

**TRONOH CONSOLIDATED MALAYSIA BERHAD 27676-V**  
**(formerly known as TRONOH MINES MALAYSIA BERHAD)**  
**(“TCMB” or “the Group”)**

**NOTES TO THE INTERIM FINANCIAL REPORT**  
**FOR THE PERIOD ENDED 31 JULY 2004**

**1. Basis of Preparation**

The interim financial report of the Group has been prepared in accordance with MASB 26 “Interim Financial Reporting” and paragraph 9.22 Appendix 9B of the listing requirements of Bursa Malaysia Securities Berhad (formerly known as Kuala Lumpur Stock Exchange), and should be read in conjunction with the Group’s audited financial statements for the financial year ended 31 January 2004.

The accounting policies and presentation adopted for the interim financial report are consistent with those adopted for the Group’s audited financial statements for the financial year ended 31 January 2004, except for the adoption of the following new MASB standards:

- (i) MASB 31 “Accounting for Government Grants and Disclosure of Government Assistance”
- (ii) MASB 32 “Property Development Activities”

There are no changes in the accounting policies that affect the net profit or shareholders’ equity of the Group on adoption of these standards.

**2. Auditors’ Report on Preceding Annual Financial Statements**

The auditors’ report on the Group’s financial statements for the financial year ended 31 January 2004 was not subject to any qualifications.

**3. Seasonal or Cyclical Factors**

The Group’s operations were not affected by seasonal or cyclical factors.

**4. Unusual Items**

There were no unusual items affecting assets, liabilities, equity, net income, or cash flows during the financial period under review because of their nature, size, or incidence except for the gains on disposal of IJM Plantations Berhad (“IJMP”) shares and Arab-Malaysian Corporation Bhd (“AmCorp”) shares amounting to RM28.166 million and RM0.342 million respectively, and RM4.581 million provision made for decline in market value of quoted investments.

**4. Unusual Items (Cont'd)**

There were no unusual items affecting assets, liabilities, equity, net income, or cash flows during the quarter under review except for RM4.581 million provision made for decline in market value of quoted investments.

**5. Changes in Estimates of Amount Reported Previously**

There were no changes in estimates of amounts reported in prior financial years that have a material effect in the current quarter.

**6. Debt and Equity Securities**

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

**7. Dividends Paid**

For the current financial year-to-date, no dividend has been paid. For the preceding year's corresponding period, no dividend was paid.

**8. Segmental Reporting**

Analysis by business segments

**Revenue:-**

	For the Current Quarter			For the Year To Date		
	External sales	Inter-segment sales	Total sales	External sales	Inter-segment sales	Total sales
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Engineering & construction	130,530	104,564	235,094	246,748	193,273	440,021
Property & development	460	4,802	5,262	841	4,802	5,643
Manufacturing & trading	9,591	10,512	20,103	19,658	17,144	36,802
Investment	82	8,744	8,826	885	25,494	26,379
Others	23	0	23	48	0	48
Elimination	0	(128,622)	(128,622)	0	(240,713)	(240,713)
<b>Total</b>	<b>140,686</b>	<b>0</b>	<b>140,686</b>	<b>268,180</b>	<b>0</b>	<b>268,180</b>

**8. Segmental Reporting (Cont'd)**

Analysis by business segments (Cont'd)

**Operating profit/(loss):-**

	For the Current Quarter			For the Year To Date		
	Segment results	Interest income/ profit from Islamic deposits	Operating profit	Segment results	Interest income/ profit from Islamic deposits	Operating profit
		RM'000	RM'000		RM'000	RM'000
Engineering & construction	14,399	1,263	15,662	26,683	2,215	28,898
Property & development	377	146	523	(177)	226	49
Manufacturing & trading	703	41	744	1,223	72	1,295
Investment	(620)	39	(581)	(208)	66	(142)
Others	(2)	0	(2)	0	0	0
<b>Total</b>	<b>14,857</b>	<b>1,489</b>	<b>16,346</b>	<b>27,521</b>	<b>2,579</b>	<b>30,100</b>

**9. Property, Plant and Equipment**

Property, plant and equipment are stated at historical cost less accumulated depreciation. Fair value adjustments that have been made at Group level on the property, plant, and equipment on the acquisition of subsidiaries in the previous annual report have been brought forward without amendment.

**10. Material Events Subsequent to the End of the Reporting Period**

There were no material events subsequent to the end of the period under review that have not been reflected in the quarterly financial statements.

**11. Changes in Composition of the Group**

There were no changes in the composition of the Group during the current quarter ended 31 July 2004.

**12. Changes in Contingent Liabilities or Contingent Assets**

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

**13. Capital Commitments**

The amount of commitments as at the date of this report are as follows:-

	RM'000
<u>Investment</u>	
Authorised but not contracted for	<u>2,288</u>
 <u>Property, plant and equipment</u>	
Authorised but not contracted for	3,977
Authorised and contracted for	148
	<u>4,125</u>

**14. Review of Performance**

For the quarter under review, the Group registered a profit before tax of RM22.868 million as compared to the preceding year corresponding quarter's profit of RM3.181 million. This was mainly due to the consolidation of Zelan Holdings (M) Sdn. Bhd. ("Zelan") and its subsidiaries' results of RM16.881 million and share of profit of its associate, IJM Corporation Berhad ("IJM") of RM11.819 million. In addition, there was a provision made for decline in market value of quoted investments amounting to RM4.581 million.

For the current financial year to date, the Group achieved a profit before tax of RM74.969 million as compared to the preceding year corresponding period's profit of RM10.246 million. This was mainly due to the consolidation of Zelan Group and share of profit of IJM amounting to RM30.164 million and RM22.368 million respectively. As mentioned above, a provision was made for decline in market value of quoted investments amounting to RM4.581 million.

The acquisition of Zelan and IJM was completed in the second half of the financial year ended 31 January 2004.

**15. Comparison of Profit/(Loss) Before Tax for the Current Quarter with Immediate Preceding Quarter**

For the current quarter, the Group recorded a profit before taxation of RM22.868 million as compared to the preceding quarter's profit of RM52.101 million. The preceding quarter's profit had included the gains on disposal of IJMP shares and AmCorp shares amounting to RM28.166 million and RM0.342 million respectively which is non-recurring.

**15. Comparison of Profit/(Loss) Before Tax for the Current Quarter with Immediate Preceding Quarter (Cont'd)**

In addition, there was a provision made for decline in market value of quoted investments amounting to RM4.581 million during the quarter under review.

**16. Current Year Prospects**

Considering the size of the existing order book, the Group is confident of an improved performance for this financial year, barring unforeseen circumstances.

**17. Profit Forecast or Profit Guarantee**

There was no profit forecast or profit guarantee issued for the current financial year-to-date.

**18. Taxation**

	Current Quarter Ended		Cumulative Current Year To Date Ended	
	31/7/2004 RM'000	31/7/2003 RM'000	31/7/2004 RM'000	31/7/2003 RM'000
Current taxation	5,040	575	9,311	1,057
Deferred taxation	(25)	0	(25)	0
Overprovided in prior years	0	0	0	(218)
Share of tax of associates and joint ventures	3,322	1	6,286	2
Tax expense	8,337	576	15,572	841

The effective tax rate for the Group for the current financial year-to-date is lower than the statutory tax rate primarily due to RM28.508 million gain on disposal of shares that is not subject to tax.

For the current quarter, the effective tax rate for the Group is higher than the statutory tax rate primarily due to certain expenses not allowable for tax purposes.

**19. Profit/(Loss) on Sale of Unquoted Investments and Properties**

There were no sales of unquoted investments and properties for the current quarter and financial year-to-date under review.

**20. Quoted Securities**

There were no disposals of quoted securities for the current quarter under review.

For the financial year-to-date under review, the Group disposed of 20,650,000 IJMP shares and 800,000 AmCorp shares for cash considerations of RM28.166 million and RM1.270 million respectively.

There were no quoted securities purchased during the current quarter under review and year-to-date. For the financial year-to-date under review, the Group had exercised 15,300,000 IJM warrants that were acquired earlier at RM1.96 each into 15,300,000 shares at RM2.76 each as follows:

(i)	at cost	= RM72,216,000
(ii)	at carrying value	= RM72,216,000
(iii)	at market value	= RM72,216,000

The investments in quoted securities as at 31 July 2004 are as follows:-

(i)	at cost	= RM449,288,341
(ii)	at carrying value	= RM444,707,574
(iii)	at market value	= RM437,871,409

**21. Status of Corporate Proposals Announced**

There were no corporate proposals announced but not completed as at 15 September 2004.

**22. Borrowings and Debt Securities**

	<b>As at 31.07.04 RM'000</b>
<b>(i) Current borrowings</b>	
Secured:-	
-Term loans	280
Unsecured:-	
-Hire purchase liabilities	978
-Bankers' acceptance	1,653
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	2,911

**22. Borrowings and Debt Securities (Cont'd)****(ii) Non current borrowings**

Secured:-

-Term loans 2,630

Unsecured:-

-Hire purchase liabilities 1,669

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4,299**Total**-----  
**7,210**  
=====**23. Off Balance Sheet Financial Instruments**

The Group does not have any off balance sheet financial instruments including foreign currency contracts nor has it entered into any during the current quarter and financial year-to-date.

**24. Basic Earnings Per Share**

The basic earnings per share for the financial period has been calculated based on the Group's consolidated profit after taxation and minority interest divided by the weighted average number of ordinary shares outstanding at the end of the period.

	Current Quarter Ended		Cumulative Current Year To Date Ended	
	31/7/04	31/7/03	31/7/04	31/7/03
Group's profit after taxation and minority interest (RM' Million)	14.343	2.657	59.056	9.466
Weighted average number of ordinary shares in issue, adjusted for the effect of rights issue (Million)	281.632	91.750	281.632	91.750
<b>Earnings per share (sen)</b>				
<b>(a) Basic</b>	5.09	2.90	20.97	10.32
<b>(b) Diluted</b>	N/A	N/A	N/A	N/A

**25. Changes in Material Litigation**

There were no changes in material litigation, including the status of pending material litigation in respect of the Company and its subsidiaries since the last annual balance sheet date of 31 January 2004.

**26. Dividends**

No interim dividend has been declared for the financial period ended 31 July 2004. There was no dividend declared in the preceding year's corresponding period.

A first and final dividend of 4 sen per share, tax exempt, on 281,631,485 ordinary shares, amounting to RM11.265 million in respect of the financial year ended 31 January 2004 was approved by the shareholders of the Company at its Annual General Meeting held on 27 July 2004. The said dividend was paid on 20 August 2004.

**27. Comparative Figures**

Comparative figures, where applicable, have been modified to conform with the current quarter and year-to-date presentation.

**28. Authorisation for Issue**

The interim financial statements were authorized for issue by the Board of Directors in accordance with a resolution of the Directors on 15 September 2004.

**By order of the Board**

**Muhammad Firdaus Bin Abdullah  
Raja Azmi Bin Raja Nazuddin  
Secretaries**

**Kuala Lumpur  
15 September 2004**