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# NOTICE OF MEETING

**NOTICE IS HEREBY GIVEN** that the Thirty-ninth Annual General Meeting of **DAMANSARA REALTY BERHAD** will be held at Dewan Terbuka, Level 1, Block K, Pusat Bandar Damansara, 50490 Kuala Lumpur on Friday, 15<sup>th</sup> June, 2001 at 10.00 a.m. for the following purposes:

## **AS ORDINARY BUSINESS**

1. To receive and adopt the Audited Statement of Accounts and the Reports of the Directors and the Auditors for the year ended 31 December, 2000;  

*(Resolution 1)*
2. To re-elect the following Directors who retire in accordance with Article 81 of the Company's Articles of Association:  

Yg.Bhg. Dato' Syed Alwi bin Syed Nasir; *(Resolution 2)*  
Encik Kamaruzzaman bin Abu Kassim; *(Resolution 3)*  
Mr. Romesh Roy Joshi *(Resolution 4)*
3. To re-appoint Messrs. Arthur Andersen & Co. as auditors of the Company and to authorise the Directors to fix their remuneration;  

*(Resolution 5)*
4. To transact any other ordinary business which may properly be transacted at an Annual General Meeting.

By Order of the Board,

### **RODZIAN BIN LATIF**

Secretary

Kuala Lumpur  
31 May 2001

### **Notes:**

- (i) A member entitled to attend and vote at the above Meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy need not be a member of the Company.
- (ii) The instrument appointing the proxy shall be in writing under the hand of the appointor or his attorney duly appointed or if such appointee is a corporation, either under its common seal or under the hand of an attorney duly appointed.
- (iii) The instrument appointing the proxy must be deposited at the Registered Office of the Company at Level 1, Block E, Pusat Bandar Damansara, 50490 Kuala Lumpur not less than 48 hours before the time appointed for holding the Meeting or any adjournment thereof.

## **BOARD OF DIRECTORS**

### **Chairman:**

Yg. Bhg. Dato' Syed Alwi bin Syed Nasir

### **Directors:**

Encik Mohd. Qari bin Ahmad (Managing Director)  
Encik Kamaruzzaman bin Abu Kassim (Executive Director)  
Mr. Romesh Roy Joshi  
Encik Mohd. Zam bin Mustaman  
Encik Yahaya bin Hassan

## **COMPANY SECRETARY**

Encik Rodzian bin Latif

## **AUDIT COMMITTEE**

### **Chairman:**

Mr. Romesh Roy Joshi

### **Members:**

Yg. Bhg. Dato' Syed Alwi bin Syed Nasir  
Encik Mohd. Zam bin Mustaman

## **REGISTERED OFFICE**

Level 1, Block E,  
Pusat Bandar Damansara  
50490 Kuala Lumpur  
Tel : (03) 4662695  
Fax: (03) 4662696

## **BANKERS**

Bumiputra-Commerce Bank Berhad  
Malayan Banking Berhad

## **AUDITORS**

Arthur Andersen & Co.  
Level 23A, Menara Millenium  
Jalan Damanlela, Damansara Heights  
50490 Kuala Lumpur

## **REGISTRARS**

EPA Management Sdn. Bhd.  
Ulu Tiram Estate, KB 735  
80990 Johor  
Tel : (07) 8611611  
Fax : (07) 8611701

## **STOCK EXCHANGE LISTING**

Main Board, Kuala Lumpur Stock Exchange

# AUDIT COMMITTEE

The Audit Committee of Damansara Realty Berhad was established by a resolution of the Board on 1<sup>st</sup> March 1994. The Committee presently comprises the following directors:

Mr. Romesh Roy Joshi	-	Chairman <i>(Independent/Non-executive)</i>
Yg. Bhg. Dato' Syed Alwi b. Syed Nasir	-	Member <i>(Independent/Non-executive)</i>
Encik Mohd. Zam b. Mustaman	-	Member <i>(Non-independent/Non-executive)</i>

The terms of reference of the Committee are as follows:

## MEMBERSHIP

The Committee shall be appointed by the Board from amongst their number and shall consist of not less than three (3) members, a majority of whom shall be non-executive directors. The Chairman of the Committee shall be a non-executive director appointed by the Board.

## AUTHORITY

The Committee is authorised by the Board to investigate any activity within its terms of reference and shall have unrestricted access to both the internal and external auditors and to all employees of the Group. The Committee is also authorised by the Board to obtain legal or other independent professional advice as necessary.

## SCOPE AND FUNCTION

The scope and function of the Audit Committee shall be:

- a. review the audit plan with the External Auditors;
- b. review the financial statements and reports by the External Auditors to:
  - i) provide a channel for communication between the Board and audit function, and
  - ii) evaluate the performance of the Auditors and consequently recommend their appointment;
- c. approve and issue the Audit Committee's report on the financial statements in the form as may be required by the relevant authorities from time to time;
- d. report to the Board of Directors all pertinent issues which are necessary to be reported;
- e. review the evaluation of the system of internal accounting control with the External Auditors;
- f. approve the appointment of key Internal Audit personnel;
- g. approve the Internal Audit plan;
- h. review the effectiveness of the Internal Audit function;
- i. review the effectiveness of the scope, result of internal audit procedures and reports by the Internal Auditor;
- j. review the follow-up actions by Management on the weakness of internal accounting procedures and controls as highlighted by the External and Internal Auditors;
- k. review of any significant transactions which are not within the normal course of business and any related party that may arise within the Company or Group;

## A U D I T C O M M I T T E E

- l. review interim financial information and press release;
- m. review of accounting policies to determine appropriateness;
- n. assist in establishing appropriate internal control procedure;
- o. perform any other work that is required or empowered to do by statutory legislation or guidelines as prepared by relevant Government authorities which will include, but are not limited to:
  - i) the Securities Commission
  - ii) the Kuala Lumpur Stock Exchange
  - iii) the Ministry of Finance
- p. review and approve the Annual Report prior to despatch to the shareholders.

# CHAIRMAN'S STATEMENT

On behalf of the Board of Directors, it is my pleasure to present the Annual Report of Damansara Realty Berhad ("D Bhd" or "Company") and its subsidiaries ("Group") for the financial year ended 31 December 2000.

## FINANCIAL OVERVIEW

During the financial year under review, the Group recorded a turnover of RM64.4 million compared to RM57.9 million in the previous financial year. The increase in turnover is attributable to a turnkey construction project undertaken by the Group. The Group recorded a loss before taxation of RM291,000, a significant improvement compared to a loss before taxation of RM230,363,000 in the previous financial year. Unlike the previous year, there were no exceptional losses recorded except for provision for diminution in value of investment in associated company and interest expense has reduced substantially from RM53,089,000 to RM6,329,000 as a result of repayment of a term loan of RM540 million which attributed to the improvement in the current financial year results.

## OPERATIONAL OVERVIEW

The rental income derived from commercial and office complex at Damansara Town Centre ("DTC") decreased by 12.3% compared to the previous financial year due to the suppressed rental market and oversupply of office space in the Klang Valley. Nevertheless, occupancy rate was maintained at the previous year's level despite the present scenario of the property market. In efforts to maintain the existing occupancy rate and to enhance the value of DTC, the Group has embarked on a refurbishment and upgrading exercise which has successfully transformed the central concourse area to a retail, food and beverage outlet. This being part of the Group's long term plan to improve the tenant mix from mainly government occupants to private sector tenants, comprising of retail and entertainment outlets which is also in anticipation of the gradual move of government tenants to Putrajaya.

The Company is undertaking a turnkey construction project which involved a boarding school with various amenities such as surau, community hall, libraries, sports complex in Bandar Damansara Kuantan (BDK).

BDK is a fully integrated mixed development project with a self-contained township, which spreads over 2,050 acres of a freehold land located in Kuantan, Pahang Darul Makmur. The construction of the boarding school is a catalyst to the development of BDK and despite the banks being extremely careful and selective in their lending criteria to the property sector, the Group took a bold step to re-launch BDK in June 2000. The sales were encouraging, approximately 72% of the 200 units launched were sold. The construction is at its preliminary stage and hence no profits have been recognised during the year under review.

## CORPORATE DEVELOPMENT

During the financial year, the Group had completed the interim financing which formed part of the Proposed Reconstruction and Restructuring Exercise announced in June 1999. The interim financing involved the issuance of 237 million "A" Redeemable Convertible Cumulative Preference Shares ("RCCPS") and 400 million "B" RCCPS by a wholly owned subsidiary Damansara Town Centre Sdn Bhd ("DTCSB").

The proceeds from the subscriptions were utilised to repay the outstanding term loan of RM540,000,000 in principal and approximately RM26,000,000 interest outstanding as at 18 January 2000. The balance of the proceeds were used for financial commitments including incidental expenses of the interim financing. Meanwhile, an amount of RM18 million was ear-marked to finance the development of Bandar Damansara Kuantan mentioned earlier.

In furtherance to the completion of the interim financing, the company has completed its evaluation of assets to be acquired to further enhance the Group's assets and earning base.

# CHAIRMAN'S STATEMENT

In this connection, the company has submitted its proposal to revise the Proposed Reconstruction and Restructuring Exercise to the Securities Commission. To recapitulate, the companies and assets proposed to be acquired to meet the Groups objectives are :-

- Acquisition of Johor City Development Sdn. Bhd. ("JCD") which owns an oil palm estate, measuring 3,025.9 hectares, the Komtar building in Johor Bahru, comprising a commercial complex with a 3 storey retail podium and a 22 storey office tower, and Taman Intan, a mixed development of 235 acres situated in Tampoi, Johor Bahru.
- Acquisition of 20% equity interest in Bertam Properties Sdn. Bhd.
- Acquisition of 4.753 hectares of freehold land known as Larkin Business Park.
- Acquisition of 144.9 hectares of industrial land in Gebeng.
- Acquisition of additional 20% equity interest in Damansara Realty (Pahang) Sdn. Bhd.

Last but not least, measures were taken to reduce losses by liquidating the number of dormant, inactive and loss making companies, particularly the timber operations in Papua New Guinea.

## PROSPECT

With the lower projected GDP growth rate for the country in 2001 and softening demand for properties in the last quarter of the year, the Group will continue to focus on maintaining high level of tenancy, upgrading and changing tenant mix on their prime property at Damansara Heights.

In relation to property development, the Group will acclimatise its products, pricing and strategies in view of the global economic slowdown and balancing with the development of affordable and quality houses in Bandar Damansara Kuantan.

One of the companies to be acquired, JCD is expected to launch Taman Intan in the second half of the year, hence, it is expected to contribute significantly to the Group upon completion of the Proposed Reconstruction and Restructuring Exercise.

## ACKNOWLEDGEMENT

On behalf of the Board of Directors, I would like to take this opportunity to express my sincere appreciation to our shareholders, valued customers, tenants, government agencies, contractors, suppliers, consultants, bankers and business associates who gave their full support to the Group. To my fellow Directors, I wish to thank them for their support throughout the year. To the management and staff, I express my sincere thanks and appreciation for their hard work, commitment, loyalty and dedication to the Company.

**DATO SYED ALWI BIN SYED NASIR**  
Chairman

Kuala Lumpur  
31 May 2001

# DIRECTOR'S REPORT

The directors hereby submit their report together with the audited financial statements of the Company and of the Group for the financial year ended 31 December, 2000.

## PRINCIPAL ACTIVITIES

The principal activities of the Company are that of investment holding and providing full corporate, administrative and financial support to its subsidiaries and associated companies. The principal activities of the subsidiaries are described in Note 12 to the financial statements. During the year, the Company has engaged itself in construction activity and the Group ceased its timber operations.

There were no other changes in the principal activities of the Company and the Group.

## RESULTS

	<b>Group RM'000</b>	<b>Company RM'000</b>
Net loss for the year	<u>22,642</u>	<u>17,703</u>

## DIVIDEND

Since the end of the previous financial year, the Company has not declared or paid any dividend.

## RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year other than as disclosed in the Statement of Changes in Equity.

## BAD AND DOUBTFUL DEBTS

Before the income statements and balance sheets were made out, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of provisions for doubtful debts and satisfied themselves that all known bad debts have been written off and that adequate provision had been made for doubtful debts.

At the date of this report, the directors are not aware of any circumstances which would render the amount of bad debts written off or the amount of the provision for doubtful debts in the financial statements of the Company and of the Group inadequate to any substantial extent.

# DIRECTOR'S REPORT

## **CURRENT ASSETS**

Before the income statements and balance sheets were made out, the directors took reasonable steps to ensure that any current assets which were unlikely to be realised in the ordinary course of business their values as shown in the accounting records of the Company and of the Group have been written down to an amount which they might be expected so to realise.

At the date of this report, the directors are not aware of any circumstances which would render the values attributed to the current assets in the financial statements of the Company and of the Group misleading.

## **VALUATION METHODS**

At the date of this report, the directors are not aware of any circumstances which have arisen which render adherence to the existing methods of valuation of assets or liabilities of the Company and of the Group misleading or inappropriate.

## **CONTINGENT AND OTHER LIABILITIES**

At the date of this report, there does not exist:

- (a) any charge on the assets of the Company or of the Group which has arisen since the end of the financial year which secures the liabilities of any other person; or
- (b) any contingent liability of the Company or of the Group which has arisen since the end of the financial year.

No contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the Company or of the Group to meet their obligations when they fall due.

## **CHANGE OF CIRCUMSTANCES**

At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Company and of the Group which would render any amount stated in the financial statements misleading.

## **ITEMS OF AN UNUSUAL NATURE**

The results of the operations of the Company and of the Group during the financial year were not, in the opinion of the directors, substantially affected by any item, transaction or event of a material and unusual nature other than as disclosed in Notes 26 and 30 to the financial statements.

There has not arisen in the interval between the end of the financial year and the date of this report, any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect substantially the results of the operations of the Company or of the Group for the financial year in which this report is made.

## SIGNIFICANT AND SUBSEQUENT EVENTS

### (a) Issuance Of Redeemable Convertible Cumulative Preference Shares ("RCCPS")

The Company entered into a Share Subscription Agreement ("SSA") with Johor Corporation ("JC") on 31 December, 1999 for JC to subscribe to 187 million "A" RCCPS with a par value of RM0.01 each in Damansara Town Centre Sdn. Bhd. ("DTCSB") at an issue price of RM1.00 each. Further, the Company has entered into a SSA with Malaysian National Insurance Berhad ("MNI") and Takaful Nasional Sdn. Bhd. ("Takaful") on 5 January, 2000 for MNI and Takaful to subscribe to 37 million and 13 million "A" RCCPS in DTCSB at an issue price of RM1.00 each respectively. On 12 January, 2000, the Company also entered into a SSA with Johor City Development Sdn. Bhd. ("JCD") for JCD to subscribe to 400 million "B" RCCPS with par value of RM0.01 each in DTCSB at an issue price of RM1.00 each. All subscriptions were for cash and were completed by 18 January, 2000.

### (b) Proposed Reconstruction and Restructuring Scheme

With the issuance of RCCPS mentioned in (a), the Company is now proceeding with the remaining components of the Proposed Reconstruction and Restructuring Exercise as announced on 29 June, 1999 and revised on 8 July, 1999, 21 July, 2000 and 12 December, 2000.

#### (i) Proposed Capital Reduction

The existing share capital of the Company of RM781,689,857 comprising 781,689,857 ordinary shares of RM1.00 each is proposed to be reduced to RM234,506,957 comprising 781,689,857 ordinary shares of RM0.30 each. Thereafter, the entire 781,689,857 ordinary shares of RM0.30 each will be consolidated on the basis of one new ordinary share of RM1.00 for every 3.3 ordinary shares of RM0.30, upon which the share capital of the Company will comprise of 234,506,957 ordinary shares of RM1.00 each. The reduction of RM0.70 for every existing ordinary share would give rise to a credit of RM547,182,900 which would be utilised to reduce the Company's accumulated losses.

#### (ii) Proposed Share Exchange

The ordinary shares of the Company will be exchanged for new ordinary shares of RM1.00 each in NEWCO, a company to be incorporated, on the basis of two new ordinary shares and one Warrant in NEWCO for every two ordinary shares in the Company held after the Proposed Capital Reduction. The Proposed Share Exchange will be implemented via a scheme of arrangement among the existing shareholders under Section 176 of the Companies Act, 1965.

Upon completion of the Proposed Share Exchange, the Company will be a wholly-owned subsidiary of NEWCO and the issued and fully paid-up share capital of NEWCO will comprise 234,506,957 ordinary shares of RM1.00 each, with 117,253,478 Warrants in issue.

#### (iii) Proposed Redemption of RCCPS

It is proposed that the entire "A" RCCPS will be redeemed entirely from subscribers by the issuance of 237,000,000 new ordinary shares of RM1.00 each and 94,800,000 Warrants in NEWCO on the basis of five new ordinary shares and two Warrants in NEWCO for five "A" RCCPS.

## **(iv) Proposed Acquisition of Johor City Development Sdn. Bhd.**

On 3 July, 1999, the Company and Johor Corporation ("JC") entered into a conditional Sale and Purchase Agreement ("Agreement") for the acquisition of Johor City Development Sdn. Bhd. ("JCD"). Pursuant thereto, NEWCO will acquire from JC the enlarged issued and paid-up capital of JCD comprising 172,500,002 ordinary shares of RM1.00 each and RM380,300,000 nominal amount of loan stocks in JCD for a total purchase consideration of RM552,800,002 to be satisfied by the issuance of 552,800,002 new ordinary shares of RM1.00 each in NEWCO.

JCD principally is an investment holding company and has acquired from JC the Sg. Papan Estate, an oil palm estate measuring 3,025.9 hectares situated at Kota Tinggi, Johor for a purchase consideration of RM172,500,000, the Komtar Building, a commercial complex comprising a 3 storey retail podium and a 22 storey office tower with the total land area of 4.77 acres located in the town of Johor Bahru, Johor for a purchase consideration of RM164,300,000 and the Tampoi land, a development land measuring 250 acres known as Taman Intan, situated in Tampoi, Johor for a purchase consideration of RM216,000,000. The acquisitions were satisfied by the issuance of 172,500,000 new ordinary shares of RM1.00 each in JCD at par and the issuance of 380,300,000 loan stocks in JCD.

## **(v) Proposed Acquisition of Additional Assets**

In addition, the company proposes to acquire the following additional assets: -

- 20% equity interest in Bertam Properties Sdn. Bhd. ("Bertam") comprising 12,000,000 ordinary shares of RM1.00 each from JC for a purchase consideration of RM49,007,705 and the assignment in favour of the Company of shareholders' advances made to Bertam by JC amounting to RM8,400,535 all together to be satisfied by the assignment of deposits of RM57,408,240 currently owed to the Company by third parties.
- a piece of land known as Larkin Business Park from Changkat Fajar Sdn. Bhd. for a purchase consideration of RM70,000,000 to be satisfied partly by the assignment of deposits of RM12,000,000 owing to the Company by a group of third parties and the balance by the issuance of 58,000,000 new ordinary shares of NEWCO at an issue price of RM1.00 per share.
- a piece of land known as Gebeng Land from Landpac Resorts Sdn. Bhd. for a purchase consideration of RM87,000,000 to be satisfied by the issuance of 87,000,000 new ordinary shares in NEWCO at an issue price of RM1.00 per share.

## **(vi) Proposed acquisition of 20% of Damansara Realty (Pahang) Sdn. Bhd.**

Proposed acquisition of 20% equity interest in Damansara Realty (Pahang) Sdn. Bhd. comprising 4,000,000 ordinary shares of RM1.00 each from Lembah Angsana Sdn. Bhd. for a purchase consideration of RM23,725,217 to be satisfied by the issuance of 23,725,217 new ordinary shares in NEWCO at an issue price of RM1.00 per share;

## **(vii) Proposed Restricted Offer for Sale ("ROS")**

JC will offer a certain number of NEWCO ordinary shares of RM1.00 each (to be attached with NEWCO Warrants) to the existing shareholders of the Company at an offer price to be determined later, in order to enable other shareholders to consolidate their shareholdings in NEWCO following the Proposed Capital Reduction. The Proposed ROS will not be underwritten.

## **(viii) Proposed Delisting of the Company and Listing of NEWCO**

NEWCO ordinary shares of RM1.00 each are to be listed on the Main Board of the Kuala Lumpur Stock Exchange ("KLSE") as a replacement to the listing of the Company.

- (ix)** Proposed private placement of up to 100,000,000 new ordinary shares in NEWCO at an issue price to be determined later.

The above proposals are subject to approval by the shareholders and relevant authorities.

## **(c) Proposed acquisition of Vital Esteem Berhad (VEB), Skudai Parade and Ipoh Land**

The proposed acquisitions of Skudai Parade and Ipoh Land were terminated on 25 June, 1999. The proposed acquisition of VEB was terminated on 18 July, 2000. RM69,408,240 of the deposits paid for these proposed acquisitions are to be assigned to vendors as part of the consideration for the acquisition of additional assets described in (b)(v) above. The Company is in the process of formulating a settlement or an assignment scheme to recover the remaining deposit of RM26,379,601.

## **(d) Quarry operations agreement**

On 1 September, 2000, the Company entered into a Quarry Operations Agreement with Johor Corporation to undertake quarrying activities on a parcel of land measuring 275 acres in Mukim Tanjung Surat, Kota Tinggi, Negeri Johor.

The Company will subsequently assign its right as contractor to operate the Quarry to its wholly owned subsidiary Damansara Rhyolite Sdn. Bhd. (formerly known as Kuala Krai Realty Sdn. Bhd.) for the quarry operations upon receipt of approval from relevant authorities.

## **(e) Liquidation of subsidiaries**

During the financial year, members' voluntary liquidations were initiated in respect of the following subsidiaries:

Kesang Land Sdn. Bhd.  
Kesang Resort & Hotels Sdn. Bhd.  
Chendering Motel Sdn. Bhd.  
Kesang Associates Sdn. Bhd.  
Syarikat Timor Jaya Plantations Sdn. Bhd.  
Damansara Forest Products (PNG) Pty. Ltd.  
Damansara - Pai Pty. Ltd.  
Damansara - Siau Pty. Ltd.  
Damansara - Batai Pty. Ltd.

# DIRECTOR'S REPORT

## DIRECTORS

The directors who served since the date of the last report are:

Dato' Syed Alwi bin Tun Syed Nasir  
Mohd. Qari bin Ahmad  
Kamaruzzaman bin Abu Kassim  
Mohd. Zam bin Mustaman  
Yahaya bin Hassan  
Romesh Roy Joshi

Dato' Syed Alwi bin Tun Syed Nasir, Kamaruzzaman bin Abu Kassim and Romesh Roy Joshi retire at the forthcoming Annual General Meeting under Article 81 and Article 87 of the Company's Articles of Association respectively, and being eligible, offer themselves for re-election.

## DIRECTORS' BENEFITS

Other than as disclosed in this report and the benefits included in Note 25 to the financial statements:

- (i) during and at the end of the financial year, no arrangements subsisted to which the Company or its subsidiaries are a party with the object of enabling directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate, and
- (ii) since the end of the previous financial year, no director has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

## DIRECTORS' INTERESTS

According to the register of directors' shareholdings, none of the directors in office at the end of the financial year have interest in shares in the Company and its related corporations during the financial year.

## NUMBER OF EMPLOYEES AND PRINCIPAL PLACE OF BUSINESS

The number of employees of the Company and the Group at the end of the year was 77 (1999 : 77) and 221 (1999 : 209) respectively. The principal place of business of the Company is located at Level 1, Block E, Pusat Bandar Damansara, 50490 Kuala Lumpur.

# **DIRECTOR'S REPORT**

## **AUDITORS**

Arthur Andersen & Co. retire and have indicated their willingness to accept re-appointment.

Signed on behalf of the Board  
in accordance with a resolution  
of the directors

**MOHD. QARI BIN AHMAD**

**KAMARUZZAMAN BIN ABU KASSIM**

Kuala Lumpur  
Dated: 30 April, 2001

# STATEMENT BY DIRECTORS

We, MOHD. QARI BIN AHMAD and KAMARUZZAMAN BIN ABU KASSIM, being two of the directors of DAMANSARA REALTY BERHAD, do hereby state that, in the opinion of the directors, the financial statements set out on pages 19 to 59 give a true and fair view of the state of affairs of the Company and of the Group as at 31 December, 2000 and of the results and cash flows of the Company and of the Group for the year then ended and have been properly drawn up in accordance with applicable approved accounting standards in Malaysia.

Signed on behalf of the Board  
in accordance with a resolution  
of the directors

**MOHD. QARI BIN AHMAD**

**KAMARUZZAMAN BIN ABU KASSIM**

Kuala Lumpur  
Dated: 30 April, 2001

# STATUTORY DECLARATION

I, MOHD. QARI BIN AHMAD, the director primarily responsible for the financial management of DAMANSARA REALTY BERHAD, do solemnly and sincerely declare that the financial statements set out on pages 19 to 59, are to the best of my knowledge and belief correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the )  
abovenamed MOHD. QARI BIN AHMAD )  
at Kuala Lumpur in Wilayah Persekutuan )  
on 30 April, 2001 )

**MOHD. QARI BIN AHMAD**

Before me:

**MOHD. RADZI BIN YASIN**  
**No. W 327**

Commissioner for Oaths

# AUDITORS' REPORT

To the Shareholders of **DAMANSARA REALTY BERHAD**

We have audited the financial statements set out on pages 19 to 59. These financial statements are the responsibility of the Company's directors. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with approved Standards on Auditing in Malaysia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion,

- (a) the financial statements have been prepared in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia and give a true and fair view of:
  - (i) the state of affairs of the Company and of the Group as at 31 December, 2000 and of the results and cash flows of the Company and of the Group for the year then ended; and
  - (ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements;
- (b) the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries for which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for these purposes.

The audit reports on the financial statements of the subsidiaries were not subject to any qualification or any adverse comment made under subsection (3) of Section 174 of the Act.

# AUDITORS' REPORT

Without qualifying our opinion above, we draw attention to the following:-

- (i) Notes 6 and 33(c) to the financial statements which indicate that the Company has made deposits totalling RM95,787,841 for certain terminated proposed acquisitions. The recoverability of RM69,408,240 of the deposits is dependent upon the successful completion of the Group's Proposed Reconstruction and Restructuring Exercise described in Note 33 (b) to the financial statements. The recoverability of the remaining deposits of RM26,379,601 is dependent upon management's success in formulating and implementing a satisfactory settlement or assignment scheme.
- (ii) As at 31 December, 2000, the Group had net current liabilities of RM35,277,000. The ability of the Group to continue as a going concern is dependent upon successful completion of the Proposed Reconstruction and Restructuring Exercise described in Note 33 (b) to the financial statements and its ability to obtain financing to meet its ongoing cash flow requirements. The financial statements have been prepared under the going concern basis which envisage the realization of assets and liquidation of liabilities in the normal course of business.
- (iii) Note 13 to the financial statements which discloses advances made to an associated company of RM5,904,000. We have not been able to ascertain the recoverability of this amount.

The financial statements do not include any adjustments that may be required in respect of any of the above.

**Arthur Andersen & Co.**  
No. AF 0103  
Public Accountants

**Abraham Verghese a/l T.V. Abraham**  
No. 1664/10/02(J)  
Partner of the Firm

Dated: 30 April, 2001

# CONSOLIDATED BALANCE SHEET

AS AT 31 DECEMBER, 2000

	Note	2000 RM'000	1999 RM'000
<b>CURRENT ASSETS</b>			
Cash and bank balances	3	2,476	4,621
Deposits with financial institutions	4	13,619	4,887
Trade debtors	5	7,108	4,753
Other debtors, deposits and prepayments	6	126,382	104,924
Stocks	7	69	85
		<b>149,654</b>	<b>119,270</b>
<b>CURRENT LIABILITIES</b>			
Advance billing on contract	8	1,878	-
Property development projects	9	13,184	13,326
Short term borrowings	10	33,006	590,541
Trade creditors		27,245	27,847
Other creditors and accruals	11	83,894	141,592
Taxation		25,724	19,351
		<b>184,931</b>	<b>792,657</b>
<b>NET CURRENT LIABILITIES</b>		<b>(35,277)</b>	<b>(673,387)</b>
<b>ASSOCIATED COMPANIES</b>	13	<b>23,950</b>	<b>26,843</b>
<b>OTHER INVESTMENTS</b>	14	<b>328</b>	<b>838</b>
<b>FIXED ASSETS</b>	15	<b>9,508</b>	<b>11,902</b>
<b>INVESTMENT PROPERTY</b>	16	<b>553,291</b>	<b>553,291</b>
<b>PROPERTIES HELD FOR DEVELOPMENT</b>	17	<b>356,155</b>	<b>349,202</b>
<b>GOODWILL ON CONSOLIDATION</b>		<b>-</b>	<b>3,167</b>
<b>LONG TERM LOANS</b>	18	<b>(58,397)</b>	<b>(42,834)</b>
<b>HIRE PURCHASE AND LEASE CREDITORS</b>	19	<b>(567)</b>	<b>(258)</b>
<b>DEFERRED TAXATION</b>	20	<b>(57,948)</b>	<b>(57,967)</b>
		<b>791,043</b>	<b>170,797</b>
Financed by:			
Share capital	21	781,689	781,689
Share premium		156	156
Capital reserve		72	72
Foreign exchange reserve		-	1,312
Accumulated losses		<b>(645,258)</b>	<b>(622,616)</b>
<b>SHAREHOLDERS' FUNDS</b>		<b>136,659</b>	<b>160,613</b>
<b>MINORITY INTERESTS</b>	22	<b>654,384</b>	<b>10,184</b>
		<b>791,043</b>	<b>170,797</b>

*The accompanying notes are an integral part of this balance sheet.*

# CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER, 2000

	Note	2000 RM'000	1999 RM'000
Revenue	23	64,492	57,959
Other operating income	24	5,289	8,913
Contract cost		(11,327)	-
Depreciation		(1,444)	(2,667)
Staff costs	25	(6,475)	(6,977)
Other operating expenses	26	(44,593)	(233,299)
Profit/(loss) from operations		5,942	(176,071)
Finance cost	27	(7,070)	(56,393)
Share of income of associated companies		837	2,101
Loss before taxation		(291)	(230,363)
Taxation	28	(7,898)	31,537
Net loss from ordinary activities		(8,189)	(198,826)
Minority interest		(14,453)	(603)
Net loss for the year		<u>(22,642)</u>	<u>(199,429)</u>
Basic and diluted loss per share	29	<u>2.9 sen</u>	<u>25.5 sen</u>

*The accompanying notes are an integral part of this statement.*

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER, 2000

	Share capital RM'000	Share premium RM'000	Capital reserve RM'000	Foreign exchange reserve RM'000	Accumulated losses RM'000	Total RM'000
At 1 January, 1999, as reported	776,249	156	72	3,299	(419,461)	360,315
Prior year adjustment (Note 30)	-	-	-	-	(3,726)	(3,726)
At 1 January, 1999, as restated	776,249	156	72	3,299	(423,187)	356,589
Issued during the year	5,440	-	-	-	-	5,440
Realised during the year	-	-	-	(1,987)	-	(1,987)
Net loss for the year	-	-	-	-	(199,429)	(199,429)
At 31 December, 1999 as restated	781,689	156	72	1,312	(622,616)	160,613
At 31 December, 1999 as previously stated	781,689	156	72	1,312	(618,113)	165,116
Prior year adjustment (Note 30)	-	-	-	-	(4,503)	(4,503)
<b>At 1 January, 2000 as restated</b>	<b>781,689</b>	<b>156</b>	<b>72</b>	<b>1,312</b>	<b>(622,616)</b>	<b>160,613</b>
<b>Realised during the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,312)</b>	<b>-</b>	<b>(1,312)</b>
<b>Net loss for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(22,642)</b>	<b>(22,642)</b>
<b>At 31 December, 2000</b>	<b>781,689</b>	<b>156</b>	<b>72</b>	<b>-</b>	<b>(645,258)</b>	<b>136,659</b>

*The accompanying notes are an integral part of this statement.*

# CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER, 2000

	2000 RM'000	1999 RM'000
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Loss before taxation	(291)	(230,363)
Adjustments for items not involving the movement of cash and cash equivalents:		
Fixed assets written off	20	14
Intangible assets written off	-	1,234
Quarrying rights, estate development and site infrastructure written off	-	8,865
Depreciation	1,444	2,667
Provision for diminution in value of investment and development property	-	185,371
Provision for doubtful debts and bad debts written off	1,041	2,579
Provision for diminution in value of investments	10,240	4,367
Interest expense	6,329	53,089
Interest income	(412)	(785)
Goodwill written off	2,864	-
Adjustment on deconsolidation of liquidated subsidiaries	(518)	-
Gain on sale of property held for development	(902)	-
Gain on sale of fixed assets	(953)	(121)
Share of income of associated companies	(837)	(2,101)
Operating profit before working capital changes	18,025	24,816
(Increase) / decrease in debtors	(30,806)	12,801
Net decrease in stocks and property development projects	1,752	6
(Decrease) / increase in creditors	(35,700)	18,558
Cash (used in) / generated from operations	(46,729)	56,181
Interest paid	(33,143)	(23,697)
Income tax paid	(1,375)	(8,375)
Net cash (used in) / generated from operating activities	(81,247)	24,109

# CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER, 2000

	2000 RM'000	1999 RM'000
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Interest received	412	785
Net proceeds from liquidation of subsidiaries*	(67)	-
Proceeds from sale of property held for development	902	-
Dividend received	-	401
Purchase of fixed assets	(3,164)	(647)
Increase in properties held for development	(1,432)	(8,260)
Proceeds from sale of fixed assets	4,033	140
Increase in estate development cost	-	(2,081)
Purchase of other investment	(290)	(838)
	394	(10,500)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Repayment of hire purchase and lease creditors	(335)	(69)
Drawdown of term loan	-	280
Proceeds from issue of preference shares to minority interest	637,000	-
Repayment of borrowings	(541,972)	(1,100)
Redemption of Convertible Redeemable Guaranteed Unsecured Loan Stocks	-	(37,864)
Preference dividend paid to minority interest	(7,253)	-
	87,440	(38,753)
Net decrease in cash and cash equivalents	6,587	(25,144)
Cash and cash equivalents as at 1 January	9,508	34,652
	16,095	9,508
Cash and cash equivalents as at 31 December	16,095	9,508
Cash and cash equivalents comprise:		
Cash and bank balances	2,476	4,621
Deposits with financial institutions	13,619	4,887
	16,095	9,508
<b>*Analysis of the liquidation of subsidiaries</b>		
Debtors	73	-
Creditors	(950)	-
Fixed assets	1,604	-
	727	-
Net non-cash assets of subsidiaries in liquidation	727	-
Gain on liquidation of subsidiaries	518	-
Realisation of currency translation reserve	(1,312)	-
	(67)	-
Net cash from liquidation of subsidiaries	(67)	-

*The accompanying notes are an integral part of this statement.*

# BALANCE SHEET

AS AT 31 DECEMBER, 2000

	Note	2000 RM'000	1999 RM'000
<b>CURRENT ASSETS</b>			
Cash and bank balances		430	2,962
Deposits with financial institutions	4	8,646	1,696
Trade debtors	5	-	4,175
Other debtors, deposits and prepayments	6	100,281	99,414
		<b>109,357</b>	<b>108,247</b>
<b>CURRENT LIABILITIES</b>			
Short term borrowings	10	15,000	556,900
Trade creditors		-	2,766
Other creditors and accruals	11	32,008	57,203
Taxation		5,851	6,717
Advance billings on contract	8	2,946	-
		<b>55,805</b>	<b>623,586</b>
<b>NET CURRENT ASSETS/(LIABILITIES)</b>		<b>53,552</b>	<b>(515,339)</b>
<b>SUBSIDIARIES</b>	12	<b>118,097</b>	<b>147,289</b>
<b>ASSOCIATED COMPANIES</b>	13	<b>22,369</b>	<b>25,930</b>
<b>OTHER INVESTMENTS</b>	14	<b>328</b>	<b>838</b>
<b>FIXED ASSETS</b>	15	<b>2,188</b>	<b>5,719</b>
<b>INVESTMENT PROPERTIES</b>	16	<b>-</b>	<b>550,000</b>
<b>PROPERTIES HELD FOR DEVELOPMENT</b>	17	<b>5,000</b>	<b>5,000</b>
<b>LONG TERM LOANS</b>	18	<b>(671)</b>	<b>(742)</b>
<b>HIRE PURCHASE AND LEASE CREDITORS</b>	19	<b>(55)</b>	<b>(184)</b>
		<b>200,808</b>	<b>218,511</b>
<b>SHAREHOLDERS' FUNDS</b>			
Share capital	21	781,689	781,689
Share premium		156	156
Accumulated losses		(581,037)	(563,334)
		<b>200,808</b>	<b>218,511</b>

*The accompanying notes are an integral part of this balance sheet.*

# INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER, 2000

	Note	2000 RM'000	1999 RM'000
Revenue	23	11,762	53,484
Other operating income	24	574	7,358
Contract cost		(8,788)	-
Depreciation		(539)	(642)
Staff costs	25	(1,679)	(4,254)
Other operating expenses	26	(14,973)	(145,818)
Loss from operations		(13,643)	(89,872)
Finance cost	27	(4,060)	(56,393)
Net loss for the year		<u>(17,703)</u>	<u>(146,265)</u>

# STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER, 2000

	Share capital RM'000	Share premium RM'000	Accumulated losses RM'000	Total RM'000
At 1 January, 1999	776,249	156	(417,069)	359,336
Issued during the year	5,440	-	-	5,440
Net loss for the year	-	-	(146,265)	(146,265)
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At 31 December, 1999	781,689	156	(563,334)	218,511
<b>Net loss for the year</b>	-	-	<b>(17,703)</b>	<b>(17,703)</b>
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<b>At 31 December, 2000</b>	<b>781,689</b>	<b>156</b>	<b>(581,037)</b>	<b>200,808</b>

*The accompanying notes are an integral part of this statement.*

# CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER, 2000

	2000 RM'000	1999 RM'000
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net loss for the year	(17,703)	(146,265)
Adjustments for items not involving the movement of cash and cash equivalents:		
Fixed assets written off	20	14
Loss on liquidation of subsidiaries	1,815	-
Depreciation	539	642
Provision for doubtful debts and bad debts written off	258	14,245
Provision for diminution in value		
- investments	10,240	4,367
- investment in properties	-	74,651
- property held for development	-	36,717
- subsidiaries	-	(5,058)
Interest income	(106)	(478)
Interest expense	3,908	50,612
Loss on disposal of fixed assets	903	11
	<hr/>	<hr/>
Operating (loss) / profit before working capital changes	(126)	29,458
(Increase) / decrease in debtors	(2,679)	12,274
Increase in advance billings on contract	2,946	-
Decrease in creditors	(3,655)	(17,353)
Increase in amount due to subsidiaries	577,376	26,372
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Cash generated from operations	573,862	50,751
Interest paid	(28,093)	(26,427)
Income tax paid	(1,016)	(8,421)
	<hr/>	<hr/>
Net cash generated from operating activities	544,753	15,903
	<hr/>	<hr/>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets	(102)	(249)
Interest received	106	478
Proceeds from sale of fixed assets	2,169	6
Purchase of other investment	(289)	(838)
	<hr/>	<hr/>
Net cash generated from / (used in) investing activities	1,884	(603)
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# CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER, 2000

	2000 RM'000	1999 RM'000
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Repayment of hire purchase creditors	(248)	(184)
Drawdown of term loan	-	742
Redemption Of Convertible Redeemable Guaranteed Unsecured Loan Stocks	-	(37,864)
Repayment of term loan	(541,971)	(1,100)
Net cash used in financing activities	(542,219)	(38,406)
Net increase/(decrease) in cash and cash equivalents	4,418	(23,106)
Cash and cash equivalents as at 1 January	4,658	27,764
Cash and cash equivalents as at 31 December	<u>9,076</u>	<u>4,658</u>
Cash and cash equivalents comprise:		
Cash and bank balances	430	2,962
Deposits with financial institutions	8,646	1,696
	<u>9,076</u>	<u>4,658</u>

*The accompanying notes are an integral part of this statement.*

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER, 2000

## 1. PRINCIPAL ACTIVITIES

The principal activities of the Company are that of investment holding and providing full corporate, administrative and financial support to its subsidiaries and associated companies. The principal activities of the subsidiaries are described in Note 12. During the year, the Company has engaged itself in construction activity and the Group ceased its timber operations.

There were no other changes in the principal activities of the Company and the Group.

## 2. SIGNIFICANT ACCOUNTING POLICIES

### (a) Basis of Accounting

The financial statements of the Company and of the Group have been prepared under the historical cost convention as modified to include the revaluation of certain assets and comply with applicable approved accounting standards in Malaysia.

### (b) Basis of Consolidation

The consolidated financial statements include the financial statements of the Company and all its subsidiaries, except subsidiaries under liquidation, made up to the end of the financial year. Subsidiaries are those companies in which the Group has power to exercise control over the financial and operating policies so as to obtain benefits from their activities. Subsidiaries are consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases. Intragroup transactions are eliminated on consolidation and the consolidated financial statements reflect external transactions only.

At the date of acquisition, the fair values of the subsidiaries net assets are determined and the difference between the cost of the investments and the net assets of the subsidiaries is retained in the consolidated balance sheet as reserve on consolidation or goodwill on consolidation.

### (c) Revenue Recognition

- (i) Income from sale of development properties and construction contract are recognised on the percentage of completion method determined on the proportion of development cost incurred to date against total estimated cost where the outcome of the project can be reliably estimated. Where the outcome of a project cannot be reliably estimated, contract revenue is only recognised to the extent of costs incurred.

All anticipated losses on development properties and construction contracts are fully provided for.

- (ii) Property rental income is recognised as it falls due in accordance with the tenancy agreement.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER, 2000

## (d) Fixed Assets and Depreciation

Fixed assets are stated at cost or valuation less accumulated depreciation and accumulated impairment loss.

Freehold land is not depreciated. Leasehold lands are depreciated over the period of the leases. Depreciation of other fixed assets is provided on a straight line basis calculated to write off the cost or valuation of each asset over its estimated useful life.

The principal annual rates of depreciation are:

Short term leasehold land	16%
Long term leasehold land	2%
Building on long term leasehold and freehold land	2%
Buildings on short term leasehold land	10%
Site infrastructure	7% - 10%
Office equipment, furniture and fittings	5% - 10%
Plant and machinery	20%
Motor vehicles	20%
Renovation	10%

## (e) Investment Properties

Investment properties are held for their investment potential and rental income.

Investment properties are stated at directors' valuation based on independent professional valuers' reports. Additions subsequent to the date of valuation are stated at cost. It is the Group's policy to appraise these properties at least once in every five years based on open market value and any surplus or deficit arising therefrom will be incorporated in the books only after approval from the relevant regulatory authorities and will be taken up in the Capital Reserve account. A deficit will be debited to the Capital Reserve account to the extent of an equivalent previous surplus and any excess will be charged to the income statement. No depreciation is provided on investment properties. Maintenance is regularly undertaken and is expensed off to the income statement. The investments properties were last revalued in the financial year ended 31 December, 1999.

## (f) Investments

Investments in subsidiaries, associated companies and other unquoted shares are stated at cost less provision for any permanent diminution in value.

**(g) Associated Companies**

The Group treats as associated companies those companies in which a long term equity interest of between 20 and 50 percent is held and where it exercises significant influence through management participation. Significant influence is the power to participate in the financial and operating policies of the associated companies but not control over those policies.

Investments in associated companies are accounted for in the consolidated financial statements under the equity method of accounting. Under the equity method, the Group's share of post acquisition profits less losses of associated companies is included in the consolidated income statement and the Group's interest in associated companies is stated at cost plus the Group's share of post acquisition retained profits and reserve.

**(h) Properties Held for Development**

Properties held for development are stated at cost or valuation less provision for permanent diminution in value, and are adjusted for attributable profits less foreseeable losses. It is the Group's policy to appraise these properties at least once in every five years based on open market value and any surplus or deficit arising therefrom will be incorporated in the books only after approval from the relevant regulatory authorities and will be taken up in the Capital Reserve account. A deficit will be debited to the Capital Reserve account to the extent of an equivalent previous surplus and any excess will be charged to the income statement.

The last revaluation was conducted for financial year ended 31 December, 1999. For uncompleted projects, the cost of land under development and related development costs are carried forward as development expenditure.

**(i) Property Development Projects**

Property development expenditure (including land cost) is shown as property development projects within current assets or liabilities when significant development work has been undertaken and is expected to be completed within the normal operating cycle and is stated at the lower of cost or net realisable value.

**(j) Goodwill on Consolidation**

Goodwill arising on consolidation is capitalised and will be amortised over its useful economic life upon commencement of operations of the subsidiaries acquired. Goodwill no longer supported by any intrinsic value is written-off to the income statement.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER, 2000

## **(k) Finance Lease and Hire Purchase**

Fixed assets acquired under finance lease and hire purchase are capitalised in the financial statements and are depreciated in accordance with the policy set out in (d) above. The corresponding outstanding obligations due under finance lease and hire purchase after deducting finance expenses are included as liabilities in the financial statements. Finance expenses are charged to the income statement over the period of the respective agreement using the sum-of-digit method.

## **(l) Stocks**

Stocks are valued at the lower of cost or net realisable value determined on the first-in, first-out method.

## **(m) Interest Capitalisation**

Interest incurred on borrowings relating to the purchase of fixed assets is capitalised until the assets are ready for their intended use. Interest relating to properties held for development is capitalised during the period of active development and until they are ready for their intended use.

## **(n) Currency Conversion and Translation**

Transactions in foreign currencies are converted into Ringgit Malaysia at rates of exchange ruling at the transaction dates. Monetary assets and liabilities in foreign currencies at the balance sheet date are translated into Ringgit Malaysia at rates of exchange ruling at that date. All exchange differences are taken to the income statement.

Accounts of foreign consolidated subsidiaries are translated at year-end exchange rates with respect to the balance sheet, and at exchange rates at the dates of the transactions with respect to the income statement. All resulting translation differences are taken to reserves.

The exchange rates ruling at balance sheet date (RM per unit for foreign currency) used are as follows:

	<b>2000</b>	<b>1999</b>
United States Dollar	<b>3.80</b>	<b>3.80</b>

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER, 2000

## (o) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand and in banks and deposits at call, net of outstanding bank overdrafts.

## (p) Debtors

Known bad debts are written off and doubtful debts are provided for based on estimates of possible losses which may arise from non-collection.

## (q) Deferred Taxation

Deferred taxation is provided under the liability method for all material timing differences except where there is reasonable evidence that these timing differences will not reverse in the foreseeable future.

### 3. CASH AND BANK BALANCES

Included in cash and bank balances of the Group are receipts from purchasers of residential properties less payments or withdrawals provided under the Housing Developer (Control and Licensing) Act, 1966 amounting to RM240,257 (1999 : RM31,390).

### 4. DEPOSITS WITH FINANCIAL INSTITUTIONS

	Group		Company	
	2000 RM'000	1999 RM'000	2000 RM'000	1999 RM'000
Deposits with:				
Licensed banks	2,629	1,158	746	746
Discount house	8,112	950	7,900	950
Licensed finance company	2,878	2,779	-	-
	<u>13,619</u>	<u>4,887</u>	<u>8,646</u>	<u>1,696</u>

Included in deposits with licensed bank of the Group and the Company are amounts pledged as security for bank guarantee granted in favour of third parties of RM746,030 (1999 : RM746,030) and RM746,030 (1999 : RM746,030) respectively.

The deposits with a licensed finance company amounting to RM2,877,874 (1999 : RM2,778,844) have been assigned by way of a Deed of Assignment of Deposits for term loan facilities granted as referred to in Note 18.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER, 2000

## 5. TRADE DEBTORS

	Group		Company	
	2000 RM'000	1999 RM'000	2000 RM'000	1999 RM'000
Trade debtors	9,729	6,511	-	5,548
Provision for doubtful debts	(2,621)	(1,758)	-	(1,373)
	<u>7,108</u>	<u>4,753</u>	<u>-</u>	<u>4,175</u>

## 6. OTHER DEBTORS, DEPOSITS AND PREPAYMENTS

	Group		Company	
	2000 RM'000	1999 RM'000	2000 RM'000	1999 RM'000
Deposits paid for proposed acquisitions of various property companies and land (refer note i)	95,788	95,788	95,788	95,788
Advances made to a third party (refer note ii)	60,356	60,618	-	-
Deposit for proposed acquisition (refer note iii)	20,000	20,000	-	-
Deposit paid for purchase of office lots from a company in which certain former directors have interests	1,613	1,613	-	-
Income tax recoverable	150	-	150	-
Due from Corporate Shareholder (refer note iv)	4,552	-	-	-
Due from Subsidiary of Corporate Shareholder (refer note iv)	14,848	-	-	-
Due from past director related companies (refer Note v)	8,274	8,274	-	-
Others	6,003	3,791	4,806	4,084
	<u>211,584</u>	<u>190,084</u>	<u>100,744</u>	<u>99,872</u>
Provision for doubtful debts	(85,202)	(85,160)	(463)	(458)
	<u>126,382</u>	<u>104,924</u>	<u>100,281</u>	<u>99,414</u>

- (i) These deposits were placed with vendors for the proposed acquisition of equity interest and properties in Vital Esteem Berhad, Skudai Parade and Ipoh land. The proposed acquisitions have since been terminated.

RM69,408,240 of these deposits will be assigned to the vendors as part of the consideration for assets to be acquired by the Group under the Proposed Reconstruction and Restructuring Scheme described in Note 33 (b) below.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER, 2000

- (ii) The advances to a third party of RM60,356,446 were made by a subsidiary, Golden Dragon Garden Sdn. Bhd. ("GDG"), prior to acquisition by the Group. The amount has been fully provided for in prior years.
- (iii) The deposit of RM20,000,000 was paid pursuant to a Memorandum of Understanding ("MOU") dated 28 November, 1999 entered into by GDG to acquire a 30% equity interest in Merit Aim Sdn. Bhd. ("MASB") for a purchase consideration of RM60,000,000. The deposit was provided for in full in prior years.
- (iv) The amounts due from corporate shareholder and subsidiary of corporate shareholder are due from Johor Corporation ("JC") and Johor City Development Sdn Bhd ("JCD") respectively. These represent payments of financing cost pursuant to the Bank Guarantee Facility Agreement described in Note 31 for which the Company is a joint obligor.
- (v) The amount is owing by companies in which certain past directors have interest. A provision for doubtful debts of RM3,774,000 (1999 : RM3,774,000) had been made against the receivable.

## 7. STOCKS

	Group	
	2000 RM'000	1999 RM'000
Consumable stores	19	25
Food and beverage	50	60
	69	85

## 8. ADVANCE BILLINGS ON CONTRACT

	Group		Company	
	2000 RM'000	1999 RM'000	2000 RM'000	1999 RM'000
Construction cost	8,568	-	8,788	-
Attributable profit	1,737	-	449	-
	10,305	-	9,237	-
Progress billings	(12,183)	-	(12,183)	-
	(1,878)	-	(2,946)	-

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER, 2000

## 9. PROPERTY DEVELOPMENT PROJECTS

	Group	
	2000 RM'000	1999 RM'000
Freehold land, at cost	1,074	573
Development expenditure	11,086	8,176
	<b>12,160</b>	8,749
Attributable (losses)/profits	(1,271)	414
Less: Progress billings	(24,073)	(22,489)
	<b>(13,184)</b>	<b>(13,326)</b>

## 10. SHORT TERM BORROWINGS

	Group		Company	
	2000 RM'000	1999 RM'000	2000 RM'000	1999 RM'000
Revolving credit facilities	15,000	16,900	15,000	16,900
Bridging loan	4,806	4,806	-	-
Current portion of term loans (Note 18)	13,200	568,835	-	540,000
	<b>33,006</b>	<b>590,541</b>	<b>15,000</b>	<b>556,900</b>

The revolving credit facilities are unsecured and bear interest at 6.75% to 8.95% (1999 : 7.00% to 11.00% per annum).

The bridging loan bears interest at 9.5% (1999 : 9.5% to 14.5%) per annum and is secured by the same assets as the RM10,000,000 long term loan disclosed in Note 18.

## 11. OTHER CREDITORS AND ACCRUALS

	Group		Company	
	2000 RM'000	1999 RM'000	2000 RM'000	1999 RM'000
Current portion of lease and hire purchase creditors (Note 19)	237	291	85	204
Amount owing to:				
- companies related to a past director	6,842	6,842	6,842	6,842
- corporate shareholder	-	14,979	-	-
- subsidiary of corporate shareholder	-	22,887	-	-
- deposits received on disposal of land	30,256	30,256	-	-

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER, 2000

	Group		Company	
	2000 RM'000	1999 RM'000	2000 RM'000	1999 RM'000
Accrued interest	<b>8,099</b>	29,392	-	24,185
Provision for liquidated ascertained damages	<b>3,500</b>	2,425	-	-
Due to companies related to certain former directors	<b>5,858</b>	5,858	<b>5,858</b>	5,858
Other creditors and accruals	<b>29,102</b>	28,662	<b>19,223</b>	20,114
	<b>83,894</b>	141,592	<b>32,008</b>	57,203

The amount owing to Johor Corporation, a corporate shareholder in the prior year bore interest at 7.49% per annum, was unsecured and had no fixed term of repayment.

## 12. SUBSIDIARIES

	Group	
	2000 RM'000	1999 RM'000
Unquoted shares, at cost	<b>295,418</b>	297,553
Provision for diminution in value	<b>(170,342)</b>	(171,176)
	<b>125,076</b>	126,377
Due from subsidiaries	<b>107,535</b>	165,015
Provision for doubtful debts	<b>(30,405)</b>	(95,346)
	<b>77,130</b>	69,669
Due to subsidiaries	<b>(84,109)</b>	(48,757)
	<b>118,097</b>	147,289

Shares in certain subsidiaries with net book value of RM121,328,000 are pledged to a consortium of banks as mentioned in Note 31.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER, 2000

The subsidiaries are:

(i) Incorporated in Malaysia

Name of Company	Effective Interest		Principal Activities
	2000 %	1999 %	
Kesang Land Sdn. Bhd.*	100	100	Inactive (Under members' voluntary liquidation)
Kesang Trading Sdn. Bhd.	100	100	Inactive
Kesang Kastory Enterprise Sdn. Bhd.	70	70	Inactive
Kesang Leasing Sdn. Bhd.	100	100	Lease, hire-purchase and loan financing (suspended)
Damansara Realty Management Services Sdn. Bhd.	100	100	Management services to holding and related companies.
Tanjung Tuan Hotel Sdn. Bhd.	100	100	Hotel operator
Kesang Properties Sdn. Bhd.	100	100	Property development (suspended) and investment holding.
Kesang Housing Sdn. Bhd.	100	100	Property development and property holding
Kesang Development Sdn. Bhd.	100	100	Property development (suspended)
Damansara Rhyolite Sdn. Bhd. (formerly known as Kuala Krai Realty Sdn. Bhd.)*	100	100	Property development (suspended)
Istiwa Sdn. Bhd.	100	100	Inactive
Kesang Industries Sdn. Bhd.	100	100	Investment Holding
Kesang Construction & Engineering Sdn. Bhd.	100	100	Inactive
Kesang Equipment Hire Sdn. Bhd.	100	100	Inactive

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER, 2000

Name of Company	Effective Interest		Principal Activities
	2000 %	1999 %	
Kesang Quarry Sdn. Bhd.	70	70	Quarrying
Pedas Quarry Sdn. Bhd.	55	55	Inactive
Kesang Resort & Hotels Sdn. Bhd.*	100	100	Investment holding (under members' voluntary liquidation)
Chendering Motel Sdn. Bhd.*	100	100	Inactive (under members' voluntary liquidation)
Kesang Associates Sdn. Bhd.*	100	100	Investment holding (under members' voluntary liquidation)
Syarikat Timor Jaya Plantation Sdn. Bhd.*	100	100	Inactive (under members' voluntary liquidation)
Damansara Realty Management (Timber Operations) Sdn. Bhd.	100	100	Inactive
Valiant Direction Sdn. Bhd.	-	100	Inactive
Damansara Forest Products (Malaysia) Sdn. Bhd.	100	100	Inactive
Damansara Realty (Pahang) Sdn. Bhd.	60	60	Property development
Damansara Town Centre Sdn. Bhd.	100	100	Property investment and management
JOLS Construction Sdn. Bhd.	100	100	Inactive
Sungei Gadut Quarry Sdn. Bhd.	100	100	Inactive
Golden Dragon Garden Sdn. Bhd.	100	100	Property development
GDG Leisure Sdn. Bhd.	-	100	Inactive
Imbasan Dasar Sdn. Bhd.	100	100	Property developer (suspended)

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER, 2000

(ii) Incorporated in Papua New Guinea

Name of Company	Effective Interest		Principal Activities
	2000 %	1999 %	
Damansara Forest Products (PNG) Pty. Ltd.*	100	100	Timber operations (under members' voluntary liquidation)
Damansara-Pai Pty. Ltd.*	85	85	Development of oil palm plantation (under members' voluntary liquidation)
Damansara-Siau Pty. Ltd.*	85	85	Inactive (under members' voluntary liquidation)
Damansara-Batai Pty. Ltd.*	85	85	Inactive (under members' voluntary liquidation)

\* These subsidiaries under members' voluntary liquidation are not consolidated and are not audited by Messrs Arthur Andersen & Co.

## 13. ASSOCIATED COMPANIES

	Group		Company	
	2000 RM'000	1999 RM'000	2000 RM'000	1999 RM'000
Quoted shares in Malaysia, at cost	149,782	149,782	149,782	149,782
Share of post acquisition reserve less losses	954	859	-	-
	<b>150,736</b>	150,641	<b>149,782</b>	149,782
Provision for diminution	<b>(142,110)</b>	(132,670)	<b>(142,110)</b>	(132,670)
	<b>8,626</b>	17,971	<b>7,672</b>	17,112
Unquoted shares, at cost	13,128	13,128	13,079	13,079
Share of post acquisition reserves less losses	578	5	-	-
	<b>13,706</b>	13,133	<b>13,079</b>	13,079
Provision for diminution	<b>(4,286)</b>	(4,286)	<b>(4,286)</b>	(4,286)
	<b>9,420</b>	8,847	<b>8,793</b>	8,793
Advances to associated companies	5,904	25	5,904	25
	<b>23,950</b>	26,843	<b>22,369</b>	25,930

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER, 2000

	Group		Company	
	2000 RM'000	1999 RM'000	2000 RM'000	1999 RM'000
Represented by:				
Share of net tangible assets	33,079	32,411		
Share of intangible assets	174	174		
Advances	5,904	25		
	<b>39,157</b>	32,610		
Goodwill on acquisition	131,189	131,189		
Provision for diminution	(146,396)	(136,956)		
	<b>23,950</b>	26,843		
Market value of quoted shares in Malaysia as at 31 December	<b>7,671</b>	16,639		

The advances made to associated companies in the current financial year were made to assist an associated company to meet its short term cash flow requirements. This was necessary to protect the long term value of the Group and Company's investment in the associated company.

The quoted shares in Malaysia are pledged to a consortium of banks as mentioned in Note 31.

The associated companies are:

Name of Company	Effective Interest		Principal Activities
	2000 %	1999 %	
<b>Incorporated in the Republic of the Philippines</b>			
Kesang Mining Corporation Philippines ("KMCP")*	40	40	Gold mining (suspended)
Kesang Processing and Management Corporation ("KPMC")	40	40	Gold mining and provision of management services to KMCP (suspended)

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER, 2000

Name of Company	Equity Interest		Principal Activities
	2000 %	1999 %	
<b>Incorporated in the Republic of Indonesia</b>			
P.T. Waka Oberoi	30	30	Hotel operator
<b>Incorporated in Malaysia</b>			
Uniphoenix Damansara Security Services Sdn. Bhd.	50	50	Security services (under members' voluntary liquidation)
Pembinaan Nadzri Sdn. Bhd.	36.25	36.25	Construction
Long Huat Group Berhad **	32	32	Investment holding, timber moulding and machining activities
Damansara-Harta Management Sdn. Bhd.	49	49	Property management

\* KPMC holds 60% (1999 : 60%) of the equity interest in KMCP thereby resulting in the Group having an effective interest of 64% (1999 : 64%) in KMCP.

\*\* Shares quoted on the Second Board of the Kuala Lumpur Stock Exchange.

## 14. OTHER INVESTMENTS

Group and Company	2000 RM'000	1999 RM'000
Overseas quoted shares, at cost	3,819	3,819
Provision for diminution	(3,819)	(3,819)
	-	-
Unquoted shares, at cost	1,128	3,388
Provision for diminution	(800)	(2,550)
	328	838
	328	838
Market value of overseas quoted shares as at 31 December	-	-

The overseas quoted shares were suspended from trading and were accordingly provided for in full in prior years.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER, 2000

## 15. FIXED ASSETS

### Group

	Land and buildings* RM'000	Plant and machinery RM'000	Site Infrastructure and renovation RM'000	Others** RM'000	Total RM'000
<b>Cost</b>					
At 1 January	4,078	8,127	1,068	14,945	28,218
Winding up of subsidiaries	(1,115)	(5,560)	-	(517)	(7,192)
Additions	746	245	463	2,300	3,754
Disposals	(2,663)	-	-	(1,699)	(4,362)
Written off	-	(476)	(11)	(21)	(508)
At 31 December	1,046	2,336	1,520	15,008	19,910
<b>Accumulated Depreciation</b>					
At 1 January	649	6,690	312	8,665	16,316
Winding up of subsidiaries	(470)	(4,777)	-	(341)	(5,588)
Charge for the year	18	248	125	1,053	1,444
Disposals	(46)	-	-	(1,236)	(1,282)
Written off	-	(476)	(4)	(8)	(488)
At 31 December	151	1,685	433	8,133	10,402
<b>Net Book Value</b>					
<b>At 31 December, 2000</b>	<b>895</b>	<b>651</b>	<b>1,087</b>	<b>6,875</b>	<b>9,508</b>
At 31 December, 1999	3,429	1,437	756	6,280	11,902
Depreciation charge for 1999	57	1,382	-	1,228	2,667

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER, 2000

\* Land and buildings of the Group comprise:

## Group

	Freehold RM'000	Short term lease RM'000	Long term lease RM'000	Total RM'000
<b>Cost/Valuation</b>				
Balance at 1 January	2,663	300	1,115	4,078
Disposal of subsidiaries	-	-	(1,115)	(1,115)
Additions	746	-	-	746
Disposals	(2,663)	-	-	(2,663)
Balance at 31 December	746	300	-	1,046
<b>Accumulated depreciation</b>				
Balance at 1 January	36	143	470	649
Disposal of subsidiaries	-	-	(470)	(470)
Charge for the year	9	8	-	17
Disposals	(45)	-	-	(45)
Balance at 31 December	-	151	-	151
<b>Net Book value at 31 December, 2000</b>	<b>746</b>	<b>149</b>	<b>-</b>	<b>895</b>
Net Book value at 31 December, 1999	2,627	157	645	3,429
Depreciation charge for 1999	18	7	32	57

## Company

	Freehold land and buildings RM'000	Site infrastructure and renovations RM'000	Others** RM'000	Total RM'000
<b>Cost</b>				
At 1 January	2,663	1,024	4,247	7,934
Additions	-	-	102	102
Disposals	(2,663)	-	(1,296)	(3,959)
Written off	-	(11)	(21)	(32)
Transfer to subsidiary	-	-	(67)	(67)
At 31 December	-	1,013	2,965	3,978
<b>Accumulated Depreciation</b>				
At 1 January	38	294	1,883	2,215
Charge for the year	8	103	428	539
Disposals	(46)	-	(864)	(910)
Written off	-	(4)	(8)	(12)
Transfer to subsidiary	-	-	(42)	(42)
At 31 December	-	393	1,397	1,790

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER, 2000

## Company

	Freehold land and buildings RM'000	Site infrastructure and renovations RM'000	Others** RM'000	Total RM'000
<b>Net Book Value</b>				
<b>At 31 December, 2000</b>	-	620	1,568	2,188
At 31 December, 1999	2,625	730	2,364	5,719
Depreciation charge for 1999	19	102	521	642

\*\*Other fixed assets comprise office equipment, furniture, fittings and motor vehicles.

The title deed to the long term leasehold land on which the Group's hotel property (Regency Hotel and Resort) is located has not been transferred to the subsidiary concerned. As a result, full provision against the net book value of RM32,962,000 was made in 1998. The above leasehold land cannot be transferred, charged or sold without the prior written approval from the State Government of Negeri Sembilan.

The Group is restrained from selling or otherwise transacting the hotel property pursuant to an injunction order issued by the Kuala Lumpur High Court.

Included in other fixed assets are motor vehicles and plant and machinery held under hire purchase and lease financing with net book values as follows:

	Group		Company	
	2000 RM'000	1999 RM'000	2000 RM'000	1999 RM'000
Hire purchase	914	462	69	330
Lease	126	284	126	165

Fixed asset additions of the Group financed by the Company during the financial year amounted to RM590,000 (1999 : RM Nil).

## 16. INVESTMENT PROPERTY

The investment property comprises six blocks of 7-storey and three blocks of 6-storey shop/office building known as Pusat Bandar Damansara located in Kuala Lumpur.

The investment property was last revalued in the financial year ended 31 December, 1999 by a firm of professional valuers and a provision for diminution in value of RM74,651,000 was made to reflect this valuation. The investment property is pledged to a consortium of banks as mentioned in Note 31.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER, 2000

## 17. PROPERTIES HELD FOR DEVELOPMENT

	Group		Company	
	2000 RM'000	1999 RM'000	2000 RM'000	1999 RM'000
Freehold land - at cost	369,292	369,292	-	-
- at valuation	1,740	1,740	-	-
Long term leasehold land	41,717	41,717	41,717	41,717
Development expenditure	88,589	81,636	-	-
	<b>501,338</b>	494,385	<b>41,717</b>	41,717
Provision for diminution in value	<b>(145,183)</b>	(145,183)	<b>(36,717)</b>	(36,717)
	<b>356,155</b>	349,202	<b>5,000</b>	5,000

The freehold land stated at valuation was valued based on independent market valuation conducted in 1993. The Group is adopting the transitional provision of IAS 16 which allows the Group to retain the carrying amount on the basis of previous valuation. A provision for diminution in value of RM854,000 was made in respect of this property in prior year based on an independent professional valuation conducted in April, 2000.

Freehold land with a cost of RM289,016,000 was revalued based on a valuation of the land by a firm of professional valuers in April, 2000. Based on this valuation, a provision for diminution in value of RM79,060,000 was made in the prior year.

The long term leasehold land is charged to a financial institution to secure credit facilities for the Company.

Included in development expenditure is interest expense capitalised during the year of RM5,521,322 (1999 : RM5,519,139).

In prior year, a provision for diminution in value of RM36,717,000 was made against the long term leasehold land based on valuation by a firm of professional valuers dated 13 October, 1999.

Certain parcels of land under properties held for development of a subsidiary with a net book value of RM163,128,000 are charged to a financial institution to secure the credit facilities of certain third parties as disclosed in Note 32(d).

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER, 2000

## 18. LONG TERM LOANS

	Group		Company	
	2000 RM'000	1999 RM'000	2000 RM'000	1999 RM'000
8.5% term loan from Employees Provident Fund ("EPF")	-	540,000	-	540,000
Syndicated term loan	57,926	57,927	-	-
Term loan	10,000	10,000	-	-
Advances from shareholders of a subsidiary	3,000	3,000	-	-
Others	671	742	671	742
	<b>71,597</b>	611,669	<b>671</b>	540,742
Less: Portion payable within twelve months included under short term borrowings (Note 10)	<b>(13,200)</b>	(568,835)	-	(540,000)
	<b>58,397</b>	42,834	<b>671</b>	742

The syndicated term loan bears interest at 8.8% to 10.95% (1999 : 8.80% to 11.00%) per annum and is fully secured on the Security Agency Agreement, the first party fixed legal charge over the 2,050 acres of land in Kuantan, Pahang Darul Makmur, the Deed of Assignment of Deposits and guaranteed by the Company. The syndicated term loan is repayable within five years.

The term loan of RM10,000,000 (1999 : RM10,000,000) bears interest at 9.5% per annum (1999 : at 9.50% to 14.50%) and is secured by a first fixed charge over landed properties belonging to the joint venture land owner of a subsidiary's property development project. This term loan is repayable over a period of 7 years commencing from 1997 by way of lump sum payment or redemption of land titles.

The advances from shareholders of a subsidiary are unsecured, interest free and have no fixed term of repayment.

## 19. HIRE PURCHASE AND LEASE CREDITORS

	Group		Company	
	2000 RM'000	1999 RM'000	2000 RM'000	1999 RM'000
Future minimum payment are as follows:				
Payable within one year	308	217	106	106
Payable between one and five years	743	503	71	393
	<b>1,051</b>	720	<b>177</b>	499
Less: finance charges	<b>(247)</b>	(171)	<b>(37)</b>	(111)
	<b>804</b>	549	<b>140</b>	388

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER, 2000

	Group		Company	
	2000 RM'000	1999 RM'000	2000 RM'000	1999 RM'000
Representing hire purchase and lease liabilities:				
Due within 12 months (Note 11)	237	291	85	204
Due after 12 months	567	258	55	184
	<u>804</u>	<u>549</u>	<u>140</u>	<u>388</u>

## 20. DEFERRED TAXATION

### Group

	2000 RM'000	1999 RM'000
At 1 January	57,967	89,624
Transfer to income statement (Note 28)	(19)	(31,657)
At 31 December	<u>57,948</u>	<u>57,967</u>
Deferred taxation is in respect of:		
- timing differences between depreciation and capital allowances	-	19
- differences between Group carrying value and original cost of property held for development of a subsidiary	57,948	57,948
	<u>57,948</u>	<u>57,967</u>

## 21. SHARE CAPITAL

### Group & Company

	2000 RM'000	1999 RM'000
Ordinary shares of RM1.00 each:		
Authorised	<u>1,000,000</u>	<u>1,000,000</u>
Issued and fully paid		
At 1 January	781,689	776,249
Issued during the year	-	5,440
At 31 December	<u>781,689</u>	<u>781,689</u>

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER, 2000

## 22. MINORITY INTEREST

Included in minority interest are "A" and "B" Redeemable Convertible Cumulative Preference Shares "RCCPS" issued by Damansara Town Centre Sdn. Bhd. ("DTCSB"), a subsidiary as follows:

	<b>Par Value RM</b>	<b>Premium RM</b>	<b>Total RM</b>
"A" RCCPS	2,370,000	234,630,000	237,000,000
"B" RCCPS	4,000,000	396,000,000	400,000,000
	<b>6,370,000</b>	<b>630,630,000</b>	<b>637,000,000</b>

The principal term of the A and B RCCPS are as follows:

"A" RCCPS carry a gross annual dividend rate of 12.5% of the issue price per annum until full conversion or redemption.

The "A" RCCPS carry an Optional Redemption feature whereby DTCSB has a "one time" option to redeem by way of issuance of new ordinary shares and/or other instruments in NEWCO. NEWCO will be a company to be incorporated pursuant to the Company's Proposed Reconstruction and Restructuring Exercise as described in Note 33(b). If DTCSB does not exercise the Optional Redemption, the outstanding RCCPS are redeemable for cash at a redemption sum of RM1.00 each on 5 January, 2005.

The "A" RCCPS are convertible into new ordinary shares in DTCSB at the rate of one new ordinary share of RM1.00 each for every RCCPS held. The conversion can be effected on any market day up to and including 5 January, 2005.

"B" RCCPS carry a net annual dividend rate (after allowing for tax deduction at source) equal to the effective rate of borrowing procured by the holder for the purpose of subscribing to the "B" RCCPS.

Unless previously converted, the "B" RCCPS are redeemable for cash at RM1.00 per share on 12 January, 2005.

The "B" RCCPS are convertible at the option of the holder into new ordinary shares in DTCSB at the rate of one new ordinary share of RM1.00 each for every "B" RCCPS held. The conversion can be effected on any market day up to and including 12 January, 2000. The "B" RCCPS are not transferable.

Both the "A" and "B" RCCPS are capable of Redemption-in-Specie whereby the holders shall have an option ("Call Option") to require the Company to transfer the investment property known as Damansara Town Centre ("DTC") held by DTCSB and its 60% shareholdings in Damansara Realty (Pahang) Sdn. Bhd., either as a whole or in part in satisfaction of outstanding RCCPS at the maturity date.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER, 2000

The exercise price for the call option be determined in the following manner:

Exercise Price = Market value of Assets – Amount outstanding on “A” and “B”  
RCCPS

Dividends on both classes of the RCCPS are to be distributed in priority to any payment in respect of any other class of shares of the Company on semi-annual basis.

The Company will pay dividends on the “A” and “B” RCCPS so long as there are sufficient distributable profits and there is sufficient cash flow. The dividends are cumulative in that those not paid will be cumulated up to the date of full payment.

## 23. REVENUE

Revenue of the Group and Company comprises:

	Group		Company	
	2000 RM'000	1999 RM'000	2000 RM'000	1999 RM'000
Property rental	46,878	53,484	2,525	53,484
Property development and construction services	11,379	-	9,237	-
Provision of hotel services	6,235	4,447	-	-
Sales of logs	-	28	-	-
	<b>64,492</b>	<b>57,959</b>	<b>11,762</b>	<b>53,484</b>

## 24. OTHER OPERATING INCOME

Included in other operating income are:

	Group		Company	
	2000 RM'000	1999 RM'000	2000 RM'000	1999 RM'000
Bad debts recovered	-	45	-	-
Adjustment on deconsolidation of liquidated subsidiaries	518	-	-	-
Gain on disposal of fixed assets	953	121	-	-
Gain on disposal of property held for development	902	-	-	-
Interest income	412	785	106	478
Reversal of provision for diminution in value of subsidiary	-	-	-	5,058
Rental income	97	45	-	-
Sales of agricultural products	2,551	2,227	-	-

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER, 2000

## 25. STAFF COSTS

Included in staff costs of the Company and the Group is directors remuneration of RM794,376 (1999 : RM773,384) and RM794,376 (1999 : RM924,384) respectively.

## 26. OTHER OPERATING EXPENSES

Included in other operating expenses are:

	Group		Company	
	2000 RM'000	1999 RM'000	2000 RM'000	1999 RM'000
Auditors' remuneration				
- current year	121	157	37	50
- underprovision in prior year	-	2	-	-
Loss on liquidation of subsidiaries	-	-	1,815	-
Loss on disposal of fixed assets	903	-	903	11
Office rental	65	61	-	-
Property management fees paid to associated company*	641	600	24	600
Provision for diminution in value:-				
- associated company	9,440	4,367	9,440	4,367
- unquoted investment	800	-	800	-
- property held for development	-	110,720	-	36,717
- investment property	-	74,651	-	74,651
Provision for doubtful debts				
- subsidiaries	-	-	-	11,682
- associated companies	-	242	-	242
- other	783	1,721	-	1,705
Professional fee paid to a firm in which a former director has interest	-	297	-	297
Write off of:				
- bad debts	258	616	258	616
- fixed assets	20	14	20	14
- estate development	-	2,081	-	-
- intangible assets	-	1,375	-	-
- quarrying rights	-	2,001	-	-
- site infrastructure	-	4,783	-	-
- goodwill	2,864	-	-	-

\* The property management fees are payable to Damansara-Harta Management Sdn. Bhd. ("DHSB"). DHSB is also an associated company of Johor Corporation. The directors are of the opinion that the arrangement with DHSB is entered into in the normal course of business and the management fees are determined on a negotiated basis.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER, 2000

## 27. FINANCE COST

Finance cost includes interest expense of the Company and the Group of RM3,908,000 (1999: RM50,612,000) and RM6,329,000 (1999: RM 53,089,000) respectively.

## 28. TAXATION

	Group		Company	
	2000 RM'000	1999 RM'000	2000 RM'000	1999 RM'000
Taxation based on profit for the year	7,753	-	-	-
Over provision in prior year	(5)	(139)	-	-
Share of taxation of associated companies	169	259	-	-
Deferred taxation (Note 20)	(19)	(31,657)	-	-
	<u>7,898</u>	<u>(31,537)</u>	<u>-</u>	<u>-</u>

## 29. LOSS PER SHARE - GROUP

The basic and diluted loss per share are calculated as follows:

	2000	1999
Net loss for the year (RM'000)	22,642	199,429
Weighted average number of shares ('000)	<u>781,689</u>	<u>781,689</u>
Basic and diluted loss per share (Sen)	2.9	25.5

## 30. PRIOR YEAR ADJUSTMENT

During the current financial year, the Group changed its accounting policy with respect to the preliminary and pre-operating expenses to comply with MASB 1, Presentation of Financial Statements. The Group expensed off these preliminary expenses and pre-operating expenses in the financial year they are incurred. Such expenses were previously capitalised and would only be written off upon commencement of operations. This change in accounting policy has been accounted for retrospectively. The comparative financial statements for 1999 have been restated to conform to the changed policy. The effect of the change is an increase in the net loss for the year of RM777,000. The effect relating to periods prior to 1999 of RM3,726,000 have been adjusted against the opening accumulated losses for the year ended 31 December, 1999.

## 31. ASSETS PLEDGED FOR RELATED PARTY BORROWINGS

Investment property, together with a parcel of land held for development, certain shares in subsidiaries and quoted investment in associated company held by the Company with net book value of RM683,998,858 is charged to a consortium of banks who provided a bank guarantee facility of RM400,000,000 to Johor City Development Sdn. Bhd. ("JCD") pursuant to a Bank Guarantee Facility Agreement dated 5 January, 2000 of which the Company is a joint obligor.

The bank guarantee was fully utilised to secure the following facilities obtained by JCD:

- (i) Guaranteed Revolving Underwritten Note Issuance Facility (GRUNIF) of up to RM224,000,000.
- (ii) Guaranteed Serial Bonds amounting to RM100,000,000.
- (iii) Guaranteed Fixed Rate Loan of RM76,000,000

The proceeds from the above facilities of RM400,000,000, were utilised for subscription of "B" RCCPS in DTCSB described in Note 22. The subscription was used to part finance the repayment of term loan from the Employee's Provident Fund amounting to RM566 million comprising RM540 million in principal and approximately RM26 million in interest outstanding on 18 January, 2000. As described in Note 33(b), as part of the Group's Reconstruction and Restructuring scheme, the Company proposed to acquire the entire issued and paid-up capital of JCD.

## 32. CONTINGENT LIABILITIES

### Unsecured

- (a) At 31 December, 2000, the Company is contingently liable to the extent of RM600,000 (1999 : RMNil) in respect of corporate guarantee provided for hire purchase facility granted to a subsidiary.
- (b) At 31 December, 2000, the Company is contingently liable to the extent of RM57,926,452 in respect of corporate guarantee provided for term loan facility of a subsidiary.
- (c) The Company and its subsidiary, Damansara Forest Products (PNG) Ltd ("DFP") received a claim from its logging and stevedoring contractor for the Pai Timber concession in Papua New Guinea ("PNG") arising out of the cessation of logging activities by DFP. Interim judgement on liability was recorded by the National Court in PNG whereas assessment of damages is fixed for hearing in May 2001. The Company is disputing the claim since it was not a party to the logging contract. Further, there were no instructions given to the solicitors for DFP to enter an appearance and/or defence for the Company and the Company has issued instructions to its solicitors in PNG to apply for the judgement to be set aside.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER, 2000

- (d) The Group is in dispute with a third party in the calculation of tribute relating to quarrying activities amounting to RM637,924. The Company is of the opinion that no provision is required for the disputed amount. The summons of the third party was struck off with costs on 17 December, 2000 by the Court. The third party has filed an appeal, which is fixed for 13 June, 2001.
- (e) On 5 June, 2000, the Company was served with a Writ of Summons by Spectra Heights Sdn. Bhd. ("Spectra Heights"), a logging contractor who had entered into a logging contract with a subsidiary (currently in liquidation) to fell and extract timber in the Batai timber concession in Papua New Guinea. The said logging contract had become incapable of performance since the relevant Authorities did not issue a Timber Authority for the Batai Tract. Spectra Heights is also seeking indemnity and loss of profits on other business propositions that were merely in the preliminary stages with no formal contracts being executed.

The total amount of damages claimed by Spectra Heights amounts to approximately RM180 million for expenses and loss of profits. The case is still in the preliminary stages and the Company's solicitors are of the opinion that even if Spectra Heights manages to succeed on establishing liability, the quantum of damages recoverable would be limited to the disbursements and expenses incurred by Spectra Heights which would be further subjected to strict proof to the satisfaction of the Court.

On 30 October, 2000 the application for directions for Spectra was heard and the Court ordered Spectra to file and serve its list of documents on the Company within 120 days. Thereafter, the Company is given a further 120 days to file and serve its list of documents on Spectra and upon the Company having done so, both parties have a further 30 days to inspect the documents referred to. After inspection, Spectra had been given 90 days to set the matter down for trial. The list of documents of Spectra have yet to be served to the Company even though the timeframes fixed by the Court has lapsed.

## **Secured**

- (f) At 31 December, 2000, the Group is contingently liable to the extent of RM63,065,000 (1999 : RM57,136,000) in respect of property held for development pledged as security for credit facilities extended to a buyer of a portion of a subsidiary's development property and the buyers' joint venture partner. The discharge of the charge is pending subdivision of the master title and transfer of the charge to the subdivided title of the disposed portion.

## 33. SIGNIFICANT AND SUBSEQUENT EVENTS

### (a) Issuance Of Redeemable Convertible Cumulative Preference Shares ("RCCPS")

The Company entered into a Share Subscription Agreement ("SSA") with Johor Corporation ("JC") on 31 December, 1999 for JC to subscribe to 187 million "A" RCCPS with a par value of RM0.01 each in Damansara Town Centre Sdn. Bhd. ("DTCSB") at an issue price of RM1.00 each. Further, the Company has entered into a SSA with Malaysian National Insurance Berhad ("MNI") and Takaful Nasional Sdn. Bhd. ("Takaful") on 5 January, 2000 for MNI and Takaful to subscribe to 37 million and 13 million "A" RCCPS in DTCSB at an issue price of RM1.00 each respectively. On 12 January, 2000, the Company also entered into a SSA with Johor City Development Sdn. Bhd. ("JCD") for JCD to subscribe to 400 million "B" RCCPS with par value of RM0.01 each in DTCSB at an issue price of RM1.00 each. All subscriptions were for cash and were completed by 18 January, 2000.

### (b) Proposed Reconstruction and Restructuring Scheme

With the issuance of RCCPS mentioned in (a), the Company is now proceeding with the remaining components of the Proposed Reconstruction and Restructuring Exercise as announced on 29 June, 1999 and revised on 8 July, 1999, 21 July, 2000 and 12 December, 2000.

#### (i) Proposed Capital Reduction

The existing share capital of the Company of RM781,689,857 comprising 781,689,857 ordinary shares of RM1.00 each is proposed to be reduced to RM234,506,957 comprising 781,689,857 ordinary shares of RM0.30 each. Thereafter, the entire 781,689,857 ordinary shares of RM0.30 each will be consolidated on the basis of one new ordinary share of RM1.00 for every 3.3 ordinary shares of RM0.30, upon which the share capital of the Company will comprise of 234,506,957 ordinary shares of RM1.00 each. The reduction of RM0.70 for every existing ordinary share would give rise to a credit of RM547,182,900 which would be utilised to reduce the Company's accumulated losses.

#### (ii) Proposed Share Exchange

The ordinary shares of the Company will be exchanged for new ordinary shares of RM1.00 each in NEWCO, a company to be incorporated, on the basis of two new ordinary shares and one Warrant in NEWCO for every two ordinary shares in the Company held after the Proposed Capital Reduction. The Proposed Share Exchange will be implemented via a scheme of arrangement among the existing shareholders under Section 176 of the Companies Act, 1965.

Upon completion of the Proposed Share Exchange, the Company will be a wholly-owned subsidiary of NEWCO and the issued and fully paid-up share capital of NEWCO will comprise 234,506,957 ordinary shares of RM1.00 each, with 117,253,478 Warrants in issue.

### **(iii) Proposed Redemption of RCCPS**

It is proposed that the entire "A" RCCPS will be redeemed entirely from subscribers by the issuance of 237,000,000 new ordinary shares of RM1.00 each and 94,800,000 Warrants in NEWCO on the basis of five new ordinary shares and two Warrants in NEWCO for five RCCPS.

### **(iv) Proposed Acquisition of Johor City Development Sdn. Bhd.**

On 3 July, 1999, the Company and Johor Corporation ("JC") entered into a conditional Sale and Purchase Agreement ("Agreement") for the acquisition of Johor City Development Sdn. Bhd. ("JCD"). Pursuant thereto, NEWCO will acquire from JC the enlarged issued and paid-up capital of JCD comprising 172,500,002 ordinary shares of RM1.00 each and RM380,300,000 nominal amount of loan stocks in JCD for a total purchase consideration of RM552,800,002 to be satisfied by the issuance of 552,800,002 new ordinary shares of RM1.00 each in NEWCO.

JCD principally is an investment holding company and has acquired from JC the Sg. Papan Estate, an oil palm estate measuring 3,025.9 hectares situated at Kota Tinggi, Johor for a purchase consideration of RM172,500,000, the Komtar Building, a commercial complex comprising a 3 storey retail podium and a 22 storey office tower with the total land area of 4.77 acres located in the town of Johor Bahru, Johor for a purchase consideration of RM164,300,000 and the Tampoi land, a development land measuring 250 acres known as Taman Intan, situated in Tampoi, Johor for a purchase consideration of RM216,000,000. The acquisitions were satisfied by the issuance of 172,500,000 new ordinary shares of RM1.00 each in JCD at par and the issuance of 380,300,000 loan stocks in JCD.

### **(v) Proposed Acquisition of Additional Assets**

In addition, the company proposes to acquire the following additional assets: -

- 20% equity interest in Bertam Properties Sdn. Bhd. ("Bertam") comprising 12,000,000 ordinary shares of RM1.00 each from JC for a purchase consideration of RM49,007,705 and the assignment in favour of the Company of shareholders' advances made to Bertam by JC amounting to RM8,400,535 all together to be satisfied by the assignment of deposits of RM57,408,240 currently owed to the Company by third parties.
- a piece of land known as Larkin Business Park from Changkat Fajar Sdn. Bhd. for a purchase consideration of RM70,000,000 to be satisfied partly by the assignment of deposits of RM12,000,000 owing to the Company by a group of third parties and the balance by the issuance of 58,000,000 new ordinary shares of NEWCO at an issue price of RM1.00 per share.
- a piece of land known as Gebeng Land from Landpac Resorts Sdn. Bhd. for a purchase consideration of RM87,000,000 to be satisfied by the issuance of 87,000,000 new ordinary shares in NEWCO at an issue price of RM1.00 per share.

### **(vi) Proposed acquisition of 20% of Damansara Realty (Pahang) Sdn. Bhd.**

Proposed acquisition of 20% equity interest in Damansara Realty (Pahang) Sdn. Bhd. comprising 4,000,000 ordinary shares of RM1.00 each from Lembah Angsana Sdn. Bhd. for a purchase consideration of RM23,725,217 to be satisfied by the issuance of 23,725,217 new ordinary shares in NEWCO at an issue price of RM1.00 per share;

**(vii) Proposed Restricted Offer for Sale (“ROS”)**

JC will offer a certain number of NEWCO ordinary shares of RM1.00 each (to be attached with NEWCO Warrants) to the existing shareholders of the Company at an offer price to be determined later, in order to enable other shareholders to consolidate their shareholdings in NEWCO following the Proposed Capital Reduction. The Proposed ROS will not be underwritten.

**(viii) Proposed Delisting of the Company and Listing of NEWCO**

NEWCO ordinary shares of RM1.00 each are to be listed on the Main Board of the Kuala Lumpur Stock Exchange (“KLSE”) as a replacement to the listing of the Company.

**(ix) Proposed private placement of up to 100,000,000 new ordinary shares in NEWCO at an issue price to be determined later.**

The above proposals are subject to approval by the shareholders and relevant authorities.

**(c) Proposed acquisition of Vital Esteem Berhad (VEB), Skudai Parade and Ipoh Land**

The proposed acquisitions of Skudai Parade and Ipoh Land were terminated on 25 June, 1999. The proposed acquisition of VEB was terminated on 18 July, 2000. RM69,408,240 of the deposits paid for these proposed acquisitions are to be assigned to the vendors as part of the consideration for the acquisition of additional assets described in (b)(v) above. The Company is in the process of formulating a settlement or an assignment scheme to recover the remaining deposit of RM26,379,601.

**(d) Quarry operations agreement**

On 1 September, 2000, the Company entered into a Quarry Operations Agreement with Johor Corporation to undertake quarrying activities on a parcel of land measuring 275 acres in Mukim Tanjung Surat, Kota Tinggi, Negeri Johor.

The Company will subsequently assign its right as contractor to operate the Quarry to its wholly owned subsidiary Damansara Rhyolite Sdn. Bhd. (formerly known as Kuala Krai Realty Sdn. Bhd.) for the quarry operations upon receipt of approval from relevant authorities.

**(e) Liquidation of subsidiaries**

During the financial year, members’ voluntary liquidations were initiated in respect of the following subsidiaries:

Kesang Land Sdn. Bhd.  
Kesang Resort & Hotels Sdn. Bhd.  
Chendering Motel Sdn. Bhd.  
Kesang Associates Sdn. Bhd.  
Syarikat Timor Jaya Plantations Sdn. Bhd.  
Damansara Forest Products (PNG) Pty. Ltd.  
Damansara - Pai Pty. Ltd.  
Damansara - Siau Pty. Ltd.  
Damansara - Batai Pty. Ltd.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER, 2000

## 34. SEGMENT ANALYSIS

### (a) Analysis by activity

	Revenue RM'000	Profit/(loss) before taxation RM'000	Total assets employed RM'000
<b>2000</b>			
Property letting	46,879	23,975	580,605
Property development and construction	11,379	(4,593)	365,113
Quarry and mining	-	(805)	356
Hotel operations	6,234	613	14,063
Agro forestry and timber related	-	192	14,522
Investment holding	-	(20,483)	117,399
Other services	-	810	828
	<u>64,492</u>	<u>(291)</u>	<u>1,092,886</u>
<b>1999</b>			
Property letting	53,484	38,362	17,253
Plantation	-	2,392	124,175
Property development and construction	-	(77,388)	223,057
Quarry and mining	-	(3,355)	642
Hotel operations	4,447	336	13,810
Agro forestry and timber related	28	(9,317)	19,734
Investment holding	-	(180,469)	665,022
Other services	-	(924)	820
	<u>57,959</u>	<u>(230,363)</u>	<u>1,064,513</u>

### (b) Analysis by geographical location

	Revenue RM'000	Profit/(loss) before taxation RM'000	Total assets employed RM'000
<b>2000</b>			
Malaysia	64,492	(791)	1,083,783
Indonesia	-	500	9,103
	<u>64,492</u>	<u>(291)</u>	<u>1,092,886</u>
<b>1999</b>			
Malaysia	57,931	(222,111)	1,054,167
Indonesia	-	1,478	8,602
Papua New Guinea	28	(9,730)	1,744
	<u>57,959</u>	<u>(230,363)</u>	<u>1,064,513</u>

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER, 2000

## 35. COMPARATIVE FIGURES

The presentation of the financial statements for the current year has been changed to adopt the format as prescribed by Malaysian Accounting Standards Board Standard 1 : Presentation of Financial Statements. Comparative figures have been reclassified to conform with this presentation, where necessary.

# LIST OF PROPERTIES HELD BY THE GROUP

AS AT 31 DECEMBER, 2000

	Location	Tenure	Area	Description	Age of Building	Net Book Value RM'000
1.	Geran 10474 Lot 8345, Geran 25354 Lot 4541, Mukim of Kuala Lumpur.	Freehold	9.5 acres	6 blocks of 7-storey and 3 blocks of 6-storey shop/office building for rental	16 years	550,000
2.	Lot 7, 8, 823 Mukim Sg. Karang, Pahang. Lot 6, 11, 1026 Mukim Besar, Pahang.	Freehold	2,050 acres	Vacant land held for residential and commercial development	N/A	65,952
3.	Lot 2080, Mukim Kuala Krai, Kelantan.	Freehold	2.45 acres	Vacant land held for future commercial development	N/A	746
4.	P.N. Lot 5628, Mukim Si Rusa, Daerah Port Dickson, Negeri Sembilan.	Leasehold expiring year 2080	5.38 acres	3-storey hotel with 218 rooms	11 years	-
5.	No. P.T. 14648, Mukim Ampangan, Daerah Seremban, Negeri Sembilan.	Leasehold expiring year 2023	60 acres	Vacant land held for quarry.	N/A	96
6.	No. P.T. 823, Mukim Pedas, Daerah Rembau, Negeri Sembilan.	Leasehold expiring year 2023	40 acres	Vacant land held for quarry.	N/A	61
7.	Unsold portion of Lot No. 1543, H.S. (D) KA 08071/84 Lot 926 – 1553, H.S. (D) KA 07454 – 08081/84 Mukim Sungai Raia, Daerah Kinta, Perak.	Freehold      Leasehold Expiring 2084	96.81 acres	Vacant land held for commercial development	N/A	210,000
8.	Lot P.T. 692 (Lot 30845), Desa Petaling, Mukim Petaling, Wilayah Persekutuan.	Freehold	11,514 sq. ft.	8 units of office lots for sale/rental	3 years	3,292
9.	Lot P.T. 1982, Mukim Hulu Telom, Cameron Highlands, Pahang.	Leasehold expiring 2035	709,903 sq. ft.	Vacant Land held for future development into a mixed-use entertainment destination resort include theme park.	N/A	5,000
10.	Lot 2649, Town of Kuala Terengganu, District of Kuala Terengganu, Terengganu.	Freehold	18,485.78 sq. ft.	Vacant land held for residential development	N/A	-
11.	Lot 2655, Town of Kuala Terengganu, District of Kuala Terengganu, Terengganu.	Freehold	11,053.35 sq. ft.	Vacant land held for residential development	N/A	-

# SHAREHOLDING STATISTICS

AS AT 30 APRIL, 2001

Authorised Share Capital	:	RM1,000,000,000
Issued and Fully Paid-Up Capital	:	RM 781,689,857
Class of Shares	:	Ordinary Share of RM1.00 each
Voting Right	:	1 vote per ordinary share

## Breakdown of Shareholdings

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
Less than 1,000	314	0.14	129,117	0.02
1,000 - 10,000	67,296	88.23	231,213,995	29.58
10,001 - 100,000	8,295	10.88	216,078,625	27.64
100,001 to less than 5% of Issued Capital	368	0.48	164,539,120	21.05
5% and above of Issued Capital	1	0.00	169,729,000	21.71
<b>TOTAL</b>	<b>76,274</b>	<b>100.00</b>	<b>781,689,857</b>	<b>100.00</b>

## Substantial Shareholders

Name	No. of Shares	%
1. Perbadanan Johor Group	169,729,000	21.71
- Johor Ventures Sdn. Bhd.	7,143,000	
- Kulim (Malaysia) Berhad	10,000,000	
- Johor Capital Holdings Sdn. Bhd.	1,000,000	
- Sindora Berhad	5,500,000	3.02
2. Employees Provident Fund Board	31,556,000	4.04

## Analysis of Shareholders

	No. of Shareholders	%	No. of Shares	%
Malaysian - Bumiputra	30,694	37.47	374,759,691	47.94
- Others	49,717	60.68	372,122,208	47.60
Foreigners	1,516	1.85	34,807,958	4.46
<b>TOTAL</b>	<b>81,927</b>	<b>100.00</b>	<b>781,689,857</b>	<b>100.00</b>

# SHAREHOLDING STATISTICS

AS AT 30 APRIL, 2001

## Thirty Largest Shareholders

Name	No. of Shares	%
1. Perbadanan Johor	169,729,000	21.71
2. Employees Provident Fund Board	31,556,000	4.04
3. Kulim (Malaysia) Berhad	10,000,000	1.28
4. Bank Simpanan Nasional Malaysia – 2 a/cs	9,563,000	1.22
5. Johor Ventures Sdn. Bhd.	7,143,000	0.91
6. Menteri Kewangan Malaysia	5,600,020	0.72
7. Sindora Berhad	5,500,000	0.70
8. UOBM Noms (A) Sdn. Bhd. - A/C United Overseas Bank Noms (Pte) Ltd for Hung Yook Thong	2,600,000	0.33
9. Citicorp Noms (T) Sdn. Bhd. - A/C Tan Sei Han (472519)	2,271,000	0.29
10. Lim Khueng Ngi	2,109,000	0.27
11. Cartaban Noms (A) Sdn. Bhd. - A/C SSBT Fund ZV6M for State Street Bank & Trust Fund for Employee Trusts	1,772,000	0.23
12. Cartaban Noms (A) Sdn. Bhd. - A/C SSBT Fund ZV3M for IFC Emerging Markets Fund Malaysia	1,767,100	0.23
13. Liew Sio Mio @ Liew Hoi Foo	1,650,000	0.21
14. Chia Hooi Liang – 2 a/cs	1,412,000	0.18
15. Lim Seng Chee	1,397,000	0.18
16. UOBM Noms (A) Sdn. Bhd. - A/C United Overseas Bank Noms (Pte)Ltd for Ltd for House of Hung Pte	1,376,000	0.18
17. Onn Ping Lan	1,353,000	0.17
18. Tay Kim Pong	1,294,000	0.17
19. Public noms (T) Sdn. Bhd. - A/C Wong Lai Cheng (SMF-BTL)	1,094,000	0.14
20. Tan Han Seng – 2a/cs	1,070,000	0.14
21. Tay Teck Ho	1,050,000	0.13
22. Johor Capital Holdings Sdn. Bhd.	1,000,000	0.13
23. Manohran a/l Vellapan	1,000,000	0.13
24. Woon Chuan Keong –2a/cs	991,000	0.13
25. Amanah Raya Noms (T) Sdn. Bhd. - A/C Amanah Saham Selangor	978,000	0.13
26. Tang Oi Man	840,000	0.11
27. Malaysia Noms (T) Sdn. Bhd. - A/C Zalaraz Sdn. Bhd.	800,000	0.10
28. Alliedban Noms (T) Sdn. Bhd. - A/C for Ng Kian Bee (188AJ0808)	755,000	0.10
29. Alliedban Noms (T) Sdn. Bhd. - A/C for Chia Hooi Liang (338AB2995)	703,000	0.09
30. Amanah Raya Berhad - Kumpulan Modal Bumiputra Pahang – 5a/cs	690,000	0.09

# PROXY FORM

DAMANSARA

REALTY BERHAD

(4030-D)

(Incorporated in Malaysia)

I/We .....  
of .....  
being a Member/Members of Damansara Realty Berhad, hereby appoint .....  
.....  
of .....  
or failing him/her .....  
of .....  
or failing him/her, the Chairman of the Meeting, as my/our proxy to vote for me/us on my/our behalf at the Thirty-eighth Annual General Meeting of the Company to be held on Friday, 15 June, 2001 at 10.00 a.m. which will be held at Dewan Terbuka, Level 1, Block K, Pusat Bandar Damansara, 50490 Kuala Lumpur or any adjournment thereof in respect of my/our holding of ..... shares in the manner indicated below:

NO.	RESOLUTIONS	FOR	AGAINST	ABSTAINED
1.	Adoption of Accounts and Reports for the year ended 31 December, 2000			
2.	Re-election of Yg. Bhg. Dato' Syed Alwi b. Syed Nasir			
3.	Re-election of Encik Kamaruzzaman bin Abu Kassim			
4.	Re-election of Mr. Romesh Roy Joshi			
5.	Re-appointment of Auditors and to authorise the Directors to fix the Auditors' remuneration			

(Please indicate with a (✓) in the spaces provided whether you wish your votes to be cast for or against the resolutions. In the absence of specific directions, your proxy will vote or abstain as he thinks fit).

Dated this ..... day of ....., 2001

.....  
*Signature*  
**First or Sole Shareholder or  
Common Seal**

**Notes:**

*A member entitled to attend and vote at a meeting of the Company is entitled to appoint one or more proxies (who need not be the members of the Company) to attend and vote instead of the member. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company, Level 1, Block E, Pusat Bandar Damansara, 50490 Kuala Lumpur.*

*The instrument appointing a proxy in the case of an individual shall be signed by the appointor or his attorney and in case of a corporation, the instrument appointing a proxy or proxies must be under seal or under the hand of the officer or attorney duly authorised.*