

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 QUARTER ENDED 31 JANUARY 2005

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 RM6.941 million allowance 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 RM1.239 million allowance 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

The amount of dividends paid during the financial period ended 31 January 2005 was as follows:

RM'000

In respect of the financial year ended 31 January 2004 as reported in the directors' report of that year:

First and final dividend of 4 sen per share tax exempt 11,265

The dividend was paid on 20 August 2004.

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	142,423	114,126	256,549	553,040	474,251	1,027,291
Property & development	1,904	0	1,904	3,315	4,801	8,116
Manufacturing & trading	12,275	18,636	30,911	45,744	52,521	98,265
Investment	81	0	81	1,048	0	1,048
Others	51	0	51	123	0	123
Elimination	0	(132,762)	(132,762)	0	(531,573)	(531,573)
Total	156,734	0	156,734	603,270	0	603,270

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/ (loss)	Segment results	Interest income/ profit from Islamic deposits	Operating profit/ (loss)
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Engineering & construction	17,514	1,451	18,965	60,732	5,201	65,933
Property & development	(121)	89	(32)	(685)	536	(149)
Manufacturing & trading	2,614	16	2,630	6,986	92	7,078
Investment	(1,521)	32	(1,489)	(2,241)	123	(2,118)
Others	6	0	6	(4)	0	(4)
Total	18,492	1,588	20,080	64,788	5,952	70,740

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

Material event subsequent to the end of the period under review that has not been reflected in the financial statements for the current quarter includes the incorporation of Zelan Construction (India) Private Limited, a wholly-owned subsidiary of the Group which is incorporated in India.

11. Changes in Composition of the Group

There were no changes in the composition of the Group during the current quarter ended 31 January 2005.

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

The Australian tax authority had issued a notice of assessment dated 23 May 2003 to Golden Solitaire (Australia) B.V. ("GSA"), an overseas subsidiary of the Company, indicating that GSA is subject to a capital gains tax liability of AUD86,230,151, an additional tax liability for late lodgement of AUD200 and an interest liability of AUD56,830,372 (as at the date of the notice of assessment) in respect of disposal of shares in 1998. In addition, the Australian tax authority had also issued a notice of assessment dated 24 June 2003 to the Company for a capital gains tax liability of AUD443,623 and a total interest liability of AUD299,273 (as at the date of the notice of assessment) in respect of disposal of shares in the same company in 1998. Notices of objection have been filed. The issue arises as a result of the Australian tax authority's interpretation of a tax treaty and/or a change in foreign tax legislation around the time of disposals.

Based on legal advice, no provision has been made in the financial statements.

13. **Capital Commitments**

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

	RM'000
<u>Property, plant and equipment</u>	
Authorised but not contracted for	3,089
Authorised and contracted for	100
	<u>3,189</u>

14. **Review of Performance**

For the quarter under review, the Group registered a profit before tax of RM29.417 million as compared to the preceding year corresponding quarter's profit of RM22.559 million. This was mainly due to contributions from Zelan Holdings (M) Sdn. Bhd. ("Zelan") and its subsidiaries' ("Zelan Group") results of RM20.262 million. In the preceding year corresponding quarter, Zelan Group had contributed two (2) months of post-acquisition results of RM12.130 million to the Group following the completion of the acquisition of Zelan in December 2003.

14. Review of Performance (Cont'd)

For the current financial year-to-date, the Group achieved a profit before tax of RM131.266 million as compared to the preceding year corresponding period's profit of RM33.068 million. This was mainly due to the full year's consolidation of Zelan Group's results of RM67.506 million, share of results of IJM Corporation Berhad ("IJM") of RM42.198 million, gain on disposal of investments of RM28.508 million offset against goodwill amortization of RM2.667 million and the allowance for decline in market value of quoted investments of RM6.941 million. The preceding year corresponding period's profit had included two (2) months of post-acquisition results of Zelan Group of RM12.130 million, share of result of IJM of RM9.260 million and recoveries from a subsidiary under receivership of RM7.802 million.

The acquisitions of IJM and Zelan were completed in the third and fourth quarter of the financial year ended 31 January 2004 respectively.

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 RM29.417 million as compared to the preceding quarter's profit of RM26.880 million which is mainly due to an increase of share of IJM's results of RM2.756 million.

16. Current Year Prospects

Considering the size of the existing order book, the Group remains confident of an improved performance for the financial year ending 31 January 2006, 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	
	31/01/2005 RM'000	31/01/2004 RM'000	31/01/2005 RM'000	31/01/2004 RM'000
Current taxation	4,526	3,274	20,537	4,608
Deferred taxation	305	0	269	0
Overprovided in prior years	(985)	(1,008)	(985)	(1,226)
Share of tax of associates and joint ventures	2,952	1,774	11,562	1,796
Tax expense	6,798	4,040	31,383	5,178

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 investments that is not subject to tax.

For the current quarter, the effective tax rate for the Group is lower than the statutory tax rate primarily due to tax incentives claimed by a subsidiary and reversal of overaccrual of tax in previous quarters.

The Inland Revenue Board commenced investigations on the tax affairs of two (2) subsidiary companies on 13 January 2005. The outcome of the investigation is unknown as at the date of this announcement.

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. For the financial year-to-date under review, the Group purchased 3,000,000 IJM shares as follows: -

- (i) at cost = RM14,008,360
- (ii) at carrying value = RM14,008,360
- (iii) at market value = RM14,640,000

20. Quoted Securities (Cont'd)

For the financial year-to-date under review, the Group had converted 15,891,828 IJM warrants that were acquired earlier at RM1.96 each into 15,891,828 shares at RM2.76 each as follows:-

(i)	at cost	= RM75,009,428
(ii)	at carrying value	= RM75,009,428
(iii)	at market value	= RM77,552,121

The investments in quoted securities as at 31 January 2005 are as follows:-

(i)	at cost	= RM464,930,167
(ii)	at carrying value	= RM457,989,120
(iii)	at market value	= RM465,572,168

21. Status of Corporate Proposals Announced

There were no corporate proposals announced but not completed as at 30 March 2005.

22. Borrowings and Debt Securities

		As at 31.01.05 RM'000
(i)	Current borrowings	
	Secured:-	
	-Term loans	3,701
	Unsecured:-	
	-Hire purchase liabilities	1,217
	-Bankers' acceptance	<u>250</u>
		<u>5,168</u>
(ii)	Non current borrowings	
	Secured:-	
	-Term loans	12,937
	Unsecured:-	
	-Hire purchase liabilities	1,880
		<u>14,817</u>
	Total	<u>19,985</u> =====

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	
	31/01/05	31/01/04	31/01/05	31/01/04
Group's profit after taxation and minority interest (RM' Million)	21.622	17.420	97.788	26.855
Weighted average number of ordinary shares in issue (Million)	281.632	122.045	281.632	122.045
Earnings per share (sen)				
(a) Basic	7.68	14.27	34.72	22.00
(b) Diluted	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

- a) A first and final dividend of 6 sen per share tax exempt amounting to RM16.898 million and 2 sen per share less income tax at 28% amounting to RM4.056 million, has been recommended, subject to the approval of members at the forthcoming Annual General Meeting of the Company.
- b) Previous corresponding period: 4 sen per share tax exempt amounting to RM11.265 million, paid on 20.08.2004.

26. Dividends (Cont'd)

Dividend entitlement date:

NOTICE IS HEREBY GIVEN THAT the Register of Members of the Company will be closed from 29th July, 2005 and 1st August, 2005 (both dates inclusive) for the purpose of preparing the first and final dividend which, if approved, will be paid on 22nd August, 2005

The dividend will be paid on 22 August 2005 to depositors registered in the Record of Depositors on 2nd August 2005.

A depositor shall qualify for the entitlement only in respect of:

- a) Shares deposited into the Depositor's Securities Account before 12.30 p.m. on 29th July 2005 (in respect of shares which are exempted from mandatory deposit).
- b) Shares transferred into the Depositor's Securities Account before 4.00 p.m. on 2nd August 2005 in respect of ordinary shares.
- c) Shares bought on the Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of the Bursa Malaysia Securities Berhad.

27. 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 30 March 2005.

By order of the Board

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

**Kuala Lumpur
30 March 2005**