

**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 30 APRIL 2005**

**1. Basis of Preparation**

The interim financial report of the Group has been prepared in accordance with FRS 134 (formerly known as MASB 26), “Interim Financial Reporting” and paragraph 9.22 Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad and should be read in conjunction with the Group’s audited financial statements for the financial year ended 31 January 2005.

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 2005.

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

The auditors’ report on the Group’s financial statements for the financial year ended 31 January 2005 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.

**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	124,043	118,780	242,823	124,043	118,780	242,823
Property & development	1,274	0	1,274	1,274	0	1,274
Manufacturing & trading	7,988	13,318	21,306	7,988	13,318	21,306
Investment	369	0	369	369	0	369
Others	39	0	39	39	0	39
Elimination	0	(132,098)	(132,098)	0	(132,098)	(132,098)
Total	133,713	0	133,713	133,713	0	133,713

**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	16,601	1,520	18,121	16,601	1,520	18,121
Property & development	(388)	58	(330)	(388)	58	(330)
Manufacturing & trading	996	7	1,003	996	7	1,003
Investment	(1,016)	26	(990)	(1,016)	26	(990)
Others	6	0	6	6	0	6
Total	16,199	1,611	17,810	16,199	1,611	17,810

**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 years have been brought forward without amendment.

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

Material events subsequent to the end of the period under review that have not been reflected in the financial statements for the current quarter include :-

- i) Zelan Development Sdn Bhd, an indirect subsidiary of Tronoh Consolidated Malaysia Berhad (“TCMB”), had on 5 May 2005, entered into an agreement with Hampshire Residence Pte. Ltd. of Singapore (“HRPL”) to jointly market and manage the proposed Hampshire Development Project and HRPL shall purchase any remaining unsold units in the said Development Project.
- ii) Zelan Construction Sdn Bhd, a wholly-owned subsidiary of TCMB, had on 24 May 2005, approved in principle the Letter of Award for the proposed construction, completion and maintenance of wharf structures at Port of Tanjung Pelepas from Pelabuhan Tanjung Pelepas Sdn Bhd.
- iii) Zelan Construction (India) Private Limited, an indirect subsidiary of TCMB, had on 25 May 2005, entered into an agreement with Zelan Projects Private Limited, an associate of TCMB, to execute the Engineering, Procurement and Construction Contract with Lanco Amarkantak Power Private Limited for a 1x300 MW Coal-Fired Thermal Power Station located at Pathadi Village, District of Korba in the State of Chhattisgarh, India.
- iv) On 1 June 2005, Zelan Holdings (M) Sdn Bhd, a wholly-owned subsidiary of TCMB, acquired 100% of the equity interest in Zelan Consolidated (Overseas) Sdn Bhd. Pursuant to the acquisition, Zelan Consolidated (Overseas) Sdn Bhd is now a wholly-owned subsidiary of Zelan Holdings (M) Sdn Bhd.
- v) On 1 June 2005, Zelan Holdings (M) Sdn Bhd, a wholly-owned subsidiary of TCMB, acquired 100% of the equity interest in Zelan Middle East (Labuan) Ltd. Pursuant to the acquisition, Zelan Middle East (Labuan) Ltd is now a wholly-owned subsidiary of Zelan Holdings (M) Sdn Bhd.

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

There were no changes in the composition of the Group during the current quarter ended 30 April 2005 except for the following :

- i) On 14 February 2005, Zelan Holdings (M) Sdn Bhd, a wholly-owned subsidiary of TCMB, incorporated a wholly-owned subsidiary in India by the name of Zelan Construction (India) Private Limited.
- ii) On 17 February 2005, Zelan Enterprise Sdn Bhd, a wholly-owned subsidiary of Zelan Holdings (M) Sdn Bhd, disposed its entire 25% equity interest in Prince Cladding Asia Sdn Bhd.

**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>Property, plant and equipment</u>	
Authorised but not contracted for	3,008
Authorised and contracted for	181
	<u>3,189</u>

**14. Review of Performance**

For the quarter under review and financial year to date , the Group registered a profit before tax of RM26.165 million as compared to the preceding year corresponding quarter's profit of RM52.101 million.

In the preceding quarter last year, there was a gain on disposal of investments of RM28.508 million. There was no such gain this quarter and this resulted in the lower profit.

**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 RM26.165 million as compared to the preceding quarter's profit of RM29.417 million. This was mainly due to a decrease of RM1.869 million in the share of associates' results in the current quarter.

**16. Current Year Prospects**

Considering the size of the existing order book and the businesses being pursued overseas, 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	
	30/04/2005 RM'000	30/04/2004 RM'000	30/04/2005 RM'000	30/04/2004 RM'000
Current taxation	6,443	4,271	6,443	4,271
Deferred taxation	(12)	0	(12)	0
Overprovided in prior years	544	0	544	0
Share of tax of associates and a jointly controlled entity	3,203	2,964	3,203	2,964
Tax expense	10,178	7,235	10,178	7,235

For the current quarter, the effective tax rate for the Group is higher than the statutory tax rate primarily due to certain companies within the Group which were loss making during the quarter and certain expenses which were not deductible for tax purposes.

The Inland Revenue Board commenced investigations on 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 purchases and disposals of quoted securities for the current quarter under review.

The investments in quoted securities as at 30 April 2005 are as follows:-

(i)	at cost	= RM464,930,167
(ii)	at carrying value	= RM457,840,546
(iii)	at market value	= RM456,238,089

**21. Status of Corporate Proposals Announced**

There were no corporate proposals announced but not completed as at 27 June 2005.

**22. Borrowings and Debt Securities**

		<b>As at 30.04.05 RM'000</b>
<b>(i)</b>	<b>Current borrowings</b>	
	Secured:-	
	-Term loans	3,730
	Unsecured:-	
	-Hire purchase liabilities	1,143
	-Bankers' acceptances	<u>908</u>
		<u>5,781</u>
<b>(ii)</b>	<b>Non current borrowings</b>	
	Secured:-	
	-Term loans	12,766
	Unsecured:-	
	-Hire purchase liabilities	1,597
		<u>14,363</u>
	<b>Total</b>	<b>20,144</b> =====

### 23. Off Balance Sheet Financial Instruments

The Group has entered into the following foreign exchange forward contracts during the quarter and financial year to date :-

	Tenure	Currency to be received	Currency to be paid	Amount in foreign currency	Contractual rate	RM equivalent
				'000		'000
i)	30 March 2005 to 30 March 2006	Singapore Dollar (SGD)	Ringgit Malaysia (RM)	SGD 2,500	1 SGD = RM2.302	5,755
ii)	30 March 2005 to 30 March 2006	US Dollar (USD)	Ringgit Malaysia (RM)	USD 450	1 USD = RM3.75	1,688

These contracts are executed with creditworthy financial institutions and therefore the Directors are of the view that, at present, the credit and market risks associated with these contracts are minimal.

### 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		Year-To-Date Ended	
	30/04/05	30/04/04	30/04/05	30/04/04
Group's profit after taxation and minority interest (RM' Million)	16.320	44.713	16.320	44.713
Weighted average number of ordinary shares in issue (Million)	281.632	281.632	281.632	281.632
<b>Earnings per share (sen)</b>				
<b>(a) Basic</b>	5.79	15.88	5.79	15.88
<b>(b) Diluted</b>	5.79	15.88	5.79	15.88

### 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 2005.

**26. Dividends**

There were no dividend declared for the quarter under review. No dividend had been declared for the financial period ended 30 April 2004.

**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 27 June 2005.

**By order of the Board**

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

**Kuala Lumpur  
27 June 2005**