with financial assistance from and to subsidiaries, which are also related parties, approval from shareholders will be sought.

AUDITORS

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

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors

Dato Sri Sulaiman Abdul Rahman Taib

Tuan Haji Mahmud Abu Bekir Taib

Kuching, Malaysia
Date: 29 April 2006

Statement by Directors

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

We, **Dato Sri Sulaiman Abdul Rahman Taib** and **Tuan Haji Mahmud Abu Bekir Taib**, 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 061 to 124 are drawn up in accordance with applicable MASB Approved Accounting Standards in Malaysia and the provisions of the Companies Act, 1965 so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2005 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 of Directors in accordance with a resolution of the Directors

Dato Sri Sulaiman Abdul Rahman Taib

Tuan Haji Mahmud Abu Bekir Taib

Kuching, Malaysia
Date: 29 April 2006

Statutory Declaration

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

I, **Ian Graham Sadler**, 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 061 to 124 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.

Ian Graham Sadler
Chief Financial Officer

Subscribed and solemnly declared by the
abovenamed **Ian Graham Sadler**
at Kuching in the State of Sarawak
on 29 April 2006

Before me,

Lee Heng Cheong
Commisioner for Oaths (No. Q 039)
Kuching

Report of the Auditors

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

We have audited the financial statements set out on pages 061 to 124. These financial statements are the responsibility of the Company's Directors.

It is our responsibility to form an independent opinion, based on our audit, on the financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility to any other person for the content of this report.

We have conducted our audit in accordance with applicable Approved Standards on Auditing in Malaysia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Directors, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:

a) the financial statements have been properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable MASB Approved Accounting Standards in Malaysia so as to give a true and fair view of:

   i) the financial position of the Group and of the Company as at 31 December 2005 and of the results and the cash flows of the Group and of the Company for the year then ended; and

   ii) the matters required by Section 169 of the Companies Act, 1965, to be dealt with in the financial statements; and

b) the accounting and other records and the registers required by the Act to be kept by the Company and by its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

We have considered the financial statements and the Auditors' Reports thereon of the subsidiaries of which we have not acted as auditors, as indicated in Note 13 to the financial statements, being financial statements which are included in the consolidated financial statements.

We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements 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 financial statements 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.

ERNST & YOUNG
AF: 0039
Chartered Accountants

YONG VOON KAR
1769/04/08 (J/PH)
Partner

Kuching, Malaysia
Date: 29 April 2006

	Note	Group 2005 RM'000	Group 2004 RM'000	Company 2005 RM'000	Company 2004 RM'000
Revenue	3	**880,970**	1,020,344	**65,355**	91,275
Cost of sales		**(747,004)**	(855,120)	**(12,466)**	(9,867)
Gross profit		**133,966**	165,224	**52,889**	81,408
Other operating income		**10,131**	10,876	**490**	375
Selling and distribution costs		**(7,855)**	(8,367)	**–**	–
Administrative expenses		**(51,504)**	(53,095)	**(16,845)**	(17,597)
Other operating expenses		**(36,563)**	(58,671)	**–**	–
Provision against advances to a subsidiary		**–**	–	**–**	(21,300)
Impairment of assets	11	**(100,000)**	–	**–**	–
Impairment of goodwill	11	**(14,753)**	–	**–**	–
Impairment in value of investment in					
– an associate		**–**	(2,000)	**–**	–
– a subsidiary	11	**–**	–	**(102,520)**	–
Provision for termination benefits	11	**(3,000)**	–	**–**	–
(Loss)/profit from operations		**(69,578)**	53,967	**(65,986)**	42,886
Finance costs	4	**(37,451)**	(46,975)	**(14,213)**	(19,386)
Gain on disposal of subsidiaries		**–**	86,714	**–**	–
Share of profit of associates		**53,125**	37,249	**–**	–
Share of profit of jointly controlled entities		**4,408**	–	**–**	–
(Loss)/profit before taxation	5	**(49,496)**	130,955	**(80,199)**	23,500
Taxation	8	**(67,962)**	(64,617)	**(11,199)**	(19,630)
(Loss)/profit after taxation		**(117,458)**	66,338	**(91,398)**	3,870
Minority interests		**(529)**	(37,589)	**–**	–
Net (loss)/profit for the year	11	**(117,987)**	28,749	**(91,398)**	3,870

	Note	Group 2005 sen	Group 2004 sen	Company 2005 sen	Company 2004 sen
(Loss)/earnings per share	9	**(35.81)**	8.73		
Dividend per share	10				
– Gross dividend		**5.00**	5.00	**5.00**	5.00
– Net of tax		**3.60**	3.60	**3.60**	3.60

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

Balance Sheets

as at 31 December 2005

	Note	Group 2005 RM'000	Group 2004 RM'000	Company 2005 RM'000	Company 2004 RM'000
NON-CURRENT ASSETS					
Property, plant and equipment	12	**249,206**	364,196	**4,043**	4,277
Subsidiaries	13	**–**	–	**1,054,898**	1,133,642
Associates	14	**754,122**	1,359,264	**–**	–
Jointly controlled entities	15	**5,583**	–	**–**	–
Securities available-for-sale	16	**585,081**	–	**–**	–
Land held for property development	17	**39,269**	39,080	**–**	–
Development costs	18	**8,034**	–	**–**	–
Goodwill on consolidation	19	**193,313**	196,243	**–**	–
CURRENT ASSETS					
Inventories	20	**90,078**	72,060	**–**	–
Property development costs	21	**146,537**	141,313	**–**	–
Amount due from customers on contracts	22	**16,920**	21,834	**–**	–
Securities held-for-trading	23	**20,097**	–	**–**	–
Short term investments	24	**343**	1,451	**–**	–
Trade receivables	25	**246,284**	247,159	**–**	–
Amount due from subsidiaries	26	**–**	–	**441,365**	414,960
Other receivables	27	**62,687**	51,620	**20,183**	21,096
Cash and bank balances	28	**237,317**	216,164	**142,086**	14,710
		820,263	751,601	**603,634**	450,766
CURRENT LIABILITIES					
Short term borrowings	29	**572,420**	537,087	**77,576**	22,513
Trade payables	30	**165,424**	150,704	**6**	6
Amount due to customers on contracts	22	**10,775**	21,951	**–**	–
Amount due to subsidiaries	26	**–**	–	**308,267**	279,194
Other payables	31	**77,608**	52,448	**2,426**	3,669
Current tax liabilities		**2,272**	9,875	**–**	–
		828,499	772,065	**388,275**	305,382
Net current (liabilities)/assets		**(8,236)**	(20,464)	**215,359**	145,384
		1,826,372	1,938,319	**1,274,300**	1,283,303

	Note	Group 2005 RM'000	Group 2004 RM'000	Company 2005 RM'000	Company 2004 RM'000
Financed by:					
Share capital	32	**329,446**	329,446	**329,446**	329,446
Reserves	33	**520,289**	662,524	**685,868**	789,126
Shareholders' funds		**849,735**	991,970	**1,015,314**	1,118,572
Minority interests		**666,693**	676,746	**–**	–
		1,516,428	1,668,716	**1,015,314**	1,118,572
LONG-TERM AND DEFERRED LIABILITIES					
Amount due to subsidiaries	26	**–**	–	**–**	35,000
Long term liabilities	34	**286,861**	245,131	**258,986**	129,731
Deferred tax liabilities	37	**23,083**	24,472	**–**	–
		309,944	269,603	**258,986**	164,731
		1,826,372	1,938,319	**1,274,300**	1,283,303

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

Statements of Changes in Equity

for the year ended 31 December 2005

		Non-Distributable						Distributable	
	Note	Share Capital RM'000	Share Premium RM'000	Capital Reserve RM'000	Merger Deficit RM'000	Statutory Reserve RM'000	Available-For-sale Reserve RM'000	Retained Profit/ (Accumulated Loss) RM'000	Total RM'000
GROUP									
At 1 January 2005									
– as previously stated		329,446	427,513	85,776	(12,000)	16,141	–	145,094	991,970
– transitional adjustment	2.1	–	–	–	–	442	(30,731)	(7,538)	(37,827)
As restated		329,446	427,513	85,776	(12,000)	16,583	(30,731)	137,556	954,143
Net loss for the year		–	–	–	–	–	–	(117,987)	(117,987)
Dividend for the year ended 2004	10	–	–	–	–	–	–	(11,860)	(11,860)
Transfer between reserves – associate		–	–	–	–	13,285	–	(13,285)	–
Share of movement in reserve – associate		–	–	–	–	–	616	–	616
Unrealised gain on fair valuation of available-for-sale securities		–	–	–	–	–	25,966	–	25,966
Net loss not recognised in the income statement – associate (translation differences)		–	–	–	–	–	–	(1,143)	(1,143)
At 31 December 2005		329,446	427,513	85,776	(12,000)	29,868	(4,149)	(6,719)	849,735

Statements of Changes in Equity

for the year ended 31 December 2005 (cont'd)

	Note	Share Capital RM'000	Share Premium RM'000	Capital Reserve RM'000	Merger Deficit RM'000	Statutory Reserve RM'000	Retained Profit/ (Accumulated Loss) RM'000	Total RM'000
			← Non-Distributable			→	Distributable	
GROUP								
At 1 January 2004		328,916	427,118	85,776	(12,000)	11,113	132,775	973,698
Arising from disposal of a subsidiary		–	–	–	–	(1,976)	1,976	–
Net profit for the year		–	–	–	–	–	28,749	28,749
Dividend for the year ended 2003		–	–	–	–	–	(11,843)	(11,843)
Issue of shares	32	530	395	–	–	–	–	925
Transfer between reserves – associate		–	–	–	–	7,004	(7,004)	–
Net gain not recognised in the income statement – associate (translation differences)		–	–	–	–	–	441	441
At 31 December 2004		329,446	427,513	85,776	(12,000)	16,141	145,094	991,970

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

Statements of Changes in Equity

for the year ended 31 December 2005 (cont'd)

	Note	Share Capital RM'000	Share Premium RM'000	Capital Reserve RM'000	Merger Reserve RM'000	Retained Profit RM'000	Total RM'000
			← Non-Distributable		→	Distributable	
COMPANY							
At 1 January 2005		**329,446**	**427,513**	**13,037**	**168,000**	**180,576**	**1,118,572**
Net loss for the year		**–**	**–**	**–**	**–**	**(91,398)**	**(91,398)**
Dividend for the year ended 2004	10	**–**	**–**	**–**	**–**	**(11,860)**	**(11,860)**
At 31 December 2005		**329,446**	**427,513**	**13,037**	**168,000**	**77,318**	**1,015,314**
At 1 January 2004		328,916	427,118	13,037	168,000	188,549	1,125,620
Net profit for the year		–	–	–	–	3,870	3,870
Dividend for year ended 2003		–	–	–	–	(11,843)	(11,843)
Issue of shares	32	530	395	–	–	–	925
At 31 December 2004		329,446	427,513	13,037	168,000	180,576	1,118,572

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

Consolidated Cash Flow Statement

for the year ended 31 December 2005

	Note	2005 RM'000	2004 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES			
(Loss)/profit before taxation		**(49,496)**	130,955
Adjustments for:			
Amortisation of development costs		**653**	–
Amortisation of goodwill on consolidation		**12,570**	12,063
Bad debts written-off net of recoveries		**868**	208
Depreciation		**34,734**	38,815
Gain on disposal of property, plant and equipment		**(3,430)**	(1,335)
Gain on disposal of quoted investments		**–**	(3,460)
Gain on disposal of subsidiaries		**–**	(86,714)
Gross dividend income		**–**	(98)
Impairment of assets		**100,000**	–
Impairment of goodwill		**14,753**	–
Impairment in value of investment in an associate		**–**	2,000
Impairment in value of investment		**78**	448
Interest expense		**36,412**	58,416
Interest income		**(16,421)**	(34,227)
Non-loan provision		**–**	37,489
Property, plant and equipment written-off		**201**	36
Provision for termination benefits		**3,000**	–
Provision for bad and doubtful debts net of recoveries		**278**	15,529
Share of profit of associates		**(53,125)**	(37,249)
Share of profit of jointly controlled entities		**(4,408)**	–
Unrealised loss on valuation of securities available-for-sale		**14,676**	–
Operating profit before working capital changes		**91,343**	132,876
(Increase)/decrease in receivables		**(3,946)**	23,865
Increase in inventories		**(18,018)**	(24,536)
Increase/(decrease) in payables		**34,506**	(30,827)
Increase in property development costs		**(5,224)**	(5,371)
(Increase)/decrease in amount due from customers on contracts		**(4,539)**	4,219
Decrease in loans and advances		**–**	36,301
Decrease in statutory deposits with Bank Negara Malaysia		**–**	10,297
Decrease in deposits from customers		**–**	(7,382)
Decrease in deposits and placements of banks and other financial institutions		**–**	(357,800)
Cash generated from/(utilised in) operations		**94,122**	(218,358)
Net proceeds from disposal of foreclosed property		**3,200**	54,400
Interest received		**16,421**	34,227
Interest paid		**(36,412)**	(58,416)
Taxation paid net of refund		**(33,940)**	(49,925)
Net cash generated from/(used in) operating activities		**43,391**	(238,072)

Consolidated Cash Flow Statement

for the year ended 31 December 2005 (cont'd)

	Note	2005 RM'000	2004 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases net of proceeds from disposal of short term investments		**1,030**	180,253
Dividends received from investments		**–**	98
Distribution of profit from a jointly controlled entity		**1,280**	–
Purchase of property, plant and equipment		**(21,198)**	(34,033)
Purchase of securities		**(33,853)**	–
Proceeds from disposal of property, plant and equipment		**3,929**	11,436
Net cash inflow arising from disposal of a subsidiary	38(a)(ii)	**–**	138,407
Net cash outflow arising from acquisition of a subsidiary	38(b)	**(16,216)**	–
Net cash outflow arising from acquisition of additional interest in a subsidiary		**(19,500)**	(29)
Dividend received from an associate		**3,312**	2,208
Expenses incurred on development costs		**(944)**	–
Expenditure incurred on land held for property development		**(189)**	(395)
Investment in jointly controlled entities		**(2,455)**	–
Net cash (used in)/generated from investing activities		**(84,804)**	297,945
CASH FLOWS FROM FINANCING ACTIVITIES			
Net repayments of term loans		**(61,556)**	(114,078)
Net proceeds from bankers' acceptances and revolving credits		**(30,074)**	5,567
Dividends paid to shareholders of the Company		**(11,860)**	(11,843)
Dividends paid to minority interests in subsidiaries		**(2,686)**	(2,328)
Proceeds from issuance of CMS Income Securities		**168,986**	–
Proceeds from issuance of shares		**–**	925
Proceeds from issuance of shares to minority interests		**49**	–
Net cash generated from/(used in) financing activities		**62,859**	(121,757)
Net increase/(decrease) in cash and cash equivalents		**21,446**	(61,884)
Cash and cash equivalents at the beginning of the year		**209,237**	271,121
Cash and cash equivalents at the end of the year	39	**230,683**	209,237

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

Cash Flow Statement

for the year ended 31 December 2005

	Note	2005 RM'000	2004 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES			
(Loss)/profit before taxation		**(80,199)**	23,500
Adjustments for:			
Depreciation		**1,272**	1,155
Gross dividend income		**(61,914)**	(87,954)
Gain on disposal of property, plant and equipment		**(50)**	(32)
Impairment in value of investment in a subsidiary		**102,520**	–
Interest expense		**25,967**	27,123
Interest income		**(3,431)**	(3,228)
Provision against advances to a subsidiary		**–**	21,300
Operating loss before working capital changes		**(15,835)**	(18,136)
Increase in receivables		**(1,308)**	(421)
Decrease in payables		**(1,243)**	(79)
(Increase)/decrease in amount due from subsidiaries		**(32,332)**	18,725
Cash (used in)/generated from operations		**(50,718)**	89
Interest received		**3,431**	3,228
Interest paid		**(25,967)**	(27,123)
Taxation refunded		**8,322**	1,256
Net cash used in operating activities		**(64,932)**	(22,550)
CASH FLOWS FROM INVESTING ACTIVITIES			
Dividends received		**44,614**	63,327
Purchase of property, plant and equipment		**(1,043)**	(1,723)
Proceeds from disposal of property, plant and equipment		**55**	59
Investment in subsidiaries		**(23,776)**	(1,757)
Net cash generated from investing activities		**19,850**	59,906
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issuance of CMS Income Securities		**168,986**	–
Proceeds from issuance of shares		**–**	925
Proceeds from term loan and revolving credits		**35,269**	109,731
Repayment of term loans		**(20,000)**	(170,940)
Dividends paid to shareholders of the Company		**(11,860)**	(11,843)
Net cash generated from/(used in) financing activities		172,395	(72,127)
Net increase/(decrease) in cash and cash equivalents		**127,313**	(34,771)
Cash and cash equivalents at the beginning of the year		**12,197**	46,968
Cash and cash equivalents at the end of the year	39	**139,510**	12,197

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

Notes to the Financial Statements

31 December 2005

1) CORPORATE INFORMATION

The Company is principally an investment holding company. It also provides centralised treasury and administrative services to the Group. The principal activities of the Group are set out in Note 13 of the financial statements. There have been no significant changes in the nature of the principal activities of the Group and of the Company during the financial year.

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

The financial statements of the Group and of the Company are expressed in Ringgit Malaysia.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 29 April 2006.

2) SIGNIFICANT ACCOUNTING POLICIES

2.1) Basis of Preparation

The financial statements of the Group and of the Company have been prepared under the historical cost convention, modified to include the revaluation of certain land and buildings and unless otherwise indicated in the significant accounting policies, comply with the provisions of the Companies Act, 1965, and applicable MASB Approved Accounting Standards in Malaysia and Bank Negara Malaysia's guidelines including its revised guidelines on Financial Reporting for Licensed Institutions (BNM/GP8) which became effective for the current financial year.

The accounting policies of the Group and the Company are consistent with the policies adopted in the previous financial year except for the adoption of the changes in accounting policies in line with those adopted by an associate, Rashid Hussain Berhad ('RHB') in compliance with the revised BNM/GP8 that is applicable to its banking subsidiaries effective from 1 January 2005.

The adoption of the revised BNM/GP8 has resulted in a change in the accounting policy for the following financial instruments and is further explained in the respective accounting policy notes below:

Securities
Recognition of interest income
Derivative financial instruments

The Group has not made any retrospective application of the accounting policies to prior periods as the prior period results included that of its merchant banking subsidiary, Utama Merchant Bank Berhad, which was disposed of in 2004. In view of the changes in the Group composition and circumstances, the restatement of the comparative information is impracticable.

As such, any adjustment for the previous carrying amounts has been recognised as an adjustment of the balance of retained earnings or reserves at the beginning of the current financial year.

The preparation of financial statements in conformity with the provisions of the Companies Act, 1965, applicable MASB approved accounting standards in Malaysia and BNM's guidelines requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported year. Although these estimates are based on the directors' best knowledge of current events and actions, actual results may differ from estimates.

Notes to the Financial Statements
31 December 2005

2) SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2) Basis of Consolidation (cont'd)

a) Subsidiaries

The consolidated financial statements include the financial statements of the Company and all its subsidiaries. Subsidiaries are those companies in which the Group has power to exercise control over the financial and operating policies so as to obtain benefits from their activities.

Where the subsidiaries are consolidated using the acquisition method of accounting, the results of the subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate. The assets and liabilities of the subsidiaries are measured at their fair values at the date of acquisition. The difference between the cost of an acquisition and the fair value of the Group's share of the net assets of the acquired subsidiary at the date of acquisition is included in the consolidated balance sheet as goodwill or reserve arising on consolidation.

Acquisition of subsidiaries which meet the criteria for merger are accounted for using merger accounting principles. When the merger method is used, the cost of investment in the Company's books is recorded at the nominal value of shares issued and the difference between the carrying value of the investment and the nominal 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.

Intra-group transactions, balances and resulting unrealised gains are eliminated on consolidation and the consolidated financial statements reflect external transactions only. Unrealised losses are eliminated on consolidation unless costs cannot be recovered.

The gain or loss on disposal of a subsidiary company is the difference between the net disposal proceeds and the Group's share of its net assets together with any unamortised balance of goodwill and exchange differences.

Minority interests in the consolidated balance sheet consist of the minorities' share of the fair value of the identifiable assets and liabilities of the acquiree as at acquisition date and the minorities' share of movements in the acquiree's equity since then. Minority interests are separately disclosed in the financial statements.

b) Associates

Associates are those entities in which the Group exercises significant influence but not control, through participation in the financial and operating policy decisions of the entities.

Investments in associates are accounted for in the consolidated financial statements by the equity method of accounting based on the audited or management financial statements of the associates. Under the equity method of accounting, the Group's share of profits less losses of associates during the financial year is included in the consolidated income statement. The Group's interest in associates is carried in the consolidated balance sheet at cost plus the Group's share of post-acquisition retained profits or accumulated losses and other reserves.

Unrealised gains on transactions between the Group and the associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are eliminated unless costs cannot be recovered.

2) SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2) Basis of Consolidation (cont'd)

c) Jointly Controlled Entities (cont'd)

A jointly controlled entity is an entity in which the Group has joint control over its economic activity established under a contractual arrangement.

Investments in jointly controlled entities are accounted for in the consolidated financial statements by the equity method of accounting based on the audited or management financial statements of the jointly controlled entities. Under the equity method of accounting, the Group's share of profits less losses of jointly controlled entities during the financial year is included in the consolidated income statement. The Group's interest in jointly controlled entities is carried in the consolidated balance sheet at cost plus the Group's share of post-acquisition retained profits or accumulated losses and other reserves.

Unrealised gains on transactions between the Group and its jointly controlled entities are eliminated to the extent of the Group's interest in the jointly controlled entities. Unrealised losses are eliminated unless costs cannot be recovered.

2.3) Goodwill

Goodwill represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of a subsidiary or associate at the date of acquisition.

Goodwill is stated at cost less accumulated amortisation and impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2.14, Goodwill arising on the acquisition of subsidiaries is presented separately in the balance sheet while goodwill arising on the acquisition of associates is included within the carrying amount of investment in associates.

Goodwill arising on consolidation in respect of subsidiaries is amortised in the Group income statement over its estimated useful life of 25 years.

2.4) Investments in Subsidiaries, Associates and Jointly Controlled Entities

The Company's investments in subsidiaries, associates and jointly controlled entities are stated at cost less impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2.14.

On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is recognised in the income statement.

2.5) Property, Plant and Equipment and Depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2.14.

Freehold and leasehold land and buildings are stated at cost or valuation less accumulated depreciation. The leasehold land and buildings of the Group were revalued in 1996 based on an independent professional valuation using open market values on an existing use basis. As permitted by the MASB, where such revaluation was a one-off isolated event prior to the adoption of the applicable Approved Accounting Standard by the MASB (FRS 116_{2004} 'Property, Plant & Equipment', and International Accounting Standard 16, the predecessor standard), and provided no further revaluations have been adopted in the preparation of the financial statements, these assets have continued to be stated on the basis of their previous revalued amount (subject to continuity in depreciation policy and the requirement to write the asset down to its recoverable amount).

Notes to the Financial Statements

31 December 2005 (cont'd)

2) SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.5) Property, Plant and Equipment and Depreciation (cont'd)

Freehold land is not depreciated. Leasehold land is depreciated over the period of the respective leases which range from 60 years to 999 years. Depreciation of other property, plant and equipment is provided for on a straight-line basis to write off the cost or valuation 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	5% to 20%
Office equipment and motor vehicles	5% to 33 $\frac{1}{3}$%

Capital work-in-progress is not depreciated until the property, plant and equipment are fully completed and brought into use.

Upon the disposal of an item of property, plant or equipment, the difference between the net disposal proceeds and the net carrying amount is recognised in the income statement and the unutilised portion of the revaluation surplus on that item is taken directly to retained profit.

Fully depreciated assets are retained in the financial statements until they are no longer in use and no further charge for depreciation is made in respect of these assets.

2.6) Interest Capitalisation

a) Property, Plant and Equipment

Interest incurred on borrowings related to property, plant and equipment under construction is capitalised until the assets are ready for their intended use.

b) Property Development and Construction Contracts

Interest on property development and work-in-progress on construction contracts is recognised as an expense in the income statement in the period incurred.

2.7) 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. The policy for the recognition and measurement of impairment losses is in accordance with Note 2.14.

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.

Notes to the Financial Statements

31 December 2005 (cont'd)

2) SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.8) 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 billing to purchasers over revenue recognised in the income statement is classified as progress billings within trade payables.

2.9) Research and Development Costs

Expenditure on research activity is recognised as an expense in the period in which it is incurred. Development costs are also recognised as an expense in the year in which they are incurred except when the costs incurred on development projects are recognised as development assets to the extent that such expenditure is expected to generate future economic benefits. The development costs capitalised includes cost of materials, direct labour and appropriate proportion of overheads.

Capitalised development costs are stated at cost less accumulated amortisation and impairment loss. Capitalised development costs are amortised over their expected useful lives of five years upon generating income. The policy for the recognition and measurement of impairment losses is in accordance with Note 2.14.

2.10) 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 reference to the stage of completion of the contract activity at the balance sheet date. The stage of completion is measured by reference to the proportion of contract costs incurred for work performed to date to the estimated total contract costs.

Where the outcome of a construction or service contract cannot be estimated reliably, 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 costs incurred on construction or service contracts plus recognised profits (less recognised losses) exceed progress billings, the balance is shown as amount due from customers on contracts. When progress billings exceed costs incurred plus recognised profits (less recognised losses), the balance is shown as amount due to customers on contracts.

Notes to the Financial Statements
31 December 2005 (cont'd)

2) SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.11) Inventories

Inventories are stated at the lower of cost and net realisable value and are valued on a weighted average or first-in-first-out basis, as appropriate. In arriving at the net realisable value, due allowance is made for all damaged, obsolete and slow-moving items.

Cost of finished goods and work-in-progress include cost of raw materials, direct labour and attributable production overheads. Cost of raw materials and factory supplies include expenses incurred in bringing them to their present location and condition.

2.12) 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 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 in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

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.

2.13) Foreign Currency Transactions

Transactions in foreign currencies are initially recorded in Ringgit Malaysia at rates of exchange ruling at the date of the transaction. At each balance sheet date, foreign currency monetary items are translated into Ringgit Malaysia at exchange rates ruling at that date. Non-monetary items initially denominated in foreign currencies, which are carried at historical costs are translated using the historical rate as of the date of acquisition and non-monetary items which are carried at fair value are translated using the exchange rate that existed when the values were determined. All exchange rate differences are taken to the income statement.

2.14) Impairment of Assets

At each balance sheet date, the Group reviews the carrying amounts of its assets to determine whether there is any indication of impairment. If any such indication exists, impairment is measured by comparing the carrying values of the assets with their recoverable amounts. Recoverable amount is the higher of net selling price and value in use, which is measured by reference to discounted future cash flows.

An impairment loss is recognised as an expense in the income statement immediately, unless the asset is carried at revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of any unutilised previously recognised revaluation surplus for the same asset.

Notes to the Financial Statements
31 December 2005 (cont'd)

2) SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.15) Revenue Recognition

Revenue is recognised when it is probable that the economic benefits associated with the transaction will flow to the Group and the Company and the amount of the revenue can be measured reliably.

a) Property Development

Profit from property development is recognised using the percentage of completion method on all units that have been sold. When foreseeable losses on property development projects are anticipated, full provision for those losses is made in the financial statements.

b) Construction and Service Contracts

Revenue from construction and service contracts is accounted for by the percentage of completion method as described in Note 2.10.

c) 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.

d) Sale of Goods and Services

Sales are recognised upon delivery of products and customer acceptance or performance of services, net of discounts.

e) Dividend Income

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

f) Interest Income

Interest is recognised on a time proportion basis.

2.16) Cash and Cash Equivalents

Cash and cash equivalents in the Cash Flow Statement represent cash and bank balances and short-term, highly liquid investments that are readily convertible to cash with an insignificant risk of changes in value less short-term borrowings repayable on demand.

2.17) Financial Instruments

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

a) Other Non-current Investments

Non-current investments other than investments in subsidiaries and associates 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 the income statement.

b) Receivables

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.

c) Payables

Payables are stated at cost, which is the fair value of the consideration to be paid in the future for goods and services received.

Notes to the Financial Statements
31 December 2005 (cont'd)

2) SIGIFICANT ACCOUNTING POLICIES (CONT'D)

2.17) Financial Instruments (cont'd)

d) Interest-bearing Borrowings

Interest-bearing bank loans and overdrafts are recorded at the amount of proceeds received.

e) 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 method.

The amortised cost of the Income Securities is the amount at which the Income Securities are measured at the 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 method is the rate that exactly discounts estimated future cash payments through the expected life of the Income Securities. When calculating the effective interest method, the Company has estimated cash flows considering all contractual terms of the Income Securities. The calculation includes all fees and points paid between the parties to the contract, transaction costs and all other premiums or discounts.

The amortised expense of the Income Securities, applying the effective interest method, is recognised in the income statement as finance costs in the period in which they are incurred.

The Non-Convertible Redeemable Preference Shares are recorded at the amount of proceeds received and classified as long-term and deferred liabilities in the balance sheet. The preferential dividends are recognised in the income statement as finance costs in the period in which they are incurred.

f) Equity Instruments

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

2.18) Employee Benefits

a) 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.

b) Defined Contribution Plans

As required by law, companies in Malaysia make contributions to the Employees Provident Fund (EPF). Such contributions are recognised as an expense in the income statement as incurred.

Notes to the Financial Statements
31 December 2005 (cont'd)

2) SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.19) Securities

The Group classified its securities portfolio into securities held-for-trading, securities held-to-maturity or securities available-for-sale. Classification of securities is determined at initial recognition.

a) Securities Held-for-trading

Securities are classified as held-for-trading if they are acquired principally for the purpose of selling or repurchasing them in the near term or they are part of a portfolio of identified securities that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking. Such securities are stated at fair value. Any gain or loss arising from the change in the fair value or arising from derecognition of such securities is recognised in the income statement.

b) Securities Held-to-maturity

Held-to-maturity securities are securities with fixed or determinable payments and fixed maturity that the Group has the positive intention and ability to hold to maturity. Such securities are measured at amortised cost using the effective interest method. Amortisation of premium or accretion of discount and impairment as well as gain or loss arising from derecognition of such securities are recognised in the income statement.

c) Available-for-sale Securities

Available-for-sale securities are securities that are not classified as held-for-trading or held-to-maturity. Such securities are measured at fair value. Investment in equity instruments that does not have a quoted market price in an active market and whose fair value cannot be reliably measured will be stated at cost. Any gain or loss arising from a change in fair value is recognised directly in equity through the statement of changes in equity whilst impairment losses and foreign exchange gains and losses are recognised in the income statement. Upon derecognition, the cumulative gain or loss previously recognised directly in equity shall be transferred to the income statement.

The fair values of quoted investments in active markets are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Group established fair value using valuation techniques. These include the use of recent arm's length transactions, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants.

Previously, securities held by the Group were classified as either "Dealing" or "Investment" securities. Under "Dealing Securities" classification, the securities were stated at the lower of cost and market value on portfolio basis. Under "Investment Securities" classification, the securities according to type were either stated at cost adjusted for amortisation of premium or accretion of discount or at the lower of cost and market value determined on a portfolio basis with provision made for any permanent impairment in value.

2.20) Additional Accounting Policies Relating to the Merchant Banking Subsidiary

a) Recognition of Income

i) Interest income is recognised on an accrual basis. Under the revised BNM/GP8, where a loan becomes non-performing, interest accrued and recognised as income prior to the date the loans are classified as non-performing shall be reversed out of income and credited into the accrued interest receivable account in the balance sheet. Thereafter, the interest accrued on the non-performing loans shall be recognised as income on a cash basis instead of being accrued and suspended at the same time as prescribed previously. Customer's accounts are now classified as non-performing where repayments are in arrears for three months or more.

Notes to the Financial Statements
31 December 2005 (cont'd)

2) SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.20) Additional Accounting Policies Relating to the Merchant Banking Subsidiary (cont'd)

a) Recognition of Income (cont'd)

i) Previously where an account is classified as a non-performing, recognition of interest income was suspended and clawed back to day one until it is realised on a cash basis. Customers' accounts are classified as non-performing where repayments are in arrears for six months or more.

Where an account is classified as non-performing, recognition of interest income is suspended and clawed back to day one until it is realised on a cash basis. Customers' accounts are classified as non-performing where repayments are in arrears for six months and more.

ii) Corporate advisory, project feasibility study, participation and underwriting fees are recognised as income on full completion of assignments or, where progress payments are agreed, by reference to the stage of completion.

iii) Portfolio management, commitment, guarantee and agency fees and commissions are recognised as income on a time apportionment basis.

iv) Loan arrangement fees and commissions are recognised as income when all conditions precedent are fulfilled.

v) Dividends from available-for-sale securities are recognised when received.

b) Provision for Non-performing Loans

Specific provisions are made for debts and financing which have been individually reviewed and specifically identified as non-performing.

A general provision for banking operations based on a percentage of the loan portfolio is made to cover possible losses which are not specifically identified. General provision for securities operations is made based on a percentage of the total amount due from clients after deducting the amount of interest-in-suspense and specific provision for bad and doubtful debts. These percentages are reviewed annually in the light of past experience and prevailing circumstances and adjustment is made on the overall general provision, if necessary.

An uncollectible loan or portion of a loan classified as bad is written off after taking into consideration the realisable value of collateral, if any, when in the judgement of the management, there is no prospect of recovery.

The merchant banking subsidiary's provision for non-performing debts and financing is in conformity with the minimum requirements of BNM/GP3, which is deemed as in conformity with the requirement on the provision for loan impairment under revised BNM/GP8.

c) Derivative Financial Instruments

Interest income or interest expenses associated with interest rate swaps that qualify as hedges are recognised over the life of the swap agreement as a component of interest income or interest expense. Gains and losses on interest rate swaps, futures, forward and option contracts that qualify as hedges are deferred and amortised over the life of the hedged assets or liabilities as adjustments to interest income or interest expense. Gains and losses on interest rate swaps, futures, forward and option contracts that do not qualify as hedges are recognised in the current financial period using the mark-to-market method, and included in the income statement.

Notes to the Financial Statements
31 December 2005 (cont'd)

3) REVENUE

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

Revenue of the Company comprises dividend income from subsidiaries and interest income from central cash management accounts.

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

	Group 2005 RM'000	Group 2004 RM'000	Company 2005 RM'000	Company 2004 RM'000
CONTINUING OPERATIONS				
Sales of goods	**391,517**	385,814	**–**	–
Contract revenue	**283,844**	362,562	**–**	–
Banking services	**15,131**	32,998	**–**	–
Stockbroking services	**12,447**	20,647	**–**	–
Sales of properties	**38,752**	24,646	**–**	–
Trading and services	**52,040**	38,922	**10**	93
Dividend income	**–**	–	**61,914**	87,954
Interest income	**252**	696	**3,431**	3,228
	793,983	866,285	**65,355**	91,275
DISCONTINUING OPERATIONS				
Sales of goods	**86,987**	154,059	**–**	–
	880,970	1,020,344	**65,355**	91,275

4) FINANCE COSTS

Interest expense on:

	Group 2005 RM'000	Group 2004 RM'000	Company 2005 RM'000	Company 2004 RM'000
Bank overdrafts	**222**	230	**80**	26
Bankers' acceptances	**1,676**	2,492	**–**	–
Central cash management accounts	**–**	–	**9,253**	6,885
Revolving credits	**12,043**	15,161	**1,109**	–
Term loans	**19,027**	38,010	**15,525**	20,212
Trust receipts	**598**	–	**–**	–
Others	**2,846**	2,523	**–**	–
Total interest expense (Note 5)	**36,412**	58,416	**25,967**	27,123

Notes to the Financial Statements
31 December 2005 (cont'd)

4) FINANCE COSTS (CONT'D)

	Group 2005 RM'000	Group 2004 RM'000	Company 2005 RM'000	Company 2004 RM'000
Add: Other charges				
Bank charges and commitment fee	**412**	241	**85**	53
Bank commission	**50**	470	**50**	470
Facility fee	**451**	992	**451**	992
Stamp duty	**126**	615	**126**	615
	1,039	2,318	**712**	2,130
	37,451	60,734	**26,679**	29,253
Less: Amounts charged to cost of sales				
Interest expense	**–**	13,759	**12,381**	9,444
Other charges	**–**	–	**85**	423
	–	13,759	**12,466**	9,867
	37,451	46,975	**14,213**	19,386

5) (LOSS)/PROFIT BEFORE TAXATION

	Group 2005 RM'000	Group 2004 RM'000	Company 2005 RM'000	Company 2004 RM'000
(Loss)/profit before taxation is stated after charging/(crediting):				
Amortisation of development costs (Note 18)	**653**	–	**–**	–
Amortisation of goodwill on consolidation (Note 19)	**12,570**	12,063	**–**	–
Auditors' remuneration				
Statutory audit				
– current year	**272**	297	**25**	25
– (over)/underprovision in prior year	**–**	(14)	**–**	5
Other services	**69**	167	**11**	32
Bad debts written-off net of recoveries	**868**	208	**–**	–
Depreciation (Note 12)	**34,734**	38,815	**1,272**	1,155
Equipment rental income	**(287)**	(97)	**–**	–
Gain on disposal of property, plant and equipment	**(3,430)**	(1,335)	**(50)**	(32)
Gain on disposal of quoted investments	**–**	(3,460)	**–**	–
Gross dividend income from				
– subsidiaries	**–**	–	**(61,914)**	(87,954)
– investments quoted in Malaysia	**–**	(98)	**–**	–
Non-Executive Directors' remuneration (Note 7)	**3,550**	4,040	**1,945**	2,412
Hire of plant and machinery	**6,492**	1,244	**–**	–

Notes to the Financial Statements
31 December 2005 (cont'd)

5) (LOSS)/PROFIT BEFORE TAXATION (CONT'D)

	Group 2005 RM'000	Group 2004 RM'000	Company 2005 RM'000	Company 2004 RM'000
Impairment in value of investment	**78**	448	**–**	–
Interest expense (Note 4)	**36,412**	58,416	**25,967**	27,123
Interest income	**(16,421)**	(34,227)	**(3,431)**	(3,228)
Non-loan provision *	**–**	37,489	**–**	–
Property, plant and equipment written-off	**201**	36	**–**	–
Provision for bad and doubtful debts net of recoveries	**278**	15,529	**–**	–
Unrealised loss on valuation of securities available-for-sale	**14,676**	–	**–**	–
Rental expense				
– land and buildings	**3,791**	4,522	**877**	885
– wharf	**2,603**	2,603	**–**	–
Rental income	**(1,072)**	(1,276)	**–**	–
Staff costs (Note 6)	**76,242**	77,896	**8,432**	7,945

* The above provision was made (subsequent to the disposal of Utama Merchant Bank Berhad ('UMBB')) by the new management of UMBB based on their view that the charges granted by third parties for certain sundry receivables may not be enforceable.

6) STAFF COSTS

	Group 2005 RM'000	Group 2004 RM'000	Company 2005 RM'000	Company 2004 RM'000
Salaries, wages and bonus	**66,391**	69,956	**7,533**	7,116
Provident fund contributions	**7,048**	7,432	**870**	806
Social security organisation contributions	**504**	508	**29**	23
Termination benefits	**3,000**	–	**–**	–
Total staff costs	**76,943**	77,896	**8,432**	7,945
Less: Amount capitalised in development costs (Note 18)	**(701)**	–	**–**	–
Total staff costs	**76,242**	77,896	**8,432**	7,945
Number of employees at the end of the year	**1,987**	1,937	**98**	93

Included in staff costs of the Group and of the Company are Executive Directors' remuneration amounting to RM1,320,564 (2004: RM2,691,000) and Nil (2004: RM756,000) respectively, as further disclosed in Note 7.

Notes to the Financial Statements
31 December 2005 (cont'd)

7) DIRECTORS' REMUNERATION

	Group 2005 RM'000	Group 2004 RM'000	Company 2005 RM'000	Company 2004 RM'000
DIRECTORS OF THE COMPANY				
Executive:				
Salaries, bonus and other emoluments:				
– current year	–	672	–	672
– underprovision in prior year	–	84	–	84
Benefits-in-kind	–	102	–	102
	–	858	–	858
Non-Executive:				
Fees:				
– current year	806	697	462	424
– underprovision in prior year	–	252	–	252
Salaries, bonus and other emoluments:				
– current year	1,510	1,446	1,483	1,438
– underprovision in prior year	–	298	–	298
Benefits-in-kind	91	95	70	70
	2,407	2,788	2,015	2,482
	2,407	3,646	2,015	3,340
DIRECTORS OF SUBSIDIARIES				
Executive:				
Salaries, bonus and other emoluments	1,321	1,935	–	–
Benefits-in-kind	35	51	–	–
	1,356	1,986	–	–
Non-Executive:				
Fees	666	746	–	–
Other emoluments	568	601	–	–
Benefits-in-kind	30	–	–	–
	1,264	1,347	–	–
	2,620	3,333	–	–
Total	5,027	6,979	2,015	3,340

Notes to the Financial Statements
31 December 2005 (cont'd)

7) DIRECTORS' REMUNERATION (CONT'D)

	Group 2005 RM'000	Group 2004 RM'000	Company 2005 RM'000	Company 2004 RM'000
ANALYSIS EXCLUDING BENEFITS-IN-KIND:				
Total Executive Directors' remuneration excluding benefits-in-kind (Note 6)	**1,321**	2,691	**–**	756
Total Non-Executive Directors' remuneration (Note 5)	**3,550**	4,040	**1,945**	2,412
Total Directors' remuneration excluding benefits-in-kind	**4,871**	6,731	**1,945**	3,168

The remuneration paid to the Directors of the Company, analysed into bands of RM50,000 are as follows:

	Number of Directors			
Range of remuneration	Executive		Non-Executive	
	2005	**2004**	**2005**	**2004**
Below RM50,000	**–**	–	**1**	1
RM50,001 to RM100,000	**–**	–	**1**	1
RM100,001 to RM150,000	**–**	–	**2**	2
RM150,001 to RM200,000	**–**	–	**2**	1
RM250,001 to RM300,000	**–**	–	**–**	1
RM650,001 to RM700,000	**–**	–	**1**	–
RM850,001 to RM900,000	**–**	1	**–**	–
RM900,001 to RM950,000	**–**	–	**1**	–
RM950,001 to RM1,000,000	**–**	–	**–**	2

8) TAXATION

	Group 2005 RM'000	Group 2004 RM'000	Company 2005 RM'000	Company 2004 RM'000
Income tax:				
Based on results for the year	**24,440**	39,244	**11,000**	19,000
(Over)/underprovided in prior years	**(143)**	(292)	**199**	630
	24,297	38,952	**11,199**	19,630
Deferred tax (Note 37):				
Relating to origination and reversal of temporary differences	**(991)**	(249)	**–**	–
Overprovided in prior years	**(398)**	(489)	**–**	–
	(1,389)	(738)	**–**	–
Share of taxation of associates	**45,054**	26,403	**–**	–
	67,962	64,617	**11,199**	19,630

Notes to the Financial Statements
31 December 2005 (cont'd)

8) TAXATION (CONT'D)

Income tax is calculated at the Malaysian statutory tax rate of 28% (2004: 28%) of the estimated assessable profit for the year.

A reconciliation of income tax expense applicable to (loss)/profit before taxation 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 2005 RM'000	Group 2004 RM'000
(Loss)/profit before taxation	**(49,496)**	130,955
Taxation at Malaysian statutory tax rate of 28% (2004: 28%)	**(13,859)**	36,667
Effect of income subject to tax rate of 20% (2004: 20%)	**(326)**	(333)
Effect of differences of tax rates in Labuan/other countries	**(5,507)**	(1,306)
Effect of expenses not deductible for tax purposes	**86,194**	48,938
Effect of income not subject to tax	**(19,402)**	(21,673)
Utilisation of previously unrecognised tax losses and unabsorbed capital allowances	**(1,098)**	(2,406)
Utilisation of reinvestment allowance	**(2,767)**	(216)
Deferred tax assets not recognised during the year	**34,170**	7,832
Deferred tax recognised on utilised capital allowances	**(3)**	–
Overprovision of income tax in prior years		
– company and subsidiaries	**(143)**	(292)
– associates	**(5,208)**	(2,179)
Overprovision of deferred tax in prior years	**(398)**	(489)
Others	**(3,691)**	74
Tax expense for the year	**67,962**	64,617

	Company 2005 RM'000	Company 2004 RM'000
(Loss)/profit before taxation	**(80,199)**	23,500
Taxation at Malaysian statutory tax rate of 28% (2004: 28%)	**(22,456)**	6,580
Effect of expenses not deductible for tax purposes	**33,245**	12,132
Effect of income not subject to tax	**(36)**	–
Deferred tax assets not recognised in respect of current year's unabsorbed capital allowances	**195**	210
Underprovision of income tax in prior years	**199**	630
Others	**52**	78
Tax expense for the year	**11,199**	19,630

Notes to the Financial Statements
31 December 2005 (cont'd)

8) TAXATION (CONT'D)

	Group 2005 RM'000	Group 2004 RM'000	Company 2005 RM'000	Company 2004 RM'000
i) Tax losses are analysed as follows:				
Tax savings recognised during the year arising from:				
Utilisation of current year tax losses	**6,370**	5,751	**6,370**	5,709
Utilisation of tax losses brought forward from previous years	**962**	2,350	**–**	–
Unutilised tax losses carried forward	**109,724**	65,485	**–**	–
ii) Unabsorbed capital allowances are analysed as follows:				
Tax savings recognised during the year arising from:				
Utilisation of unabsorbed capital allowances brought forward from previous years	**136**	56	**–**	–
Unabsorbed capital allowances carried forward	**181,945**	70,023	**4,796**	3,764
iii) Unutilised reinvestment allowances carried forward	**107,970**	107,770	**–**	–
iv) Unutilised investment tax allowances carried forward	**36,000**	36,000	**–**	–

As at 31 December 2005, the deferred tax assets are not recognised as it is not probable that future taxable profit will be available against which the unabsorbed capital allowances and unutilised tax losses, reinvestment and investment tax allowances can be utilised. The availability of the unutilised tax losses and unabsorbed capital allowances for offsetting against future taxable profits of the Group and of the Company are subject to the provisions of the Income Tax Act, 1967.

9) (LOSS)/EARNINGS PER SHARE

The basic (loss)/earnings per share has been calculated based on the Group's net loss for the year of RM117,987,000 (2004: net profit for the year of RM28,749,000) and the weighted average number of ordinary shares in issue during the year of 329,445,840 (2004: 329,306,423).

Notes to the Financial Statements

31 December 2005 (cont'd)

10) DIVIDENDS

	Amount		Net Dividend Per Ordinary Share	
	2005 RM	2004 RM	2005 Sen	2004 Sen
FIRST AND FINAL				
5% less 28% taxation, on 329,445,840 ordinary shares, declared on 13 June 2005 and paid on 22 July 2005	–	11,860,050	–	3.60

At the forthcoming Annual General Meeting, a first and final dividend in respect of the financial year ended 31 December 2005 of 5% less 28% taxation, amounting to a dividend payable of RM11,860,050 (3.60 sen net per 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 shareholders' equity as an appropriation of retained profit in the financial year ending 31 December 2006.

11) DISCONTINUING OPERATIONS

On 5 January 2006, the Board of Directors of the Company approved and announced the proposed closure of the operations of a subsidiary, CMS Steel Berhad, ('CMS Steel') due to the continuous losses incurred and given that there is no indication that the steel industry will turn around in the near future. The Group intends to exit from its steel operations from the first quarter of 2006 onwards. This proposal had led to the recognition of RM100 million provision for the impairment of assets and the provision for termination benefits of RM3 million in the financial statements of CMS Steel during the financial year under review. The operations relating to this Company are disclosed as discontinuing operations.

An impairment in value of investment in CMS Steel of RM102.52 million was recognised by the Company. In addition an impairment of the carrying amount of goodwill amounting to RM14.753 million arising on consolidation of CMS Steel was made by the Group during the year.

Income Statement for Year Ended 31 December 2005

	Continuing Operations RM'000	Discontinuing Operations RM'000	Group RM'000
Revenue	793,983	86,987	880,970
Expenses excluding finance cost and tax	(742,720)	(100,206)	(842,926)
Impairment of assets	–	(100,000)	(100,000)
Impairment of goodwill	–	(14,753)	(14,753)
Provision for termination benefits	–	(3,000)	(3,000)
Other operating income	8,647	1,484	10,131
Profit/(loss) From Operations	59,910	(129,488)	(69,578)
Finance costs	(32,514)	(4,937)	(37,451)
Share of profit of associates	53,125	–	53,125
Share of profit of jointly controlled entities	4,408	–	4,408
Profit/(Loss) Before Taxation	84,929	(134,425)	(49,496)
Taxation	(67,962)	–	(67,962)
Profit/(Loss) After Taxation	16,967	(134,425)	(117,458)
Minority interests	(529)	–	(529)
Net Profit/(Loss) for The Year	16,438	(134,425)	(117,987)

Notes to the Financial Statements
31 December 2005 (cont'd)

11) DISCONTINUING OPERATIONS (CONT'D)

Income Statement for Year Ended 31 December 2004

	Continuing Operations RM'000	Discontinuing Operations RM'000	Group RM'000
Revenue	866,285	154,059	1,020,344
Expenses excluding finance cost and tax	(816,058)	(159,162)	(975,220)
Impairment of value of investment in an associate	(2,000)	–	(2,000)
Other operating income	8,872	1,971	10,843
Profit/(Loss) from Operations	57,099	(3,132)	53,967
Finance costs	(40,370)	(6,605)	(46,975)
Gain on disposal of subsidiaries	86,714	–	86,714
Share of profit of associates	37,249	–	37,249
Profit/(Loss) Before Taxation	140,692	(9,737)	130,955
Taxation	(64,489)	(128)	(64,617)
Profit/(Loss) After Taxation	76,203	(9,865)	66,338
Minority interests	(37,589)	–	(37,589)
Net Profit/(Loss) for The Year	38,614	(9,865)	28,749

As at 31 December 2005, the carrying amounts of the total assets and the total liabilities of CMS Steel are as follows:

	Company 2005 RM'000	Company 2004 RM'000
Property, plant and equipment	**53,929**	162,843
Investment in subsidiary	**1,527**	1,527
Inventories	**46,544**	34,769
Trade receivables	**9,703**	6,394
Other receivables	**187**	230
Current tax asset	**128**	–
Amount due from related companies	**39**	20
Cash and bank balances	**1,232**	1,029
Total assets	**113,289**	206,812
Provision for liabilities	**3,000**	–
Short term borrowings	**83,210**	68,751
Trade payables	**1,021**	522
Other payables	**2,510**	2,947
Amount due to holding company	**38,721**	11,318
Amount due to related companies	**6,315**	7,462
Term loans	**14,000**	32,900
Total liabilities	**148,777**	123,900
Net (liabilities)/assets	**(35,488)**	82,912

Notes to the Financial Statements

31 December 2005 (cont'd)

11) DISCONTINUING OPERATIONS (CONT'D)

Cash Flows for Year Ended 31 December 2005

	Continuing Operations RM'000	Discontinuing Operations RM'000	Group RM'000
Cash flows from operating activities	**66,118**	**(22,727)**	**43,391**
Cash flows from investing activities	**(84,797)**	**(7)**	**(84,804)**
Cash flows from financing activities	**67,023**	**(4,164)**	**62,859**
	48,344	**(26,898)**	**21,446**

Cash Flows for Year Ended 31 December 2004

	Continuing Operations RM'000	Discontinuing Operations RM'000	Group RM'000
Cash flows from operating activities	(229,290)	(8,782)	(238,072)
Cash flows from investing activities	292,418	5,527	297,945
Cash flows from financing activities	(107,056)	(14,701)	(121,757)
	(43,928)	(17,956)	(61,884)

Notes to the Financial Statements

31 December 2005 (cont'd)

12) 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					
COST/VALUATION					
At 1 January 2005	**153,982**	**441,846**	**78,736**	**13,496**	**688,060**
Arising from acquisition of a subsidiary	**–**	**–**	**2,743**	**–**	**2,743**
Additions	**154**	**6,173**	**6,365**	**8,506**	**21,198**
Disposals	**–**	**(45,014)**	**(2,303)**	**(139)**	**(47,456)**
Reclassification	**12**	**13,326**	**–**	**(13,338)**	**–**
At 31 December 2005	**154,148**	**416,331**	**85,541**	**8,525**	**664,545**
ACCUMULATED DEPRECIATION					
Charged to income statement (Note 5)	4,191	28,307	6,317	–	38,815
Capitalised in construction costs (Note 22)	–	666	1,149	–	1,815
Depreciation charge for 2004	4,191	28,973	7,466	–	40,630
At 1 January 2005	**25,633**	**247,139**	**51,092**	**–**	**323,864**
Arising from acquisition of a subsidiary	**–**	**–**	**1,774**	**–**	**1,774**
Depreciation charge for the year	**4,055**	**24,065**	**8,337**	**–**	**36,457**
Charged to income statement (Note 5)	**4,055**	**23,320**	**7,359**	**–**	**34,734**
Capitalised in construction costs (Note 22)	**–**	**745**	**978**	**–**	**1,723**
Disposals	**–**	**(45,010)**	**(1,746)**	**–**	**(46,756)**
Impairment loss	**30,000**	**70,000**	**–**	**–**	**100,000**
At 31 December 2005	**59,688**	**296,194**	**59,457**	**–**	**415,339**
NET BOOK VALUE					
At 31 December 2005	**94,460**	**120,137**	**26,084**	**8,525**	**249,206**
At 31 December 2004	128,349	194,707	27,644	13,496	364,196
DETAILS AT 1 JANUARY 2004					
Cost	124,722	429,887	76,523	1,968	633,100
Valuation	40,317	–	–	–	40,317
Accumulated depreciation	23,288	218,335	50,808	–	292,431

Notes to the Financial Statements
31 December 2005 (cont'd)

12) PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Land and buildings comprise:

	Freehold Land RM'000	Long-term Leasehold Land RM'000	Short-term Leasehold Land RM'000	Buildings, Jetty, Roads and Drainage RM'000	Total RM'000
GROUP					
COST/VALUATION					
At 1 January 2005	**255**	**31,995**	**15,558**	**106,174**	**153,982**
Additions	**–**	**–**	**–**	**154**	**154**
Reclassification	**–**	**(876)**	**876**	**12**	**12**
At 31 December 2005	**255**	**31,119**	**16,434**	**106,340**	**154,148**
ACCUMULATED DEPRECIATION					
Depreciation charge for 2004	–	511	458	3,222	4,191
At 1 January 2005	**–**	**2,405**	**2,927**	**20,301**	**25,633**
Depreciation charge for the year	**–**	**577**	**389**	**3,089**	**4,055**
Reclassification	**–**	**(102)**	**102**	**–**	**–**
Impairment loss	**–**	**–**	**–**	**30,000**	**30,000**
At 31 December 2005	**–**	**2,880**	**3,418**	**53,390**	**59,688**
NET BOOK VALUE					
At 31 December 2005	**255**	**28,239**	**13,016**	**52,950**	**94,460**
At 31 December 2004	255	29,590	12,631	85,873	128,349
DETAILS AT 1 JANUARY 2004					
Cost	255	36,780	859	86,828	124,722
Valuation	–	–	19,295	21,022	40,317
Accumulated depreciation	–	2,201	3,198	17,889	23,288

Analysis of cost/valuation:

	Freehold Land RM'000	Long-term Leasehold Land RM'000	Short-term Leasehold Land RM'000	Buildings, Jetty, Roads and Drainage RM'000	Total RM'000
2005					
At valuation in 1996	**–**	**–**	**14,700**	**14,018**	**28,718**
At cost	**255**	**31,119**	**1,734**	**92,322**	**125,430**
At 31 December 2005	**255**	**31,119**	**16,434**	**106,340**	**154,148**
2004					
At valuation in 1996	–	–	14,700	14,018	28,718
At cost	255	31,995	858	92,156	125,264
At 31 December 2004	255	31,995	15,558	106,174	153,982

Notes to the Financial Statements
31 December 2005 (cont'd)

12) PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Motor Vehicles RM'000	Office Equipment RM'000	Total RM'000
COMPANY			
COST			
At 1 January 2005	**4,145**	**5,919**	**10,064**
Additions	**902**	**141**	**1,043**
Disposals/written-off	**(168)**	**(11)**	**(179)**
At 31 December 2005	**4,879**	**6,049**	**10,928**
ACCUMULATED DEPRECIATION			
Depreciation charge for 2004 (Note 5)	441	714	1,155
At 1 January 2005	**2,034**	**3,753**	**5,787**
Depreciation charge for the year (Note 5)	**757**	**515**	**1,272**
Disposals/written-off	**(168)**	**(6)**	**(174)**
At 31 December 2005	**2,623**	**4,262**	**6,885**
NET BOOK VALUE			
At 31 December 2005	**2,256**	**1,787**	**4,043**
At 31 December 2004	2,111	2,166	4,277
DETAILS AT 1 JANUARY 2004			
Cost	2,722	6,565	9,287
Accumulated depreciation	1,617	3,934	5,551

The Directors' valuation of leasehold land and buildings was based on professional appraisals provided by independent valuers on the open market basis in 1996. The resultant revaluation surplus was credited to the capital reserve.

The net book value of land and buildings stated at valuation of RM23,273,290 (2004: RM24,057,856) would have been RM6,795,778 (2004: RM7,193,280) had they been stated at cost.

13) SUBSIDIARIES

	Company 2005 RM'000	Company 2004 RM'000
Unquoted shares at cost	**1,182,418**	1,158,642
Impairment in value of investment	**(127,520)**	(25,000)
	1,054,898	1,133,642

Notes to the Financial Statements
31 December 2005 (cont'd)

13) SUBSIDIARIES (CONT'D)

Details of subsidiaries as at 31 December 2005 and their principal activities are shown below:

Name of Subsidiaries	Country of Incorporation	Principal Activities	Equity Interest Held 2005 %	Equity Interest Held 2004 %
DIRECT SUBSIDIARIES OF THE COMPANY				
CMS Capital Sdn Bhd	Malaysia	Investment holding	**93.5**	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**	100.0
CMS Energy Sdn Bhd	Malaysia	Provision of engineering services to the oil and gas industry	**100.0**	100.0
CMS Modular Housing Sdn Bhd	Malaysia	Manufacture and sale of composite roof and wall panel systems	**100.0**	100.0
CMS Property Development Sdn Bhd	Malaysia	Property holding, property development and project management	**100.0**	100.0
CMS Steel Berhad	Malaysia	Manufacture and sale of steel bars and wire rods	**80.0**	80.0
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
CMS Resources Sdn Bhd	Malaysia	Investment and property holding	**51.0**	51.0
CMS River Bus Sdn Bhd (formerly known as TPIS Management Sdn Bhd)	Malaysia	Investment holding	**100.0**	100.0
CMS Works Sdn Bhd	Malaysia	Investment holding	**100.0**	100.0
CMS Infra Trading Sdn Bhd	Malaysia	General trading	**51.0**	51.0
CMS Education Sdn Bhd	Malaysia	Education	**80.0**	80.0
CMS Global (BVI) Ltd	British Virgin Islands	Dormant	**100.0**	–
CMS I-Systems Bhd * (formerly known as I-Systems Group Berhad)	Malaysia	Software research and development, provision of software related services and trading of computer software	**51.0**	–

Notes to the Financial Statements
31 December 2005 (cont'd)

13) SUBSIDIARIES (CONT'D)

Name of Subsidiaries	Country of Incorporation	Principal Activities	Equity Interest Held 2005 %	Equity Interest Held 2004 %
SUBSIDIARIES OF CMS CAPITAL SDN BHD				
CMS Dresdner Asset Management Sdn Bhd	Malaysia	Asset management	**51.0**	51.0
CMS Mezzanine Sdn Bhd	Malaysia	Corporate financing	**100.0**	100.0
CMS Trust Management Berhad	Malaysia	Management of unit trust funds	**51.0**	51.0
CMS Opus Private Equity Sdn Bhd	Malaysia	Management of private equity investments	**51.0**	–
SUBSIDIARY OF CMS CEMENT SDN BHD				
CMS Concrete Products Sdn Bhd	Malaysia	Manufacture and sale of concrete products	**100.0**	100.0
SUBSIDIARIES OF CMS PROPERTY DEVELOPMENT SDN BHD				
CMS Property Management Sdn Bhd	Malaysia	Project management and consultancy	**51.0**	51.0
CMS Land Sdn Bhd	Malaysia	Property holding, property development and construction	**51.0**	51.0
CMS Hotels Sdn Bhd	Malaysia	Dormant	**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
SUBSIDIARY OF CONCORDANCE HOLDINGS SDN BHD				
Utama Banking Group Berhad *	Malaysia	Investment holding	**51.8**	51.8
SUBSIDIARIES OF CMS RESOURCES SDN BHD				
PPES Concrete Product Sdn Bhd	Malaysia	Manufacture and sale of concrete products	**51.0**	51.0
CMS Penkuari Sdn Bhd (i)	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
SUBSIDIARIES OF CMS WORKS SDN BHD				
PPES Works (Sarawak) Sdn Bhd	Malaysia	Civil engineering contractor	**51.0**	51.0
CMS Works International Ltd	Malaysia	Investment holding	**100.0**	–

Notes to the Financial Statements
31 December 2005 (cont'd)

13) SUBSIDIARIES (CONT'D)

Name of Subsidiaries	Country of Incorporation	Principal Activities	Equity Interest Held 2005 %	Equity Interest Held 2004 %
SUBSIDIARY OF CMS INFRA TRADING SDN BHD				
CMS Sumber Sdn Bhd	Malaysia	General trading	**51.0**	51.0
SUBSIDIARIES OF CMS I-SYSTEMS BERHAD				
I-Systems Network Sdn Bhd *	Malaysia	Software development and internet related services	**90.0**	–
I-Systems (Guangzhou) Co Ltd *	People's Republic of China	Software development and provision of e-business solutions	**100.00**	–
Interventure Capital Sdn Bhd *	Malaysia	Provision of management and consulting services	**100.0**	–
SUBSIDIARY OF UTAMA BANKING GROUP BERHAD				
UBG Enterprise Berhad *	Malaysia	Dormant	**100.0**	100.0
SUBSIDIARIES OF PPES WORKS (SARAWAK) SDN BHD				
CMS Pavement Tech Sdn Bhd	Malaysia	Road construction and maintenance	**100.0**	100.0
CMS Roads Sdn Bhd	Malaysia	Road assessment, maintenance and management	**81.0**	51.0

* not audited by Ernst & Young or their associates

(i) The remaining 40% is held by CMS Premix Sdn Bhd

The shares in Utama Banking Group Berhad have been pledged to bankers for banking facilities granted to the Company.

Notes to the Financial Statements
31 December 2005 (cont'd)

14) ASSOCIATES

	Group 2005 RM'000	Group 2004 RM'000
QUOTED SECURITIES AT COST:		
IN MALAYSIA		
Ordinary shares	**779,052**	779,052
RHB Irredeemable Convertible Unsecured Loan Stocks ('ICULS')		
– RHB ICULS-A	**–**	329,942
– RHB ICULS-B	**–**	262,257
Warrants	**–**	6,000
Impairment in value of warrants	**–**	(6,000)
	–	–
	779,052	1,371,251
Share of post-acquisition reserves	**(24,930)**	(11,987)
	754,122	1,359,264
MARKET VALUE:		
Ordinary shares	**228,897**	275,165
RHB ICULS-A	**–**	300,968
RHB ICULS-B	**–**	234,014
Warrants	**–**	920
The Group's interest in the associates is as follows:		
Group's share of net liabilities other than goodwill	**(450,876)**	(451,515)
Group's share of goodwill	**789,504**	803,086
	338,628	351,571
Premium on acquisition	**415,494**	415,494
	754,122	767,065
RHB ICULS-A	**–**	329,942
RHB ICULS-B	**–**	262,257
Warrants	**–**	6,000
Impairment in value of warrants	**–**	(6,000)
	–	–
	754,122	1,359,264
Share of capital commitments (Note 42(a))	**26,184**	22,709
Share of contingent liabilities and other commitments (Note 42(b)) *	**46,116,957**	43,970,851

* The Group's exposure in the associates' contingent liabilities and other commitments is limited to the carrying amount of the investments.

Notes to the Financial Statements
31 December 2005 (cont'd)

14) ASSOCIATES (CONT'D)

The associates, which are incorporated in Malaysia, are:

Name of Associates	Principal Activities	Equity Interest Held 2005 %	2004 %
K&N Kenanga Holdings Berhad	Investment holding, stockbroking and financial services business	**25.1**	25.1
Rashid Hussain Berhad	Investment holding, banking, property management and financial services business	**32.8**	32.9

Certain of the ordinary shares have been pledged for banking facilities granted to the Group and the Company.

15) JOINTLY CONTROLLED ENTITIES

	Group 2005 RM'000	Group 2004 RM'000
Unquoted shares at cost	**2,455**	–
Share of post-acquisition reserves	**3,128**	–
	5,583	–

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

	Group 2005 RM'000	Group 2004 RM'000
Revenue	**43,528**	–
Expenses	**39,196**	–
Current assets	**27,284**	–
Non-current assets	**215**	–
Current liabilities	**(21,904)**	–
Non-current liabilities	**(12)**	–
Net assets	**5,583**	–

Notes to the Financial Statements
31 December 2005 (cont'd)

15) JOINTLY CONTROLLED ENTITIES (CONT'D)

Details of the jointly controlled entities are as follows:

Name of Jointly Controlled Entities	Principal Activities	Equity Interest Held 2005 %	Equity Interest Held 2004 %
PPES Works (Sarawak) Sdn Bhd/ Naim Cendera Sdn Bhd JV	Construction of buildings	**55**	–
PPES Works (Sarawak) Sdn Bhd/ Advance Praise Sdn Bhd JV	Green waste management and composting	**51**	–
Chiyoda Malaysia Sdn Bhd/PPES Works (Sarawak) Sdn Bhd JV	Provision of design, construction and engineering services to gas and petrolchemical related industry	**40**	–

16) SECURITIES AVAILABLE-FOR-SALE

	Group 2005 RM'000	Group 2004 RM'000
Quoted securities at fair value		
IN MALAYSIA		
RHB ICULS-A	**357,119**	–
RHB ICULS-B	**227,962**	–
	585,081	–

Included in securities available-for-sale are certain units of RHB ICULS-A and RHB ICULS-B, respectively which have been pledged for banking facilities granted to the Group.

17) LAND HELD FOR PROPERTY DEVELOPMENT

	Group 2005 RM'000	Group 2004 RM'000
Long-term leasehold land, at cost	**35,121**	35,281
Development expenditure	**4,148**	3,799
	39,269	39,080

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

Notes to the Financial Statements
31 December 2005 (cont'd)

18) DEVELOPMENT COSTS

	Group 2005 RM'000	Group 2004 RM'000
COST		
At 1 January	–	–
Arising from acquisition of a subsidiary	11,650	–
Additional development expenditure	944	–
At 31 December	12,594	–
ACCUMULATED AMORTISATION		
At 1 January	–	–
Arising from acquisition of a subsidiary	3,907	–
Amortisation for the year (Note 5)	653	–
At 31 December	4,560	–
NET BOOK VALUE	8,034	–
Included in development costs are the following expenses incurred and capitalised during the year:		
Staff costs (Note 6)	701	–

19) GOODWILL ON CONSOLIDATION

	Group 2005 RM'000	Group 2004 RM'000
COST		
At 1 January	300,893	300,864
Arising from acquisition of a subsidiary	11,997	–
Arising from additional interest in a subsidiary	12,430	29
At 31 December	325,320	300,893
ACCUMULATED AMORTISATION		
At 1 January	104,650	92,587
Amortisation for the year (Note 5)	12,570	12,063
Arising from acquisition of a subsidiary	34	–
At 31 December	117,254	104,650
ACCUMULATED IMPAIRMENT LOSSES	14,753	–
NET BOOK VALUE	193,313	196,243

Notes to the Financial Statements
31 December 2005 (cont'd)

20) INVENTORIES

	Group 2005 RM'000	Group 2004 RM'000
At cost:		
Raw materials	**31,959**	14,152
Finished goods	**33,405**	35,335
General stores	**24,541**	22,109
Work-in-progress	**9**	24
Goods-in-transit	**164**	440
	90,078	72,060

21) PROPERTY DEVELOPMENT COSTS

Long term leasehold land	**85,640**	85,640
Development costs:		
At 1 January	**165,776**	138,741
Costs incurred during the year	**36,812**	27,077
	202,588	165,818
Costs recognised in the income statement:		
At 1 January	**(110,103)**	(88,439)
Recognised during the year	**(21,787)**	(21,706)
At 31 December	**(131,890)**	(110,145)
	70,698	55,673
Transfer to income statement on disposal	**(9,801)**	–
	146,537	141,313

The title to certain landed properties of the Group with a cost of RM1,483,000 (2004: RM1,483,000) 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.

Notes to the Financial Statements
31 December 2005 (cont'd)

22) AMOUNT DUE FROM/(TO) CUSTOMERS ON CONTRACTS

	Group 2005 RM'000	Group 2004 RM'000
Aggregate costs incurred to-date	**1,088,943**	1,052,929
Attributable profits less recognised losses	**106,456**	111,103
	1,195,399	1,164,032
Progress billings	**(1,189,254)**	(1,164,149)
	6,145	(117)
Amount due from customers on contracts	**16,920**	21,834
Amount due to customers on contracts	**(10,775)**	(21,951)
	6,145	(117)
Included in amount due from/(to) customers on contracts are the following expenses incurred during the year:		
Depreciation (Note 12)	**1,723**	1,815
Hire of equipment	**2,819**	1,118
Rental expense	**355**	260

23) SECURITIES HELD-FOR-TRADING

	Group 2005 RM'000	Group 2004 RM'000
QUOTED SECURITIES AT FAIR VALUE:		
IN MALAYSIA		
RHB – warrants (2001/2007)	**680**	–
RHB – call warrants (2003/2007)	**19,417**	–
	20,097	–

Included in securities held-for-trading are certain units of call warrants which have been pledged for banking facilities granted to the Group.

Notes to the Financial Statements
31 December 2005 (cont'd)

24) SHORT TERM INVESTMENTS

	Group 2005 RM'000	Group 2004 RM'000
QUOTED SECURITIES AT COST:		
IN MALAYSIA		
Ordinary shares	**1,295**	1,295
Impairment in value of investment	**(1,110)**	(1,036)
	185	259
Unit stocks	**158**	1,192
	343	1,451
MARKET VALUE:		
Ordinary shares	**241**	259
Unit trusts	**168**	1,338

25) TRADE RECEIVABLES

Trade receivables	**242,021**	243,264
Provision for doubtful debts	**(12,220)**	(12,092)
	229,801	231,172
Retention sums on contracts	**16,483**	15,987
	246,284	247,159

The Group's normal trade credit term ranges from 30 to 120 days. Other credit terms are assessed and approved on a case-by-case basis.

The Group has no significant concentration of credit risk that may arise from exposures to a single receivable or to groups of receivables.

26) AMOUNT DUE FROM/(TO) SUBSIDIARIES

	Company 2005 RM'000	Company 2004 RM'000
Central cash management accounts (i)	**44,185**	15,161
Amount due from subsidiaries (ii)	**430,033**	432,652
	474,218	447,813
Provision against advances to subsidiaries	**(32,853)**	(32,853)
	441,365	414,960

Notes to the Financial Statements
31 December 2005 (cont'd)

26) AMOUNT DUE FROM/(TO) SUBSIDIARIES (CONT'D)

	Company 2005 RM'000	Company 2004 RM'000
Central cash management accounts (i)	**(225,155)**	(186,686)
Amount due to subsidiaries (ii)	**(362)**	(126)
Loans from subsidiaries (iii)	**(82,750)**	(127,382)
	(308,267)	(314,194)
Less: Portion repayable within one year	**308,267**	279,194
	–	(35,000)

(i) All balances deposited with the Company are repayable on demand and earn interest at the rate of 4% (2004: 4%) per annum. All balances due to the Company are also repayable on demand and are charged interest ranging from 7.0% to 7.5% (2004: 7.0% to 7.5%) per annum.

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

(iii) The loans from subsidiaries represent the syndicated term loans obtained by the subsidiaries and made available to the Company as provided for in the loan agreements.

The interest and principal repayments to the subsidiaries are in accordance with the terms of the syndicated loans offered by the bankers to the subsidiaries. The loan made available by one of the subsidiaries is repayable on 13 March 2006 as described in Note 34.

27) OTHER RECEIVABLES

	Group 2005 RM'000	Group 2004 RM'000	Company 2005 RM'000	Company 2004 RM'000
Other receivables	**19,256**	12,198	**1,870**	136
Provision for doubtful debts	**(35)**	(39)	**–**	–
	19,221	12,159	**1,870**	136
Amount due from joint venture	**5,209**	3,850	**–**	–
Other deposits	**2,790**	1,830	**258**	280
Prepayments	**1,670**	2,543	**415**	819
Interest receivable	**7,225**	6,706	**–**	–
Current tax assets	**26,572**	24,532	**17,640**	19,861
	62,687	51,620	**20,183**	21,096

The Group has no significant concentration of credit risk that may arise from exposures to a single receivable or to groups of receivables.

28) CASH AND BANK BALANCES

	Group 2005 RM'000	Group 2004 RM'000	Company 2005 RM'000	Company 2004 RM'000
Cash and bank balances	**40,992**	18,140	**11,876**	160
Short term deposits with financial institutions	**196,325**	198,024	**130,210**	14,550
	237,317	216,164	**142,086**	14,710

The weighted average effective interest rates at the balance sheet date were as follows:

	Group 2005 %	Group 2004 %	Company 2005 %	Company 2004 %
Licensed banks	**2.30 – 3.70**	2.00 – 3.00	**2.30 – 2.85**	2.00 – 2.50
Other financial institutions	**2.70 – 3.00**	2.70 – 3.00	**–**	–

The average maturities of deposits as at the end of the financial year were as follows:

	Group 2005 Days	Group 2004 Days	Company 2005 Days	Company 2004 Days
Licensed banks	**1 – 362**	1 – 90	**4 – 42**	3 – 11
Other financial institutions	**30**	30	**–**	–

29) SHORT TERM BORROWINGS

	Group 2005 RM'000	Group 2004 RM'000	Company 2005 RM'000	Company 2004 RM'000
SECURED:				
Bank overdrafts (Note 39)	**6,530**	6,885	**2,576**	2,513
Revolving credits	**251,290**	324,540	**35,000**	–
Bankers' acceptances	**22,933**	49,565	**–**	–
Portion of term loans repayable within one year (Note 34)	**141,400**	81,325	**40,000**	20,000
	422,153	462,315	**77,576**	22,513
UNSECURED:				
Bank overdrafts (Note 39)	**104**	42	**–**	–
Revolving credit	**59,200**	59,000	**–**	–
Bankers' acceptances	**29,415**	15,730	**–**	–
Time loan	**18,500**	–	**–**	–
Trust receipts	**37,423**	–	**–**	–
Portion of term loans repayable within one year (Note 34)	**5,625**	–	**–**	–
	572,420	537,087	**77,576**	22,513

Notes to the Financial Statements
31 December 2005 (cont'd)

29) SHORT TERM BORROWINGS (CONT'D)

The revolving credit facilities, bank overdrafts and omnibus lines of the Group and the Company are secured by debentures over the assets of subsidiaries, certain landed properties of subsidiaries and a pledge against shares and loan stocks of an associate.

The borrowings of the Group bear interest at rates ranging from 2.98% to 7.45% (2004: 3.65% to 7.95%) per annum.

30) TRADE PAYABLES

	Group 2005 RM'000	Group 2004 RM'000	Company 2005 RM'000	Company 2004 RM'000
Trade payables	**144,977**	127,985	**6**	6
Retention sums on contracts	**20,363**	21,054	**–**	–
Progress billings in respect of property development costs	**84**	1,665	**–**	–
	165,424	150,704	**6**	6

The normal trade credit term granted to the Group ranges from 30 to 120 days.

31) OTHER PAYABLES

	Group 2005 RM'000	Group 2004 RM'000	Company 2005 RM'000	Company 2004 RM'000
Other payables	**17,112**	18,017	**816**	1,581
Interest payable	**2,617**	2,258	**1,057**	1,572
Land premium payable	**–**	1,332	**–**	–
Accruals	**32,703**	29,389	**553**	516
Deposits payable	**20,113**	1,452	**–**	–
Deferred income	**2,063**	–	**–**	–
Provision for liabilities	**3,000**	–	**–**	–
	77,608	52,448	**2,426**	3,669

Provision for liabilities relates to the provision for termination benefits arising from the Group's intention to exit its steel operations from the first quarter 2006 onwards, as disclosed in Note 11 to the financial statements.

Notes to the Financial Statements
31 December 2005 (cont'd)

32) SHARE CAPITAL

	Group and Company			
	Number of Ordinary Shares of RM1 Each		Amount	
	2005	**2004**	**2005**	**2004**
	'000	**'000**	**RM'000**	**RM'000**
AUTHORISED				
At 1 January and 31 December	**1,000,000**	1,000,000	**1,000,000**	1,000,000
ISSUED AND FULLY PAID				
At 1 January	**329,446**	328,916	**329,446**	328,916
Employees' Share Option scheme	**–**	530	**–**	530
At 31 December	**329,446**	329,446	**329,446**	329,446

33) RESERVES

Movements in reserves are disclosed in the Statements of Changes in Equity.

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

The statutory reserve is maintained by an associate in compliance with Section 36 of the Banking and Financial Institutions Act, 1989.

Available-for-sale ('AFS') reserve comprises any gain or loss arising from a change in fair value recognised from AFS securities.

As at 31 December 2005, the Company has tax exempt profits available for distribution of approximately RM11 million (2004: RM11 million), subject to the agreement of the Inland Revenue Board.

The Company has sufficient tax credit under Section 108 of the Income Tax Act 1967 and the balance in the tax exempt income account to frank the payment of dividends out of its entire retained profit as at 31 December 2005.

Notes to the Financial Statements
31 December 2005 (cont'd)

34) LONG TERM LIABILITIES

	Group 2005 RM'000	Group 2004 RM'000	Company 2005 RM'000	Company 2004 RM'000
SECURED:				
Term loans	**245,400**	326,456	**130,000**	149,731
UNSECURED:				
Term loan	**19,500**	–	**–**	–
Income Securities (Note 35)	**168,986**	–	**168,986**	–
	433,886	326,456	**298,986**	149,731
Portion of term loans repayable within one year (Note 29)	**(147,025)**	(81,325)	**(40,000)**	(20,000)
	286,861	245,131	**258,986**	129,731

The term loans of the Company are secured by way of a pledge against shares of a subsidiary and an associate.

The term loans of the subsidiaries are secured by fixed and floating charges over assets of certain subsidiaries, a legal charge over landed properties of a subsidiary and assignment of a project account of another subsidiary.

The loans bear interest ranging from 1.00% to 1.50% (2004: 0.75% to 1.50%) per annum above the bankers' base lending rates or cost of funds.

On 29 December 2005, the Group has agreed to repay the entire outstanding amount of one of the term loans amounting to RM47.5 million on 13 March 2006, being the next instalment payment date.

The long term liabilities are repayable over the following periods:

	Group 2005 RM'000	Group 2004 RM'000	Company 2005 RM'000	Company 2004 RM'000
Within one year	**147,055**	81,325	**40,030**	20,000
Between one and two years	**66,720**	108,150	**50,020**	40,000
Between two and five years	**213,363**	136,981	**202,188**	89,731
	427,138	326,456	**292,238**	149,731

Notes to the Financial Statements
31 December 2005 (cont'd)

35) 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.

As at 31 December 2005, all the NCRPS were fully subscribed whilst RM161,838,000 of the bond principal in nominal value terms were on sold to third parties. The said nominal sum of RM161,838,000, together with premium of RM6,747,873, was received up to the year-end. The remaining balance of the bonds is expected to be on sold to third parties in the following year. The Company is only contractually obliged to make payments in respect of such Bonds that are sold.

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 18.8% per annum, to be paid semi-annually.

As at 31 December 2005, the effective interest of the Bonds Principal, which were on sold to third parties, is equivalent to 6.67% per annum;

iv) Unless previously redeemed or purchased and cancelled, the Bonds Principal shall be redeemed by the Company at par on maturity;

35) INCOME SECURITIES (CONT'D)

a) The salient terms of the Bonds are as follows (cont'd.):

v) A Debt Repayment Reserve Account ('DPRA') is maintained by the Company and charged 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 Investment (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 but the Bonds Principal are tradeable and transferable under the Real Time Electronic Transfer of Funds and Securities System (RENTAS) maintained by Bank Negara Malaysia.

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;

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	0.030	1
B	0.050	2
C	0.070	3
D	0.080	4
E	0.085	5
F	0.085	6
	0.400	

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;

Notes to the Financial Statements
31 December 2005 (cont'd)

35) INCOME SECURITIES (CONT'D)

b) The salient features of the NCRPS are as follows (cont'd.):

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 Malaysia Securities Berhad.

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

36) NON-CONVERTIBLE REDEEMABLE PREFERENCE SHARES ('NCRPS')

	Group and Company			
	Number of NCRPS of RM1 Each		Amount	
	2005	2004	2005 RM	2004 RM
AUTHORISED				
At 1 January	–	–	–	–
Created during the year	400	–	400	–
At 31 December	400	–	400	–

The amount recognised in the balance sheets of the Group and the Company may be analysed as follows:

	Group and Company			
	Number of NCRPS of RM1 Each		Amount	
	2005	2004	2005 RM	2004 RM
NOMINAL VALUE – ISSUED AND FULLY PAID				
At 1 January	–	–	–	–
Issued and fully paid-up during the year	400	–	400	–
At 31 December	400	–	400	–

	Amount	
	2005 RM'000	2004 RM'000
SHARE PREMIUM		
At 1 January	–	–
Increase during the year	400	–
At 31 December	400	–
Amount included within long term borrowings (Note 34)	400	–

Notes to the Financial Statements
31 December 2005 (cont'd)

37) DEFERRED TAX LIABILITIES

	Group 2005 RM'000	Group 2004 RM'000
At 1 January	**24,472**	25,210
Recognised in the income statement (Note 8)	**(1,389)**	(738)
At 31 December	**23,083**	24,472
Presented after appropriate offsetting as follows:		
Deferred tax assets	**(244)**	–
Deferred tax liabilities	**23,327**	24,472
At 31 December	**23,083**	24,472

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

DEFERRED TAX LIABILITIES OF THE GROUP:

	Revaluation of Leasehold Land and Building RM'000	Accelerated Capital Allowances RM'000	Total RM'000
At 1 January 2005	**291**	**24,181**	**24,472**
Recognised in the income statement	**(7)**	**(1,138)**	**(1,145)**
At 31 December 2005	**284**	**23,043**	**23,327**
At 1 January 2004	404	24,806	25,210
Recognised in the income statement	(113)	(625)	(738)
At 31 December 2004	291	24,181	24,472

37) DEFERRED TAX LIABILITIES (CONT'D)

DEFERRED TAX ASSETS OF THE GROUP:

	Provision for Liabilities RM'000	Provision for Doubtful Debts RM'000	Others RM'000	Total RM'000
At 1 January 2005	–	–	–	–
Recognised in the income statement	(12)	(167)	(65)	(244)
At 31 December 2005	(12)	(167)	(65)	(244)
At 1 January 2004	–	–	–	–
Recognised in the income statement	–	–	–	–
At 31 December 2004	–	–	–	–

38) SUMMARY OF EFFECTS OF THE DISPOSAL AND ACQUISITION OF SUBSIDIARIES

a) Disposal of A Subsidiary

i) Consolidated Income Statement

The results of the subsidiary disposed in year 2004 were as follows:

	2005 RM'000	2004 RM'000
Interest income	–	16,865
Interest expense	–	(13,759)
Net Interest Income	–	3,106
Loan and financing loss and provision	–	(8,584)
	–	(5,478)
Non interest income	–	4,160
Non loan/provision	–	(37,489)
Net loss	–	(38,807)
Overhead expenses	–	(6,350)
Loss Before Taxation	–	(45,157)
Taxation	–	–
Net loss for the financial year	–	(45,157)

Notes to the Financial Statements
31 December 2005 (cont'd)

38) SUMMARY OF EFFECTS OF THE DISPOSAL AND ACQUISITION OF SUBSIDIARIES (CONT'D)

a) Disposal of A Subsidiary (cont'd)

ii) Consolidated Balance Sheet

The assets and liabilities of the subsidiary disposed in year 2004 were as follows:

	2005 RM'000	2004 RM'000
Cash and short-term funds	–	462
Investment securities	–	156,498
Loans, advances and financing	–	160,217
Other assets	–	9,494
Statutory deposits with Bank Negara Malaysia	–	11,470
Property, plant and equipment	–	56
Deposits from customers	–	(74,620)
Deposits and placements of banks and other financial institutions	–	(201,000)
Other liabilities	–	(1,291)
Net assets	–	61,286
Group's 85.1% share of net assets disposed off	–	52,155
Gain on disposal of a subsidiary	–	86,714
Total consideration satisfied by cash	–	138,869
Net cash inflow arising on disposal:		
Cash consideration	–	138,869
Cash and cash equivalents of a subsidiary disposed	–	(462)
	–	138,407

Notes to the Financial Statements
31 December 2005 (cont'd)

38) SUMMARY OF EFFECTS OF THE DISPOSAL AND ACQUISITION OF SUBSIDIARIES (CONT'D)

b) Acquisition of A Subsidiary

On 29 July 2005, the Group acquired 51% equity interest in CMS I-Systems Berhad, for a total cash consideration of RM22,654,861.

The acquisition had the following effect on the Group's financial results for the year:

	2005 RM'000
Revenue	1,890
Loss from operations	(995)
Net loss for the year	(706)

The acquisition had the following effect on the financial position of the Group as at the end of the year:

	2005 RM'000
Property, plant and equipment	989
Development costs	8,034
Goodwill on consolidation (including goodwill on acquisition of CMS I-Systems Berhad)	11,758
Trade and other receivables	8,283
Cash and bank balances	6,686
Trade and other payables	(3,430)
Current tax liability	(7)
Minority interests	(10,141)
Group's share of net assets	22,172

The fair values of the assets acquired and liabilities assumed from the acquisition of a subsidiary were as follows:

	29.7.2005 RM'000
Goodwill on consolidation (Note 19)	113
Property, plant and equipment (Note 12)	969
Development costs	7,743
Trade and other receivables	8,551
Cash and bank balances	6,660
Trade and other payables	(2,374)
	21,662
Minority interests	(42)
	21,620

Notes to the Financial Statements
31 December 2005 (cont'd)

38) SUMMARY OF EFFECTS OF THE DISPOSAL AND ACQUISITION OF SUBSIDIARIES (CONT'D)

b) Acquisition of A Subsidiary (cont'd)

The fair values of the assets acquired and liabilities assumed from the acquisition of a subsidiary were as follows:

	29.7.2005 RM'000
Group's 51% share of net assets acquired	11,026
Goodwill on acquisition (Note 19)	11,850
Cost of acquisition	22,876
Total purchase consideration in cash	22,655
Costs attributable to the acquisition, paid in cash	221
Total cost of acquisition	22,876
Cash outflow arising on acquisition:	
Purchase consideration satisfied by cash	22,655
Costs attributable to the acquisition, paid in cash	221
Total cash outflow of the Company	22,876
Cash and cash equivalents of a subsidiary acquired	(6,660)
Net cash outflow of the Group	16,216

39) CASH AND CASH EQUIVALENTS

	Group 2005 RM'000	Group 2004 RM'000	Company 2005 RM'000	Company 2004 RM'000
Cash and bank balances (Note 28)	237,317	216,164	142,086	14,710
Bank overdrafts (Note 29)	(6,634)	(6,927)	(2,576)	(2,513)
	230,683	209,237	139,510	12,197

Notes to the Financial Statements
31 December 2005 (cont'd)

40) SIGNIFICANT RELATED PARTY TRANSACTIONS

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

	Company 2005 RM'000	Company 2004 RM'000
a) Transactions with subsidiaries:		
INCOME		
Interest income	**3,179**	2,532
Internal audit fee	**348**	239
Secretarial fee	**89**	80
Management fee	**10**	93
EXPENDITURE		
Interest expense	**9,253**	6,885

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 2005 RM'000	Group 2004 RM'000	Company 2005 RM'000	Company 2004 RM'000
EXPENDITURE				
i) Motor vehicles repair and maintenance paid to Automobili Sdn Bhd	**15**	76	**8**	25
ii) Telecommunication equipment and services paid to Achi Jaya Communications Sdn Bhd (formerly known as Hager Elektronik Sdn Bhd)	**57**	42	**6**	9
iii) Office upkeep and rental paid to:				
Centigrade Resources Sdn Bhd	**685**	637	**577**	531
Satria Realty Sdn Bhd	**956**	956	**824**	824
iv) Professional fees paid to KTA (Sarawak) Sdn Bhd	**1,488**	680	**–**	–

Notes to the Financial Statements
31 December 2005 (cont'd)

40) SIGNIFICANT RELATED PARTY TRANSACTIONS (CONT'D)

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 2005 RM'000	Group 2004 RM'000
EXPENDITURE		
i) Purchase of reinforced concrete products from SCIB Concrete Manufacturing Sdn Bhd	**549**	553
ii) Purchase of steel bars from Amsteel Mills Sdn Bhd	**4,781**	2,053

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

	Group 2005 RM'000	Group 2004 RM'000
INCOME		
i) Sale of stones, premix and RC piles to Techrich Sdn Bhd	**4,320**	–
ii) Provision of cement stabilisation works to Techrich Sdn Bhd	**1,828**	–
EXPENDITURE		
Subcontracting works paid to Techrich Sdn Bhd	**205**	–

41) FINANCIAL INFORMATION BY SEGMENT

The Group is organised into eight major business segments:

i) Manufacturing – manufacturing of cement and concrete products;

ii) Construction – civil engineering, road construction and maintenance;

iii) Construction materials – quarry operations, production and sale of premix;

iv) Banking – commercial and merchant banking;

v) Stockbroking – stockbroking, asset and fund management;

vi) Property development – property holding and development and project management;

vii) Trading and services – general trading, education, transportation and other services; and

viii) Discontinuing operations – manufacturing of steel.

No geographical analysis has been prepared as the Group's business interests are predominantly located in Malaysia.

The Directors are of the opinion that all inter-segment transactions have been entered into in the normal course of business and have been transacted on normal commercial terms.

Notes to the Financial Statements
31 December 2005 (cont'd)

41) FINANCIAL INFORMATION BY SEGMENT (CONT'D)

2005	Manufacturing RM'000	Construction RM'000	Construction Materials RM'000	Banking RM'000	Stockbroking and Other Financial Services RM'000	Property Development RM'000	Trading and Services RM'000	Discontinuing Operations RM'000	Eliminations RM'000	Group Total RM'000
REVENUE										
Total sales	290,748	295,686	133,656	15,131	12,447	39,291	82,356	98,808		968,123
Inter-segment sales	(13,157)	(11,842)	(19,730)	–	–	(539)	(30,064)	(11,821)		(87,153)
External sales	277,591	283,844	113,926	15,131	12,447	38,752	52,292	86,987		880,970
RESULTS										
Segment operating profit/(loss)	53,010	24,301	9,858	(11,245)	3,831	4,589	(2,377)	(11,736)		70,231
Impairment of assets	–	–	–	–	–	–	–	(100,000)		(100,000)
Impairment of goodwill	–	–	–	–	–	–	–	(14,753)		(14,753)
Provision for termination benefits	–	–	–	–	–	–	–	(3,000)		(3,000)
Unallocated corporate expenses										(22,056)
Operating loss										(69,578)
Finance costs										(37,451)
Share of profit/(loss) of associates	–	–	–	62,816	(9,691)	–	–	–		53,125
Share of profit of jointly controlled entities	–	4,408	–	–	–	–	–	–		4,408
Loss before taxation										(49,496)
Taxation										(67,962)
Loss after taxation										(117,458)
Minority interests										(529)
Net loss for the year										(117,987)

Notes to the Financial Statements

31 December 2005 (cont'd)

41) FINANCIAL INFORMATION BY SEGMENT (CONT'D)

2005	Manufacturing RM'000	Construction RM'000	Construction Materials RM'000	Banking RM'000	Stockbroking and Other Financial Services RM'000	Property Development RM'000	Trading and Services RM'000	Discontinuing Operations RM'000	Eliminations RM'000	Group Total RM'000
ASSETS										
Segment assets	319,810	441,735	166,834	193,308	34,932	225,206	81,532	113,926	(450,042)	1,127,241
Investment in associates	–	–	–	486,767	267,355	–	–	–		754,122
Securities available-for-sale										585,081
Current tax assets										26,572
Unallocated corporate assets										161,855
Total assets										2,654,871
LIABILITIES										
Segment liabilities	60,376	149,130	36,911	1,912	5,467	139,163	34,910	46,069	(222,563)	251,375
Borrowings									859,281	
Tax liabilities										25,355
Unallocated corporate liabilities										2,432
Total liabilities										1,138,443
OTHER INFORMATION										
Capital expenditure	15,659	1,827	659	450	618	215	1,427	343		21,198
Depreciation	17,568	4,319	3,030	71	400	297	1,824	8,948		36,457
Amortisation of goodwill	35	331	1,749	9,174	–	–	208	1,073		12,570
Impairment of assets	–	–	–	–	–	–	–	100,000		100,000
Impairment of goodwill	–	–	–	–	–	–	–	14,753		14,753

Notes to the Financial Statements
31 December 2005 (cont'd)

41) FINANCIAL INFORMATION BY SEGMENT (CONT'D)

2004	Manufacturing RM'000	Construction RM'000	Construction Materials RM'000	Banking RM'000	Stockbroking and Other Financial Services RM'000	Property Development RM'000	Trading and Services RM'000	Discontinuing Operations RM'000	Eliminations RM'000	Group Total RM'000
REVENUE										
Total sales	304,126	363,564	117,204	32,998	20,647	25,129	55,245	159,736		1,078,649
Inter-segment sales	(7,376)	(1,002)	(28,140)	–	–	(483)	(15,627)	(5,677)		(58,305)
External sales	296,750	362,562	89,064	32,998	20,647	24,646	39,618	154,059		1,020,344
RESULTS										
Segment operating profit/(loss)	60,802	43,029	12,524	(43,655)	5,160	883	(923)	(3,132)		74,688
Unallocated corporate expenses										(20,721)
Operating profit										53,967
Finance costs										(46,975)
Gain on disposal of subsidiaries										86,714
Share of profit of associates	–	–	–	23,815	13,434	–	–	–		37,249
Profit before taxation										130,955
Taxation										(64,617)
Profit after taxation										66,338
Minority interests										(37,589)
Net profit for the year										28,749

Notes to the Financial Statements
31 December 2005 (cont'd)

41) FINANCIAL INFORMATION BY SEGMENT (CONT'D)

	Manufacturing RM'000	Construction RM'000	Construction Materials RM'000	Banking RM'000	Stockbroking and Other Financial Services RM'000	Property Development RM'000	Trading and Services RM'000	Discontinuing Operations RM'000	Eliminations RM'000	Group Total RM'000
2004										
ASSETS										
Segment assets	336,237	420,599	154,059	325,752	37,075	212,116	35,584	220,207	(436,857)	1,304,772
Investment in associates	–	–	–	1,078,120	281,144	–	–	–		1,359,264
Current tax assets										24,532
Unallocated corporate assets										21,816
Total assets										2,710,384
LIABILITIES										
Segment liabilities	63,108	139,664	29,976	1,059	6,199	134,759	19,721	15,606	(188,657)	221,435
Borrowings									782,218	
Tax liabilities										34,347
Unallocated corporate liabilities										3,668
Total liabilities										1,041,668
OTHER INFORMATION										
Capital expenditure	21,191	7,393	2,095	27	449	58	2,075	745		34,033
Depreciation	24,607	1,131	3,194	298	309	500	1,382	9,209		40,630
Amortisation of goodwill	35	–	1,749	9,174	–	–	32	1,073		12,063
Accretion of discounts less amortisation of premium	–	–	–	3,179	–	–	–	–		3,179

42) COMMITMENTS AND CONTINGENCIES

	Group 2005 RM'000	Group 2004 RM'000	Company 2005 RM'000	Company 2004 RM'000
a) Capital Commitments				
Authorised capital expenditure not provided for in the financial statements:				
Approved and contracted for	**7,357**	3,212	**–**	400
Approved but not contracted for	**3,383**	–	**3,383**	–
	10,740	3,212	**3,383**	400
Share of capital commitments of associates (Note 14)	**26,184**	22,709	**–**	–

	Company 2005 RM'000	Company 2004 RM'000
b) Contingent Liabilities		
Unsecured guarantees in respect of banking facilities granted to subsidiaries	**81,841**	101,649

	Group 2005 RM'000	Group 2004 RM'000
Share of contingent liabilities of associates (Note 14)	**46,116,957**	43,970,851

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 remisiers in the Industrial Court of Malaysia claiming reinstatement of employment, and by clients and remisiers of Sarawak Securities Sdn Bhd. The subsidiary's Directors are of the opinion that these remisiers and clients would not be entitled to such claims. Accordingly no provision has been made in this respect.

A legal suit has been filed by a former employee in the Industrial Court of Malaysia against a subsidiary alleging wrongful dismissal and claiming reinstatement to his former position and/or other relief that the Court deems fit and proper. As the Industrial Court has yet to make a decision/award in this matter, it is not possible to determine the Group's potential liability (if any) at this juncture.

Notes to the Financial Statements
31 December 2005 (cont'd)

42) COMMITMENTS AND CONTINGENCIES (CONT'D)

	Group 2005 RM'000	Group 2004 RM'000
c) Contingent Asset		
Contingent asset arising from the Supplemental Share Sale Agreement entered between Malaysian Industrial Development Finance Berhad and Utama Banking Group Berhad in respect of the disposal of Utama Merchant Bank Berhad	**30,718**	30,718

43) FINANCIAL INSTRUMENTS

43.1) 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, liquidity and credit risks. The Group operates within clearly defined guidelines that are approved by the Board and the Group's policy is not to engage in speculative transactions.

43.2) 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 2005. The investments in financial assets are short term in nature and they are not held for speculative purposes.

43.3) Liquidity Risk

The Group actively manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all repayment and funding needs are met. As part of its overall prudent liquidity management, the Group maintains sufficient levels of cash and cash equivalents 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.

43.4) Credit Risk

Credit risk, or the risk of counter parties defaulting, is controlled by the application of credit approvals, limits and monitoring procedures. Credit risk is minimised and monitored by strictly limiting the Group's associations to business partners with high creditworthiness. Trade receivables are monitored on an on-going basis through Group management reporting procedures.

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

43.5) Fair Value

The carrying amounts of short-term financial assets and liabilities approximate their fair value due to the relatively short maturity term of these financial instruments.

44) SIGNIFICANT EVENTS

a) On 5 May 2005, a subsidiary, PPES Works (Sarawak) Sdn Bhd ('PPES Works'), completed the acquisition of 300,000 ordinary shares of RM1 each representing 30% of the equity interest in CMS Roads Sdn Bhd ('CMS Roads') for a total consideration of RM19,500,000. The acquisition increased PPES Works' equity interest in CMS Roads from 51% to 81%.

b) On 29 July 2005, the Company acquired 6,349,074 ordinary shares of RM1 each in CMS I-Systems Berhad ('CMSISB') at RM2.85 per share for a total consideration of RM18,094,861. In addition, the Company subscribed for an additional 1,600,000 new ordinary shares in CMSISB at an issue price of RM2.85 per share at a consideration of RM4,560,000. Following the acquisition, the Company holds a total of 7,949,074 ordinary shares, representing 50.96% of the enlarged share capital in CMSISB.

c) On 29 December 2005, the Company undertook to issue RM400 million CMS Income Securities for the purposes of refinancing existing group borrowings and for working capital requirements. The CMS Income Securities 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.

   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. The salient terms are disclosed in Note 35 and 36 to the financial statements, respectively.

45) SUBSEQUENT EVENT

On 5 January 2006, the Board of Directors of the Company approved and announced the proposed closure of the operations of a subsidiary, CMS Steel Berhad ('CMS Steel'), due to the continuous losses incurred and given that there is no indication that the steel industry will turn around in the near future. The Group intends to exit from its steel operations from the first quarter of 2006 onwards. Further details are disclosed in Note 11 to the financial statements.

Analysis of Shareholdings
as at 20 April 2006

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 400 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 Sulaiman Abdul Rahman Taib	29,465,085	8.94	44,925,102 *	13.64
2)	Haji Mahmud Abu Bekir Taib	29,400,085	8.92	44,925,102 *	13.64

* Deemed interested by virtue of direct shareholdings of over 15% in Majaharta Sdn Bhd pursuant to Section 6A of the Companies Act, 1965

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Ordinary Shares Held	% of Issued Capital
1 to 99	38	0.51	1,066	0.00
100 to 1,000	2,054	27.57	1,994,575	0.61
1,000 to 10,000	4,326	58.07	18,188,200	5.52
10,001 to 100,000	931	12.50	25,905,405	7.86
100,001 to less than 5% of issued shares	95	1.28	115,600,962	35.09
5% and above of issued shares	5	0.07	167,755,632	50.92
Total	**7,449**	**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	6,047	81.18	144,452,063	43.85
Banks/Finance companies	11	0.15	15,602,600	4.74
Investment Trusts/Foundation/Charities	2	0.02	97,000	0.03
Industrial and Commercial Companies	114	1.53	49,035,502	14.88
Government Agencies/Institutions	3	0.04	27,087,665	8.22
Nominee Companies	1,272	17.08	93,171,010	28.28
Total	**7,449**	**100.00**	**329,445,840**	**100.00**

Analysis of Shareholdings

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)	Dato Sri Sulaiman Abdul Rahman Taib	29,465,085	8.94
4)	Haji Mahmud Abu Bekir Taib	29,400,085	8.92
5)	Sarawak Economic Development Corporation	26,965,360	8.19
6)	Employees Provident Fund Board	15,531,000	4.71
7)	OSK Nominees (Asing) Sdn Bhd Tisco Securities Hong Kong Limited for Garrison Enterprises Ltd	15,000,000	4.55
8)	HSBC Nominees (Asing) Sdn Bhd HSBC Private Bank (Suisse) S.A. (Singapore Tst Accl)	6,033,000	1.83
9)	Malaysia Nominees (Asing) Sdn Bhd Pretoria Limited	6,000,000	1.82
10)	Malaysia Nominees (Asing) Sdn Bhd Kimber Cove Corporation	6,000,000	1.82
11)	UOBM Nominees (Asing) Sdn Bhd Galliano Holdings Limited	6,000,000	1.82
12)	UOBM Nominees (Asing) Sdn Bhd Roundsun Assets Limited	5,646,200	1.71
13)	UOBM Nominees (Asing) Sdn Bhd Taminga Profits Limited	5,600,000	1.70
14)	Malaysia Nominees (Asing) Sdn Bhd Honeywell Assets Limited	5,500,000	1.67
15)	Malaysia Nominees (Asing) Sdn Bhd Fullstead Finance Corporation	5,287,695	1.61
16)	Pui Cheng Wui	5,150,605	1.56
17)	Malaysia Nominees (Asing) Sdn Bhd Bakerville Profits Limited	5,146,200	1.56
18)	Malaysia Nominees (Asing) Sdn Bhd Fullearn Assets Inc	4,400,000	1.34
19)	Dato' Wira Haji Onn bin Mahmud	2,764,962	0.84
20)	HSBC Nominees (Asing) Sdn Bhd Herbert UHL	1,080,000	0.33

Analysis of Shareholdings

	Name of Shareholder	No. of Ordinary Shares Held	% of Issued Capital
21)	UOBM Nominees (Asing) Sdn Bhd Societe Generale Bank & Trust, Singapore Branch for Warburton Gold Limited	1,030,000	0.31
22)	Citigroup Nominees (Asing) Sdn Bhd CBNY for DFA Emerging Markets Fund	1,008,800	0.31
23)	Mayban Nominees (Tempatan) Sdn Bhd Li Cheng Thong @ Lee Chen Thung	1,000,000	0.30
24)	Citigroup Nominees (Asing) Sdn Bhd Merrill Lynch Pierce Fenner & Smith Incorporated	968,200	0.29
25)	Hanifah Hajar Taib	705,000	0.21
26)	RHB Nominees (Asing) Sdn Bhd Tisco Securities Hong Kong Limited for Calshot Properties Ltd	582,000	0.18
27)	RHB Nominees (Asing) Sdn Bhd Tisco Securities Hong Kong Limited for Garrison Enterprise Ltd	581,000	0.18
28)	Kenanga Nominees (Tempatan) Sdn Bhd Raziah @ Rodiah binti Mahmud	545,000	0.17
29)	Ting Pik King	488,700	0.15
30)	Profiton Sdn Bhd	477,000	0.14
	Total	**270,280,994**	**82.04**

Substantial Shareholders As Per Register of Substantial Shareholders, Excluding Nominee Companies

	Name of Substantial Shareholders	Direct Shareholding	Indirect Shareholding	% of Issued Capital
1)	Majaharta Sdn Bhd	44,925,102	–	13.64
2)	Lejla Taib	37,000,000	–	11.23
3)	Dato Sri Sulaiman Abdul Rahman Taib	29,465,085	44,925,102 *	22.58
4)	Haji Mahmud Abu Bekir Taib	29,400,085	44,925,102 *	22.56
5)	Sarawak Economic Development Corporation	26,965,360	–	8.19

* Deemed interested by virtue of direct shareholdings of over 15% in Majaharta Sdn Bhd pursuant to Section 6A of the Companies Act, 1965

List of Properties
as at 31 December 2005

Location	Date of Acquisition/ Revaluation	Description	Usage	Tenure	Remaining Lease Period (Expiry Date)	Land Area/ Built Up Area (Hectare/m²)	Age of Buildings	Net Book Value RM'000
Lot 5895, Section 64, Sungai Tabuan, Pending Industrial Estate, Kuching	1996	Land & cement mill	Office & factory	Leasehold	31 years (2036)	6.25/ 15,223	28 years *	20,684,250

* The age of the new office extention and canteen is 9 years

Location	Date of Acquisition/ Revaluation	Description	Usage	Tenure	Remaining Lease Period (Expiry Date)	Land Area/ Built Up Area (Hectare/m²)	Age of Buildings	Net Book Value RM'000
Lot 766, Block 20, Kemena Land District, Bintulu	1997	Land & cement mill	Office & factory	Leasehold	57 years (2062)	6.88/ 68,797	9 years	19,487,677
Lot 767, Block 20, Kemena Land District, Bintulu	1997	Land	Vacant Land	Leasehold	57 years (2062)	10.125/ N/A	–	7,639,901
Lot 415, Block 32, Kemena Land District, Bintulu	1996	Industrial land	Held for rental income	Leasehold	39 years (2044)	2.228/ N/A	–	2,115,032
Lot 1156, Block 19, Seduan Land District, Upper Lanang Industrial Estate, Sibu	1996	Industrial land	Vacant land	Leasehold	46 years (2051)	0.436/ N/A	–	599,642
Lot 34 & 35, Section 15, Kuching Town Land District, Nanas Road, Kuching	1994	4 storey shophouse	Held for rental income	Leasehold	810 years (2815)	0.41/ 1,400	9 years	4,514,699
Lot 90, Block 11, Lambir Land District, KM17 Miri-Bintulu Road, Miri	1994	Mixed zone land	Premix operation	Leasehold	49 years (2054)	2.73/ N/A	–	57,410
Lot 444, Block 11, Seduan Land District, 8th Mile, Sibu Ulu Oya Road, Sibu	1994	Mixed zone land	Premix operation	Leasehold	50 years (2055)	2.76/ N/A	–	171,112
Lot 71, Block 17, Kuching Central Land District, Kuching	1996	Mixed zone land	Quarry operation	Leasehold	51 years (2056)	18.94/ N/A	–	2,132,183

List of Properties
as at 31 December 2005 (cont'd)

Location	Date of Acquisition/ Revaluation	Description	Usage	Tenure	Remaining Lease Period (Expiry Date)	Land Area/ Built Up Area (Hectare/m²)	Age of Buildings	Net Book Value RM'000
Lot 294, Block 17, Kuching Central Land District, Kuching	1996	Mixed zone land	Quarry operation	Leasehold	51 years (2056)	2.75/ N/A	–	515,191
Lot 212, Block 17, Kuching Central Land District, Kuching	1996	Mixed zone land	Office & factory	Leasehold	51 years (2056)	5.04/ 900	8 years	1,170,401
Lot 353, Block 17, Kuching Central Land District, Kuching	1996	Mixed zone land	Premix operation	Leasehold	51 years (2056)	2.24/ N/A	–	377,051
Lot 338, 340 – 345, Block 10, Sentah-Segu Land District, Kuching	1996	Mixed zone land	Quarry operation	Leasehold	33 years (2038)	3.07/ N/A	–	1,094,810
Lot 302-304, 354-357, 362 and 363 Block 17, Kuching Central Land District, Kuching	1999	Mixed zone land	Quarry operation	Leasehold	819 years (2824)	4.27/ N/A	–	3,469,259
Lot 342-343, Block 17, Kuching Central Land District, Kuching	1999	Mixed zone land	Quarry operation	Leasehold	19 years (2024)	0.74/ N/A	–	309,521
Lot 134, Section 64, Kuching Town Land District, Kuching	1998	Mixed zone land	Jetty and land	Leasehold	53 years (2058)	0.43/ N/A	8 years	1,654,408
Lot 2128, Sublot 2, Kuching Town Land District, Kuching	1998	3-storey shophouse	Office	Leasehold	55 years (2060)	0.012/ 334.45	8 years	437,502
Lot 2116, Sublot 2, Kuching Town Land District, Kuching	2003	3-storey corner shophouse	Office	Leasehold	55 years (2060)	0.012/ 327.6	8 years	533,035
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

List of Properties
as at 31 December 2005 (cont'd)

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'000
Lot 494, Block 5, Muara Tebas Land District, Sejingkat, Kuching	1998	Mixed zone land	Vacant land	Leasehold	32 years (2037)	0.53/ N/A	–	92,369
Lot 488, Block 5, Muara Tebas Land District, Sejingkat, Kuching	1996	Mixed zone land	Vacant land	Leasehold	21 years (2026)	2.70/ N/A	–	386,946
Lot 1319, Block 7, Muara Tebas Land District, Sejingkat, Kuching	1997	Mixed zone land	Land held for development	Leasehold	91 years (2096)	26.4/ N/A	–	22,262,020
Lot 1321, Block 7, Muara Tebas Land District, Sejingkat, Kuching	1997	Mixed zone land	Land held for development	Leasehold	91 years (2096)	73.4/ N/A	–	61,895,162
Lot 622, Section 66, Kuching Town Land District, Kuching	1998	Mixed zone land	Land held for development	Leasehold	53 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	53 years (2058)	14.508/ N/A	–	16,863,557
Lot 777, Block 5, Muara Tebas Land District, Sejingkat, Kuching	1998	Land & steel mill	Office & factory	Leasehold	52 years (2057)	27.60/ 39,220	7 years	23,104,412
Lot 2082, Section 66, Kuching Town Land District, Kuching	1996	Land & factory	Office & factory	Leasehold	40 years (2045)	0.85/ 3,936	22 years	2,837,491
Parcel 42, Block 71, Kuching Central Land District, Kuching	–	**	Quarry operation	–	–	N/A / 1,262	13 years	421,620

List of Properties
as at 31 December 2005 (cont'd)

Location	Date of Acquisition/ Revaluation	Description	Usage	Tenure	Remaining Lease Period (Expiry Date)	Land Area/ Built Up Area (Hectare/m²)	Age of Buildings	Net Book Value RM'000
G.N. No.100 Sebuyau, Kota Samarahan Division, Kuching	–	**	Jetty	–	–	N/A	6 years	339,313
Lot 846, Block 9, Salak Land District, Kuching	1999	Mixed zone land	Land held for township development	Leasehold	93 years (2098)	1,577/ N/A	–	11,934,605
Lot 1966, 1999, 3114 & 3242, Block 9, Salak Land District, Kuching	1999	Mixed zone land	Land held for township development	Leasehold	93 years (2098)	170.818/ N/A	–	1,482,993
Lot 1, Block 13, Salak Land District, Kuching	1999	Mixed zone land	Land held for township development	Leasehold	93 years (2098)	349.70/ N/A	–	2,710,680

** Land owned by third party

Revaluation Policy
The Group does not adopt a policy of regular revaluation.

Group Directory

Cahya Mata Sarawak
Berhad (Company No. 21076-T)
Level 6 Wisma Mahmud
Jalan Sg Sarawak
93100 Kuching
Sarawak
Malaysia

Tel: +6 082 238 888
Fax: +6 082 333 828

CEMENT & CONSTRUCTION MATERIALS SBU

CMS Cement Sdn Bhd
Lot 5895, Jalan Kilang Simen
Pending Industrial Estate
93450 Kuching
Tel: +6 082 332 111
Fax: +6 082 483 600

CMS Concrete Products Sdn Bhd
Lot 212, Block 17
Jalan Old Airport
93250 Kuching
Tel: +6 082 618 718
Fax: +6 082 614 406

CMS Wires Sdn Bhd
Lot 87, Lorong Tenaga 2
Bintawa Industrial Estate
93450 Kuching
Tel: +6 082 334 772
Fax: +6 082 486 085

CMS Resources Sdn Bhd
7th Mile
Kuching-Serian Road
93350 Kuching
Tel: +6 082 610 226
Fax: +6 082 612 434

CMS Quarries Sdn Bhd
7th Mile
Kuching-Serian Road
93350 Kuching
Tel: +6 082 611 987
Fax: +6 082 615 598

CMS Premix Sdn Bhd
Lot 353, Block 17
7th Mile Penrissen Road
93250 Kuching
Tel: +6 082 614 208
Fax: +6 082 614 626

CMS Penkuari Sdn Bhd
9th Mile
Kuching-Serian Road
93350 Kuching
Tel: +6 082 614 913
Fax: +6 082 614 923

CMS Premix (Miri) Sdn Bhd
Mile 11, Miri-Bintulu Road
98000 Miri
Tel: +6 085 491 136
Fax: +6 085 491 136

PPES Concrete Product Sdn Bhd
Lot 212, Block 17
Jalan Old Airport
93250 Kuching
Tel: +6 082 618 718
Fax: +6 082 614 406

CONSTRUCTION & ROAD MAINTENANCE SBU

CMS Works Sdn Bhd
1st – 4th Floor
Lot 619–623 Section 62
Jalan Padungan
93100 Kuching
Tel: +6 082 340 588
Fax: +6 082 340 695

CMS Works International Ltd
1st – 4th Floor
Lot 619-623, Section 62
Jalan Padungan
93100 Kuching
Tel: +6 082 340 588
Fax: +6 082 340 695

PPES Works (S) Sdn Bhd
1st – 4th Floor
Lot 619-623, Section 62
Jalan Padungan
93100 Kuching
Tel: +6 082 340 588
Fax: +6 082 340 695

CMS Roads Sdn Bhd
1st & 2nd Floor
Lot 58-59, Section 63
Jalan Padungan
93100 Kuching
Tel: +6 082 340 840
Fax: +6 082 230 758

CMS Pavement Tech
Sdn Bhd
2nd Floor, Lot 58-59
Section 63
Jalan Padungan
93100 Kuching
Tel: +6 082 340 841
Fax: +6 082 340 842

PROPERTY DEVELOPMENT SBU

Projek Bandar
Samariang Sdn Bhd
Level 5, Wisma Mahmud
Jalan Sg Sarawak
93100 Kuching
Tel: +6 082 237 777
Fax: +6 082 252 652

CMS Property
Development Sdn Bhd
Level 5, Wisma Mahmud
Jalan Sg Sarawak
93100 Kuching
Tel: +6 082 237 777
Fax: +6 082 252 652

CMS Property
Management Sdn Bhd
1st – 4th Floor
Lot 619-623, Section 62
Jalan Padungan
93100 Kuching
Tel: +6 082 340 588
Fax: +6 082 340 695

CMS Land Sdn Bhd
1st – 4th Floor
Lot 619-623, Section 62
Jalan Padungan
93100 Kuching
Tel: +6 082 340 588
Fax: +6 082 340 695

CMS Hotels Sdn Bhd
Level 6 Wisma Mahmud
Jalan Sg Sarawak
93100 Kuching
Tel: +6 082 238 888
Fax: +6 082 333 828

SERVICES SBU

CMS Education Sdn Bhd
Lot 34 – 35
Jalan Nanas
93450 Kuching
Tel: +6 082 207 166
Fax: +6 082 207 177

CMS River Bus Sdn Bhd
Level 6 Wisma Mahmud
Jalan Sg Sarawak
93100 Kuching
Tel: +6 082 238 888
Fax: +6 082 333 828

CMS Infra Trading
Sdn Bhd
No 2128, Sublot 2
Jalan Utama Pending
93450 Kuching
Tel: +6 082 348 950
Fax: +6 082 348 952

CMS Sumber Sdn Bhd
No 2128, Sublot 2
Jalan Utama Pending
93450 Kuching
Tel: +6 082 348 950
Fax: +6 082 348 952

CMS Digital Sdn Bhd
Level 5, Wisma Mahmud
Jalan Sg Sarawak
93100 Kuching
Tel: +6 082 236 799
Fax: +6 082 341 599

CMS Energy Sdn Bhd
Unit 3A-02, Level 3A
Block E
Pusat Dagangan
Phileo Damansara 1
No. 9, Jalan 16/11
Off Jalan Damansara
46350 Petaling Jaya
Selangor Darul Ehsan
Tel: +6 03 7957 2323
Fax: +6 03 7957 2723

CMS I-Systems Berhad
Level 13
Kelana Brem Tower 1
Jalan SS7/15, Kelana Jaya
47301 Petaling Jaya
Selangor Darul Ehsan
Tel: +6 03 7492 2238
Fax: +6 03 7492 2268

BANKING SBU

Concordance Holdings
Sdn Bhd
Level 6, Wisma Mahmud
Jalan Sg Sarawak
93100 Kuching
Tel: +6 082 238 888
Fax: +6 082 333 828

Utama Banking Group
Berhad
Level 33 Menara Maxis
Kuala Lumpur City Centre
50088 Kuala Lumpur
Tel: +6 03 2078 9133
Fax: +6 03 2072 5511

UBG Enterprise Berhad
Level 6, Wisma Mahmud
Jalan Sg Sarawak
93100 Kuching
Tel: +6 082 238 888
Fax: +6 082 333 828

Rashid Hussain Berhad
Level 9, Tower One
RHB Centre
Jalan Tun Razak
50400 Kuala Lumpur
Tel: +6 03 9285 2233
Fax: +6 03 9285 5522

STOCKBROKING & OTHER FINANCIAL SERVICES SBU

CMS Capital Sdn Bhd
Level 6, Wisma Mahmud
Jalan Sg Sarawak
93100 Kuching
Tel: +6 082 238 888
Fax: +6 082 333 828

K&N Kenanga Berhad
Level 1, Wisma Mahmud
Jalan Sg Sarawak
93100 Kuching
Tel: +6 082 333 8000
Fax: +6 082 338 222

CMS Dresdner Asset
Management Sdn Bhd
39th Floor, Menara
Standard Chartered
Jalan Sultan Ismail
50250 Kuala Lumpur
Tel: +6 03 2142 6888
Fax: +6 03 2142 6887

CMS Trust Management
Berhad
Level 1, Wisma Mahmud
Jalan Sg Sarawak
93100 Kuching
Tel: +6 082 343 022
Fax: +6 082 343 066

CMS Mezzanine Sdn Bhd
Level 6, Wisma Mahmud
Jalan Sg Sarawak
93100 Kuching
Tel: +6 082 238 888
Fax: +6 082 333 828

CMS Opus Private Equity
Sdn Bhd
Suite 1308, Level 13
Menara HLA
No. 3 , Jalan Kia Peng
50450 Kuala Lummpur
Tel: +6 03 2166 2088
Fax: +6 03 2166 1022

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Thirty-first 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 Thursday, 22 June 2006 at 11:30 am for the following purposes:

1) To receive the Audited Accounts for the year ended 31 December 2005 and the Reports of the Directors and Auditors thereon. **(Resolution 1)**

2) To declare a first and final dividend of 5 sen per share less 28% income tax for the year ended 31 December 2005. **(Resolution 2)**

3) To re-elect the following Directors who are retiring in accordance with Article 110 of the Company's Articles of Association and are offering themselves for re-election:

   a) Tuan Haji Mahmud Abu Bekir Taib **(Resolution 3)**

   b) YB Datuk Haji Talib bin Zulpilip **(Resolution 4)**

4) To elect the following Directors who are retiring in accordance with Article 112 of the Company's Articles of Association and are offering themselves for election:

   a) General (Retired) Tan Sri Dato' Seri Mohd Zahidi bin Hj Zainuddin **(Resolution 5)**

   b) Dato' Seri Syed Zainol Anwar Ibni Syed Putra Jamalullail **(Resolution 6)**

5) To approve the payment of Directors' remuneration for the year ended 31 December 2005. **(Resolution 7)**

6) To re-appoint Messrs. Ernst & Young as Auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 8)**

7) To transact any other ordinary business of which due notice shall have been given.

NOTICE OF DIVIDEND PAYMENT

NOTICE IS HEREBY GIVEN that the first and final dividend of 5 sen per share less 28% income tax for the financial year ended 31 December 2005, if approved at the above Annual General Meeting, will be paid on 15 September 2006 to Depositors whose names appear in the Record of Depositors on 30 August 2006.

A Depositor shall qualify for entitlement only in respect of:

a) Shares transferred into the Depositor's Securities Account before 4.00 pm on 30 August 2006 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

ISAAC LUGUN
DENISE KOO SWEE PHENG
Company Secretaries
Kuching, Sarawak
30 May 2006

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.

STATEMENT ACCOMPANYING THE NOTICE OF ANNUAL GENERAL MEETING

Attendance of Directors at Board Meetings Held Huring the Financial Year Ended 31 December 2005

The Board met seven (7) times during the financial year ended 31 December 2005. Details of their attendance are as follows:

Name	Attendance
Dato Sri Sulaiman Abdul Rahman Taib	7/7 (100%)
Tuan Haji Mahmud Abu Bekir Taib	6/7 (86%)
Dato Sri Liang Kim Bang	6/7 (86%)
General (Retired) Tan Sri Dato' Seri Mohd Zahidi bin Hj Zainuddin	2/2 (100%) *
Dato' Seri Syed Zainol Anwar Ibni Syed Putra Jamalullail	NA **
YB Datuk Haji Talib bin Zulpilip	7/7 (100%)
Datuk Wan Ali Tuanku Yubi	4/7 (57%)
Datu Michael Ting Kuok Ngie @ Ting Kok Ngie	7/7 (100%)
Kevin How Kow	7/7 (100%)

* Appointed on 8 July 2005
** Appointed on 10 May 2006

Details of General Meetings Held During the Financial Year Ended 31 December 2005

Type of meeting	Date	Time	Venue
30th Annual General Meeting	13 June 2005	11:30 am	Ballroom II & III, Lobby Floor, Hilton Kuching Jalan Tunku Abdul Rahman, 93100 Kuching, Sarawak

Further Details of Directors Seeking Re-election at the Annual General Meeting

Name	**Tuan Haji Mahmud Abu Bekir Taib**	**YB Datuk Haji Talib bin Zulpilip**	**General (R) Tan Sri Dato' Seri Mohd Zahidi bin Hj Zainuddin**	**Dato' Seri Syed Zainol Anwar Ibni Syed Putra Jamalullail**
Age	42	54	58	54
Nationality	Malaysian	Malaysian	Malaysian	Malaysian
Designation	Group Deputy Chairman, Non-Executive Director	Non-Executive Director	Independent Non-Executive Director	Independent Non-Executive Director
Date first appointed on the Board	23 January 1995	13 February 1995	8 July 2005	10 May 2006
Working experience and occupation	As per profile in page 032	As per profile in page 034	As per profile in page 033	As per profile in page 033

Statement Accompanying the Notice of Annual General Meeting (cont'd)

Name	**Tuan Haji Mahmud Abu Bekir Taib**	**YB Datuk Haji Talib bin Zulpilip**	**General (R) Tan Sri Dato' Seri Mohd Zahidi bin Hj Zainuddin**	**Dato' Seri Syed Zainol Anwar Ibni Syed Putra Jamalullail**
Directorships in other public listed companies	None	Sarawak Concrete Industries Berhad	Affin Holdings Berhad Asiatic Development Berhad Bintulu Port Holdings Berhad Defence Technologies Berhad Resorts World Berhad Wah Seong Corporation Berhad	DRB-Hicom Berhad Maxis Communications Berhad Nestle (M) Berhad Bangkok Bank Berhad
Securities holdings in the Company and its subsidiaries	29,400,085 shares (direct interest) 44,925,102 shares (indirect interest)	None	None	None
Family relationship with any Director and/ or major shareholder of the Company	He is the brother of Dato Sri Sulaiman Abdul Rahman Taib (director and major shareholder of CMSB) and a son of Lejla Taib (major shareholder of CMSB). He is also a major shareholder of Majaharta Sdn Bhd (major shareholder of CMSB)	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%)	7/7 (100%)	2/2 (100%)	NA **

* Appointed on 8 July 2005
** Appointed on 10 May 2006

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Form of Proxy

CAHYA MATA SARAWAK

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-first 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 Thursday, 22 June 2006 at 11:30 am and at any adjournment thereof.

No.	Resolutions	For	Against
1)	Receive the Audited Accounts and Reports of the Directors and Auditors thereon		
2)	Declaration of First and Final Dividend		
3)	Re-election of Tuan Haji Mahmud Abu Bekir Taib as Director		
4)	Re-election of YB Datuk Haji Talib bin Zulpilip as Director		
5)	Election of General (R) Tan Sri Dato' Seri Mohd Zahidi bin Hj Zainuddin as Director		
6)	Election of Dato' Seri Syed Zainol Anwar Ibni Syed Putra Jamalullail as Director		
7)	Approval of Directors' remuneration for the year ended 31 December 2005		
8)	Re-appointment of Auditors		

Date: ____________________2006 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.

Stamp / Setem

The Company Secretary
CAHYA MATA SARAWAK BERHAD
Level 6, Wisma Mahnud
Jalan Sungai Sarawak
93100 Kuching, Sarawak

1) Fold here

2) Fold here

3) Fold here