



TEXCHEM RESOURCES BHD

(16318-K)

CONDENSED CONSOLIDATED BALANCE SHEET (UNAUDITED)

At 30 June 2004

	Note	30 June 2004 (Unaudited) RM'000	31 December 2003 (Audited) RM'000
Property, plant and equipment	9	176,391	168,080
Investments in associates		24,684	22,360
Other investments		966	966
Goodwill on consolidation		44,791	44,791
Trademarks, at cost		366	366
		247,198	236,563
Current assets			
Inventories		80,048	82,153
Trade and other receivables		204,094	183,352
Cash and cash equivalents		29,706	35,395
		313,848	300,900
Current liabilities			
Trade and other payables		117,262	104,273
Borrowings	22	180,949	171,595
Taxation		-	1,709
Dividend payable		-	3,930
		298,211	281,507
Net current assets		15,637	19,393
		262,835	255,956
Financed by:			
Capital and reserves			
Share capital		120,099	109,181
Reserves		38,717	50,646
Shareholders' funds		158,816	159,827
Minority shareholders' interests		15,474	15,770
Non-current liabilities			
Borrowings	22	77,750	68,930
Deferred taxation		7,704	7,811
Deferred liabilities		3,091	3,618
		88,545	80,359
		262,835	255,956

The condensed consolidated balance sheet should be read in conjunction with the audited financial statements for the year ended 31 December 2003 and the accompanying explanatory notes attached to this interim financial report.



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CONDENSED CONSOLIDATED INCOME STATEMENT (UNAUDITED)

for the period ended 30 June 2004

		3 months ended 30 June		6 months ended 30 June	
	Note	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Revenue	8	270,458	201,140	503,045	377,904
Operating profit		3,874	5,774	6,690	11,701
Interest expense		(3,002)	(2,854)	(6,337)	(5,268)
Share of results of associates		1,210	(1,962)	1,026	(3,391)
Profit before taxation	8	2,082	958	1,379	3,042
Tax expense	18	(1,465)	(1,038)	(2,625)	(1,920)
Profit/(Loss) after taxation		617	(80)	(1,246)	1,122
Minority interests		279	(187)	283	(250)
Net profit/(loss) for the period		896	(267)	(963)	872
Basic earnings/(loss) per ordinary share (sen)	26	0.75	(0.22)	(0.80)	0.73

The condensed consolidated income statement should be read in conjunction with the audited financial statements for the year ended 31 December 2003 and the accompanying explanatory notes attached to this interim financial report.



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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED) for the period ended 30 June 2004

	Share capital RM'000	Non- distributable reserves RM'000	Distributable reserves RM'000	Total RM'000
At 1 January 2004	109,181	56,257	(5,611)	159,827
Translation of the opening net investment in foreign subsidiaries at period end exchange rate	-	(48)	-	(48)
Bonus issue (1:10)	10,918	(10,918)	-	-
Net loss for the period	-	-	(963)	(963)
At 30 June 2004	120,099	45,291	(6,574)	158,816

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2003 and the accompanying explanatory notes attached to this interim financial report.



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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED) for the period ended 30 June 2004

	Share Capital RM'000	Non- distributable shareholders' funds RM'000	Distributable reserves RM'000	Total RM'000
At 1 January 2003				
- As previously reported	109,181	53,792	(1,678)	161,295
- Effect of adopting MASB 25	-	(2,083)	-	(2,083)
- Effect of adopting MASB 29	-	-	(484)	(484)
As restated at 1 January 2003	109,181	51,709	(2,162)	158,728
Translation of the opening net investment in foreign subsidiaries at period end exchange rate	-	(76)	-	(76)
Net profit for the period	-	-	872	872
At 30 June 2003	109,181	51,633	(1,290)	159,524

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2003 and the accompanying explanatory notes attached to this interim financial report.



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CONDENSED CONSOLIDATED CASH FLOW STATEMENT (UNAUDITED)

for the period ended 30 June 2004

	6 months ended 30 June	
	2004	2003
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	1,379	3,042
Adjustments for:		
Non-cash items	17,416	8,419
Operating profit before working capital changes	18,795	11,461
Net change in current assets	(20,478)	(37,184)
Net change in current liabilities	12,454	10,229
Cash generated from/(used in) operations	10,771	(15,494)
Non-operating items	(3,433)	2,149
Net cash generated from/(used in) operating activities	7,338	(13,345)
CASH FLOWS FROM INVESTING ACTIVITIES		
Net cash used in investing activities	(20,947)	(20,809)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net cash (used in)/generated from financing activities	(1,991)	31,656
Net decrease in cash and cash equivalents	(15,600)	(2,498)
Effects of exchange differences on cash and cash equivalents	14	1
Cash and cash equivalents at 1 January	24,576	16,854
Cash and cash equivalents at 30 June	8,990	14,357



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CONDENSED CONSOLIDATED CASH FLOW STATEMENT (UNAUDITED)

for the period ended 30 June 2004 (Cont'd)

Cash and cash equivalents included in condensed consolidated cash flow statement comprise the following balance sheet amounts:

	6 months ended 30 June	
	2004	2003
	RM'000	RM'000
Short term deposits with licensed banks	831	-
Cash and bank balances	28,875	24,858
Bank overdrafts	(20,716)	(10,501)
	<hr/>	<hr/>
	8,990	14,357
	<hr/>	<hr/>

The condensed consolidated cash flow statement should be read in conjunction with the audited financial statements for the year ended 31 December 2003 and the accompanying explanatory notes attached to this interim financial report.



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PART A – EXPLANATORY NOTES PURSUANT TO MASB 26

1. **Basis of preparation**

The interim financial report is unaudited and has been prepared in compliance with MASB 26, Interim Financial Reporting and the disclosure requirements as in Part A of Appendix 9B of the revised Listing Requirements.

The interim financial report should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2003. These explanatory notes attached to the interim financial statements 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 2003.

The accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with those adopted in the financial statements for the year ended 31 December 2003.

2. **Auditors' report on preceding annual financial statements**

The auditors' report on the financial statements for the year ended 31 December 2003 was not qualified.

3. **Seasonality and cyclicity of interim operations**

The Group operations were not significantly affected by any unusual seasonality or cyclicity factors.

4. **Unusual items due to their nature, size or incidence**

There were no unusual items affecting assets, liabilities, equity, net income, or cash flows during the quarter ended 30 June 2004.

5. **Changes in estimates**

There were no changes in estimates that have had a material effect in the current quarter.



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6. Debt and equity securities

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities by the Company during the current quarter except for the bonus issue of 10,918,112 ordinary shares of RM1.00 each on 24 June 2004.

7. Dividend paid

A second interim dividend of 5% per share less tax, totaling RM3,930,520 in respect of the financial year ended 31 December 2003 was paid on 16 January 2004.

No dividend has been paid during the current quarter.

8. Segment information

Segment information is presented in respect of the Group's business activities which is the enterprise's primary basis of segment reporting.

Inter-segment pricing is determined based on a negotiated basis.

Segment revenue

	3 months ended 30 June 2004 RM'000	6 months ended 30 June 2004 RM'000
Manufacturing and Food	145,238	275,023
Industrial Trading	148,763	273,264
	<hr/> 294,001	<hr/> 548,287
Eliminations	(23,543)	(45,242)
Group revenue	<hr/> 270,458	<hr/> 503,045



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8. Segment information (Cont'd)

Segment results

	3 months ended 30 June 2004 RM'000	6 months ended 30 June 2004 RM'000
Manufacturing and Food	1,738	3,405
Industrial Trading	3,574	5,615
Investment Holding	(1,459)	(2,286)
Operating profit before eliminations	3,853	6,734
Eliminations	21	(44)
Operating profit	3,874	6,690
Finance Costs	(3,002)	(6,337)
	872	353
Share of results of associates	1,210	1,026
Profit before taxation	2,082	1,379

9. Carrying amount of revalued assets

The valuations of property, plant and equipment have been brought forward without amendments from the financial statements for the year ended 31 December 2003.

10. Events subsequent to the balance sheet date

There were no material events which occurred subsequent to the balance sheet date until the date of this announcement save as disclosed in note 21 of the Additional Information required by Bursa Malaysia Securities Berhad (formerly known as Malaysia Securities Exchange Berhad) Listing Requirements.



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11. Changes in composition of the Group for the second quarter ended 30 June 2004

- (a) Since the last quarter, Texchem Food Sdn Bhd, a subsidiary of TRB had increased further its investment to EUR25,500 in the paid-up capital of Seapack Italia S.r.l.
- (b) Since the last quarter, Texchem-Pack (Vietnam) Co. Ltd. had increased further its contribution to its legal capital by USD5,146 (equivalent to RM19,557), making a total of USD650,000 (equivalent to RM2,470,204).

12. Changes in contingent liabilities

As at 30 June 2004, the Company has issued corporate guarantees amounting to RM217.8 million (31.12.03 : RM230.1 million) as security for banking facilities granted to its subsidiaries of which RM143.3 million were utilised at 30 June 2004 (31.12.03 : RM110.0 million).

13. Commitments

	30 June 2004 RM'000
Capital commitments	
Property, plant and equipment	
Approved but not contracted for	8,349
Contracted but not provided for in the financial statements	2,518
	<hr/> 10,867
Investment commitments	
Approved but not contracted for	5,343
	<hr/> 16,210



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PART B – EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

14. Review of performance for the Current Quarter and Year-to-date

For the six months ended 30 June 2004, the revenue of the Group increased by RM125.1 million to RM503.0 million from RM377.9 million for the same period last year. On a quarterly basis, the Group's second quarter revenue also increased by 34.5% or RM69.3 million higher than the second quarter of 2003. The higher revenue was mainly contributed by the Industrial Trading and Food Divisions.

Nevertheless, the Group reported a lower profit before taxation of RM1.4 million for the six months ended 30 June 2004 as compared to RM3.0 million for the same period last year. Notwithstanding the lower profit before taxation achieved by the Group for the six months of 2004, the profit before taxation for the current quarter has exceeded the preceding year corresponding quarter by RM1.1 million, from RM1.0 million to RM2.1 million. The improvement was mainly due to the higher turnover achieved by the Industrial Trading Division and a corresponding increase in operating profit.

15. Variation of results against preceding quarter

The revenue of the Group for the current quarter grew by 16.3% to RM270.5 million from RM232.6 million in the immediate preceding quarter. Consequently, the Group has reported a profit before taxation of RM2.1 million in the current quarter as compared to the loss before taxation of RM0.7 million in the previous quarter. The improvement in the revenue and profit before taxation is attributed to the factors as mentioned in Note 14 above.

16. Prospects for 2004

Barring unforeseen circumstances, the Group's performance for the remaining period is expected to improve as the prevailing business outlook is expected to be more promising in the forthcoming months.



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17. Profit forecast

Not applicable as no profit forecast was published.

18. Tax expense

	3 months ended 30 June 2004 RM'000	6 months ended 30 June 2004 RM'000
Current tax expenses		
Malaysian		
- current	1,226	2,725
- prior years	(129)	(129)
Foreign - current	169	268
	<hr/> 1,266	<hr/> 2,864
Deferred tax expense	331	(107)
	<hr/> 1,597	<hr/> 2,757
Tax expenses on share of results in associates:		
- current	486	486
- prior years	(618)	(618)
	<hr/> 1,465	<hr/> 2,625

The effective tax rates for the periods presented above are higher than the statutory tax rate principally due to the losses of certain subsidiaries which cannot be set-off against taxable profits made by other subsidiaries, and certain expenses which are not deductible for tax purposes.

19. Unquoted investments and properties

There were no material purchases and disposals of unquoted investments and properties in the current quarter ended 30 June 2004 other than as disclosed in Note 11 to the Interim Financial Report.

20. Quoted investments

There were no purchases and disposals of quoted securities during the period under review.



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21. Status of corporate proposal announced

Status of Corporate Proposals

A. Conditional Voluntary Take-Over Offer of Fumakilla Malaysia Berhad ("FMB") by Texchem Resources Bhd ("TRB")

The above proposed corporate exercise had been completed except for the Proposed Special Issue of 13,000,000 new TRB shares ("Special Shares") to be issued to bumiputera investors to be approved by the Ministry of International Trade and Industry ("MITI"). As at todate, a balance of 4 million Special Shares are still pending implementation.

We had on 15 November 2002 applied to the MITI and Foreign Investment Committee (FIC) and on 21 November 2002 applied to the Securities Commission (SC) for the extension of time from 31 December 2002 to 31 December 2004 for the allocation of the balance of the 4 million Special Shares to be issued to bumiputra investors.

MITI had on 11 January 2003 approved our application for extension of time up to 31 December 2003 and subsequently via its letters dated 22 September 2003 and 26 July 2004 had approved further extensions up till 22 September 2004 and 30 September 2005 respectively.

Approval from FIC had been obtained on 27 January 2003 for the extension of time to 31 December 2004 and approval from SC had been obtained on 4 April 2003 for the extension of time to 31 December 2003.

On 23 September 2003, it was announced that via a letter dated 19 September 2003, SC had approved Texchem Resources Bhd to implement the remaining 4,000,000 Special Shares as follows:

- (i) to fix new issue price(s) of the remaining 4,000,000 Special Shares to be issued pursuant to the Special Bumiputera Issue; and
- (ii) to issue, allocate and fix the issue price for the remaining 4,000,000 Special Shares in tranches.

Subsequently on 2 December 2003, TRB had announced through Commerce International Merchant Bankers Berhad ("CIMB") that SC via its letter dated 1 December 2003 had approved an extension of time up to 30 June 2004 for TRB to complete the Special Bumiputera Issue.

Thereafter, on 15 July 2004, TRB had announced through CIMB that SC via its letter dated 14 July 2004 had approved a further extension of time up to 31 December 2004 for TRB to complete the Special Bumiputera Issue.



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All other conditions imposed in SC's letters dated 6 April 2001 and 19 September 2003 as announced on 9 April 2001 and 23 September 2003 respectively remain unchanged.

B. Proposed Restructuring ("Proposed Restructuring") and the Subsequent Listing of Texchem-Pack Holdings (S) Pte Ltd upon conversion to a Public Limited Company on the Singapore Exchange Securities Trading Limited ("Proposed Listing") - (collectively known as "the Proposals")

On 21 July 2003, TRB made an announcement that TRB intends to enter into a conditional share sale agreement with a wholly-owned new company to be incorporated in Singapore ('Newco') for the proposed restructuring vide a disposal of its entire equity interest in Texchem-Pack (M) Bhd (Texpack) comprising 18,000,000 ordinary shares of RM1.00 each in Texpack to Newco for a total disposal consideration to be announced in due course to be satisfied by the issuance of new ordinary shares of S\$1.00 each in Newco credited as fully paid-up at par and/or cash ('Proposed Newco Acquisition of Texpack'), as may be announced later. At the same time then, Texpack will also dispose of Texchem-Pack (Penang) Sdn. Bhd., a dormant company which is one of Texpack's wholly-owned subsidiaries, to the Company at a consideration to be announced later ('Proposed Disposal').

As a result of the Proposed Disposal and Proposed Newco Acquisition of Texpack, Texpack together with Texpack's subsidiaries i.e. Texchem Engineering Plastics Sdn. Bhd., Texchem-Pack (KL) Sdn. Bhd. (formerly known as Izutex Sdn. Bhd.), Texchem-Pack (Johor) Sdn. Bhd., Texchem-Pack (Thailand) Co. Ltd., Texchem-Pack (Vietnam) Co. Ltd., and Texchem-Pack (Wuxi) Co. Ltd. (collectively Texpack and the aforesaid subsidiaries is called "the Texpack Group") will become subsidiaries of the Newco.

Thereafter, TRB intends to seek a listing of the Newco on the Singapore Exchange Securities Trading Ltd. ('Proposed Listing') and subsequent to the Proposed Listing intends to retain between 70% to 75% of the shareholdings in the Newco.

On 27 August 2003, for the purposes of the Proposed Listing, it was announced that the Newco known as Texchem-Pack Holdings (S) Pte Ltd was incorporated and is now a wholly-owned subsidiary of TRB.

Subsequent to the above announcement made on 21 July 2003, TRB had on 8 September 2003 made an announcement that TRB had inter-alia entered into the following agreements:

- (i) A conditional share sale agreement ("Texpack Penang SSA") between Texchem-Pack (M) Bhd ("Texpack") and TRB for the proposed acquisition by TRB of the entire equity interest in Texchem-Pack



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(Penang) Sdn Bhd ("Texpack Penang") comprising 10,000 ordinary shares of RM1.00 each ("Texpack Penang Shares") for a total cash consideration of RM15,035 ("Proposed Acquisition"); and

- (ii) A conditional reorganization agreement ("RA") for the proposed transfer of TRB's entire enlarged equity interest in Texpack after the issuance of 10,000,000 new ordinary shares of RM1.00 each in Texpack as a result of a proposed capitalisation of a loan amounting to RM10,000,000 ("Proposed Capitalisation") owed to TRB by Texpack, to Texchem-Pack Holdings (S) Pte Ltd ("Texpack Holdings") by way of a share exchange ratio of 28 Texpack Shares to 9 Texpack Holdings Shares resulting in a no gain no loss position for TRB under the merger accounting adopted. TRB's entire enlarged equity interest in Texpack after the Proposed Capitalisation will comprise of 28,000,000 ordinary shares of RM1.00 each in Texpack instead of 18,000,000 ordinary shares of RM1.00 each as announced earlier.

Texpack Shares means ordinary shares of RM1.00 each in the share capital of Texpack.

Texpack Holdings Shares means ordinary shares of S\$1.00 each in the share capital of Texpack Holdings.

And TRB also proposes to undertake the Proposed Texpack Holdings Share Split, Proposed Texpack Holdings Issue and Proposed Listing, all as defined in the announcement made on 8 September 2003.

The above Proposals are inter-conditional and is conditional upon the following:

- (i) the approval of the Singapore Exchange Securities Trading Limited ("SGX-ST") for the Proposed Listing;
- (ii) the approval of the shareholders of TRB which is to be obtained prior to the relevant application to the SGX-ST for the Proposed Listing; and
- (iii) the approval of any other relevant authorities or other persons (if required)

The Proposed Listing is further conditional upon the approval of the Monetary Authority of Singapore.

Only the approval from TRB shareholders had been obtained at an Extraordinary General Meeting held on 25 September 2003. All other approvals as mentioned above are still pending.



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Subsequent to the above announcement made on 8th September 2003, TRB had on 20th October 2003 made a further announcement that:

- (a) the Proposed Restructuring as announced earlier has been revised ("Revised Proposed Restructuring"); and
- (b) TRB had entered into a Supplemental Reorganisation Agreement ("SRA") to reflect the said revision.

Details of the Revised Proposed Restructuring and the salient terms of the SRA are as follows :

- (i) After the completion of the Proposed Acquisition, Texpack will issue 7,000,000 new Texpack Shares to settle the loan of RM7,000,000 due and owing by Texpack to TRB ('Revised Proposed Capitalisation') instead of 10,000,000 new Texpack Shares as announced earlier. As a result the share capital of Texpack will increase from RM18,000,000 to RM25,000,000.
 - (ii) The 7,000,000 new Texpack Shares will, upon issue and allotment, rank *pari passu* in all respects with the then existing ordinary shares of RM1.00 each in Texpack in issue except that they shall not be entitled to any dividends, rights, allotments and/or other distributions, the Entitlement Date of which is prior to the date of allotment of the said new Texpack Shares.
 - (iii) 'Entitlement Date' wherever it appears in this announcement means the date at the close of business on which shareholders must be registered members in order to participate in any dividends, rights, allotment and/or other distributions.
2. Thereafter, TRB will transfer TRB's entire enlarged equity interest in Texpack after the Revised Proposed Capitalisation to Texpack Holdings by way of a share exchange of 25,000,000 Texpack Shares to 7,499,998 Texpack Holdings Shares resulting in a no gain no loss position for TRB under the merger accounting adopted ('Proposed Reorganisation'). TRB's entire enlarged equity interest in Texpack after the Revised Proposed Capitalisation will comprise 25,000,000 ordinary shares of RM1.00 each in Texpack ('Texpack Transfer Shares') instead of 28,000,000 ordinary shares of RM1.00 each in Texpack as announced on 8 September 2003.
 3. Apart from the above, all the proposals and information relating to the Proposed Restructuring and Proposed Listing as announced on 8 September 2003 remain unchanged.



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C. Members' Voluntary Winding up of Texchem Consumers (S) Pte Ltd, a subsidiary of Texchem Resources Bhd

On 12 December 2003, TRB had announced that Texchem Consumers (S) Pte Ltd ("TCSB(S)"), a wholly-owned subsidiary of Texchem Consumers Sdn Bhd ("TCSB"), which in turn is a wholly-owned subsidiary of TRB, had commenced voluntary winding up proceedings in accordance with Section 290(1)(b) of the Singapore Companies Act, Cap 50. The voluntary winding up proceedings was completed and TCSB(S) was dissolved on 20 July 2004.

D. Proposed Bonus Issue of up to 11,318,112 new ordinary shares of RM1.00 each in TRB ("Bonus Shares") on the basis of one (1) Bonus Share for every ten (10) ordinary shares of RM1.00 each ("TRB Shares") in TRB held on a date to be determined later ("Proposed Bonus Issue")

On 16 December 2003, TRB had announced through Commerce International Merchant Bankers Berhad that TRB proposes to implement a bonus issue of up to 11,318,112 Bonus Shares on the basis of one (1) Bonus Share for every ten (10) TRB Shares held on a date to be determined later.

Approval-in-principal for the listing of the Bonus Shares had been obtained from Bursa Malaysia Securities Berhad (formerly known as Malaysia Securities Exchange Berhad) ("Bursa Malaysia") on 25 March 2004 and the approval from TRB shareholders for the Proposed Bonus Issue had been obtained on 27 May 2004. The Proposed Bonus Issue was completed on 30 June 2004.

E. Proposed Acquisitions of Fresh Choice Seafood Trading Sdn Bhd and Edisi Gemilang (M) Sdn Bhd

On 27 February 2004, Texchem Food Sdn Bhd ("TFSB"), a subsidiary of TRB had entered into a Memorandum of Understanding with Datuk Kong Fook Sang and Chua Hock Joo (collectively called "the Vendors"), both being the shareholders of Fresh Choice Seafood Trading Sdn Bhd ("FCST") and Edisi Gemilang (M) Sdn Bhd ("Edisi"), to acquire from the Vendors all the shares in FCST and Edisi respectively for a total purchase consideration of RM9 million which may be adjusted accordingly after a due diligence exercise and/or as mutually agreed upon. The purchase consideration will be satisfied via cash of RM3 million and/or issuance of 6,000,000 new ordinary shares of RM1.00 each in TFSB and/or as mutually agreed upon otherwise by TFSB and the Vendors.



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22. Borrowing and debt securities

	30 June 2004 RM'000
Current:	
Unsecured	
Bank overdrafts	20,716
Bankers' acceptances	95,291
Revolving credit	37,180
Term loan	26,431
Promissory notes	592
Hire purchase obligations	739
	<hr/> 180,949
Non-current:	
Unsecured	
Term loan	76,617
Hire purchase obligations	1,133
	<hr/> 77,750
	<hr/>
Total	<hr/> 258,699 <hr/>

The above borrowings are denominated in Ringgit Malaysia, Thai Baht and US Dollar.



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22. Borrowing and debt securities (Cont'd)

The breakdown of the debts/borrowings denominated in each currency are highlighted as follows:

Current	RM'000
<u>Unsecured</u>	
Ringgit Malaysia	169,706
Thai Baht	844
US Dollar	10,399
	<hr/>
	180,949
	<hr/>
Non-current	RM'000
<u>Unsecured</u>	
Ringgit Malaysia	46,831
Thai Baht	1,719
US Dollar	29,200
	<hr/>
	77,750
	<hr/>

23. Off balance sheet financial instruments

The contracted amount and fair value of financial instruments not recognized in the balance sheet as at 30 June 2004 are:

	Fair Value	Contracted Amount
	RM'000	RM'000
Forward foreign exchange contracts	8,417	8,426

The related accounting policies for the off balance sheet financial instruments are as disclosed in the financial statements for the year ended 31 December 2003.

24. Changes in material litigation

There is no material litigation by the Company or its subsidiaries.



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25. Dividend

A first interim dividend of 3% less 28% taxation in respect of the year ending 31 December 2004 (2003: 3% tax exempt) has been declared on 21 July 2004 and is payable on 25 August 2004.

26. Basic earnings/(loss) per share

Basic earnings/(loss) per share of the Group is calculated by dividing the net profit/(loss) for the period by the weighted average number of ordinary shares in issue during the period ended 30 June 2004. The weighted average number of ordinary shares in issue for the comparatives has been adjusted for the issuance of ordinary shares pursuant to the bonus issue undertaken by the Company during the period.

	3 months ended 30 June		6 months ended 30 June	
	2004	2003	2004	2003
	RM'000	RM'000	RM'000	RM'000
Net profit/(loss) for the period	896	(267)	(963)	872
Weighted average number of ordinary shares in issue	120,099	120,099	120,099	120,099
Basic earnings/(loss) per share (sen)	0.75	(0.22)	(0.80)	0.73

BY ORDER OF THE BOARD

TAN PENG LAM
GROUP FINANCE DIRECTOR
Date: 4 August 2004