

IJM PLANTATIONS BERHAD (133399-A)

CONDENSED CONSOLIDATED INCOME STATEMENT

(The figures have not been audited)

	INDIVIDUAL QUARTER 3 MONTHS ENDED 30 JUNE		CUMULATIVE 6 MONTHS ENDED 30 JUNE	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
Revenue	46,517	-	75,450	-
Operating Expenses	(36,513)	-	(60,481)	-
Other Operating Income	1,134	-	1,516	-
Profit from Operations	11,138	-	16,485	-
Finance Costs	(395)	-	(2,405)	-
Share of results of associates	566	-	1,766	-
Profit Before Taxation	11,309	-	15,846	-
Taxation	(3,402)	-	(4,587)	-
Profit After Taxation	7,907	-	11,259	-
Minority Interests	(436)	-	(1,686)	-
Net Profit for the Period	<u>7,471</u>	<u>-</u>	<u>9,573</u>	<u>-</u>
Earnings Per Share:				
(a) Basic:				
- [Note B13]	<u>2.15sen</u>		<u>2.75 sen</u>	
(b) Fully diluted:				
- [Note B13]	<u>2.15 sen</u>		<u>2.75 sen</u>	

Note:

No comparative figures are available as this is the first quarter being reported.

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CONDENSED CONSOLIDATED BALANCE SHEET AS AT 30 JUNE 2003

(The figures have not been audited)

	(Unaudited) 30 June 2003	(Audited) 31 December 2002 (Restated) RM'000
ASSETS EMPLOYED:	RM'000	RM'000
Property, Plant and Equipment	642,153	542,847
Goodwill on Consolidation	627	1,862
Associated Companies	10,029	23,834
Current Assets:		
- Inventories	18,237	13,760
- Trade and Other Receivables	17,106	13,551
- Amount due from Associates	9,512	11,744
- Cash and Bank Balances	13,540	4,049
	<u>58,395</u>	<u>43,104</u>
Current Liabilities:		
- Trade and Other Payables	27,272	16,427
- Short Term Borrowings	2,933	-
- Amount due to Associates	187	177
- Amount due to holding company	51,408	193,246
- Leasing Creditors	5,314	6,353
- Provision for Taxation	1,940	92
	<u>89,054</u>	<u>216,295</u>
Net Current Liabilities	<u>(30,659)</u>	<u>(173,191)</u>
	<u>622,150</u>	<u>395,352</u>
FINANCED BY:		
Share Capital	250,155	100,000
Reserves	214,760	153,931
Shareholders' Funds	<u>464,915</u>	<u>253,931</u>
Minority Interests	-	72,630
Long Term Liabilities:		
- Borrowings	25,944	-
- Amount due to an Associate	37,393	36,956
- Amount due to holding company	50,000	-
- Leasing Creditors	3,026	3,368
- Deferred Income	2,296	3,444
- Deferred Taxation	38,576	25,023
	<u>157,235</u>	<u>68,791</u>
	<u>622,150</u>	<u>395,352</u>
Net Tangible Assets Per Share (RM)	<u>0.93</u>	<u>2.52</u>

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 JUNE 2003 *(The figures have not been audited)*

	Non distributable				Distributable Reserve	
	Share Capital	Revaluation Reserves	Share Premium	Reserve on consolidation	Retained profits	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2003:						
- As previously reported	100,000	73,829	-	-	100,070	273,899
- Prior year adjustments [Note A1]	-	(16,405)	-	-	(3,563)	(19,968)
As restated	100,000	57,424	-	-	96,507	253,931
Shares issued pursuant to corporate exercise [Note B8(1)]	100,000	-	-	-	-	100,000
Acquisition of subsidiaries [Note B8(1)(c)]	50,155	-	45,139	6,117	-	101,411
Net Profit for the period	-	-	-	-	9,573	9,573
At 30 June 2003	250,155	57,424	45,139	6,117	106,080	464,915

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CONDENSED CONSOLIDATED CASH FLOW STATEMENT

(The figures have not been audited)

	6 MONTHS ENDED 30 JUNE 2003 RM'000
CASH FLOW FROM OPERATING ACTIVITIES	
Receipts from customers	78,310
Payments to contractors, suppliers and employees	(56,594)
Interest paid	(2,405)
Income tax refund	830
<i>Net cash flows from operating activities</i>	<hr/> 20,141 <hr/>
CASH FLOW FROM INVESTING ACTIVITIES	
Acquisition of subsidiary company, net of cash acquired	2,439
Addition to property, plant and equipment	(21,862)
Advances from an associate	2,232
Dividend received from an associate	225
<i>Net cash flows used in investing activities</i>	<hr/> (16,966) <hr/>
CASH FLOW FROM FINANCING ACTIVITIES	
Repayment of borrowings	(465)
Repayment of lease creditors	(1,381)
Advances from holding company	8,162
<i>Net cash flows from financing activities</i>	<hr/> 6,316 <hr/>
Net Change in Cash and Cash Equivalents	9,491
Cash & Cash Equivalent at beginning of period	4,049
Cash & Cash Equivalent at end of period	<hr/> 13,540 <hr/>

Note:

Cash and cash equivalents represents cash and bank balances.

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A NOTES TO THE QUARTERLY RESULTS – MASB 26 (Paragraph 16)

A1. Basis of Preparation

The unaudited interim financial report has been prepared in accordance with *MASB 26: Interim Financial Reporting* and *Chapter 9 Appendix 9B of the Listing Requirements of Kuala Lumpur Stock Exchange*.

The unaudited interim financial report should be read in conjunction with the audited financial statements for the year ended 31 December 2002 (which are available at <http://www.ijm.com>), as restated. The explanatory notes attached to the unaudited interim financial report provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2002.

The accounting policies and methods of computation are consistent with those adopted in the audited financial statements for the year ended 31 December 2002, except for the adoption of *MASB 25: Income Taxes* and *MASB 27: Borrowing costs*.

(a) Change in Accounting Policy – Deferred taxation (MASB 25)

Under *MASB 25*, deferred tax liabilities are recognised for all taxable temporary differences. Previously deferred tax liabilities were provided for on account of timing differences only to the extent that a tax liability was expected to materialise in the foreseeable future.

(b) Prior Year Adjustments

The change in accounting policy has been applied retrospectively and comparatives have accordingly been restated. Comparative amounts as at 31 December 2002 have been restated as follows:

	Previously Stated RM'000	Prior year adjustments RM'000	Restated RM'000
Retained profits	100,070	(3,563)	96,507
Revaluation reserve	73,829	(16,405)	57,424
Goodwill on consolidation	1,297	565	1,862
Minority interest	80,860	(8,230)	72,630
Associated companies	27,953	(4,119)	23,834
Deferred taxation	379	24,644	25,023

A2. Disclosure of Audit Report Qualification and Status of Matters Raised

The audit report for the financial year ended 31 December 2002 was not subject to any qualifications.

A3. Seasonality or Cyclicalities of Operations

As the cropping pattern of oil palm normally declines to a trough in the first half of the year before rising to a peak in the second half, the Group's performance can be affected accordingly.

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A4. Unusual Significant Items

There were no items affecting assets, liabilities, equity, net income, or cash flows that are unusual in nature, size or incidence except for those stated in Notes A6 and B8(1)(c) below.

A5. Material Changes in Estimates

There were no changes in estimates that have had material effect in the current quarter and financial period-to-date.

A6. Debt and Equity Securities

Pursuant to the corporate exercise as stated on Note B8(1), ordinary shares issued during the quarter and financial period-to-date are as follows:

Date of allotment	No of IJMP shares allotted	Par value RM	Consideration	Increase in paid up share capital RM
18.02.2003	100,000,000	0.50	Sub-division of shares from RM1.00 to RM0.50 each	-
21.04.2003	200,000,000	0.50	Special issue at par	100,000,000
21.04.2003	86,626,316	0.50	Special issue at RM0.95 per share for acquisition of investments	43,313,158
30.04.2003	13,684,211	0.50	Special issue at RM0.95 per share for acquisition of investment	6,842,106

There were no cancellations, repurchases, resale and repayments of debt and equity securities for the current financial quarter and financial period-to-date.

A7. Dividends Paid

There was no dividend paid during the current financial period-to-date.

A8. Segmental Information

There was no segmental reporting as the Group's activities are predominantly engaged in the operation of oil palm plantations and palm oil milling, and all of its operations are carried out in Malaysia.

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A9. Valuations of Property, Plant and Equipment

There were no revaluation of property, plant and equipment for the current quarter and financial period-to-date.

A10. Material Subsequent Events

On 2 July 2003, the Company converted RM50,000,000 of the inter-company advances from the holding company into RM50,000,000 Redeemable Convertible Unsecured Loan Stock (“RCULS”). The RCULS carries a coupon rate of 5% and has a 5-year tenure.

A11. Changes in the Composition of the Group

There were no changes in the composition of the Group for the current quarter and financial period-to-date except for the acquisition of additional equity interests of 40% and 65% in Desa Talisai Sdn Bhd and Minat Teguh Sdn Bhd respectively as disclosed in Note B8(1)(c).

The additional contribution arising from the acquisition of the two companies based on the unaudited interim financial report are as follows:

	2003 RM'000
Revenue:	
2 months ended 30 June 2003	<u>11,839</u>
Profit before tax:	
2 months ended 30 June 2003	<u>2,121</u>

A12. Contingent Liabilities or Contingent Assets

There were no changes in contingent liabilities or contingent assets since 31 December 2002.

A13. Capital Commitments

Capital commitments not provided for in the unaudited financial statements as at 30 June 2003 are as follows:

	2003 RM'000
Approved but not contract for	<u>22,842</u>
Analysed as follows:	
- Property, plant and equipment	<u>22,842</u>

Other Commitments

On 7 April 2003, the Company entered into an agreement with Kuala Sidim Bhd to divest all of its equity interests in an associated company, Trunkline Plantations Sdn Bhd at a consideration of RM3,719,962.

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B KLSE Listing Requirement (Part A of Appendix 9B)

B1. Review of Performance

For the current quarter, the Group's revenue and profit before taxation amounted to RM46.52 million and RM11.31 million respectively.

For the period-to-date, the Group's revenue and profit before taxation amounted to RM75.45 million and RM15.85 million respectively.

The Group's good performance to date was underpinned by better prices of palm products, viz. crude palm oil ("CPO") and palm kernel, and higher fresh fruit bunches ("FFB") production as a result of maturing palms.

B2. Material Changes in Profit Before Taxation

The results of the current quarter improved significantly compared to the first quarter despite the lowering trend of the CPO price. This is mainly due to significant increase in the FFB production during the second quarter.

In addition to the above, there were additional profit contributions arising from the acquisitions, as stated in Note A11.

B3. Prospects for the Current Financial Year

The prevailing prices of palm oil are currently higher than the Group's average realised price in financial year ended 31 December 2002. The Group's FFB production is anticipated to be better than that of the financial year ended 31 December 2002.

Barring unforeseen circumstances, the Group is expected to perform well for the year under review.

B4. Variance of Actual Profit from Forecast Profit

Not applicable as no profit forecast was published.

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B5. Taxation

Tax expense for the period:

	INDIVIDUAL QUARTER 3 MONTHS ENDED 30 JUNE		CUMULATIVE QUARTER 6 MONTHS ENDED 30 JUNE	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
Malaysian taxation	1,617	-	2,802	-
Deferred taxation	1,785	-	1,785	-
	<u>3,402</u>	<u>-</u>	<u>4,587</u>	<u>-</u>

The Group's effective tax rate was higher than the statutory tax rate for the current quarter and financial period-to-date due to the losses incurred by certain subsidiaries not available for set off by other profitable subsidiaries within the Group.

B6. Unquoted Investments and/or Properties

There were no sale of unquoted investments and/or properties for the current quarter and financial period-to-date.

B7. Quoted Investment

There were no purchases or disposals of quoted investments for the current quarter and financial period-to-date.

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B8. Status of Corporate Proposals

1. The Company was listed on the Main Board of the Kuala Lumpur Stock Exchange on 2 July 2003. The listing exercise comprises of the following:

- (a) Proposed share split

The proposed share split of existing share of RM1.00 each into two new ordinary shares of RM0.50 each. The proposed shares split was completed on 18 February 2003.

- (b) Issuance of new shares

Upon completion of (a) above, a portion of advances amounting to RM100,000,000 from IJM Corporation Berhad ("IJM") was capitalised into share capital. The proposed issuance of new ordinary shares was completed on 21 April 2003.

- (c) Proposed acquisitions of shares

- (i) Acquisition of 8,240,000 ordinary shares of RM1.00 each in Desa Talisai Sdn Bhd representing 40% equity interest therein, for a total consideration of RM67,130,000 satisfied by the issue of 70,663,158 ordinary shares in the Company.

Acquisition of 3,500,000 ordinary shares of RM1.00 each in Minat Teguh Sdn Bhd representing 35% equity interest therein, for a total consideration of RM15,165,000 satisfied by the issue of 15,963,158 ordinary shares in the Company.

The above acquisitions were completed on 21 April 2003.

- (ii) Acquisition of 3,000,000 ordinary shares of RM1.00 each in Minat Teguh Sdn Bhd representing 30% equity interest therein, for a total consideration of RM13,000,000 satisfied by the issue of 13,684,211 ordinary shares in the Company.

The acquisition was completed on 30 April 2003.

- (d) Issuance of RCULS

Upon completion of (b) above, the Company converts RM50,000,000 of the inter-company advances from IJM into RM50,000,000 RCULS. This proposed issuance of RCULS was completed on 2 July 2003.

2. On 15 July 2003, the Company submitted an application to the Securities Commission for the proposed Employee Share Option Scheme. Approval for the scheme is pending.

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B9. Group Borrowings

Particulars of the Group's borrowings as at 30 June 2003 are as follows:

	RM'000
SECURED:	
Short term borrowings	
Term loans	2,933
Lease creditors	5,314
	<u>8,247</u>
Long term borrowings	
Term loans	25,944
Amount due to an associate	37,393
Lease creditors	3,026
	<u>66,363</u>
UNSECURED:	
Short term borrowings	
Amount due to holding company	51,408
	<u>51,408</u>
Long term borrowings	
Amount due to holding company	50,000
	<u>50,000</u>
Total	<u><u>176,018</u></u>

There were no borrowings denominated in foreign currency.

B10. Off Balance Sheet Risk Financial Instruments

At the date of this report, the Group does not have any financial instruments with off balance sheet risks.

B11. Changes in Material Litigation

There was no material litigation since 31 December 2002.

B12. Dividend

The Directors do not recommend any interim dividend for the current quarter and financial period-to-date.

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B13. Earnings per Share

Basic and diluted earnings per ordinary share

The calculation of basic and diluted earnings per ordinary share is based on the net profit for the period and the weighted average number of ordinary shares outstanding for the period:

	INDIVIDUAL QUARTER 3 MONTHS ENDED 30 JUNE		CUMULATIVE QUARTER 6 MONTHS ENDED 30 JUNE	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
(a) Net profit for the period	<u>7,471</u>	<u>-</u>	<u>9,573</u>	<u>-</u>
(b) Weighted average number of shares ('000')	<u>347,874</u>	<u>-</u>	<u>347,874</u>	<u>-</u>
(c) Basic earnings per share (sen)	<u>2.15</u>	<u>-</u>	<u>2.75</u>	<u>-</u>
(d) Diluted earnings per share (sen)	<u>2.15</u>	<u>-</u>	<u>2.75</u>	<u>-</u>

B14 Comparative Figures

As this is the first announcement, no comparative figures are available.