



Cahya Mata Sarawak Berhad annual report 2004

financial statements

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notice of annual general meeting

NOTICE IS HEREBY GIVEN that the Thirtieth 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 Monday, 13 June 2005 at 11:30 a.m. for the following purposes:

1. To receive the Audited Accounts for the year ended 31 December 2004 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 2004. **(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) YBhg Dato Sri Sulaiman Abdul Rahman Taib **(Resolution 3)**
 - b) YBhg Datu Michael Ting Kuok Ngie @ Ting Kok Ngie **(Resolution 4)**
4. To approve the payment of Directors' remuneration for the year ended 31 December 2004. **(Resolution 5)**
5. To re-appoint Messrs. Ernst & Young as Auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 6)**
6. To transact any other ordinary business of which due notice shall have been given.

notice of annual general meeting

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 2004, if approved at the above Annual General Meeting, will be paid on 22 July 2005 to Depositors whose names appear in the Record of Depositors on 30 June 2005.

A Depositor shall qualify for entitlement only in respect of:-

- a) Shares transferred into the Depositor's Securities Account before 4.00 p.m. on 30 June 2005 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
20 May 2005

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.

notice of annual general meeting

Statement accompanying the Notice of Annual General Meeting

Attendance of Directors at Board meetings held during the financial year ended 31 December 2004

The Board met five (5) times during the financial year ended 31 December 2004. Details of their attendance are as follows:

Name	Attendance
Dato Sri Sulaiman Abdul Rahman Taib	5/5
Haji Mahmud Abu Bekir Taib	3/5
David William Berry (<i>resigned 31 December 2004</i>)	4/5
Dato Sri Liang Kim Bang	4/5
YB Datuk Haji Talib bin Zulpilip	4/5
Datuk Wan Ali Tuanku Yubi	4/5
Datu Michael Ting Kuok Ngie @ Ting Kok Ngie	5/5
Kevin How Kow (<i>appointed 12 March 2004</i>)	3/3

Details of general meetings held during the financial year ended 31 December 2004

Type of meeting	Date	Time	Venue
29th Annual General Meeting	22 June 2004	11:30 a.m.	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	Dato Sri Sulaiman Abdul Rahman Taib	Datu Michael Ting Kuok Ngie @ Ting Kok Ngie
Age	36	64
Nationality	Malaysian	Malaysian
Designation	Group Chairman, Non-Executive Director	Independent Non-Executive Director
Date first appointed on the Board	23 January 1995	24 March 1999

notice of annual general meeting

	Dato Sri Sulaiman Abdul Rahman Taib	Datu Michael Ting Kuok Ngie @ Ting Kok Ngie
Working experience and occupation	As per profile in page 16 (Corporate Information)	As per profile in page 17 (Corporate Information)
Directorships in other public companies	Utama Banking Group Berhad K&N Kenanga Holdings Berhad Rashid Hussain Berhad RHB Capital Berhad RHB Sakura Merchant Bankers Berhad RHB Bank Berhad RHB Islamic Bank Berhad CMS Works International Ltd.	None
Securities holdings in the Company and its subsidiaries	29,465,085 shares (direct interest) 44,925,102 shares (indirect interest)	None
Family relationship with any Director and/or major shareholder of the Company	He is the brother of Haji Mahmud Abu Bekir 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
Conflict of interest with the Company	None	None
List of convictions for offences within the past 10 years	None	None
No. of the Company's Board meetings attended in the financial year	5/5 (100%)	5/5 (100%)

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 2004.

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	Company
	RM'000	RM'000
Profit after taxation	66,338	3,870
Minority interests	(37,589)	-
Net profit for the year	28,749	3,870

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 RM11,843,166 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 2004 of 5% less 28% taxation, amounting to a dividend payable of RM11,860,050, will be proposed for shareholders' approval.

Share capital

During the current financial year, the issued and paid-up share capital of the Company was increased from RM328,915,840 to RM329,445,840 by the issuance of 530,000 new ordinary shares of RM1 each on conversion of 327,000 and 203,000 options at the option prices of RM1.72 and RM1.79 each, respectively.

All the new ordinary shares that were issued rank parri passu in all respects with the existing shares of the Company.

Significant event

On 31 December 2004, the Company's subsidiary, Utama Banking Group Berhad ('UBG') completed the disposal of its 85.1% equity interest in Utama Merchant Bank Berhad ('UMBB') to Malaysian Industrial Development Finance Berhad ('MIDF') for a cash consideration of RM138,869,000, after deferment of payment of a balance sum of RM30,718,000 ('UMBB Premium'). The balance sum will be paid upon the final outcome of Arbitration pursuant to the Supplemental Share Sale Agreement dated 22 December 2004 entered between MIDF and UBG. The consideration was based on 1.8 times the Net Tangible Assets of UMBB of RM110,711,000 as at 30 June 2004.

The parties have agreed that, in the event the decision of the arbitrator on the charges is:

- (i) in the affirmative, the UMBB premium (held by a mutually agreed stakeholder) shall be released to UBG; and
- (ii) in the negative, the UMBB premium shall be released to MIDF.

directors' report

Subsequent events

- (i) On 18 January 2005, a subsidiary, PPES Works (Sarawak) Sdn. Bhd. ('PPES Works'), entered into a Sale and Purchase Agreement with Macro Progresif Sdn. Bhd. to acquire 300,000 ordinary shares of RM1 each representing 30% of the equity interest in CMS Roads Sdn. Bhd. (formerly known as Sara Road Maintenance Sdn. Bhd.) ('CMS Roads'), a subsidiary of PPES Works, for a total consideration of RM19,500,000.

The proposed acquisition is expected to be completed by the first half of 2005, subject to the approval of the relevant authority. Following the completion of the proposed acquisition, PPES Works' equity interest in CMS Roads will be increased from 51% to 81%.

- (ii) On 21 March 2005, the Company entered into a Conditional Share Sale Agreement with IT Hub Sdn. Bhd., MSC Venture One Sdn. Bhd., MSC Venture Corporation Sdn. Bhd. and Jernih Kaya Sdn. Bhd. to acquire 6,349,074 ordinary shares of RM1 each in I-Systems Group Berhad ('ISGB') at RM2.85 per share for a total consideration of RM18,094,861. In addition, the Company will subscribe for an additional 1,600,000 new ordinary shares in ISGB at an issue price of RM2.85 per share at a consideration of RM4,560,000. Following the completion of the above proposals, the Company will hold a total of 7,949,074 ordinary shares, representing 50.96% of the enlarged share capital in ISGB. The proposals are subject to the approval of the Securities Commission and Foreign Investment Committee, and are expected to be completed by the second half of 2005.

Employees' Share Option Scheme

Pursuant to the Company's Employees' Share Option Scheme ('ESOS') which came into effect on 23 July 1998, 14,000,000 options were offered to Eligible Employees and Executive Directors of the Company and its subsidiaries, excluding UBG, at the option price of RM1.72 per share.

A second offer of 5,116,000 options was approved under the ESOS and offered to new Eligible Employees on 15 November 2000 and to the Executive Directors of the Company and its subsidiaries on 12 July 2001 following the approval by the shareholders at the Company's Annual General Meeting held on 18 May 2001. The offer price for options to new Eligible Employees was RM2.83 per share and to the Executive Directors, RM2.34 per share.

A third offer of 2,171,000 options was approved under the ESOS and offered to new Eligible Employees on 17 February 2003 and to the Executive Director of the Company following the approval by the shareholders at the Company's Annual General Meeting held on 21 May 2003 at the offer price of RM1.79 per share.

The main features of the ESOS were:

- (a) Eligible Employees were all categories of employees and Executive Directors of the Company or of eligible subsidiaries who had been confirmed in the employment of the Group for a continuous period of twelve months prior to the offer or who were on contract of not less than three years with the Group and had served for a continuous period of twelve months prior to that offer.
- (b) The total number of new shares to be offered under the ESOS shall not exceed 5% of the issued share capital of the Company at any point in time during the existence of the ESOS.
- (c) The option period was for five years from the date of the implementation of the ESOS, 23 July 1998. At the Annual General Meeting held on 21 May 2003, the shareholders approved the proposal to extend the option period by one year from five years to six years from the date of implementation. The revised option period lapsed during the financial year on 22 July 2004.
- (d) The option price was the average of the mean market quotation of the shares as shown in the daily official list issued by Bursa Malaysia Securities Berhad for the five days immediately preceding the date of offer of the option.

directors' report

Employees' Share Option Scheme (continued)

- (e) The option granted under the ESOS was capable of being exercised on any market day during the option period. The option was exercisable in full or in any lesser number provided the number was in multiples of 1,000 shares, subject to 20%, 25% or 33.3% of the allocation per annum for certain categories of eligible employees.
- (f) No option was granted for less than 1,000 shares nor more than 500,000 shares or the Maximum Allowable Allocation whichever was lesser. The Eligible Employees of the Group who were entitled to participate in the ESOS were those who fell within any of the categories listed hereunder. The minimum amount of shares in the Company that were offered and allocated to an Eligible Employee were not less than 1,000 new ordinary shares nor exceeded the Maximum Allowable Allocations as set out opposite their respective categories listed as follows:

Category of Employee	Maximum Allowable Allocation of new shares that was capable of being allocated to each of such employees
Group Chairman	400,000
Group Managing Director	250,000
Group Executive Directors	200,000
Subsidiary Co. Executive Directors	160,000
Management I	128,000
Management II	83,000
Management III	60,000
Management IV	36,000
Executive I	32,000
Executive II	26,000
Executive III	16,000
Executive IV	12,000
Non-Executive I	8,000
Non-Executive II	5,000

The status of the scheme as at 22 July 2004 was as follows:

A. Total options approved for ESOS on 24 March 1998	15,981,000
B. Total options offered on 23 July 1998	14,000,000
C. Total options exercised in 1998	529,000
D. Total options forfeited in 1998	289,000
E. Total options available for exercise on 1 January 1999 [B - (C + D)]	13,182,000
F. Total options exercised in 1999	3,489,000
G. Total options forfeited in 1999	1,300,000
H. Total options available for exercise on 1 January 2000 [E - (F + G)]	8,393,000
I. Total options approved under the second offer of ESOS	5,116,000
J. Total options exercised in 2000	1,972,000
K. Total options forfeited in 2000	937,000
L. Total options available for exercise on 1 January 2001 [H + I - (J + K)]	10,600,000
M. Total options exercised in 2001	1,343,000
N. Total options forfeited in 2001	856,000
O. Total options available for exercise on 1 January 2002 [L - (M + N)]	8,401,000
P. Total options exercised in 2002	1,377,000
Q. Total options forfeited in 2002	1,472,000
R. Total options available for exercise on 1 January 2003 [O - (P + Q)]	5,552,000
S. Total options approved under the third offer of ESOS	2,171,000
T. Total options exercised in 2003	586,000
U. Total options forfeited in 2003	1,192,000
V. Total options available for exercise on 1 January 2004 [R + S - (T + U)]	5,945,000
W. Total options exercised in 2004	530,000
X. Total options forfeited in 2004	47,000
Y. Total options lapsed in 2004	5,368,000
Z. Balance as at 22 July 2004 [V - (W+X+Y)]	-

directors' report

Employees' Share Option Scheme (continued)

During the financial year, the number of ordinary shares of RM1 each covered under options, exercised and forfeited/lapsed pursuant to the ESOS were as follows:

Date of offer	Option Price RM	Options over Ordinary Shares of RM1 Each			
		1 January 2004	Exercised during the year	Forfeited/lapsed during the year	22 July 2004
23 July 1998	1.72	1,337,000	(327,000)	(1,010,000)	-
15 November 2000	2.83	3,111,000	-	(3,111,000)	-
17 February 2003	1.79	1,497,000	(203,000)	(1,294,000)	-
		5,945,000	(530,000)	(5,415,000)	-

Any Eligible Employee or full-time Executive Director who participated in the ESOS shall not be eligible to participate in any other employees' share option scheme(s) that may be established by the Group or the Company so long as such Eligible Employee remained a grantee under the tenure of this ESOS.

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	<i>Group Chairman</i>
Haji Mahmud Abu Bekir Taib	<i>Group Deputy Chairman</i>
David William Berry aka Dayan Wazir	<i>Executive Director/Group Chief Executive Officer, resigned on 31 December 2004</i>
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	

In accordance with Article 110 of the Company's Articles of Association, Dato Sri Sulaiman Abdul Rahman Taib and Datu Michael Ting Kuok Ngie @ Ting Kok Ngie retire at the forthcoming Annual General Meeting and being eligible, offer themselves for re-election.

Directors' benefits

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

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the Directors as shown in Note 8 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 38 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			
	1 January 2004	Transfer	Sold	31 December 2004
Cahaya Mata Sarawak Berhad				
Direct interest in shares:				
Dato Sri Sulaiman Abdul Rahman Taib	29,465,085	-	-	29,465,085
Haji Mahmud Abu Bekir Taib	29,400,085	-	-	29,400,085

directors' report

Directors' interests (continued)

	Number of Ordinary Shares of RM1 Each			
	1 January 2004	Transfer	Sold	31 December 2004
Indirect interest in shares:				
Dato Sri Sulaiman Abdul Rahman Taib	44,925,102	-	-	44,925,102
Haji Mahmud Abu Bekir Taib	44,925,102	-	-	44,925,102

Utama Banking Group Berhad

Direct interest in shares:

Dato Sri Liang Kim Bang	504,000	-	-	504,000
YB Datuk Haji Talib Bin Zulpilip	4,400	8,933	-	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 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.

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.

directors' report

Other statutory information (continued)

(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.

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

Haji Mahmud Abu Bekir Taib

Kuching, Malaysia

Date: 15 April 2005

statement by directors

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

We, **Dato Sri Sulaiman Abdul Rahman Taib** and **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 14 to 81 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 2004 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

Haji Mahmud Abu Bekir Taib

Kuching, Malaysia
Date: 15 April 2005

statutory declaration

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

I, **Mazlin Binti Darus**, 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 14 to 81 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.

Subscribed and solemnly declared by the
abovenamed **Mazlin Binti Darus**
at Kuching in the State of Sarawak
on 15 April 2005

Mazlin Binti Darus
Acting Chief Financial Officer

Before me,

Yap Yau Sin
Commissioner for Oaths (No. Q 074)
Kuching

report of the auditors

to the members of Cahya Mata Sarawak Berhad

We have audited the financial statements set out on pages 14 to 81. 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 2004 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

Kuching, Malaysia

Date: 15 April 2005

YONG VOON KAR

1769/04/06 (J/PH)

Partner

income statements for the year ended 31 December 2004

		Group		Company	
	Note	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Revenue	3	1,020,344	1,082,662	91,275	87,980
Cost of sales		(855,120)	(892,788)	(9,867)	(11,941)
Gross profit		165,224	189,874	81,408	76,039
Other operating income		10,843	17,728	342	5,409
Selling and distribution costs		(8,367)	(6,203)	-	-
Administrative expenses		(46,706)	(41,232)	(17,564)	(15,297)
Other operating expenses		(65,027)	(32,032)	-	-
Provision against advances to a subsidiary		-	-	(21,300)	-
Impairment in value of investment in					
- a subsidiary		-	-	-	(25,000)
- an associate		(2,000)	(4,000)	-	-
Profit from operations		53,967	124,135	42,886	41,151
Finance costs	4	(46,975)	(52,192)	(19,386)	(21,361)
Gain on disposal of subsidiaries	5	86,714	2,755	-	5,028
Gain on disposal of foreclosed property		-	21,769	-	-
Share of profit/(loss) of associates		37,249	(14,157)	-	-
Profit before taxation	6	130,955	82,310	23,500	24,818
Taxation	9	(64,617)	(41,619)	(19,630)	(18,986)
Profit after taxation		66,338	40,691	3,870	5,832
Minority interests		(37,589)	(17,021)	-	-
Net profit for the year		28,749	23,670	3,870	5,832

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

income statements for the year ended 31 December 2004 (continued)

	Note	Group 2004 sen	2003 sen	Company 2004 sen	2003 sen
Earnings per share	10				
- Basic		8.73	7.21	-	-
- Diluted		8.73	7.20	-	-
Dividend per share	11				
- 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 2004

		Group		Company	
	Note	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Non-current assets					
Property, plant and equipment	12	364,196	380,986	4,277	3,736
Subsidiaries	13	-	-	1,133,642	1,131,885
Associates	14	1,359,264	1,351,776	-	-
Land held for property development	15	39,080	38,685	-	-
Goodwill on consolidation	16	196,243	208,277	-	-
Current assets					
Inventories	17	72,060	47,524	-	-
Property development costs	18	141,313	135,942	-	-
Amount due from customers on contracts	19	21,834	22,360	-	-
Statutory deposits with Bank Negara Malaysia	20	-	21,767	-	-
Loans and advances	21	-	210,917	-	-
Short term investments	22	1,451	335,190	-	-
Trade receivables	23	247,159	274,546	-	-
Amount due from subsidiaries	24	-	-	414,960	460,373
Other receivables	25	51,620	143,576	21,096	16,934
Cash and bank balances	26	216,164	277,540	14,710	46,968
		751,601	1,469,362	450,766	524,275
Current liabilities					
Short term borrowings	27	537,087	588,366	22,513	85,810
Trade payables	28	150,704	179,612	6	6
Amount due to subsidiaries	24	-	-	279,194	249,582
Deposits from customers	29	-	82,002	-	-
Deposits and placements of banks and other financial institutions	30	-	558,800	-	-
Amount due to customers on contracts	19	21,951	20,073	-	-
Other payables	31	52,448	54,325	3,669	3,748
Current tax liabilities		9,875	13,605	-	-
		772,065	1,496,783	305,382	339,146
Net current (liabilities)/assets					
		(20,464)	(27,421)	145,384	185,129
		1,938,319	1,952,303	1,283,303	1,320,750

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

balance sheets as at 31 December 2004 (continued)

	Note	Group 2004 RM'000	2003 RM'000	Company 2004 RM'000	2003 RM'000
Financed by:					
Share capital	32	329,446	328,916	329,446	328,916
Reserves	33	662,524	644,782	789,126	796,704
Shareholders' funds		991,970	973,698	1,118,572	1,125,620
Minority interests		676,746	650,208	-	-
		1,668,716	1,623,906	1,118,572	1,125,620
Long-term and deferred liabilities					
Amount due to subsidiaries	24	-	-	35,000	70,000
Long term liabilities	34	245,131	303,187	129,731	125,130
Deferred tax liabilities	35	24,472	25,210	-	-
		269,603	328,397	164,731	195,130
		1,938,319	1,952,303	1,283,303	1,320,750

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

statements of changes in equity for the year ended 31 December 2004

		Non-Distributable				Distributable		
Group	Note	Share capital RM'000	Share premium RM'000	Capital reserve RM'000	Merger deficit RM'000	Statutory reserve RM'000	Retained profit RM'000	Total RM'000
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	-	-	-	-	-	(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 - translation differences		-	-	-	-	-	441	441
At 31 December 2004		329,446	427,513	85,776	(12,000)	16,141	145,094	991,970
At 1 January 2003		328,330	426,682	88,530	(12,000)	1,664	127,886	961,092
Net profit for the year		-	-	-	-	-	23,670	23,670
Write-down of buildings		-	-	(2,494)	-	-	-	(2,494)
Dividend for the year ended 2002		-	-	-	-	-	(11,820)	(11,820)
Issue of shares	32	586	436	-	-	-	-	1,022
Transfer between reserves - subsidiary		-	-	-	-	312	(312)	-
- associate		-	-	-	-	9,137	(9,137)	-
Share of deferred tax liability on revaluation of land and buildings		-	-	(260)	-	-	-	(260)
Net gain not recognised in the income statement - translation differences		-	-	-	-	-	2,488	2,488
At 31 December 2003		328,916	427,118	85,776	(12,000)	11,113	132,775	973,698

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

statements of changes in equity for the year ended 31 December 2004 (continued)

Company	Note	Non-Distributable				Distributable	
		Share capital RM'000	Share premium RM'000	Capital reserve RM'000	Merger reserve RM'000	Retained profit RM'000	Total RM'000
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	-	-	-	-	(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
At 1 January 2003		328,330	426,682	13,037	168,000	194,537	1,130,586
Net profit for the year		-	-	-	-	5,832	5,832
Dividend for year ended 2002		-	-	-	-	(11,820)	(11,820)
Issue of shares	32	586	436	-	-	-	1,022
At 31 December 2003		328,916	427,118	13,037	168,000	188,549	1,125,620

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

consolidated cash flow statement for the year ended 31 December 2004

	2004 RM'000	2003 RM'000
Cash flows from operating activities		
Profit before taxation	130,955	82,310
Adjustments for:		
Amortisation of goodwill on consolidation	12,063	12,061
Bad debts written-off net of recoveries	208	391
Depreciation	38,815	40,630
Gain on disposal of foreclosed property	-	(21,769)
Gain on disposal of property, plant and equipment	(1,335)	(1,035)
Gain on disposal of quoted investments	(3,460)	(6,354)
Gain on disposal of subsidiaries	(86,714)	(2,755)
Gross dividend income	(98)	(541)
Impairment in value of investment in an associate	2,000	4,000
Impairment in value of investment	448	2,037
Interest expense	58,416	68,022
Interest income	(34,227)	(41,917)
Non-loan provision	37,489	33
Property, plant and equipment written-off	36	299
Provision for bad and doubtful debts net of recoveries	15,529	11,443
Share of (profit)/loss of associates	(37,249)	14,157
Operating profit before working capital changes	132,876	161,012
Decrease in receivables	23,865	14,746
Increase in inventories	(24,536)	(7,526)
(Decrease)/increase in payables	(30,827)	22,229
(Increase)/decrease in property development costs	(5,371)	6,773
Decrease/(increase) in amount due from customers on contracts	4,219	(8,247)
Decrease in loans and advances	36,301	71,373
Decrease/(increase) in statutory deposits with Bank Negara Malaysia	10,297	(5,692)
Decrease in deposits from customers	(7,382)	(97,843)
(Decrease)/increase in deposits and placements of banks and other financial institutions	(357,800)	169,554
Cash (utilised in)/generated from operations	(218,358)	326,379
Net proceeds from disposal of foreclosed property	54,400	6,009
Interest received	34,227	41,917
Interest paid	(58,416)	(68,022)
Taxation paid net of refund	(49,925)	(41,526)
Net cash (used in)/generated from operating activities	(238,072)	264,757

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

consolidated cash flow statement for the year ended 31 December 2004 (continued)

	Note	2004 RM'000	2003 RM'000
Cash flows from investing activities			
Purchases net of proceeds from disposal of short term investments		180,253	(180,923)
Proceeds from disposal of other long term investment		-	14,364
Dividends received from investments		98	390
Purchase of property, plant and equipment		(34,033)	(19,448)
Proceeds from disposal of property, plant and equipment		11,436	1,510
Net cash inflow arising from disposal of subsidiaries	36(b)	138,407	4,761
Net cash outflow arising from acquisition of additional interest in a subsidiary		(29)	-
Dividend received from an associate		2,208	3,311
Expenditure incurred on land held for property development		(395)	(201)
Investment in an associate		-	(727,607)
Net cash generated from/(used in) investing activities		297,945	(903,843)
Cash flows from financing activities			
Net repayments of term loans		(114,078)	(33,685)
Net proceeds from bankers' acceptances and revolving credits		5,567	267,936
Dividends paid to shareholders of the Company		(11,843)	(11,820)
Dividends paid to minority interests in subsidiaries		(2,328)	(6,456)
Proceeds from issuance of shares		925	1,022
Net cash (used in)/generated from financing activities		(121,757)	216,997
Net decrease in cash and cash equivalents		(61,884)	(422,089)
Cash and cash equivalents at the beginning of the year		271,121	693,210
Cash and cash equivalents at the end of the year	37	209,237	271,121

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

cash flow statement for the year ended 31 December 2004

	Note	2004 RM'000	2003 RM'000
Cash flows from operating activities			
Profit before taxation		23,500	24,818
Adjustments for:			
Depreciation		1,155	1,021
Gross dividend income		(87,954)	(84,007)
Gain on disposal of property, plant and equipment		(33)	(190)
Gain on disposal of quoted investments		-	(5,041)
Gain on disposal of subsidiaries		-	(5,028)
Impairment in value of investment in a subsidiary		-	25,000
Interest expense		27,123	31,716
Interest income		(3,228)	(3,794)
Property, plant and equipment written-off		1	47
Provision against advances to a subsidiary		21,300	-
Operating loss before working capital changes		(18,136)	(15,458)
(Increase)/decrease in receivables		(421)	715
Decrease in payables		(79)	(3,251)
Decrease in amount due from subsidiaries		18,725	39,484
Cash generated from operations		89	21,490
Interest received		3,228	3,794
Interest paid		(27,123)	(31,716)
Taxation refunded		1,256	-
Net cash used in operating activities		(22,550)	(6,432)

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

cash flow statement

for the year ended 31 December 2004 (continued)

	Note	2004 RM'000	2003 RM'000
Cash flows from investing activities			
Dividends received		63,327	60,530
Purchase of property, plant and equipment		(1,723)	(2,487)
Proceeds from disposal of property, plant and equipment		59	198
Proceeds from disposal of quoted investments		-	13,201
Investment in subsidiaries		(1,757)	-
Proceeds from disposal of subsidiaries		-	29,778
Net cash generated from investing activities		59,906	101,220
Cash flows from financing activities			
Proceeds from issuance of shares		925	1,022
Proceeds from term loan		109,731	-
Repayment of term loans		(170,940)	(47,810)
Dividends paid to shareholders of the Company		(11,843)	(11,820)
Net cash used in financing activities		(72,127)	(58,608)
Net (decrease)/increase in cash and cash equivalents		(34,771)	36,180
Cash and cash equivalents at the beginning of the year		46,968	10,788
Cash and cash equivalents at the end of the year	37	12,197	46,968

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

notes to the financial statements

- 31 December 2004

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 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.

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 15 April 2005.

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.

During the financial year ended 31 December 2004, the Group and the Company adopted the following MASB Standard for the first time:

MASB 32 Property Development Activities

The adoption of MASB 32 has not given rise to any material adjustments to the opening balances of retained profits of the prior and current year or to changes in comparatives.

2.2 Basis of consolidation

(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.

notes to the financial statements

- 31 December 2004

2. Significant accounting policies (continued)

2.2 Basis of consolidation (continued)

(a) Subsidiaries (continued)

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.

2.3 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 2.13. 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 and associates

The Company's investments in subsidiaries and associates are stated at cost less impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2.13.

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 2.13.

notes to the financial statements - 31 December 2004

2. Significant accounting policies (continued)

2.5 Property, plant and equipment and depreciation (continued)

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 (MASB Standard No.15, 'Property, Plant & Equipment', and International Accounting Standard No. 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).

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 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 2.13.

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 2004

2. Significant accounting policies (continued)

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 Construction contracts

Where the outcome of a construction 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 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 contracts plus recognised profits (less recognised losses) exceeds 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.

2.10 Inventories

Inventories are stated at the lower of cost and net realisable value and are valued on a weighted average, first-in-first-out or standard costing 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.

notes to the financial statements

- 31 December 2004

2. Significant accounting policies (continued)

2.11 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.

2.12 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.

2.13 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.

2.14 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 contracts

Revenue from construction contracts is accounted for by the percentage of completion method as described in Note 2.9.

notes to the financial statements

- 31 December 2004

2. Significant accounting policies (continued)

2.14 Revenue recognition (continued)

(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

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.

2.15 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.

2.16 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.

(d) Interest-bearing borrowings

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

(e) Equity instruments

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

notes to the financial statements - 31 December 2004

2. Significant accounting policies (continued)

2.17 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.

(c) Equity compensation benefits

The Cahya Mata Sarawak Berhad Employees' Share Option Scheme (ESOS) allows the Group's employees to acquire shares of the Company. No compensation cost or obligation is recognised. When the options are exercised, equity is increased by the amount of the proceeds received.

2.18 Additional accounting policies relating to the merchant banking subsidiary

(a) Investment securities

Investment securities are securities that are acquired and held for yield or capital growth or to meet minimum liquid assets requirement pursuant to the New Liquidity Framework and are usually held to maturity.

Malaysian Government securities, Malaysian Government investment certificates, Malaysian Government Treasury bills, Cagamas bonds, other Government securities, Government Guaranteed and Bank Guaranteed Private Debt Securities held for investment are stated at cost adjusted for

amortisation of premium or accretion of discount to maturity date. Other Private Debt Securities are valued at the lower of cost and market value. Other investment securities are stated at cost and provision is made in the event of any permanent diminution in value.

Transfers, if any, between investment and dealing securities are made at the lower of carrying value and market value.

(b) Provision for bad and doubtful debts

Specific provisions are made for doubtful debts based on the merchant banking subsidiary's evaluation of the collectibility and the status of the loans and advances and their related underlying securities, which have been individually reviewed and specifically identified as substandard, doubtful or bad.

A general provision based on a percentage of the loan portfolio net of interest-in-suspense and specific provision for bad and doubtful debts is also maintained to cover possible losses which are not specifically identified.

An uncollectable 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 merchant banking subsidiary, there is no prospect of recovery.

The merchant banking subsidiary's policy on provision for substandard, doubtful and bad debts is in conformity with the minimum requirements of Bank Negara Malaysia's "Guidelines on the Classification of Non-Performing Loans and Provision for Substandard, Bad and Doubtful Debts, BNM/GP3 (revised)", with such modifications and exceptions as determined by Bank Negara Malaysia ('BNM').

notes to the financial statements

- 31 December 2004

2. Significant accounting policies (continued)

2.18 Additional accounting policies relating to the merchant banking subsidiary (continued)

(c) Repurchase agreements

Securities purchased under resale agreements are securities, which the merchant banking subsidiary had purchased with commitment to resell at future dates. The commitment to resell the securities is reflected as an asset on the balance sheet.

Conversely, securities sold under repurchase agreements are securities, which the merchant banking subsidiary had sold from its portfolio, with a commitment to repurchase at future dates. Such financing transactions and the obligation to repurchase the securities are reflected as a liability on the balance sheet.

(d) Recognition of interest income

Interest income is recognised on an accrual basis.

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.

The merchant banking subsidiary's policy on suspension of interest income is in conformity with the minimum requirements of Bank Negara Malaysia's "Guidelines on the Classification of Non-Performing Loans and Provision for Substandard, Bad and Doubtful Debts, BNM/GP3 (revised)".

(e) Recognition of fees and other income

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.

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

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

Dividends from dealing and investment securities are recognised when received.

notes to the financial statements

- 31 December 2004

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		Company	
	2004	2003	2004	2003
	RM'000	RM'000	RM'000	RM'000
Sales of goods	539,873	533,524	-	-
Contract revenue	362,562	421,363	-	-
Banking services	32,998	40,667	-	-
Stockbroking services	20,647	13,389	-	-
Sales of properties	24,646	34,381	-	-
Trading and services	38,922	38,971	93	179
Dividend income	-	-	87,954	84,007
Interest income	696	367	3,228	3,794
	1,020,344	1,082,662	91,275	87,980

notes to the financial statements - 31 December 2004

4. Finance costs

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Interest expense on:				
Bank overdrafts	230	236	26	16
Bankers' acceptances	2,492	2,562	-	-
Central cash management accounts	-	-	6,885	7,445
Revolving credits	15,161	14,950	-	-
Term loans	38,010	47,235	20,212	24,255
Others	2,523	3,039	-	-
Total interest expense (Note 6)	58,416	68,022	27,123	31,716
Add: Other charges				
Bank charges and commitment fee	241	273	53	4
Bank commission	470	700	470	700
Facility fee	992	581	992	581
Stamp duty	615	300	615	300
	2,318	1,854	2,130	1,585
	60,734	69,876	29,253	33,301
Less: Amounts charged to cost of sales				
Interest expense	13,759	17,684	9,444	11,386
Other charges	-	-	423	554
	13,759	17,684	9,867	11,940
	46,975	52,192	19,386	21,361

notes to the financial statements

- 31 December 2004

5. Gain on disposal of subsidiaries

This arose from the disposal of the merchant banking business during the current financial year and transportation and shipping business in 2003.

6. Profit before taxation

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Profit before taxation is stated after charging/(crediting):				
Amortisation of goodwill on consolidation (Note 16)	12,063	12,061	-	-
Auditors' remuneration				
Statutory audit				
- current year	297	257	25	20
- (over)/under provision in prior year	(14)	(3)	5	(5)
Other services	167	936	32	133
Bad debts written-off net of recoveries	208	391	-	-
Depreciation (Note 12)	38,815	40,630	1,155	1,021
Non-Executive Directors' remuneration (Note 8)	4,040	2,902	2,412	1,335
Equipment rental income	(97)	(509)	-	-
Gain on disposal of property, plant and equipment	(1,335)	(1,035)	(33)	(190)
Gain on disposal of quoted investments	(3,460)	(6,354)	-	(5,041)
Gross dividend income from				
- subsidiaries	-	-	(87,954)	(84,007)
- investments quoted in Malaysia	(98)	(541)	-	-
Hire of plant and machinery	1,244	1,517	-	-
Impairment in value of investment	448	2,037	-	-
Interest expense (Note 4)	58,416	68,022	27,123	31,716
Interest income	(34,227)	(41,917)	(3,228)	(3,794)
Non-loan provision *	37,489	33	-	-
Property, plant and equipment written-off	36	299	1	47
Provision for bad and doubtful debts net of recoveries	15,529	11,443	-	-
Rental expense				
- land and buildings	4,522	4,425	885	789
- wharf	2,603	2,603	-	-
Rental income	(1,276)	(1,018)	-	-
Staff costs (Note 7)	77,896	61,776	7,945	7,906

* 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.

notes to the financial statements - 31 December 2004

7. Staff costs

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Salaries, wages and bonus	69,956	55,284	7,116	7,090
Provident fund contributions	7,432	6,005	806	794
Social security organisation contributions	508	487	23	22
Total staff costs	77,896	61,776	7,945	7,906
Number of employees at the end of the year	1,937	1,660	93	81

Included in staff costs of the Group and of the Company are Executive Directors' remuneration amounting to RM2,691,000 (2003: RM2,219,000) and RM756,000 (2003: RM812,000) respectively, as further disclosed in Note 8.

8. Directors' remuneration

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Directors of the Company				
Executive:				
Salaries, bonus and other emoluments:				
- current year	672	728	672	728
- underprovision in prior year	84	84	84	84
Benefits-in-kind	102	78	102	78
	858	890	858	890

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8. Directors' remuneration (continued)

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Directors of the Company (continued)				
Non-Executive:				
Fees:				
- current year	697	407	424	180
- underprovision in prior year	252	15	252	15
Salaries, bonus and other emoluments:				
- current year	1,446	1,147	1,438	1,140
- underprovision in prior year	298	-	298	-
Benefits-in-kind	95	93	70	69
	2,788	1,662	2,482	1,404
	3,646	2,552	3,340	2,294
Directors of Subsidiaries				
Executive:				
Salaries, bonus and other emoluments	1,935	1,407	-	-
Benefits-in-kind	51	40	-	-
	1,986	1,447	-	-
Non-Executive:				
Fees	746	594	-	-
Other emoluments	601	739	-	-
	1,347	1,333	-	-
	3,333	2,780	-	-
Total	6,979	5,332	3,340	2,294

notes to the financial statements - 31 December 2004

8. Directors' remuneration (continued)

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Analysis excluding benefits-in-kind:				
Total Executive Directors' remuneration excluding benefits- in-kind (Note 7)	2,691	2,219	756	812
Total Non-Executive Directors' remuneration (Note 6)	4,040	2,902	2,412	1,335
Total Directors' remuneration excluding benefits-in-kind	6,731	5,121	3,168	2,147

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

	Number of Directors			
	Executive		Non-Executive	
	2004	2003	2004	2003
Below RM50,000	-	-	1	2
RM50,001 to RM100,000	-	-	1	1
RM100,001 to RM150,000	-	-	2	1
RM150,001 to RM200,000	-	-	1	1
RM200,001 to RM250,000	-	-	1	-
RM250,001 to RM300,000	-	-	-	1
RM300,001 to RM350,000	-	-	-	-
RM350,001 to RM400,000	-	-	-	-
RM400,001 to RM450,000	-	-	-	-
RM450,001 to RM500,000	-	-	-	-
RM500,001 to RM550,000	-	-	-	-
RM550,001 to RM600,000	-	-	-	-
RM600,001 to RM650,000	-	-	-	-
RM650,001 to RM700,000	-	-	-	-
RM700,001 to RM750,000	-	-	-	-
RM750,001 to RM800,000	-	-	-	-
RM800,001 to RM850,000	-	-	-	-
RM850,001 to RM900,000	-	-	-	-
RM900,001 to RM950,000	-	-	-	-
RM950,001 to RM1,000,000	-	-	-	-

notes to the financial statements

- 31 December 2004

9. Taxation

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Income tax:				
Based on results for the year	39,244	39,108	19,000	17,800
(Over)/underprovided in prior years	(292)	(796)	630	1,186
	38,952	38,312	19,630	18,986
Deferred tax (Note 35):				
Relating to origination and reversal of temporary differences	(249)	1,557	-	-
Overprovided in prior years	(489)	-	-	-
	(738)	1,557	-	-
Share of taxation of associates	26,403	1,750	-	-
	64,617	41,619	19,630	18,986

notes to the financial statements - 31 December 2004

9. Taxation (continued)

Income tax is calculated at the Malaysian statutory tax rate of 28% (2003: 28%) of the estimated assessable profit for the year.

A reconciliation of income tax expense applicable to 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	
	2004	2003
	RM'000	RM'000
Profit before taxation	130,955	82,310
Taxation at Malaysian statutory tax rate of 28% (2003: 28%)	36,667	23,047
Effect of income subject to tax rate of 20% (2003: 20%)	(333)	(64)
Effect of differences of tax rates in Labuan/other countries	(1,306)	(4,908)
Effect of expenses not deductible for tax purposes	48,938	38,501
Effect of income not subject to tax	(21,673)	(3,812)
Utilisation of previously unrecognised tax losses and unabsorbed capital allowances	(2,406)	(13,299)
Utilisation of reinvestment allowance	(216)	-
Deferred tax assets not recognised during the year	7,832	7,340
Overprovision of income tax in prior years		
- company and subsidiaries	(292)	(796)
- associates	(2,179)	(4,476)
Underprovision of deferred tax in prior years	(489)	-
Others	74	86
Tax expense for the year	64,617	41,619

notes to the financial statements - 31 December 2004

9. Taxation (continued)

	Company	
	2004 RM'000	2003 RM'000
Profit before taxation	23,500	24,818
Taxation at Malaysian statutory tax rate of 28% (2003: 28%)	6,580	6,949
Effect of expenses not deductible for tax purposes	12,132	13,435
Effect of income not subject to tax	-	(2,865)
Deferred tax assets not recognised in respect of current year's unabsorbed capital allowances	210	281
Underprovision of income tax in prior years	630	1,186
Others	78	-
Tax expense for the year	19,630	18,986

notes to the financial statements - 31 December 2004

9. Taxation (continued)

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
(i) Tax losses are analysed as follows:				
Tax savings recognised during the year arising from:				
Utilisation of current year tax losses	5,751	5,655	5,709	5,655
Utilisation of tax losses brought forward from previous years	2,350	7,013	-	-
Unutilised tax losses carried forward	65,485	286,059	-	-
(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	56	6,286	-	-
Unabsorbed capital allowances carried forward	70,023	44,045	3,764	4,210
(iii) Unutilised reinvestment allowances carried forward	107,770	107,770	-	-
(iv) Unutilised investment tax allowances carried forward	36,000	36,000	-	-

As at 31 December 2004, 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.

notes to the financial statements - 31 December 2004

10. Earnings per share

The basic earnings per share has been calculated based on the Group's net profit for the year of RM28,749,000 (2003: RM23,670,000) and the weighted average number of ordinary shares in issue during the year of 329,306,423 (2003: 328,485,840).

The diluted earnings per share has been calculated based on the Group's net profit for the year of RM28,749,000 (2003: RM23,670,000) and the enlarged weighted average number of ordinary shares in issue during the year of 329,306,423 (2003: 328,712,892) as follows:

	Group	
	2004	2003
	RM'000	RM'000
Weighted average number of ordinary shares in issue	329,306,423	328,485,840
Adjustment for Employees' Share Option Scheme ('ESOS')	-	227,052
Weighted average number of ordinary shares for diluted earnings per share	329,306,423	328,712,892

In the diluted earnings per share calculation in relation to the ESOS, a calculation is made to determine the number of shares that could have been acquired at the respective option prices. This calculation serves to determine the "unpurchased" shares to be added to the ordinary shares outstanding for the purpose of computing the dilution. No adjustment is made to the profit for the year for the share option calculation.

11. Dividends

	Group and Company			
	2004		2003	
	Sen	RM'000	Sen	RM'000
	per share	(net)	per share	(net)
	(gross)		(gross)	
Proposed first and final dividend, net of tax	5.00	11,860	5.00	11,843

At the forthcoming Annual General Meeting, a first and final dividend in respect of the financial year ended 31 December 2004 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 2005.

notes to the financial statements - 31 December 2004

12. Property, plant and equipment

Group	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
Cost/valuation					
At 1 January 2004	165,039	429,887	76,523	1,968	673,417
Additions	616	5,709	9,623	18,085	34,033
Disposals	(11,795)	(185)	(1,624)	-	(13,604)
Arising from disposal of subsidiaries	-	-	(5,786)	-	(5,786)
Reclassification	122	6,435	-	(6,557)	-
At 31 December 2004	153,982	441,846	78,736	13,496	688,060
Accumulated depreciation					
Charged to income statement (Note 6)	4,285	30,946	5,399	-	40,630
Capitalised in construction costs (Note 19)	-	738	786	-	1,524
Depreciation charge for 2003	4,285	31,684	6,185	-	42,154
At 1 January 2004	23,288	218,335	50,808	-	292,431
Depreciation charge for the year	4,191	28,973	7,466	-	40,630
Charged to income statement (Note 6)	4,191	28,307	6,317	-	38,815
Capitalised in construction costs (Note 19)	-	666	1,149	-	1,815
Disposals	(1,846)	(169)	(1,452)	-	(3,467)
Arising from disposal of subsidiaries	-	-	(5,730)	-	(5,730)
At 31 December 2004	25,633	247,139	51,092	-	323,864
Net book value					
At 31 December 2004	128,349	194,707	27,644	13,496	364,196
At 31 December 2003	141,751	211,552	25,715	1,968	380,986

notes to the financial statements

- 31 December 2004

12. Property, plant and equipment (continued)

Group	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
Details at 1 January 2003					
Cost	127,595	428,479	82,760	336	639,170
Valuation	40,317	-	-	-	40,317
Accumulated depreciation	19,386	188,123	60,747	-	268,256

Land and buildings comprise:

Group	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
Cost/valuation					
At 1 January 2004	255	36,780	20,153	107,851	165,039
Additions	-	145	-	471	616
Disposals	-	(4,930)	(4,595)	(2,270)	(11,795)
Reclassification	-	-	-	122	122
At 31 December 2004	255	31,995	15,558	106,174	153,982

notes to the financial statements - 31 December 2004

12. Property, plant and equipment (continued)

Group	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
Accumulated depreciation					
Depreciation charge for 2003	-	619	466	3,200	4,285
At 1 January 2004	-	2,201	3,198	17,889	23,288
Depreciation charge for the year	-	511	458	3,222	4,191
Disposals	-	(307)	(729)	(810)	(1,846)
At 31 December 2004	-	2,405	2,927	20,301	25,633
Net book value					
At 31 December 2004	255	29,590	12,631	85,873	128,349
At 31 December 2003	255	34,579	16,955	89,962	141,751
Details at 1 January 2003					
Cost	255	36,780	1,182	89,378	127,595
Valuation	-	-	19,295	21,022	40,317
Accumulated depreciation	-	1,582	2,738	15,066	19,386

notes to the financial statements - 31 December 2004

12. Property, plant and equipment (continued)

	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					
Analysis of cost/valuation:					
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
2003					
At valuation in 1996	-	-	19,295	21,022	40,317
At cost	255	36,780	858	86,829	124,722
At 31 December 2003	255	36,780	20,153	107,851	165,039
Company					
Cost					
At 1 January 2004			2,722	6,565	9,287
Additions			1,467	256	1,723
Disposals/written-off			(44)	(902)	(946)
At 31 December 2004			4,145	5,919	10,064

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12. Property, plant and equipment (continued)

Company	Motor vehicles RM'000	Office equipment RM'000	Total RM'000
Accumulated depreciation			
Depreciation charge for 2003 (Note 6)	421	600	1,021
At 1 January 2004	1,617	3,934	5,551
Depreciation charge for the year (Note 6)	441	714	1,155
Disposals/written-off	(24)	(895)	(919)
At 31 December 2004	2,034	3,753	5,787
Net book value			
At 31 December 2004	2,111	2,166	4,277
At 31 December 2003	1,105	2,631	3,736
Details at 1 January 2003			
Cost	2,403	4,645	7,048
Accumulated depreciation	1,290	3,433	4,723

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 RM24,057,856 (2003: RM33,385,017) would have been RM7,193,280 (2003: RM13,952,152) had they been stated at cost.

notes to the financial statements - 31 December 2004

13. Subsidiaries

	Company	
	2004 RM'000	2003 RM'000
Unquoted shares, at cost	1,158,642	1,156,885
Impairment in value of investment	(25,000)	(25,000)
	1,133,642	1,131,885

Details of subsidiaries, all of which are incorporated in Malaysia, as at 31 December 2004 and their principal activities are shown below:

Name of subsidiaries	Principal activities	Equity interest held	
		2004 %	2003 %
Direct subsidiaries of the Company			
CMS Capital Sdn. Bhd.	Investment holding	93.5	93.5
CMS Cement Sdn. Bhd.	Manufacture and sale of cement	100.0	100.0
CMS Digital Sdn. Bhd.	Software development, IT solutions and ICT related services	100.0	100.0
CMS Energy Sdn. Bhd.	Provision of engineering services to the oil and gas industry	100.0	100.0
CMS Modular Housing Sdn. Bhd.	Manufacture and sale of composite roof and wall panel systems	100.0	100.0
CMS Property Development Sdn. Bhd. (formerly known as CMS Properties Sdn. Bhd.)	Property holding, property development and project management	100.0	100.0
CMS Steel Berhad	Manufacture and sale of steel bars and wire rods	80.0	80.0
Concordance Holdings Sdn. Bhd.	Investment holding	100.0	100.0
Projek Bandar Samariang Sdn. Bhd.	Property development and related construction works	60.0	60.0
CMS Resources Sdn. Bhd. (formerly known as Sara Kuari Sdn. Bhd.)	Investment and property holding	51.0	51.0
TPIS Management Sdn. Bhd.	Investment holding	100.0	100.0
CMS Works Sdn. Bhd. (formerly known as CMS Lime Sdn. Bhd.)	Investment holding	100.0	-
CMS Infra Trading Sdn. Bhd. (formerly known as PPES Trading Sdn. Bhd.)	General trading	51.0	-
CMS Education Sdn. Bhd. (formerly known as CMS Intpac Sdn. Bhd.)	Education	80.0	-

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13. Subsidiaries (continued)

Name of subsidiaries	Principal activities	Equity interest held	
		2004 %	2003 %
Subsidiaries of CMS Capital Sdn. Bhd.			
CMS Dresdner Asset Management Sdn. Bhd.	Asset management	51.0	51.0
CMS Mezzanine Sdn. Bhd.	Corporate financing	100.0	100.0
CMS Trust Management Berhad	Management of unit trust funds	51.0	51.0
Subsidiaries of CMS Cement Sdn. Bhd.			
CMS Concrete Products Sdn. Bhd.	Manufacture and sale of concrete products	100.0	100.0
CMS Works Sdn. Bhd.	Investment holding	-	100.0
Subsidiaries of CMS Property Development Sdn. Bhd.			
CMS Property Management Sdn. Bhd. (formerly known as PPES Properties Sdn. Bhd.)	Project management and consultancy	51.0	-
CMS Land Sdn. Bhd. (formerly known as PPES Works Property Sdn. Bhd.)	Property holding, property development and construction	51.0	-
Subsidiary of CMS Steel Berhad			
CMS Wires Sdn. Bhd. (formerly known as Setri Sdn. Bhd.)	Manufacture and sale of wire mesh and related products	69.0	69.0
Subsidiary of Concordance Holdings Sdn. Bhd.			
Utama Banking Group Berhad *	Investment holding	51.8	51.8

notes to the financial statements - 31 December 2004

13. Subsidiaries (continued)

Name of subsidiaries	Principal activities	Equity interest held	
		2004 %	2003 %
Subsidiaries of CMS Resources Sdn. Bhd.			
PPES Concrete Product Sdn. Bhd.	Manufacture and sale of concrete products	51.0	51.0
CMS Penkuari Sdn. Bhd. (formerly known as PPES Penkuari Sdn. Bhd.) (i)	Quarry operations	60.0	60.0
CMS Premix (Miri) Sdn. Bhd. (formerly known as PPES Premix (Miri) Sdn. Bhd.)	Production and sale of premix	60.0	60.0
CMS Premix Sdn. Bhd. (formerly known as PPES Premix Sdn. Bhd.)	Production and sale of premix	60.0	60.0
CMS Infra Trading Sdn. Bhd.	General trading	-	100.0
PPES Works (Sarawak) Sdn. Bhd.	Civil engineering contractor	-	100.0
CMS Quarries Sdn. Bhd. (formerly known as Sebuyau Kuari Sdn. Bhd.)	Quarry operations	100.0	100.0
Subsidiary of TPIS Management Sdn. Bhd.			
CMS Education Sdn. Bhd.	Education	-	60.0
Subsidiary of CMS Works Sdn. Bhd.			
PPES Works (Sarawak) Sdn. Bhd.	Civil engineering contractor	51.0	-
Subsidiary of CMS Infra Trading Sdn. Bhd.			
CMS Sumber Sdn. Bhd. (formerly known as Sara Sumber Sdn. Bhd.)	General trading	51.0	51.0
Subsidiary of CMS Premix Sdn. Bhd.			
CMS Penkuari Sdn. Bhd. (ii)	Quarry operations	40.0	40.0

notes to the financial statements - 31 December 2004

13. Subsidiaries (continued)

Name of subsidiaries	Principal activities	Equity interest held	
		2004 %	2003 %
Subsidiaries of Utama Banking Group Berhad			
UBG Enterprise Berhad*	Dormant	100.0	100.0
Utama Merchant Bank Berhad*	Licensed merchant bank	-	85.1
Subsidiaries of PPES Works (Sarawak) Sdn. Bhd.			
CMS Pavement Tech Sdn. Bhd. (formerly known as Pavement Technology (M) Sdn. Bhd.)	Road construction and maintenance	100.0	100.0
CMS Property Management Sdn. Bhd.	Project management and consultancy	-	100.0
CMS Land Sdn. Bhd.	Property holding, property development and construction	-	100.0
CMS Roads Sdn. Bhd. (formerly known as Sara Road Maintenance Sdn. Bhd.)	Road assessment, maintenance and management	51.0	51.0
Subsidiaries of Utama Merchant Bank Berhad			
UMB Nominees (Asing) Sdn. Bhd.*	Nominee services	-	100.0
UMB Nominees (Tempatan) Sdn. Bhd.*	Nominee services	-	100.0
UMB Venture Capital Sdn. Bhd. *	Dormant	-	100.0

* not audited by Ernst & Young or their associates.

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

(ii) The remaining 60% is held by CMS Resources Sdn. Bhd.

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

During the year, the Group carried out an internal reorganisation with the intention of streamlining the operations and therefore strengthening the business focus of the Group.

notes to the financial statements - 31 December 2004

14. Associates

	Group	
	2004 RM'000	2003 RM'000
Quoted securities, at cost:		
Ordinary shares	779,052	770,238
Irredeemable Convertible Unsecured Loan		
Stocks ('ICULS')		
- ICULS-A	329,942	338,756
- ICULS-B	262,257	262,257
Warrants	6,000	6,000
Impairment in value of warrants	(6,000)	(4,000)
	-	2,000
	1,371,251	1,373,251
Share of post-acquisition reserves	(11,987)	(21,475)
	1,359,264	1,351,776
Market value:		
Ordinary shares	275,165	341,844
ICULS-A	300,968	357,435
ICULS-B	234,014	282,430
Warrants	920	2,000

notes to the financial statements - 31 December 2004

14. Associates (continued)

The Group's interest in the associates is as follows:

	2004 RM'000	Group 2003 RM'000
Group's share of net liabilities other than goodwill	(438,001)	(454,246)
Group's share of goodwill	803,086	788,157
	365,085	333,911
Premium on acquisition	401,980	414,852
	767,065	748,763
ICULS-A	329,942	338,756
ICULS-B	262,257	262,257
Warrants	6,000	6,000
Impairment in value of warrants	(6,000)	(4,000)
	-	2,000
	1,359,264	1,351,776
Share of capital commitments (Note 40(a))	22,709	44,423
Share of contingent liabilities and other commitments (Note 40(b))	43,970,851	35,033,048

The associates, which are incorporated in Malaysia, are:

Name of associates	Principal activities	Equity interest held	
		2004 %	2003 %
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	32.9	32.0

* On 3 September 2004, UBG converted 12,000,000 Rashid Hussain Berhad ("RHB") ICULS-A into 12,000,000 ordinary shares of RM1 each in RHB.

The ordinary shares, ICULS-A and ICULS-B have been pledged for banking facilities granted to the Group and the Company.

notes to the financial statements - 31 December 2004

15. Land held for property development

	Group	
	2004 RM'000	2003 RM'000
Long-term leasehold land, at cost	35,281	35,281
Development expenditure	3,799	3,404
	39,080	38,685

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

16. Goodwill on consolidation

	Group	
	2004 RM'000	2003 RM'000
Cost		
At 1 January	300,864	308,671
Arising from disposal of subsidiaries	-	(7,807)
Arising from additional interest in a subsidiary	29	-
At 31 December	300,893	300,864
Accumulated amortisation		
At 1 January	92,587	82,582
Amortisation for the year (Note 6)	12,063	12,061
Arising from disposal of subsidiaries	-	(2,056)
At 31 December	104,650	92,587
Net book value	196,243	208,277

notes to the financial statements - 31 December 2004

17. Inventories

	2004 RM'000	Group 2003 RM'000
At cost:		
Raw materials	14,152	9,171
Finished goods	35,335	19,006
General stores	22,109	18,575
Work-in-progress	24	203
Goods-in-transit	440	569
	72,060	47,524

18. Property development costs

	2004 RM'000	Group 2003 RM'000
Long term leasehold land	85,640	85,640
Development costs:		
At 1 January	138,741	115,522
Costs incurred during the year	27,077	23,219
	165,818	138,741
Costs recognised in the income statement:		
At 1 January	(88,439)	(58,014)
Recognised during the year	(21,706)	(30,425)
At 31 December	(110,145)	(88,439)
	55,673	50,302
	141,313	135,942

The title to certain landed properties of the Group with a cost of RM1,483,000 (2003: 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 2004

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

	2004 RM'000	Group 2003 RM'000
Aggregate costs incurred to-date	1,052,929	1,445,126
Attributable profits less recognised losses	111,103	131,538
	1,164,032	1,576,664
Progress billings	(1,164,149)	(1,574,377)
	(117)	2,287
Amount due from customers on contracts	21,834	22,360
Amount due to customers on contracts	(21,951)	(20,073)
	(117)	2,287
Included in amount due from/(to) customers on contracts are the following expenses incurred during the year:		
Depreciation (Note 12)	1,815	1,524
Hire of equipment	1,118	546
Rental expense	260	261

20. Statutory deposits with Bank Negara Malaysia

The non-interest bearing statutory deposits were maintained by the merchant banking subsidiary with Bank Negara Malaysia in compliance with Section 37(1)(c) of the Central Bank of Malaysia Act, 1958, the amount of which was determined as set percentages of total eligible liabilities.

21. Loans and advances

	2004 RM'000	Group 2003 RM'000
Gross loans and advances of the merchant banking subsidiary	-	366,638
Provision for bad and doubtful debts and interest-in-suspense	-	(155,721)
	-	210,917

notes to the financial statements - 31 December 2004

22. Short term investments

(a) Held in the merchant banking subsidiary:

(i) Money market instruments at cost net of amortisation of premium less accretion of discount and unearned interest income

	2004 RM'000	Group 2003 RM'000
Malaysian Government securities	-	53,943
Malaysian Government Investment issues	-	4,170
Cagamas bonds	-	63,650
Danaharta bonds	-	28,064
Khazanah bonds	-	105,977
	-	255,804

(ii) Quoted securities

In Malaysia		
Shares	-	10
Private debt securities	-	4,012
	-	4,022
Impairment in value of securities		
- private debt securities quoted in Malaysia	-	(3,801)
	-	221

(iii) Unquoted securities

In Malaysia		
Shares	-	2,459
Private debt securities	-	91,103
	-	93,562
Impairment in value of securities		
- private debt securities in Malaysia	-	(14,955)
	-	78,607

notes to the financial statements - 31 December 2004

22. Short term investments (continued)

	2004 RM'000	Group 2003 RM'000
(b) Held in other subsidiaries:		
Shares and unit trusts quoted in Malaysia	1,451	558
	1,451	335,190
Market value of quoted investments:		
Malaysian Government securities	-	49,716
Malaysian Government Investment issues	-	4,126
Cagamas bonds	-	63,232
Quoted shares in Malaysia	259	611
Quoted private debt securities in Malaysia	-	221
Unit trusts quoted in Malaysia	1,338	3

23. Trade receivables

	2004 RM'000	Group 2003 RM'000
Trade receivables	243,264	271,036
Provision for doubtful debts	(12,092)	(10,791)
	231,172	260,245
Retention sums on contracts	15,987	14,301
	247,159	274,546

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.

notes to the financial statements - 31 December 2004

24. Amount due from/(to) subsidiaries

	2004 RM'000	Group 2003 RM'000
Central cash management accounts (i)	15,161	26,770
Amount due from subsidiaries (ii)	421,152	433,656
Loan to a subsidiary (iii)	11,500	11,500
	447,813	471,926
Provision against advances to subsidiaries	(32,853)	(11,553)
	414,960	460,373
Central cash management accounts (i)	(186,686)	(154,084)
Amount due to subsidiaries (ii)	(126)	-
Loans from subsidiaries (iv)	(127,382)	(165,498)
	(314,194)	(319,582)
Less: Portion repayable within one year	279,194	249,582
	(35,000)	(70,000)

(i) All balances deposited with the Company are repayable on demand and earn interest at the rate of 4% (2003: 5%) per annum. All balances due to the Company are also repayable on demand and are charged interest ranging from 7.0% to 7.5% (2003: 9.0% to 9.5%) per annum.

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

(iii) The loan was subordinated to a bank loan of a subsidiary and earned interest at 2% (2003: 2%) per annum above the base lending rate and had no fixed term of repayment. With effect from 1 July 2004, the loan is interest-free.

(iv) 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 a subsidiary are in accordance with the terms of the syndicated loan offered by the bankers to the said subsidiary as described in Note 34. There is no fixed term of repayment on the loan made available by the other subsidiary.

notes to the financial statements - 31 December 2004

25. Other receivables

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Other receivables	18,904	123,020	136	110
Provision for doubtful debts	(39)	(656)	-	-
	18,865	122,364	136	110
Amount due from joint venture	3,850	-	-	-
Other deposits	1,830	2,047	280	289
Prepayments	2,543	1,876	819	415
Current tax assets	24,532	17,289	19,861	16,120
	51,620	143,576	21,096	16,934

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

26. Cash and bank balances

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Cash in hand and at bank	17,095	21,895	160	168
Short term deposits with financial institutions	34,161	94,856	14,550	46,800
Cash and bank balances of banking subsidiaries	164,908	160,789	-	-
	216,164	277,540	14,710	46,968

notes to the financial statements - 31 December 2004

26. Cash and bank balances (continued)

Cash and bank balances of banking subsidiaries comprise the following:

	Group	
	2004	2003
	RM'000	RM'000
Cash and balances with banks and other financial institutions	1,045	3,359
Money at call and deposit placements maturing within one month	163,863	154,938
Deposits and placements with licensed banks	-	2,492
	164,908	160,789

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

	Group		Company	
	2004	2003	2004	2003
	%	%	%	%
Licensed banks	2.00 - 3.00	2.75 - 3.00	2.00 - 2.50	2.50 - 3.00
Other financial institutions	2.70 - 3.00	2.95 - 3.00	-	-

	Group		Company	
	2004	2003	2004	2003
	Days	Days	Days	Days
Licensed banks	1 - 90	1 - 90	3 - 11	1 - 30
Other financial institutions	30	30	-	-

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

notes to the financial statements - 31 December 2004

27. Short term borrowings

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Secured:				
Bank overdrafts (Note 37)	6,885	2,701	2,513	-
Revolving credits	324,540	312,740	-	-
Bankers' acceptances	49,565	48,370	-	-
Portion of term loans repayable within one year (Note 34)	81,325	138,679	20,000	85,810
	462,315	502,490	22,513	85,810
Unsecured:				
Revolving credits	59,000	55,000	-	-
Bank overdrafts (Note 37)	42	3,718	-	-
Bankers' acceptances	15,730	27,158	-	-
	537,087	588,366	22,513	85,810

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 3.65% to 7.95% (2003: 3.25% to 7.90%) per annum.

28. Trade payables

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Trade payables	127,985	155,025	6	6
Retention sum on contracts	21,054	24,587	-	-
Progress billings in respect of property development costs	1,665	-	-	-
	150,704	179,612	6	6

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

notes to the financial statements - 31 December 2004

29. Deposits from customers

This represented fixed deposits from customers of the merchant banking subsidiary.

30. Deposits and placements of banks and other financial institutions

	Group	
	2004 RM'000	2003 RM'000
Licensed banks	-	528,300
Other financial institutions	-	30,500
	-	558,800

31. Other payables

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Other payables	18,017	11,446	1,581	466
Interest payable	2,258	8,968	1,572	3,199
Land premium payable	1,332	1,332	-	-
Accruals	29,389	31,794	516	83
Refundable deposits	1,452	785	-	-
	52,448	54,325	3,669	3,748

notes to the financial statements - 31 December 2004

32. Share capital

	Group and Company	
	2004	2003
	RM'000	RM'000
Authorised		
Ordinary shares of RM1 each	1,000,000	1,000,000
Issued and fully paid		
Ordinary shares of RM1 each		
At 1 January	328,916	328,330
Employees' Share Option Scheme ('ESOS')	530	586
At 31 December	329,446	328,916

As the Company's ESOS lapsed during the financial year on 22 July 2004, there are accordingly no options remaining unexercised at 31 December 2004 (2003: 5,945,000).

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.

As at 31 December 2004, the Company has tax exempt profits available for distribution of approximately RM11 million (2003: 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 profits as at 31 December 2004.

notes to the financial statements - 31 December 2004

34. Long term liabilities

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Land premium payable	-	1,332	-	-
Secured term loans	326,456	440,534	149,731	210,940
	326,456	441,866	149,731	210,940
Portion of term loans repayable within one year (Note 27)	(81,325)	(138,679)	(20,000)	(85,810)
	245,131	303,187	129,731	125,130

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 property of a subsidiary and assignment of a project account of another subsidiary.

The loans bear interest ranging from 0.75% to 1.5% (2003: 0.75% to 2.50%) per annum above the bankers' base lending rates or cost of funds.

The term loans are repayable over the following periods:

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Within one year	81,325	138,679	20,000	85,810
Between one and two years	108,150	182,455	40,000	86,130
Between two and five years	136,981	116,900	89,731	39,000
After five years	-	2,500	-	-
	326,456	440,534	149,731	210,940

notes to the financial statements - 31 December 2004

35. Deferred tax liabilities

	Group	
	2004 RM'000	2003 RM'000
At 1 January	25,210	23,235
Recognised in the income statement (Note 9)	(738)	1,557
Disposal of subsidiaries	-	(52)
Charged to equity	-	470
At 31 December	24,472	25,210

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

	Revaluation of leasehold land and building RM'000	Accelerated capital allowances RM'000	Total RM'000
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
At 1 January 2003	-	23,235	23,235
Recognised in the income statement	(66)	1,623	1,557
Disposal of subsidiaries	-	(52)	(52)
Charged to equity	470	-	470
At 31 December 2003	404	24,806	25,210

notes to the financial statements

- 31 December 2004

36. Summary of effects of the disposal of subsidiaries

(a) Consolidated Income Statement

The results of subsidiaries disposed during the current financial year up to the date of disposal and the comparatives for the previous year were as follows:

	2004 RM'000	2003 RM'000
Interest income	16,865	23,682
Interest expense	(13,759)	(17,679)
Net interest income	3,106	6,003
Loan and financing loss and provision	(8,584)	(4,478)
	(5,478)	1,525
Non interest income	4,160	4,940
Non loan/provision	(37,489)	(33)
Net (loss)/income	(38,807)	6,432
Overhead expenses	(6,350)	(6,407)
(Loss)/profit before taxation	(45,157)	25
Taxation	-	1,393
Net (loss)/profit for the financial year	(45,157)	1,418

notes to the financial statements - 31 December 2004

36. Summary of effects of the disposal of subsidiaries (continued)

(b) Consolidated Balance Sheet

The assets and liabilities of subsidiaries disposed during the current financial year and the comparatives for the previous year were as follows:

	As date of disposal RM'000	2003 RM'000
Cash and short-term funds	462	136,023
Investment securities	156,498	334,632
Loans, advances and financing	160,217	210,917
Other assets	9,494	48,596
Statutory deposits with Bank Negara Malaysia	11,470	21,767
Property, plant and equipment	56	96
Deposits from customers	(74,620)	(82,002)
Deposits and placements of banks and other financial institutions	(201,000)	(558,800)
Other liabilities	(1,291)	(4,786)
Net assets	61,286	106,443
Group's 85.1% share of net assets disposed off	52,155	
Gain on disposal of subsidiaries	86,714	
Total consideration satisfied by cash	138,869	
Net cash inflow arising on disposal:		
Cash consideration	138,869	
Cash and cash equivalents of subsidiaries disposed	(462)	
	138,407	

notes to the financial statements - 31 December 2004

37. Cash and cash equivalents

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Cash and bank balances (Note 26)	216,164	277,540	14,710	46,968
Bank overdrafts (Note 27)	(6,927)	(6,419)	(2,513)	-
	209,237	271,121	12,197	46,968

38. 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	
	2004 RM'000	2003 RM'000
(a) Transactions with subsidiaries:		
Income		
Interest income	2,532	3,427
Internal audit fee	239	244
Secretarial fee	80	129
Management fee	93	179
Expenditure		
Interest expense	6,885	7,445

notes to the financial statements - 31 December 2004

38. Significant related party transactions (continued)

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
(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:				
Income				
(i) Sale of cement and steel bars to Duta Bistari Sdn. Bhd.*	-	79	-	-
(ii) Sales of cement and steel products to Achi Jaya Transportation Sdn. Bhd.*	-	21,903	-	-
Expenditure				
(i) Motor vehicles repair and maintenance paid to:				
Automobili Sdn. Bhd.	76	173	25	-
Lanco Sdn. Bhd.*	-	250	-	-
(ii) Telecommunication equipment and services paid to Hager Elektronik Sdn. Bhd.	42	35	9	-
(iii) Insurance brokerage paid to Insurepro Sdn. Bhd.*	-	370	-	-
(iv) Office upkeep paid to Centigrade Resources Sdn. Bhd.	637	460	531	573
(v) Office rental paid to:				
Achi Jaya Industries Sdn. Bhd.*	-	600	-	-
Satria Realty Sdn. Bhd.	956	861	824	799
(vi) Printing and stationery paid to:				
Grogrow Sdn. Bhd.*	-	45	-	-
Wisma Printing Sdn. Bhd.*	-	185	-	-

notes to the financial statements - 31 December 2004

38. Significant related party transactions (continued)

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
(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 (continued):				
Expenditure (continued)				
(vii) Fuel and lubricants paid to Asterix Incorporated Sdn. Bhd.*	-	2,318	-	-
(viii) Professional fees paid to KTA (Sarawak) Sdn. Bhd.	680	1,403	-	-
(ix) Transportation and handling services paid to Achi Jaya Transportation Sdn. Bhd.*	-	19,061	-	-

* Transactions with these companies are not disclosed in the current financial year following the resignation of the relevant Director.

	Group	
	2004 RM'000	2003 RM'000
(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:		
Expenditure		
(i) Purchase of reinforced concrete products from SCIB Concrete Manufacturing Sdn. Bhd.	553	-
(ii) Purchase of steel bars and billets from Amsteel Mills Sdn. Bhd.	2,053	533

notes to the financial statements - 31 December 2004

39. Financial information by segment

The Group is organised into seven major business segments:

- (i) Manufacturing - manufacturing of cement, concrete products, steel and composite roof and wall panel systems;
- (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; and
- (vii) Trading and services - general trading, education, transportation and other services.

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.

	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	Eliminations RM'000	Group Total RM'000
2004									
Revenue									
Total sales	463,862	363,564	117,204	32,998	20,647	25,129	55,245		1,078,649
Inter-segment sales	(13,053)	(1,002)	(28,140)	-	-	(483)	(15,627)		(58,305)
External sales	450,809	362,562	89,064	32,998	20,647	24,646	39,618		1,020,344
Results									
Segment operating profit/(loss)	57,670	43,029	12,524	(43,655)	5,160	883	(923)		74,688
Gain on disposal of subsidiaries	-	-	-	86,714	-	-	-		86,714
Unallocated corporate expenses									(20,721)
Operating profit									140,681
Finance costs									(46,975)
Share of profit of associates	-	-	-	23,815	13,434	-	-		37,249

notes to the financial statements - 31 December 2004

39. Financial information by segment (continued)

	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	Eliminations RM'000	Group Total RM'000
2004									
Results (continued)									
Profit before taxation									130,955
Income taxes									(64,617)
Profit after taxation									66,338
Minority interests									(37,589)
Net profit for the year									28,749
Assets									
Segment assets	556,444	420,599	154,059	325,752	37,075	212,116	35,584	(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	78,714	139,664	29,976	1,059	6,199	134,759	19,721	(188,657)	221,435
Bank borrowings									782,218
Tax liabilities									34,347
Unallocated corporate liabilities									3,668
Total liabilities									1,041,668

notes to the financial statements - 31 December 2004

39. Financial information by segment (continued)

	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	Eliminations RM'000	Group Total RM'000
2004									
Other information									
Capital expenditure	21,936	7,393	2,095	27	449	58	2,075		34,033
Depreciation	33,816	1,131	3,194	298	309	500	1,382		40,630
Amortisation of goodwill	1,108	-	1,749	9,174	-	-	32		12,063
Accretion of discounts less amortisation of premium	-	-	-	3,179	-	-	-		3,179
2003									
Revenue									
Total sales	453,831	429,721	102,168	40,667	13,389	34,864	50,703		1,125,343
Inter-segment sales	(6,930)	(8,358)	(15,545)	-	-	(483)	(11,365)		(42,681)
External sales	446,901	421,363	86,623	40,667	13,389	34,381	39,338		1,082,662
Results									
Segment operating profit/(loss)	68,681	57,326	11,955	(2,757)	(2,604)	1,072	3,273		136,946
Gain on disposal of foreclosed property	-	-	-	-	21,769	-	-		21,769
Gain on disposal of subsidiaries	-	-	-	-	-	-	2,755		2,755
Unallocated corporate expenses									(12,811)
Operating profit									148,659
Finance costs									(52,192)
Share of (loss)/profit of associates	-	-	-	(15,931)	1,774	-	-		(14,157)

notes to the financial statements - 31 December 2004

39. Financial information by segment (continued)

	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	Eliminations RM'000	Group Total RM'000
2003									
Results (continued)									
Profit before taxation									82,310
Income taxes									(41,619)
Profit after taxation									40,691
Minority interests									(17,021)
Net profit for the year									23,670
Assets									
Segment assets	614,800	320,685	136,314	953,426	91,208	207,647	26,382	(322,081)	2,028,381
Investment in associates	-	-	-	1,078,203	273,573	-	-		1,351,776
Current tax assets									17,289
Unallocated corporate assets									51,640
Total assets									3,449,086
Liabilities									
Segment liabilities	62,375	160,943	22,259	648,859	58,905	133,314	11,919	(206,185)	892,389
Bank borrowings									890,221
Tax liabilities									38,815
Unallocated corporate liabilities									3,755
Total liabilities									1,825,180

notes to the financial statements - 31 December 2004

39. Financial information by segment (continued)

	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	Eliminations RM'000	Group Total RM'000
2003									
Other information									
Capital expenditure	3,356	7,645	3,963	86	318	268	3,812		19,448
Depreciation	33,816	2,655	3,194	298	308	500	1,383		42,154
Amortisation of goodwill	1,108	-	1,749	9,174	-	-	30		12,061
Accretion of discounts less amortisation of premium	-	-	-	2,824	-	-	-		2,824

40. Commitments and contingencies

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
(a) Capital commitments				
Authorised capital expenditure not provided for in the financial statements:				
Approved and contracted for	3,212	19,207	400	-
Approved but not contracted for	-	611	-	-
	3,212	19,818	400	-
Share of capital commitments of associates (Note 14)	22,709	44,423	-	-

notes to the financial statements - 31 December 2004

40. Commitments and contingencies (continued)

	Company	
	2004	2003
	RM'000	RM'000
(b) Contingent liabilities		
Unsecured guarantees in respect of banking facilities granted to subsidiaries	101,649	111,451

	Group	
	2004	2003
	RM'000	RM'000
Share of contingent liabilities of associates (Note 14)	43,970,851	35,033,048

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 claim for RM8 million has been made by a customer of the construction subsidiary for liquidated ascertained damages arising from late completion of a construction project. However, based on the advice of the claims consultants, the subsidiary's Directors are of the considered opinion that this is unlikely to be payable as there are counter-claims to be made by the construction subsidiary to the customer for variation works undertaken, which exceed the amount of the damages claimed.

	Group	
	2004	2003
	RM'000	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	-

notes to the financial statements - 31 December 2004

40. Commitments and contingencies (continued)

(d) Commitments and contingencies relating to the merchant banking subsidiary

In the normal course of business, the merchant banking subsidiary makes various commitments and incurs certain contingent liabilities with legal recourse to their customers. No material losses are anticipated as a result of these transactions. The commitments and contingencies are not secured against the merchant banking subsidiary's assets.

The commitments and contingencies as at the year-end together with their related risk weighted exposures of the merchant banking subsidiary are as follows:

	2004		Group	
	Principal amount RM'000	Credit equivalent amount * RM'000	Principal amount RM'000	Credit equivalent amount * RM'000
Direct credit substitutes	-	-	133	133
Commitments to extend credit				
- maturity exceeding one year	-	-	203	101
- maturity not exceeding one year	-	-	10,600	-
	-	-	10,936	234

* The credit equivalent amount is arrived at using the credit conversion factor as per Bank Negara Malaysia guidelines.

With the disposal of Utama Merchant Bank Berhad, there were no contingent liabilities outstanding as at 31 December 2004.

notes to the financial statements

- 31 December 2004

41. Financial instruments

41.1 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.

41.2 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 2004. The investments in financial assets are short term in nature and they are not held for speculative purposes.

41.3 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.

41.4 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.

41.5 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.

41.6 Additional disclosures relating to the merchant banking subsidiary

(a) Financial risk management objectives and policies

The merchant banking subsidiary ('the bank') had set up objectives and policies to manage the risks that may arise in connection with the use of financial instruments.

The Board of Directors of the bank ('Board') appointed two committees to oversee the bank's management of risks. The Asset & Liability Risk Management Committee ('ALCO') conducted monthly meetings to review market conditions and decided on issues pertaining to interest rate and liquidity risks of the bank. The Credit Risk Management Committee ('CRMC') met once a month to review and approve or reject new credit limit applications or credit renewals before escalating such applications to the Board for ratification. Board-approved manuals had also been issued to unit heads to guide them in their day-to-day operations.

notes to the financial statements

- 31 December 2004

41. Financial instruments (continued)

41.6 Additional disclosures relating to the merchant banking subsidiary (continued)

(b) Interest rate risk

To avoid excessive exposures in interest rate risks, approved mismatched limits were set for the gapping of assets and liabilities. The Balance Sheet position was monitored at all times and assessed for profit and loss impact arising from interest rate movements and repricing. Once a month, a copy of the ALCO report was forwarded to the Board for information.

(c) Market risk

Investment and trading limits were set for day-to-day operation at Treasury Unit. Amongst other precautions imposed, these limits would ensure avoidance of unduly high concentration of instruments by kind and the avoidance of exceedingly long maturities in investment papers. It also insisted on a distinct statement of purpose at the point of acquisition of securities as to investment or trading. For trading purposes, there was a strict observance of reasonable turn around time. The combined total holding limit for investment and trading of securities was reviewed from time to time to relate it to the bank's shareholders' funds.

Subject to consensus of the members, ALCO may override the discretion of the heads of units or the Treasurer to alter the bank's strategy or investment portfolio in the best interest of the bank, in response to or as a pre-emptive measure in the light of changing market trends.

(d) Credit risk

Credit risk of counterparties come in two categories, namely, financial institutions and non-financial institutions.

The bank's Board had approved in general, granting of credit to financial institutions subject to a limit equivalent percentage of their shareholders' funds but up to a maximum ceiling for all cases. However, at the discretion of the Chief Executive Officer ('CEO'), temporary excesses over the guideline may be granted.

All new credit applications and credit renewals were subject to the scrutiny of the Credit Risk Unit and the CEO, who then unanimously recommend to the CRMC for approval. Once approved, the proposition was escalated to the Board for ratification before notification was sent to the borrower. The salient points of each potential borrower were graded and stated in a score sheet.

Where credit/issuer risk for private debt securities was to be contracted directly from the secondary market, the bank observes a minimum rating for the instrument by rating agencies.

(e) Liquidity risk

The Board is pleased to state that the bank has not breached the New Liquidity Framework at any point in time during the year. In addition, the Treasurer is required to manage the bank's cash flow on a day-to-day basis within limits set for maximum cumulative outflows and to plan for contingencies to counter any surprises.

notes to the financial statements

- 31 December 2004

42. Significant event

On 31 December 2004, the Company's subsidiary, Utama Banking Group Berhad ('UBG') completed the disposal of its 85.1% equity interest in Utama Merchant Bank Berhad ('UMBB') to Malaysian Industrial Development Finance Berhad ('MIDF') for a cash consideration of RM138,869,000, after deferment of payment of a balance sum of RM30,718,000 ('UMBB Premium'). The balance sum will be paid upon the final outcome of Arbitration pursuant to the Supplemental Share Sale Agreement dated 22 December 2004 entered between MIDF and UBG. The consideration was based on 1.8 times the Net Tangible Assets of UMBB of RM110,711,000 as at 30 June 2004.

The parties have agreed that, in the event the decision of the arbitrator on the charges is:

- (i) in the affirmative, the UMBB premium (held by a mutually agreed stakeholder) shall be released to UBG; and
- (ii) in the negative, the UMBB premium shall be released to MIDF.

43. Subsequent events

- (i) On 18 January 2005, a subsidiary, PPES Works (Sarawak) Sdn. Bhd. ('PPES Works'), entered into a Sale and Purchase Agreement with Macro Progresif Sdn. Bhd. to acquire 300,000 ordinary shares of RM1 each representing 30% of the equity interest in CMS Roads Sdn. Bhd. (formerly known as Sara Road Maintenance Sdn. Bhd.) ('CMS Roads'), a subsidiary of PPES Works, for a total consideration of RM19,500,000.

The proposed acquisition is expected to be completed by the first half of 2005, subject to the approval of the relevant authority. Following the completion of the proposed acquisition, PPES Works' equity interest in CMS Roads will be increased from 51% to 81%.

- (ii) On 21 March 2005, the Company entered into a Conditional Share Sale Agreement with IT Hub Sdn. Bhd., MSC Venture One Sdn. Bhd., MSC Venture Corporation Sdn. Bhd. and Jernih Kaya Sdn. Bhd. to acquire 6,349,074 ordinary shares of RM1 each in I-Systems Group Berhad ('ISGB') at RM2.85 per share for a total consideration of RM18,094,861. In addition, the Company will subscribe for an additional 1,600,000 new ordinary shares in ISGB at an issue price of RM2.85 per share at a consideration of RM4,560,000. Following the completion of the above proposals, the Company will hold a total of 7,949,074 ordinary shares, representing 50.96% of the enlarged share capital in ISGB. The proposals are subject to the approval of the Securities Commission and Foreign Investment Committee, and are expected to be completed by the second half of 2005.

analysis of shareholdings as at 12 April 2005

Authorised Share Capital	:	RM1,000,000,000
Issued and Paid-up Share Capital	:	RM329,445,840 comprising 329,445,840 Ordinary Shares of RM1 each
Class of Shares	:	Ordinary Shares of RM1 each
Voting Rights	:	One Vote Per 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 Schedule

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares Held	% of Issued Capital
1 to 99	38	0.50	1,066	0.00
100 to 1,000	2,157	28.81	2,107,275	0.64
1,000 to 10,000	4,317	57.66	17,845,400	5.42
10,001 to 100,000	863	11.53	24,217,705	7.35
100,001 to < 5% of issued shares	107	1.43	117,518,762	35.67
5% and above of issued shares	5	0.07	167,755,632	50.92
Total	7,487	100.00	329,445,840	100.00

analysis of shareholdings as at 12 April 2005

Category of Shareholders

Category	No. of Shareholders	% of Shareholders	No. of Shares Held	% of Issued Capital
Individuals	6,036	80.62	141,939,963	43.09
Banks/Finance companies	11	0.15	15,585,000	4.73
Investment Trusts/Foundation/Charities	4	0.05	114,100	0.03
Industrial and Commercial Companies	116	1.55	49,547,802	15.04
Government Agencies/Institutions	3	0.04	27,087,665	8.22
Nominee Companies	1,317	17.59	95,171,310	28.89
Total	7,487	100.00	329,445,840	100.00

Thirty Largest Shareholders as per Record of Depositors

Name of Shareholder	No. of 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 <i>Tisco Securities Hong Kong Limited for Garrison Enterprises Ltd</i>	15,000,000	4.55
8 Malaysia Nominees (Asing) Sdn Bhd <i>Pretoria Limited</i>	6,000,000	1.82
9 Malaysia Nominees (Asing) Sdn Bhd <i>Kimber Cove Corporation</i>	6,000,000	1.82
10 UOBM Nominees (Asing) Sdn Bhd <i>Galliano Holdings Limited</i>	6,000,000	1.82

analysis of shareholdings as at 12 April 2005

Thirty Largest Shareholders as per Record of Depositors (continued)

Name of Shareholder	No. of Shares Held	% of Issued Capital
11 UOBM Nominees (Asing) Sdn Bhd <i>Roundsun Assets Limited</i>	5,646,200	1.71
12 UOBM Nominees (Asing) Sdn Bhd <i>Taminga Profits Limited</i>	5,600,000	1.70
13 Malaysia Nominees (Asing) Sdn Bhd <i>Honeywell Assets Limited</i>	5,500,000	1.67
14 Malaysia Nominees (Asing) Sdn Bhd <i>Fullstead Finance Corporation</i>	5,287,695	1.61
15 Malaysia Nominees (Asing) Sdn Bhd <i>Bakerville Profits Limited</i>	5,146,200	1.56
16 Malaysia Nominees (Asing) Sdn Bhd <i>Fullearn Assets Inc</i>	4,400,000	1.34
17 HSBC Nominees (Asing) Sdn Bhd <i>HPBS SG for Avalon Property Limited</i>	3,876,000	1.18
18 Datuk Haji Onn bin Mahmud	2,764,962	0.84
19 Pui Cheng Wui	2,413,800	0.73
20 Pui Cheng Wui	2,404,805	0.73
21 HSBC Nominees (Asing) Sdn Bhd <i>HPBS SG for Ambersheen Investment Inc</i>	1,457,000	0.44
22 UOBM Nominees (Asing) Sdn Bhd <i>Societe Generale Singapore Branch for Warburton Gold Limited</i>	1,030,000	0.31
23 Cartaban Nominees (Tempatan) Sdn Bhd <i>Amanah SSCM Nominees (Tempatan) Sdn Bhd for Kumpulan Wang Amanah Pencen (JG442)</i>	1,022,000	0.31
24 Citicorp Nominees (Asing) Sdn Bhd <i>CBNY for DFA Emerging Markets Fund</i>	1,008,800	0.31

analysis of shareholdings as at 12 April 2005

Thirty Largest Shareholders as per Record of Depositors (continued)

Name of Shareholder	No. of Shares Held	% of Issued Capital
25 Mayban Nominees (Tempatan) Sdn Bhd <i>Li Cheng Thong @ Lee Chen Thung</i>	844,000	0.26
26 Hanifah Hajar Taib	705,000	0.21
27 HSBC Nominees (Tempatan) Sdn Bhd <i>Pui Cheng Wui</i>	700,000	0.21
28 Chua Sim Neo @ Diana Chua	650,600	0.20
29 RHB Nominees (Asing) Sdn Bhd <i>Tisco Securities Hong Kong Limited for Calshot Properties Ltd.</i>	582,000	0.18
30 RHB Nominees (Asing) Sdn Bhd <i>Tisco Securities Hong Kong Limited for Garrison Enterprise Ltd.</i>	581,000	0.18
Total	267,906,694	81.32

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

Name of Substantial Shareholders	Direct Shareholdings	Indirect Shareholdings	% 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 2004

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)
Lot 5895, Section 64, Sungai Tabuan, Pending Industrial Estate, Kuching.	1996	Land & cement mill	Office & factory	Leasehold	32 years (2036)	6.25/ 15,223	27 years*	21,390,816
* The age of the new office extension and canteen is 8 years								
Lot 766, Block 20, Kemena Land District, Bintulu.	1997	Land & cement mill	Office & factory	Leasehold	58 years (2062)	6.88/ 68,797	8 years	20,193,606
Lot 767, Block 20, Kemena Land District, Bintulu.	1997	Land	Vacant Land	Leasehold	58 years (2062)	10.125/ N/A	-	7,823,661
Lot 415, Block 32, Kemena Land District, Bintulu.	1996	Industrial land	Held for rental income	Leasehold	40 years (2044)	2.228/ N/A	-	2,170,652
Lot 1156, Block 19, Seduan Land District, Upper Lanang Industrial Estate, Sibu.	1996	Industrial land	Vacant land	Leasehold	47 years (2051)	0.436/ N/A	-	612,968
Lot 34 & 35, Section 15, Kuching Town Land District, Nanas Road, Kuching.	1994	4 storey shophouse	Held for rental income	Leasehold	811 years (2815)	0.41/ 1,400	8 years	4,595,055
Lot 90, Block 11, Lambir Land District, KM17, Miri-Bintulu Road, Miri.	1994	Mixed zone land	Premix operation	Leasehold	50 years (2054)	2.73/ N/A	-	58,582
Lot 444, Block 11, Seduan Land District, 8th Mile, Sibu Ulu Oya Road, Sibu.	1994	Mixed zone land	Premix operation	Leasehold	51 years (2055)	2.76/ N/A	-	211,128

list of properties as at 31 December 2004 (continued)

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)
Lot 71, Block 17, Kuching Central Land District, Kuching.	1996	Mixed zone land	Quarry operation	Leasehold	52 years (2056)	18.94/ N/A	-	2,174,857
Lot 294, Block 17, Kuching Central Land District, Kuching.	1996	Mixed zone land	Quarry operation	Leasehold	52 years (2056)	2.75/ N/A	-	525,502
Lot 212, Block 17, Kuching Central Land District, Kuching.	1996	Mixed zone land	Office & factory	Leasehold	52 years (2056)	5.04/ 900	7 years	1,201,954
Lot 353, Block 17, Kuching Central Land District, Kuching.	1996	Mixed zone land	Premix operation	Leasehold	52 years (2056)	2.24/ N/A	-	384,597
Lots 338, 340 - 345, Block 10, Sentah-Segu Land District, Kuching.	1996	Mixed zone land	Quarry operation	Leasehold	34 years (2038)	3.07/ N/A	-	1,160,607
Lot 302-304, 354-357, 362 and 363, Block 17, Kuching Central Land District, Kuching.	1999	Mixed zone land	Quarry operation	Leasehold	820 years (2824)	4.27/ N/A	-	3,533,864
Lot 342-343, Block 17, Kuching Central Land District, Kuching.	1999	Mixed zone land	Quarry operation	Leasehold	20 years (2024)	0.74/ N/A	-	315,253
Lot 134, Section 64, Kuching Town Land District, Kuching.	1998	Mixed zone land	Jetty and land	Leasehold	54 years (2058)	0.43/ N/A	7 years	1,737,461

list of properties as at 31 December 2004 (continued)

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)
Lot 2128, Sublot 2, Kuching Town Land District, Kuching.	1998	3-Storey shophouse	Office	Leasehold	56 years (2060)	0.012/ 334.45	7 years	447,676
Lot 2116, Sublot 2, Kuching Town Land District, Kuching.	2003	3-Storey corner shophouse	Office	Leasehold	56 years (2060)	0.012/ 327.6	7 years	544,216
Lot 493, Block 5, Muara Tebas Land District, Sejingkat, Kuching.	1996	Mixed zone land	Vacant land	Freehold	In perpetuity	1.223/ N/A	-	254,956
Lot 494, Block 5, Muara Tebas Land District, Sejingkat, Kuching.	1998	Mixed zone land	Vacant land	Leasehold	33 years (2037)	0.53/ N/A	-	95,261
Lot 488, Block 5, Muara Tebas Land District, Sejingkat, Kuching.	1996	Mixed zone land	Vacant land	Leasehold	22 years (2026)	2.70/ N/A	-	405,620
Lot 1319, Block 7, Muara Tebas Land District, Sejingkat, Kuching.	1997	Mixed zone land	Land held for development	Leasehold	92 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	92 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	54 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	54 years (2058)	14.508/ N/A	-	16,866,662

list of properties as at 31 December 2004 (continued)

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)
Lot 777, Block 5, Muara Tebas Land District, Sejingkat, Kuching.	1998	Land & steel mill	Office & factory	Leasehold	53 years (2057)	27.60/ 39,220	6 years	54,689,105
Lot 2082, Section 66, Kuching Town Land District Kuching.	1996	Land & factory	Office & factory	Leasehold	41 years (2045)	0.85/ 3,936	21 years	2,893,522
Parcel 42, Block 71, Kuching Central Land District, Kuching.	-	**	Quarry operation	-	-	N/A 1,262	12 years	482,863
G.N. No.100 Sebuyau, Kota Semarahan Division, Kuching.	-	**	Jetty	-	-	N/A	5 years	382,565
Lot 846, Block 9, Salak Land District, Kuching.	1999	Mixed zone land	Land held for township development	Leasehold	94 years (2098)	1,577/ N/A	-	12,094,321
Lot 1966, Lot 1999, Lot 3114 & Lot 3242, Block 9, Salak Land District, Kuching.	1999	Mixed zone land	Land held for township development	Leasehold	94 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	94 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.





CAHYA MATA SARAWAK

Cahya Mata Sarawak Berhad • Company No:21076-T • Incorporated in Malaysia

No. of shares held

FORM OF PROXY

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 Thirtieth 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 Monday, 13 June 2005 at 11:30 a.m. 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 YBhg. Dato Sri Sulaiman Abdul Rahman Taib as Director		
4.	Re-election of YBhg. Datu Michael Ting Kuok Ngie @ Ting Kok Ngie as Director		
5.	Approval of Directors' remuneration for the year ended 31 December 2004		
6.	Re-appointment of Auditors		

Date: 2005

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.

1. Fold here / Lipat di sini

2. Fold here / Lipat di sini

Stamp / Setem

The Company Secretary
Cahaya Mata Sarawak Berhad
Level 6, Wisma Mahmud, Jalan Sungai Sarawak,
93100 Kuching, Sarawak.

3. Fold here / Lipat di sini

