

financial statements

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directors' report

The Directors have pleasure in submitting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 August 2000.

PRINCIPAL ACTIVITIES

The Company is principally an investment holding company. The Company also engages in trading activities and provides management services to its subsidiary companies.

The Group is principally engaged in construction and engineering services, property development, publishing and broadcasting, financial services and power generation.

There have been no significant changes in the nature of the activities of the Group and of the Company during the financial year other than those mentioned in Note 37 to the financial statements.

FINANCIAL RESULTS

	Group RM'000	Company RM'000
Profit after taxation	73,599	186,761
Minority interests	(15,915)	—
Net profit attributable to shareholders	57,684	186,761

DIVIDENDS

No dividend has been paid or declared by the Company since 31 August 1999. The Directors do not recommend the payment of any dividend for the financial year ended 31 August 2000.

RESERVES AND PROVISIONS

Material transfers to or from reserves and provisions during the financial year are shown in the financial statements.

SHARE CAPITAL

During the financial year, the issued and paid-up share capital of the Company increased from RM969,780,832 to RM975,095,499 by way of the issuance of 5,314,667 ordinary shares of RM1.00 each as follows:

Purpose of issue	No. of ordinary shares of RM1.00 each
Exercise of share options by eligible employees pursuant to the Employees' Share Option Scheme	5,314,667

The above ordinary shares issued during the financial year rank pari-passu in all respects with the existing ordinary shares of the Company.

EMPLOYEES' SHARE OPTION SCHEME

The Malaysian Resources Corporation Berhad Employees' Share Option Scheme ("ESOS" or the "Scheme") was approved by the shareholders at the Extraordinary General Meeting held on 9 February 1996 and became effective on 4 April 1996.

The details of the ESOS are contained in the Bye-Laws and the salient features thereof are as follows:

- (a) The Scheme is set up for the participation in the ordinary share capital of the Company only.

The total number of shares to be offered under the ESOS shall not exceed 10% of the total number of issued and paid-up ordinary shares of the Company at any time during the tenure of the Scheme. At the commencement of the Scheme, the total number of shares available for offer is 49,292,624 ordinary shares of RM1.00 each.
- (b) Eligible employees are those who have been in the service of the Group for a continuous period of at least one (1) year for Malaysian employees (including full-time Executive Directors who are involved in the day-to-day management and on the payroll of the Company) and five (5) years of continuous service with the Group for non-Malaysian employees.
- (c) The ESOS shall continue to be in force for a duration of five (5) years commencing from 4 April 1996 and expiring on 3 April 2001.
- (d) The Scheme shall be administered by the Option Committee which shall comprise senior management staff appointed by the Board of Directors.
- (e) An Option granted under the ESOS shall be capable of being exercised by the grantee by notice in writing to the Company during the year commencing from the date of the offer and expiring on 3 April 2001. The Option granted shall be exercisable by the grantee in the following manner:

Year of exercising the Options	% to be exercised (cumulative) Options offered on the implementation of the ESOS	% to be exercised in equal proportion over the remaining life of the ESOS		
		Options offered in the 2nd year of the ESOS	Options offered in the 3rd year of the ESOS	Options offered in the 4th year of the ESOS
Year 1	15	—	—	—
Year 2	30	25	—	—
Year 3	60	50	33	—
Year 4	80	75	66	50
Year 5	100	100	100	100

Options granted for each year may be exercised in full or in such lesser number of shares provided that the number shall be in multiples of and not less than 1,000 shares.

- (f) The price at which the eligible employees are entitled to take up shares under the ESOS is the average of the mean market quotations of the shares of the Company (as quoted and shown in the Daily Diary of the Kuala Lumpur Stock Exchange) for the five (5) market days preceding the respective dates of offer of the Options, or the nominal value of the share, whichever is higher.
- (g) An eligible employee can only participate in one ESOS implemented by any company in the Group at any one time.
- (h) All the new ordinary shares issued arising from the ESOS rank pari-passu in all respects with the existing ordinary shares of the Company.

directors' report (continued)

During the financial year, the number of ordinary shares of RM1.00 each covered under Options granted, exercised, lapsed and unissued pursuant to the ESOS are as follows:

Tranche	Date	Price*	No. of ordinary shares of RM1.00 each covered under Options				At 31.8.2000
			At 1.9.1999	Granted	Exercised	Lapsed	
1	4 Apr 1996	RM4.48	15,600,334	—	(12,000)	(754,000)	14,834,334
2	31 May 1996	RM4.61	3,916,333	—	(7,667)	(624,000)	3,284,666
3	31 Aug 1996	RM5.69	5,410,667	—	—	(196,000)	5,214,667
4	30 Nov 1996	RM6.92	3,523,000	—	—	—	3,523,000
5	28 Feb 1997	RM4.09	3,752,667	—	(19,000)	(18,000)	3,715,667
6	31 May 1997	RM4.09	3,378,333	—	(35,000)	—	3,343,333
7-10	1 Aug 1998	RM1.00	4,291,000	—	(2,519,000)	(47,000)	1,725,000
11	30 Sep 1998	RM1.00	1,141,000	—	(656,000)	—	485,000
12	4 Jan 1999	RM1.44	1,640,000	—	(1,026,000)	—	614,000
13	20 Mar 1999	RM1.00	422,000	—	(219,000)	—	203,000
14	8 Jun 1999	RM1.73	513,000	—	(341,000)	(8,000)	164,000
15	8 Sep 1999	RM2.61	—	1,168,000	(80,000)	(5,000)	1,083,000
16	10 Dec 1999	RM2.41	—	539,000	(81,000)	(15,000)	443,000
16A	12 Jan 2000	RM2.59	—	43,137,000	(319,000)	(22,000)	42,796,000
17-18	28 Jun 2000	RM2.08	—	1,149,000	—	—	1,149,000
			43,588,334	45,993,000	(5,314,667)	(1,689,000)	82,577,667

* The Option prices for Tranche 1 to Tranche 6 have been adjusted for the effect of the bonus issue of one (1) new ordinary share for every three (3) existing ordinary shares held, issued by the Company on 3 September 1997.

DIRECTORS

The Directors who have held office during the period since the date of the last report are:

Y. Bhg. Dato' Seri Abdul Rahman Maidin (President)

Y. Bhg. Datuk Zahari Omar (Executive Vice President)

Y. Bhg. Dato' Ahmad Hj. Ibniহার (appointed on 27.9.2000)

Y. Bhg. Dato' Zainol Abidin Dato' Hj. Salleh (appointed on 27.9.2000)

Dr. Abdul Rahman Bidin (appointed on 27.9.2000)

Encik Jamil Bidin (appointed on 27.9.2000)

Dr. Lim Ken Huat (appointed on 27.9.2000)

Encik Mohd Ibrahim Mohd Nor (resigned on 1.6.2000)

Y. Bhg. Datuk Abdul Kadir Jasin (resigned on 1.6.2000)

Encik Ahmad Jauhari Yahya (resigned on 1.7.2000)

Encik Abdul Rahman Hj. Sulaiman (resigned on 27.9.2000)

Mr. Seow Lun Hoo (resigned on 27.9.2000)

In accordance with Article 100 of the Company's Article of Association, Y. Bhg. Dato' Ahmad Hj. Ibniহার, Y. Bhg. Dato' Zainol Abidin Dato' Hj. Salleh, Dr. Abdul Rahman Bidin, Encik Jamil Bidin and Dr. Lim Ken Huat, who were appointed to the Board during the period, retire from office at the forthcoming Annual General Meeting and, being eligible, offer themselves for election.

In accordance with Article 95 of the Company's Articles of Association, Y. Bhg. Dato' Seri Abdul Rahman Maidin retires from office at the forthcoming Annual General Meeting and, being eligible, offers himself for re-election.

DIRECTORS' BENEFITS

During and at the end of the financial year, no arrangements subsisted to which the Company is a party, being arrangements with the object or objects 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.

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive any benefit (other than Directors' remuneration and benefits disclosed in Note 6 to the financial statements) 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, the interest of Directors in office at the end of the financial year in shares in the Company were as follows:

	Number of ordinary shares of RM1.00 each			
	At 1.9.1999	Acquired	Sold	At 31.8.2000
Deemed interest in the Company				
Y. Bhg. Dato' Seri Abdul Rahman Maidin	314,152,156	—	(69,295,000)	244,857,156

Y. Bhg. Dato' Seri Abdul Rahman Maidin is deemed to have an interest in shares of the Company by virtue of his substantial interest in Realmild (M) Sdn. Bhd. which in turn has a substantial interest in the Company.

By virtue of his interest in shares of the Company, the abovementioned Director is also deemed to have a substantial interest in shares in the subsidiary companies and associated companies of the Company to the extent the Company has an interest.

The other Directors in office at the end of the financial year did not hold any interest in shares in or debentures of the Company and its related corporations.

STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS

Before the income statements and balance sheets of the Group and of the Company were made out, the Directors took reasonable steps:

- (a) to ascertain that action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and
- (b) to ensure that any current assets, other than debts, which were unlikely to realise in the ordinary course of business their values as shown in the accounting records of the Group and of the Company had been written down to an amount which they might be expected so to realise.

directors' report (continued)

.....

At the date of this report, the Directors are not aware of any circumstances:

- (a) which would render the amounts written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or
- (b) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or
- (c) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

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 Group or of the Company to meet their obligations when they fall due.

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

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

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 which would render any amount stated in the financial statements misleading.

In the opinion of the Directors:

- (a) the results of the Group's and of the Company's operations during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and
- (b) 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 to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made except as disclosed in Note 38 to the financial statements.

AUDITORS

The auditors, PricewaterhouseCoopers, have expressed their willingness to continue in office.

In accordance with a resolution of the Board of Directors dated 21 December 2000

DATO' SERI ABDUL RAHMAN MAIDIN
President

DATUK ZAHARI OMAR
Executive Vice President

statement by directors

Pursuant to Section 169(15) of the Companies Act, 1965

We, DATO' SERI ABDUL RAHMAN MAIDIN and DATUK ZAHARI OMAR, two of the Directors of MALAYSIAN RESOURCES CORPORATION BERHAD, state that, in the opinion of the Directors, the financial statements set out on pages 49 to 101 are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 August 2000 and of the results and cash flows of the Group and of the Company for the financial year ended on that date in accordance with the applicable approved accounting standards in Malaysia and the provisions of the Companies Act, 1965.

In accordance with a resolution of the Board of Directors dated 21 December 2000

DATO' SERI ABDUL RAHMAN MAIDIN

President

DATUK ZAHARI OMAR

Executive Vice President

statutory declaration

Pursuant to Section 169(16) of the Companies Act, 1965

I, LEE TEU LUAN, the Officer primarily responsible for the financial management of MALAYSIAN RESOURCES CORPORATION BERHAD, do solemnly and sincerely declare that the financial statements set out on pages 49 to 101 are, in my opinion, 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.

LEE TEU LUAN

Subscribed and solemnly declared by the
abovenamed LEE TEU LUAN at KUALA LUMPUR,
Malaysia on 21 December 2000.

Before me,

A.T. Lim Jo Sen A.M.N.

70M (Mezz. Fl.) Jalan Putra
50350 Kuala Lumpur

COMMISSIONER FOR OATHS

report of the auditors

to the Members of Malaysian Resources Corporation Berhad (Company No. 7994D)

We have audited the financial statements set out on pages 49 to 101. 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 auditing standards 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 so as to give a true and fair view of:
 - (i) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements; and
 - (ii) the state of affairs of the Group and of the Company as at 31 August 2000 and of the results and cash flows of the Group and of the Company for the financial year ended on that date;

and

- (b) the accounting and other records and the registers required by the Act to be kept by the Company and by the subsidiary companies of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

The names of the subsidiary companies of which we have not acted as auditors are indicated in Note 35 to the financial statements. We have considered the financial statements of these subsidiary companies and the auditors' report thereon.

We are satisfied that the financial statements of the subsidiary companies 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 those purposes.

The auditors' reports on the financial statements of the subsidiary companies were not subject to any qualification and did not include any comment made under subsection 3 of Section 174 of the Act.

PRICEWATERHOUSECOOPERS

(No. AF: 1146)

Public Accountants

GUMURI BIN HUSSAIN

(No. 892/4/02 (J))

Partner of the firm

Kuala Lumpur

21 December 2000

income statements

for the financial year ended 31 August 2000

		Group		Company	
	Note	2000 RM'000	1999 RM'000	2000 RM'000	1999 RM'000
Revenue	4	248,570	228,991	18,904	46,783
Cost of sales		(218,974)	(190,865)	(6,182)	(13,258)
Gross profit		29,596	38,126	12,722	33,525
Other operating income	5	10,979	26,141	2,456	27,968
Selling and distribution costs		(675)	(497)	(291)	(161)
Administrative expenses		(35,740)	(34,146)	(19,167)	(9,436)
Other operating expenses		(27,808)	(128,257)	(23,553)	(66,970)
Gain/(loss) on disposal of:					
– subsidiary companies		654	(102)	–	(160)
– associated companies		122,090	(8,981)	250,338	1,308
– other investment		733	–	733	–
Provision for diminution in value of investments in:					
– subsidiary companies		–	–	–	(117,932)
– associated company		–	(999,545)	–	(1,345,382)
– other investments		–	(8,563)	–	(5,000)
Loss on cessation of business		–	(14,645)	–	–
Profit/(loss) from operations	6	99,829	(1,130,469)	223,238	(1,482,240)
Finance cost	7	(101,402)	(190,238)	(50,550)	(59,063)
Share of results of associated companies		82,864	(86,093)	–	–
Profit/(loss) from ordinary activities before taxation		81,291	(1,406,800)	172,688	(1,541,303)
Taxation	8	(7,692)	(41,717)	14,073	–
Profit/(loss) from ordinary activities after taxation		73,599	(1,448,517)	186,761	(1,541,303)
Minority interests		(15,915)	14,932	–	–
Net profit/(loss) attributable to shareholders		57,684	(1,433,585)	186,761	(1,541,303)
Earnings/(loss) per share (sen)					
– Basic	9	5.93	(148.63)		

The notes on pages 59 to 101 form an integral part of these financial statements.

balance sheets

as at 31 August 2000

		Group		Company	
	Note	2000 RM'000	1999 RM'000	2000 RM'000	1999 RM'000
NON CURRENT ASSETS					
Property, plant and equipment					
Operational property, plant and equipment	10a	94,575	102,398	4,873	2,508
Investment properties	10b	258,429	53,714	—	—
		353,004	156,112	4,873	2,508
Development properties	11	591,949	500,922	3,920	3,870
Expressway development expenditure		15,650	11,128	—	—
Subsidiary companies	12	—	—	74,059	72,858
Associated companies	13	1,637,543	1,888,568	1,474,784	1,636,067
Other investments	14	1,407	1,407	1,110	1,110
Project development expenditure	15	4,084	4,808	—	—
Goodwill on consolidation		31,763	30,168	—	—
		2,635,400	2,593,113	1,558,746	1,716,413
CURRENT ASSETS					
Development properties	11	250,445	218,428	—	—
Inventories	16	14,891	143,090	—	—
Trade and other receivables	17	499,053	530,983	837,918	485,122
Marketable securities	19	290	1,270	—	—
Bank balances and deposits	20	100,879	37,854	1,081	385
		865,558	931,625	838,999	485,507
CURRENT LIABILITIES					
Provisions for liabilities and charges	21	18,195	30,941	—	—
Trade and other payables	22	493,395	475,638	308,439	304,114
Short term borrowings	24	1,116,145	923,227	532,162	534,575
Taxation		31,289	31,822	—	—
		1,659,024	1,461,628	840,601	838,689
NET CURRENT LIABILITIES		(793,466)	(530,003)	(1,602)	(353,182)
NON CURRENT LIABILITIES					
Provisions for liabilities and charges	21	1,408	964	715	964
Long term liabilities	25	502,908	801,852	149,624	149,223
Deferred taxation	28	(12,540)	(12,113)	—	—
		491,776	790,703	150,339	150,187
		1,350,158	1,272,407	1,406,805	1,213,044
CAPITAL AND RESERVES					
Share capital	29	975,096	969,781	975,096	969,781
Reserves		166,524	109,751	431,709	243,263
Shareholders' equity		1,141,620	1,079,532	1,406,805	1,213,044
Minority interests		208,538	192,875	—	—
		1,350,158	1,272,407	1,406,805	1,213,044

The notes on pages 59 to 101 form an integral part of these financial statements.

consolidated statement of changes in equity

for the financial year ended 31 August 2000

	Share Capital	Non-distributable			Distributable	
	Nominal value RM'000	Share premium RM'000	Statutory reserves RM'000	Currency translation difference RM'000	Retained earnings/ (accumulated losses) RM'000	Total RM'000
At 1 September 1999	969,781	1,006,725	52,519	–	(949,493)	1,079,532
Issue of share capital						
– exercise of Options under ESOS	5,315	1,685	–	–	–	7,000
Share in the transfer to statutory reserves by associated companies	–	–	17,476	–	(17,476)	–
Currency translation arising in the financial year	–	–	–	15	–	15
Net profit for the financial year	–	–	–	–	57,684	57,684
Share of an associated company's prior year adjustment	–	–	–	–	(2,611)	(2,611)
At 31 August 2000	975,096	1,008,410	69,995	15	(911,896)	1,141,620
At 1 September 1998	963,129	1,006,165	37,714	–	498,897	2,505,905
Issue of share capital						
– exercise of Options under ESOS	6,652	560	–	–	–	7,212
Share in the transfer to statutory reserves by associated companies	–	–	14,805	–	(14,805)	–
Net loss for the financial year	–	–	–	–	(1,433,585)	(1,433,585)
At 31 August 1999	969,781	1,006,725	52,519	–	(949,493)	1,079,532

The notes on pages 59 to 101 form an integral part of these financial statements.

company statement of changes in equity

for the financial year ended 31 August 2000

	Share Capital	Non- Distributable	Distributable	
	Nominal value RM'000	Share premium RM'000	Retained earnings/ (accumulated losses) RM'000	Total RM'000
At 1 September 1999	969,781	1,006,725	(763,462)	1,213,044
Issue of share capital				
– exercise of Options under ESOS	5,315	1,685	–	7,000
Net profit for the financial year	–	–	186,761	186,761
At 31 August 2000	975,096	1,008,410	(576,701)	1,406,805
At 1 September 1998	963,129	1,006,165	777,841	2,747,135
Issue of share capital				
– exercise of Options under ESOS	6,652	560	–	7,212
Net loss for the financial year	–	–	(1,541,303)	(1,541,303)
At 31 August 1999	969,781	1,006,725	(763,462)	1,213,044

The notes on pages 59 to 101 form an integral part of these financial statements.

cash flow statements

for the financial year ended 31 August 2000

		Group		Company	
	Note	2000 RM'000	1999 RM'000	2000 RM'000	1999 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit/(loss) before taxation		81,291	(1,406,800)	172,688	(1,541,303)
Adjustments for:					
Interest expense		101,167	117,807	50,550	59,063
Depreciation of operational property, plant and equipment		10,679	9,832	1,073	1,265
Depreciation of investment properties		1,354	1,354	–	–
Operational property, plant and equipment written off		14	50	3	–
Project development expenditure amortised/written off		1,770	42	–	–
Net provision for doubtful debts		2,866	58,943	521	56,640
Net (gain)/loss on disposal/dilution of investments in:					
– subsidiary companies		(654)	102	–	160
– associated companies		(122,090)	8,981	(250,338)	(1,308)
– other investment		(733)	–	(733)	–
– marketable securities		(2,133)	(3,039)	–	–
Share in results of associated companies		(82,864)	86,093	–	–
(Write back of)/provision for liabilities and charges		(12,266)	7,987	(213)	92
(Write back of)/provision for foreseeable losses on contracts		(11,991)	39,780	–	–
Interest income		(3,980)	(24,372)	(5,124)	(33,228)
Net (gain)/loss on disposal of operational property, plant and equipment		(951)	229	(140)	–
Net unrealised (gain)/loss on foreign exchange		(272)	69,799	–	–
Dividend income		(13)	(49)	(4,334)	(16,938)
Provision for diminution in value of investments in:					
– subsidiary companies		–	–	–	117,932
– associated company		–	999,545	–	1,345,382
– other investments		–	8,563	–	5,000
Loss on cessation of business		–	14,645	–	–
		(38,806)	(10,508)	(36,047)	(7,243)

cash flow statements

for the financial year ended 31 August 2000 (continued)

	Note	Group		Company	
		2000 RM'000	1999 RM'000	2000 RM'000	1999 RM'000
Increase in development properties		(56,770)	(74,961)	(50)	(10)
Increase in expressway development expenditure		(4,522)	(2,980)	—	—
(Increase)/decrease in project development expenditure		(913)	512	—	—
(Increase)/decrease in inventories		(87,859)	338	—	—
Decrease/(increase) in receivables		1,851	167,455	(181,521)	200,200
Decrease in marketable securities		3,113	3,914	—	—
Increase in amounts due from subsidiary companies		—	—	(172,744)	(440,098)
Decrease/(increase) in amounts due from associated companies		12,595	27,718	947	(10,214)
(Decrease)/increase in payables		(42,066)	70,319	6,114	15,647
Decrease in deferred liabilities		(162,338)	(72,374)	—	—
Net cash (used in)/generated from operations		(375,715)	109,433	(383,301)	(241,718)
Interest received		3,980	24,372	5,124	33,228
Dividends received from:					
— associated companies		3,630	13,983	3,120	12,160
— marketable securities		10	—	—	—
Taxation recovered/(paid)		4,451	(35,236)	15,287	4,743
Interest paid		(125,522)	(130,178)	(50,550)	(59,063)
Retirement benefits paid		(36)	(22)	(36)	(22)
Net cash outflow from operating activities		(489,202)	(17,648)	(410,356)	(250,672)
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds from disposal of shares in associated companies		436,434	53,054	411,621	33,081
Proceeds from disposal of operational property, plant and equipment		5,073	3,562	559	—
Net cash from disposal and dilution of interest in subsidiary companies	A	1,973	(833)	—	1,481
Proceeds from disposal of other investments		733	207	733	—
Purchase of a subsidiary company	B	287	(2,619)	—	(1,656)
Dividends received from other investments		—	35	—	35
Purchase of operational property, plant and equipment		(9,286)	(6,015)	(3,860)	(429)
Purchase of investment in associated companies		—	(14,040)	—	(8,529)
Purchase of other investments		—	(407)	—	(200)
Purchase of additional shares in investments in subsidiary companies		—	—	(1,201)	—
Net cash inflow from investing activities		435,214	32,944	407,852	23,783

cash flow statements

for the financial year ended 31 August 2000 (continued)

		Group		Company	
	Note	2000 RM'000	1999 RM'000	2000 RM'000	1999 RM'000
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from short term borrowings		78,484	20,205	73,834	19,750
Proceeds from long term loans		219,726	118,698	–	–
Proceeds from issue of shares		7,000	7,212	7,000	7,212
Repayment of long term loans		(150,882)	(423,343)	(43,959)	–
Repayment of short term borrowings		(18,594)	(97,325)	(18,513)	(45,988)
Fixed deposits (held)/released as security value		(3,697)	124,723	–	–
Net cash inflow/(outflow) from financing activities		132,037	(249,830)	18,362	(19,026)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS					
		78,049	(234,534)	15,858	(245,915)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR					
		(82,843)	151,691	(100,940)	144,975
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR					
	30	(4,794)	(82,843)	(85,082)	(100,940)

The notes on pages 59 to 101 form an integral part of these financial statements.

cash flow statements

for the financial year ended 31 August 2000 (continued)

(A) SUMMARY OF EFFECTS ON DISPOSAL AND DILUTION OF INTEREST IN SUBSIDIARY COMPANIES

	2000 RM'000	1999 RM'000
Net assets disposed:		
Property, plant and equipment	3,445	588
Inventories	7	–
Trade and other receivables	2,557	2,364
Cash and bank balances	–	192
Deposits with licensed banks	–	2,122
Trade and other payables	(4,872)	(2,855)
Bank overdraft	(998)	–
Taxation	–	(211)
Deferred taxation	–	(122)
Minority interests	(48)	(955)
Net assets disposed	91	1,123
Incidental cost on disposal of subsidiary company	230	–
Exceptional gain/(loss) on disposal	654	(102)
Goodwill on consolidation	–	460
Total consideration received from disposal	975	1,481
Less: Cash and bank balances disposed	–	(192)
Deposits with licensed banks disposed	–	(2,122)
Bank overdraft	998	–
Net cash from disposal and dilution of interest in subsidiary companies	1,973	(833)

On 23 August 2000, Zelleco (M) Sendirian Berhad, a 70% owned subsidiary company completed the disposal of its entire 65% equity interest in Zelleco Metal Galvanishing Sdn. Bhd. ("ZMG") for a total cash consideration of RM975,000 (Note 37(f)).

The effect of the disposal of ZMG on the results of the Group for the current period to the date of disposal was as follows:

	Financial period ended 23.8.2000 RM'000	Financial year ended 31.8.1999 RM'000
Revenue	237	2,843
Operating costs	(1,753)	(4,164)
Gain on disposal of subsidiary company	654	–
Loss on operations	(862)	(1,321)
Finance cost	(240)	(309)
Loss before taxation	(1,102)	(1,630)
Taxation	–	–
Loss after taxation and attributable to shareholders	(1,102)	(1,630)

cash flow statements

for the financial year ended 31 August 2000 (continued)

(A) SUMMARY OF EFFECTS ON DISPOSAL AND DILUTION OF INTEREST IN SUBSIDIARY COMPANIES (continued)

The effect of the disposal of ZMG on the financial position of the Group was as follows:

	At 23.8.2000 RM'000	At 31.8.1999 RM'000
Property, plant and equipment	3,445	3,920
Inventories	7	6
Trade and other receivables	2,557	2,775
Cash and bank balances	–	13
Trade and other payables	(4,872)	(4,131)
Short term borrowings	–	(368)
Bank overdraft	(998)	(320)
Minority interests	(48)	(663)
Net assets disposed	91	1,232

(B) SUMMARY OF EFFECTS ON ACQUISITION OF SUBSIDIARY COMPANIES

	2000 RM'000	1999 RM'000
Net assets acquired:		
Property, plant and equipment	43	23,321
Other investments	–	22
Development properties	19,162	–
Project development expenditure	2	–
Goodwill	–	210
Inventories	–	829
Trade and other receivables	237	3,875
Deposits with finance companies	308	755
Cash and bank balances	–	94
Trade and other payables	(21,326)	(26,062)
Bank overdraft	(21)	(1,812)
Taxation	–	(300)
Long term loan	–	(1,930)
Net assets acquired	(1,595)	(998)
Goodwill on acquisition	1,595	2,654
Purchase consideration	–	1,656
Less: Deposits with finance companies acquired	(308)	(755)
Cash and bank balances acquired	–	(94)
Bank overdraft	21	1,812
Net cash (obtained from)/used for acquisition of subsidiary company	(287)	2,619

On 8 April 2000, the Group entered into a Share Sale Agreement for the acquisition of 100% equity interest in Novelway Investments (Pty) Ltd. for a nominal consideration of SAR100 (Note 37(c)).

cash flow statements

for the financial year ended 31 August 2000 (continued)

(B) SUMMARY OF EFFECTS ON ACQUISITION OF SUBSIDIARY COMPANIES (continued)

The effect of the acquisition on the financial results of the Group from the date of acquisition to 31 August 2000 was as follows:

	RM'000
Revenue	–
Operating costs	(117)
Loss on operations	(117)
Finance cost	(88)
Loss before taxation	(205)
Taxation	–
Loss after taxation and attributable to shareholders	(205)

The effect of the acquisition on the financial position of the Group at 31 August 2000 was as follows:

	At 31.8.2000 RM'000
Property, plant and equipment	43
Development properties	18,992
Project development expenditure	2
Goodwill on consolidation	1,595
Trade and other receivables	234
Cash and bank balances	284
Trade and other payables	(21,340)
Net liabilities	(190)

1 GENERAL INFORMATION

The Company is principally an investment holding company. The Company also engages in trading activities and provides management services to its subsidiary companies.

The Group is principally engaged in construction and engineering services, property development, publishing and broadcasting, financial services and power generation.

The principal activities of the subsidiary companies and associated companies are described in Note 35 to the financial statements.

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and listed on the Main Board of the Kuala Lumpur Stock Exchange.

The address of the registered office of the Company is as follows:

Aras 10, Menara MRCB
No. 2, Jalan Majlis 14/10
Seksyen 14
40000 Shah Alam
Selangor Darul Ehsan

2 BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The financial statements of the Group and of the Company have been prepared under the historical cost convention (as modified for the revaluation of certain investment properties and development properties), in accordance with the applicable approved accounting standards in Malaysia and the provisions of the Companies Act, 1965.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of consolidation

The consolidated income statement and balance sheet include the financial statements of the Company and all its subsidiary companies made up to the end of the financial year.

Financial statements of subsidiary companies are consolidated using the acquisition method of accounting, commencing from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases.

Under the acquisition method of accounting, the results of subsidiary companies acquired or disposed off during the financial year are included from the date of acquisition up to the date of disposal. At the date of acquisition, the fair values of the subsidiary companies' net assets are determined and these values are reflected in the consolidated financial statements. The difference between the acquisition cost and the fair values of the subsidiary companies' net assets is reflected as goodwill on consolidation.

All intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated; unrealised losses are also eliminated unless cost cannot be recovered. Where necessary, accounting policies for subsidiary companies have been changed to ensure consistency with the policies adopted by the Group. Separate disclosure is made of minority interests.

The gain or loss on disposal of a subsidiary company is the difference between net disposal proceeds and the Group's share of its net assets together with the goodwill on acquisition.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Goodwill on consolidation

Goodwill arising on consolidation represents the excess of the fair value of the purchase consideration of the subsidiary companies over the Group's share of the fair value of their separable net assets at the date of acquisition. Goodwill is stated at cost except where it is written off if, in the opinion of the Directors, it is permanently impaired. Goodwill written off by the associated companies is restated in the Group's financial statements to be consistent with the Group's policy.

(c) Subsidiary companies

A subsidiary company is a company in which the Group has power to exercise control over the financial and operating policies so as to obtain benefits from their activities.

Investments in subsidiary companies are stated at cost except where the Directors are of the opinion that there is a permanent diminution in the value of the investment, in which case provision is made for the diminution in value.

(d) Associated companies

Investments in associated companies are accounted for in the consolidated financial statements by the equity method of accounting. Associated companies are companies in which the Group exercises significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the associated companies but not control over those policies.

Investments in associated companies are stated at cost except where the Directors are of the opinion that there is a permanent diminution in the value of an investment, in which case provision is made for the diminution in value.

Equity accounting involves recognising in the income statement the Group's share of the results of associated companies for the period. The Group's investments in associated companies are carried in the balance sheet at an amount that reflects its share of the net assets of the associated companies and includes goodwill on acquisition. Equity accounting is discontinued when the carrying amount of the investment in an associated company reaches zero, unless the Group has incurred obligations or guaranteed obligations in respect of the associated company.

Unrealised gains on transactions between the Group and its associated companies are eliminated to the extent of the Group's interest in the associated companies; unrealised losses are also eliminated unless the transaction provides evidence on impairment of the asset transferred. Where necessary, in applying the equity method, adjustments are made to the financial statements of associated companies to ensure consistency of accounting policies with the Group.

(e) Joint ventures

The Group's interest in jointly controlled entities are accounted for in the consolidated financial statements by proportionate consolidation. Jointly controlled entities are corporations, partnership or other entities over which there is contractually agreed sharing of control by the Group with one or more parties. Under this method, the Group includes its share of the jointly controlled entities' individual income and expenses, assets and liabilities in the relevant components of the financial statements.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Other investments

Long term investments are stated at cost. Provision for diminution in value of investments is only made where, in the opinion of the Directors, there is a permanent diminution in their values. Permanent diminution in the value of an investment is recognised as an expense in the financial year in which the diminution is identified.

On disposal of an investment, the difference between net disposal proceeds and its carrying amount is charged or credited to the income statement.

(g) Marketable securities

Marketable securities are carried at the lower of cost and market value, determined on an aggregate portfolio basis by category of investment. Cost is derived at on the weighted average basis. Market value is calculated by reference to stock exchange quoted selling prices at the close of business on the balance sheet date. Increases/decreases in the carrying amount of marketable securities are credited/charged to the income statement.

On disposal of an investment, the difference between net disposal proceeds and its carrying amount is charged or credited to the income statement.

(h) Property, plant and equipment

Operational property, plant and equipment are stated at cost less accumulated depreciation except for freehold land and construction-in-progress which are not depreciated. Leasehold land is amortised on a straight line basis over the period of the lease of 99 years.

Other operational property, plant and equipment are depreciated on a straight line basis to write off the cost of each asset to their residual values over their estimated useful lives at the following annual rates:

Buildings	2%
Plant and machinery	5% – 20%
Furniture, fittings and office equipment	5% – 33 ¹ / ₃ %
Computer equipment and software	20% – 33 ¹ / ₃ %
Motor vehicles	20% – 33 ¹ / ₃ %

Investment properties held as assets are stated at cost or Directors' valuation which is based on a valuation by professional valuers in 1989 using the open market value basis, less accumulated depreciation. The leasehold land and buildings of the Group have not been revalued since the last valuation exercise as the Directors have not adopted a policy of regular revaluations of such assets.

Accordingly, the valuation of the revalued assets has not been updated and they continue to be stated at their last revalued amounts less depreciation as allowed under the transitional provisions issued by Malaysian Accounting Standards Board on adoption of International Accounting Standard No. 16 (revised).

Leasehold land under investment properties is amortised over the period of the respective leases which range from 66 years to 99 years. Depreciation is computed on the straight line method to write off the cost of each asset over its estimated useful live. The principal annual depreciation rate for building under investment properties is 2%.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Finance lease and hire purchase

Leases of property, plant and equipment where substantially all the benefits and risks of ownership are transferred to the Group and the Company are classified as finance leases.

Property, plant and equipment acquired under finance lease and hire purchase are capitalised in the financial statements and are depreciated in accordance with the policy set out in Note 3(h) above. The corresponding outstanding obligations due under the finance lease and hire purchase after deducting finance charges are included as liabilities in the financial statements. Finance charges are allocated to the income statements over the periods of the respective agreements.

(j) Project development expenditure

Expenditure incurred prior to the date of commencement of commercial operation is capitalised as project development expenditure and amortised over a period of not more than ten years when operation commences. Should no future economic benefits be expected to flow from the project development expenditure, the amount capitalised is charged as an expense in the income statement in the financial year in which such a decision is made.

(k) Foreign currencies

The Group's foreign entities are those operations that are not an integral part of the operations of the Company. Income statements of foreign entities are translated into Ringgit Malaysia at average exchange rates for the financial year and the balance sheets are translated at exchange rates ruling at the balance sheet date. Exchange differences arising from the retranslation of the net investment in foreign entities are taken to 'Currency translation difference' in shareholders' equity. On disposal of the foreign entity, such translation differences are recognised in the income statement as part of the gain or loss on disposal.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the Group and translated at the exchange rate ruling at the date of the transaction.

Financial statements of foreign operations that are integral to the operations of the Company are translated using procedures in the following paragraph as if the transactions of the foreign operations had been those of the Company.

Transactions in foreign currencies are converted into Ringgit Malaysia at the exchange rates ruling at the transaction dates. Monetary assets and liabilities in foreign currencies at the balance sheet date are converted into Ringgit Malaysia at the rates of exchange ruling on that date. Exchange differences arising from the settlement of foreign currency transactions and from the translation of foreign currency monetary assets and liabilities are included in the income statements.

The principal closing rates used in translation of foreign currency amounts are as follows:

Foreign currency	31.8.2000 RM	31.8.1999 RM
1 US Dollar	3.825	3.826
1 Deutschemark	1.761	2.065
1 Swedish Kroner	2.448	2.157
100 South African Rand	54.43	62.37

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) Development properties

Development properties are stated at cost or Directors' valuation which is based on valuation by professional valuers in 1989 and 1995 in the respective subsidiary companies concerned, using the open market value basis plus attributable profits less progress billings and provision for foreseeable losses. Those freehold and leasehold land of the Group which are stated at valuation have not been revalued since the last valuation exercise as the Directors have not adopted a policy of regular revaluations of such assets.

Cost comprises land cost and development expenditure which includes borrowing cost relating to the financing of the development up until the properties are ready for their intended use.

The Group considers as current asset that portion of development properties where significant development work has been undertaken and is expected to be completed within the normal operating cycle of two to three years.

(m) Income recognition on development properties

Profit on the sale of development properties is recognised on the percentage of completion method. Anticipated losses are immediately recognised in the income statements.

No profit is recognised where development is in its initial stage or has not reached a stage of completion where it is possible to determine the financial outcome of the development with reasonable accuracy.

(n) Expressway development expenditure

Expressway development expenditure represents cost incurred, which includes borrowing cost relating to the financing of the development, in connection with the Ipoh-Lumut Expressway Project.

The total development expenditure incurred for the project will be amortised over the remaining concession period upon completion of the construction of the expressway and commencement of collection of toll revenues.

(o) Construction contract

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that it is probable will be recoverable and contract costs are recognised as expenses.

When the outcome of a construction contract can be estimated reliably, contract revenue and contract costs are recognised over the period of the contract as revenue and expense respectively. The Group uses the percentage of completion method to determine the appropriate amount of revenue and costs to recognise in a given period; the stage of completion is measured by reference to the proportion that contract costs incurred for work performed to date to the estimated total costs for the contract. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

No profit is recognised where contract works is in its initial stage or has not reached a stage of completion where it is possible to determine the financial outcome of the contract with reasonable accuracy.

The aggregate of the costs incurred and the profit/loss recognised on each contract is compared against the progress billings up to the end of the financial year. Where costs incurred and recognised profit (less recognised losses) exceed progress billings, the balance is shown as 'Amounts due from customers on contracts' under trade and other receivables. Conversely, where progress billings exceed costs incurred and recognised profit, the balance is shown as 'Amounts due to customers on contracts' under trade and other payables.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(p) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost includes where relevant, appropriate proportions of overheads and is determined using the weighted average, first-in first-out and specific identification method where applicable after providing for all items considered obsolete or slow moving.

(q) Receivables

Receivables are carried at anticipated realisable value. An estimate is made for doubtful debts based on a review of all outstanding amounts at the financial year end. Bad debts are written off during the financial year in which they are identified.

(r) Provisions

Retirement benefits

The Group's contributions to defined contribution plans are charged to the income statement in the financial year to which they relate.

Other provisions

The Group provides for estimated liability on projects still under progress/guarantee period at the balance sheet date. This provision is calculated based on contract agreements/past histories.

(s) Deferred taxation

Deferred taxation is provided for using the liability method in respect of all material timing differences between accounting income and taxable income except that no future income tax benefit is recognised in respect of unutilised tax losses and timing differences that result in a net debit unless it can be demonstrated that these benefits can be realised in the foreseeable future.

(t) Interest capitalisation

Interest incurred on borrowings relating to the purchase of property, plant and equipment is capitalised until the assets are ready for their intended use. Interest relating to development properties is capitalised during the periods in which the activities to prepare and develop the properties are carried out.

(u) Cash and cash equivalents

Cash and cash equivalents consist of cash in hand, bank balances, demand deposits and bank overdrafts.

(v) Revenue recognition

Revenue are recognised upon delivery of products and customer acceptance or services rendered to customers.

Revenue relating to long term contracts are accounted for under the percentage of completion method; the stage of completion is measured by reference to the actual costs incurred to date to estimated total costs for each contract.

Other revenues earned by the Group are recognised on the following bases:

- Interest income – on the accruals basis
- Dividend income – when the shareholder's right to receive payment is established

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(w) Comparatives

Comparative figures have been adjusted to conform with the additional disclosure requirements of the 7 new MASB Standards i.e. MASB 1 to MASB 7, that are applicable for the financial year ended 31 August 2000.

In addition, comparatives have been adjusted or extended to take into account the requirements of the following new MASB Standards which the Group has implemented in advance of their effective dates:

MASB 9	Revenue
MASB 10	Leases
MASB 11	Consolidated Financial Statements and Investments in Subsidiaries
MASB 12	Investments in Associates
MASB 13	Earnings Per Share

4 REVENUE

	Group		Company	
	2000	1999	2000	1999
	RM'000	RM'000	RM'000	RM'000
Sale of goods	8,631	17,405	6,592	13,696
Sale of investments	3,113	7,242	—	—
Sale of development properties	81,698	36,793	—	—
Construction contracts	144,557	155,659	—	—
Transportation services	215	429	—	—
Rendering of other services	1,263	496	—	—
Management fees	—	—	4,962	9,548
Dividend income (gross):				
— associated companies	—	—	4,334	16,889
— quoted investments in Malaysia	13	49	—	49
Interest income from loan stock	1,803	5,388	3,016	6,601
Rental income on investment properties	7,277	5,530	—	—
	248,570	228,991	18,904	46,783

5 OTHER OPERATING INCOME

Other operating income includes:

Rental income on land and buildings	1,540	7,953	1,481	1,167
Rental income on other assets	38	1	—	—
Interest income from:				
— subsidiary companies	—	—	1,151	18,771
— fixed deposits	1,371	11,339	803	211
— others	806	7,645	154	7,645
Forfeiture of progress billings and deposits	1,218	—	—	—

notes to the financial statements

31 August 2000 (continued)

6 PROFIT/(LOSS) FROM OPERATIONS

	Group		Company	
	2000 RM'000	1999 RM'000	2000 RM'000	1999 RM'000
Profit/(loss) from operations is arrived at after charging/(crediting):				
Auditors' remuneration:				
– current	305	270	52	42
– under/(over) provision in previous years	61	(11)	74	–
Staff cost *	28,827	28,876	11,521	8,076
Depreciation of operational property, plant and equipment	10,679	9,832	1,073	1,265
Depreciation of investment properties	1,354	1,354	–	–
Rental of premises	4,254	6,764	4,985	2,967
Rental of motor vehicles	143	–	–	–
Rental of office equipment	15	81	–	6
Hire of plant and machinery/equipment	1,165	1,532	–	–
Net provision for doubtful debts	2,866	58,943	521	56,640
Bad debts written off	960	–	619	–
Project development expenditure amortised/ written off	1,770	42	–	–
Operational property, plant and equipment written off	14	50	3	–
Voluntary retrenchment scheme	204	1,250	–	–
(Write back of)/provision for liabilities and charges	(12,266)	7,987	(213)	92
(Write back of)/provision for foreseeable losses on contracts	(11,991)	39,780	–	–
Gain on disposal of marketable securities	(2,133)	(3,039)	–	–
Net (gain)/loss on disposal of operational property, plant and equipment	(951)	229	(140)	–
Net realised (gain)/loss on foreign exchange	(286)	499	(290)	544
Provision for stock obsolescence	–	180	–	–

Contract cost of the Group recognised as an expense during the financial year amounted to RM203,270,000 (1999: RM26,077,000).
Cost of inventories of the Group recognised as an expense during the financial year amounted to nil (1999: RM93,000).

* Included in staff cost for the financial year are:

Directors' remuneration paid to:

Directors of the Company:

– Fees	20	20	20	20
– Other emoluments	1,205	889	1,205	889

Directors of subsidiary companies:

– Fees	24	24	–	–
– Other emoluments	893	1,264	–	–

The estimated monetary value of benefits provided to the Directors of the Group and of the Company by way of usage of the Group's and of the Company's assets and the provision of other benefits amounted to RM186,950 (1999: RM152,605) and RM60,350 (1999: RM64,090) respectively.

The number of persons employed by the Group and by the Company at the end of the financial year amounted to 677 (1999: 637) and 223 (1999: 131) respectively.

7 FINANCE COST

	Group		Company	
	2000 RM'000	1999 RM'000	2000 RM'000	1999 RM'000
Arrangement fee for borrowings	826	2,677	—	—
Interest expense on:				
– term loans	90,636	98,738	38,245	40,877
– bank overdraft, trust receipts and bills payable	7,446	14,454	6,332	9,607
– hire purchase	2,414	3,944	56	12
– loan stock	671	671	—	—
– intercompany advances	—	—	5,917	8,567
Net exchange (gain)/loss on foreign currency borrowings:				
– unrealised	(272)	69,799	—	—
– realised	(319)	(45)	—	—
	101,402	190,238	50,550	59,063

8 TAXATION

In Malaysia:

Current taxation	6,827	82	—	—
(Over)/under provision in previous years	(11,808)	426	(14,073)	—
Deferred taxation (Note 28)	(427)	(1,417)	—	—
Share of taxation of associated companies	13,100	42,626	—	—
	7,692	41,717	(14,073)	—

The effective tax rates of the Group and of the Company are lower than the statutory tax rate due to the utilisation of unabsorbed tax losses and unutilised capital allowances brought forward. The amounts of tax savings for the Group and the Company for which credit is taken during the financial year are approximately RM6,462,000 and RM5,478,000 respectively.

Subject to agreement by the tax authorities, the Group and the Company has unabsorbed tax losses amounting to approximately RM162,702,000 (1999: RM212,022,000) and RM34,361,000 (1999: RM49,324,000) respectively available to be carried forward for set off against future chargeable income, for which the related tax effects have not been recognised in the financial statements. The benefits will only be obtained when the Group and the Company derive future assessable income of a nature and an amount sufficient for the tax losses to be utilised.

notes to the financial statements

31 August 2000 (continued)

9 EARNINGS/(LOSS) PER SHARE

(a) Basic earnings/(loss) per share

Basic earnings/(loss) per share of the Group is calculated by dividing the net profit/(loss) attributable to shareholders by the weighted average number of ordinary shares in issue during the financial year.

	Group	
	2000	1999
Net profit/(loss) attributable to shareholders (RM'000)	57,684	(1,433,585)
Weighted average number of ordinary shares in issue ('000)	972,501	964,502
Basic earnings/(loss) per share (sen)	5.93	(148.63)

(b) Diluted earnings/(loss) per share

The diluted earnings per share is not presented in the financial statements as the effect of the assumed conversion of the Options during the financial year is anti-dilutive.

10 PROPERTY, PLANT AND EQUIPMENT

	Group		Company	
	2000 RM'000	1999 RM'000	2000 RM'000	1999 RM'000
Net book value				
Operational property, plant and equipment (Note 10a)	94,575	102,398	4,873	2,508
Investment properties (Note 10b)	258,429	53,714	—	—
	353,004	156,112	4,873	2,508

In determining the recoverable amount of property, plant and equipment, expected future cash flows have not been discounted to their present values.

10a OPERATIONAL PROPERTY, PLANT AND EQUIPMENT

	At 1.9.1999 RM'000	Additions RM'000	Disposals RM'000	Acquisition of a subsidiary company RM'000	Disposal of a subsidiary company RM'000	Reclassi- fications RM'000	At 31.8.2000 RM'000
Group							
2000							
Cost							
Freehold land	11,775	—	—	—	—	(1,031)	10,744
Long leasehold land	17,052	—	—	—	—	—	17,052
Buildings	29,450	1,459	(2,790)	—	—	—	28,119
Plant and machinery	56,853	348	(803)	—	(5,382)	—	51,016
Furniture, fittings and office equipment	12,155	3,074	(29)	43	(175)	—	15,068
Computer equipment and software	3,391	802	(118)	—	—	—	4,075
Motor vehicles	14,032	3,492	(3,492)	—	(121)	—	13,911
Construction-in- progress	103	2,724	—	—	—	—	2,827
	144,811	11,899	(7,232)	43	(5,678)	(1,031)	142,812

	At 1.9.1999 RM'000	Charge for the financial year RM'000	Released on disposals RM'000	Disposal of a subsidiary company RM'000	At 31.8.2000 RM'000
Accumulated depreciation					
Freehold land	—	—	—	—	—
Long leasehold land	814	—	—	—	814
Buildings	1,334	472	(45)	—	1,761
Plant and machinery	19,929	6,695	(56)	(2,010)	24,558
Furniture, fittings and office equipment	8,199	1,556	(25)	(104)	9,626
Computer equipment and software	2,686	421	(27)	—	3,080
Motor vehicles	9,451	2,009	(2,943)	(119)	8,398
Construction-in-progress	—	—	—	—	—
	42,413	11,153	(3,096)	(2,233)	48,237

notes to the financial statements

31 August 2000 (continued)

10a OPERATIONAL PROPERTY, PLANT AND EQUIPMENT (continued)

	At 1.9.1998 RM'000	Additions RM'000	Disposals RM'000	Acquisition of a subsidiary company RM'000	Disposal of subsidiary companies RM'000	At 31.8.1999 RM'000
Group						
1999						
Cost						
Freehold land	10,616	1,159	—	—	—	11,775
Long leasehold land	17,052	—	—	—	—	17,052
Buildings	25,872	2,120	(1,900)	3,358	—	29,450
Plant and machinery	50,131	1,545	(20,086)	25,263	—	56,853
Furniture, fittings and office equipment	12,892	157	(827)	311	(378)	12,155
Computer equipment and software	4,390	96	(1)	116	(1,210)	3,391
Motor vehicles	14,851	1,274	(2,266)	344	(171)	14,032
Construction-in-progress	—	103	—	—	—	103
	135,804	6,454	(25,080)	29,392	(1,759)	144,811

	At 1.9.1998 RM'000	Charge for the financial year RM'000	Released on disposals RM'000	Acquisition of a subsidiary company RM'000	Disposal of subsidiary companies RM'000	At 31.8.1999 RM'000
Accumulated depreciation						
Freehold land	—	—	—	—	—	—
Long leasehold land	557	257	—	—	—	814
Buildings	909	351	—	74	—	1,334
Plant and machinery	13,942	5,154	(4,854)	5,687	—	19,929
Furniture, fittings and office equipment	7,109	1,586	(369)	188	(315)	8,199
Computer equipment and software	2,644	752	(1)	36	(745)	2,686
Motor vehicles	8,178	2,667	(1,370)	86	(110)	9,451
Construction-in-progress	—	—	—	—	—	—
	33,339	10,767	(6,594)	6,071	(1,170)	42,413

10a OPERATIONAL PROPERTY, PLANT AND EQUIPMENT (continued)

	At 31.8.2000 RM'000	At 31.8.1999 RM'000
Net book value		
Freehold land	10,744	11,775
Long leasehold land	16,238	16,238
Buildings	26,358	28,116
Plant and machinery	26,458	36,924
Furniture, fittings and office equipment	5,442	3,956
Computer equipment and software	995	705
Motor vehicles	5,513	4,581
Construction-in-progress	2,827	103
	94,575	102,398

	At 1.9.1999 RM'000	Additions RM'000	Disposals RM'000	At 31.8.2000 RM'000
Company				
2000				
Cost				
Furniture, fittings and office equipment	3,813	603	(4)	4,412
Computer equipment and software	1,254	644	–	1,898
Motor vehicles	4,698	2,613	(1,484)	5,827
	9,765	3,860	(1,488)	12,137

	At 1.9.1999 RM'000	Charge for the financial year RM'000	Released on disposals RM'000	At 31.8.2000 RM'000
Accumulated depreciation				
Furniture, fittings and office equipment	3,160	287	(4)	3,443
Computer equipment and software	1,048	156	–	1,204
Motor vehicles	3,049	630	(1,062)	2,617
	7,257	1,073	(1,066)	7,264

notes to the financial statements

31 August 2000 (continued)

10a OPERATIONAL PROPERTY, PLANT AND EQUIPMENT (continued)

	At 1.9.1998 RM'000	Additions RM'000	Disposals RM'000	At 31.8.1999 RM'000
Company				
1999				
Cost				
Furniture, fittings and office equipment	3,968	6	(161)	3,813
Computer equipment and software	1,207	47	—	1,254
Motor vehicles	3,863	835	—	4,698
	9,038	888	(161)	9,765
	At 1.9.1998 RM'000	Charge for the financial year RM'000	Released on disposals RM'000	At 31.8.1999 RM'000
Accumulated depreciation				
Furniture, fittings and office equipment	3,055	266	(161)	3,160
Computer equipment and software	900	148	—	1,048
Motor vehicles	2,198	851	—	3,049
	6,153	1,265	(161)	7,257
			At 31.8.2000 RM'000	At 31.8.1999 RM'000
Net book value				
Furniture, fittings and office equipment			969	653
Computer equipment and software			694	206
Motor vehicles			3,210	1,649
			4,873	2,508

During the financial year, a subsidiary company reclassified a piece of freehold land, received from a debtor as payment-in-kind, to inventories as the subsidiary company intends to hold this asset for short term purposes.

Operational property, plant and equipment with net book value amounting to RM29,866,898 (1999: RM46,389,131) of certain subsidiary companies have been charged as security for their borrowings and term loan facilities (Notes 24 and 26).

10a OPERATIONAL PROPERTY, PLANT AND EQUIPMENT (continued)

Included in operational property, plant and equipment of the Group and of the Company are the net book values of the following assets acquired under finance lease agreements and hire purchase terms:

	Net book value	
	2000 RM'000	1999 RM'000
Group		
Plant and machinery	14,206	26,005
Furniture, fittings and office equipment	—	26
Motor vehicles	3,425	1,910
	17,631	27,941
Company		
Motor vehicles	2,774	459

10b INVESTMENT PROPERTIES

	At 1.9.1999 RM'000	Reclassifications RM'000	Additions RM'000	Disposals RM'000	At 31.8.2000 RM'000
Group					
2000					
At cost/valuation					
Long leasehold land:					
At 1989 valuation	1,133	—	—	—	1,133
At cost	10,938	31,000	—	—	41,938
Buildings and improvements:					
At 1989 valuation	3,485	—	—	—	3,485
At cost	55,811	175,069	—	—	230,880
	71,367	206,069	—	—	277,436

notes to the financial statements

31 August 2000 (continued)

10b INVESTMENT PROPERTIES (continued)

	At 1.9.1999 RM'000	Charge for the financial year RM'000	Released on disposals RM'000	At 31.8.2000 RM'000
Accumulated depreciation				
Long leasehold land:				
At 1989 valuation	262	14	—	276
At cost	2,432	188	—	2,620
Buildings and improvements:				
At 1989 valuation	984	42	—	1,026
At cost	13,975	1,110	—	15,085
	17,653	1,354	—	19,007
	At 1.9.1998 RM'000	Additions RM'000	Disposals RM'000	At 31.8.1999 RM'000
1999				
At cost/valuation				
Long leasehold land:				
At 1989 valuation	1,133	—	—	1,133
At cost	10,938	—	—	10,938
Buildings and improvements:				
At 1989 valuation	3,485	—	—	3,485
At cost	55,811	—	—	55,811
	71,367	—	—	71,367
	At 1.9.1998 RM'000	Charge for the financial year RM'000	Released on disposals RM'000	At 31.8.1999 RM'000
Accumulated depreciation				
Long leasehold land:				
At 1989 valuation	248	14	—	262
At cost	2,244	188	—	2,432
Buildings and improvements:				
At 1989 valuation	942	42	—	984
At cost	12,865	1,110	—	13,975
	16,299	1,354	—	17,653

10b INVESTMENT PROPERTIES (continued)

	At 31.8.2000 RM'000	At 31.8.1999 RM'000
Net book value		
Long leasehold land:		
At 1989 valuation	857	871
At cost	39,318	8,506
Buildings and improvements:		
At 1989 valuation	2,459	2,501
At cost	215,795	41,836
	258,429	53,714

During the financial year, a subsidiary company reclassified long leasehold land and buildings previously held under inventories as completed properties for sale, to investment properties following a change to its principal activity. The leasehold land and buildings of the subsidiary company with a total carrying value of RM206,069,048, is presently charged as security for its term loan (Note 26).

The leasehold land and building of another subsidiary company is stated at Directors' valuation which is based on a valuation by professional valuers in 1989 using the open market value basis.

The leasehold investment properties consist of four leasehold land and buildings with unexpired periods of lease ranging from 45 years to 92 years.

11 DEVELOPMENT PROPERTIES

	Group		Company	
	2000 RM'000	1999 RM'000	2000 RM'000	1999 RM'000
At valuation:				
Freehold land	27,197	27,664	3,786	3,786
Leasehold land	29,000	42,000	—	—
	56,197	69,664	3,786	3,786
At cost:				
Freehold land	443,741	435,884	—	—
Development expenditure	701,489	507,681	134	84
	1,201,427	1,013,229	3,920	3,870
Less: Non current portion	(591,949)	(500,922)	(3,920)	(3,870)
	609,478	512,307	—	—
Add: Attributable profits	120,281	121,303	—	—
	729,759	633,610	—	—
Less: Provision for foreseeable losses	(11,615)	(29,780)	—	—
	718,144	603,830	—	—
Less: Progress billings	(467,699)	(385,402)	—	—
Current portion	250,445	218,428	—	—

notes to the financial statements

31 August 2000 (continued)

11 DEVELOPMENT PROPERTIES (continued)

Title to freehold land of a subsidiary company is in the process of being registered in its name (Note 27(a)).

The leasehold land amounting to RM29,000,000 (1999: RM42,000,000) of a subsidiary company has been charged as security for its term loan (Note 26).

Included in development expenditure are the following charges made during the financial year:

	Group	
	2000 RM'000	1999 RM'000
Interest capitalised	24,211	11,402

12 SUBSIDIARY COMPANIES

	Company	
	2000 RM'000	1999 RM'000
Unquoted shares at cost:		
– in Malaysia	294,706	293,505
– outside Malaysia	3	3
	294,709	293,508
Loan stocks at cost	17,333	17,333
Less: Provision for diminution in value of investments	(237,983)	(237,983)
	74,059	72,858

The loan stocks are unconvertible, unsecured and redeemable at par at any date determined by the Directors of a subsidiary company no later than 1 January 2002.

The Group's effective equity interest in the subsidiary companies, their respective principal activities and country of incorporation are set out in Note 35.

13 ASSOCIATED COMPANIES

	Group		Company	
	2000 RM'000	1999 RM'000	2000 RM'000	1999 RM'000
In Malaysia:				
Unquoted investments at cost	7,400	7,495	280	325
Share of post-acquisition (accumulated losses)/retained earnings	(817)	71,304	–	–
	6,583	78,799	280	325
Preference shares at cost	3,800	3,845	3,800	3,845
Loan stocks at cost	–	45,455	–	45,455
	10,383	128,099	4,080	49,625
Quoted investments at cost	2,877,479	3,013,423	2,816,086	2,931,824
Less: Provision for diminution in value	(999,545)	(999,545)	(1,345,382)	(1,345,382)
	1,877,934	2,013,878	1,470,704	1,586,442
Share of post-acquisition accumulated losses	(250,774)	(253,409)	–	–
	1,627,160	1,760,469	1,470,704	1,586,442
	1,637,543	1,888,568	1,474,784	1,636,067
Market value of quoted investments	1,759,857	1,990,302	1,599,825	1,801,753

Analysis of associated companies is as follows:

	2000 RM'000	1999 RM'000
Group's share of tangible assets	733,111	791,194
Group's share of intangible assets	294,561	319,620
Group's share of net assets	1,027,672	1,110,814
Premium on acquisition	609,871	777,754
	1,637,543	1,888,568

The Group has excluded its share of loss after taxation of an associated company amounting to RM34,511,000 (1999: Nil) from the financial statements following the discontinuation of the equity accounting for the results of the associated company as the carrying amount of this investment has reached zero.

The Group's effective equity interest in the associated companies, their respective principal activities and country of incorporation are set out in Note 35.

notes to the financial statements

31 August 2000 (continued)

14 OTHER INVESTMENTS

	Group		Company	
	2000 RM'000	1999 RM'000	2000 RM'000	1999 RM'000
At cost:				
Shares in a corporation, quoted outside Malaysia	910	910	910	910
Unquoted investments	4,764	12,622	4,467	5,200
Less: Provision for diminution in value	(4,267)	(12,125)	(4,267)	(5,000)
	497	497	200	200
	1,407	1,407	1,110	1,110
Market value of quoted shares	2,151	3,263	2,151	3,263

15 PROJECT DEVELOPMENT EXPENDITURE

	Group	
	2000 RM'000	1999 RM'000
Project development expenditure	5,854	4,850
Less: Project development expenditure amortised/written off	(1,770)	(42)
	4,084	4,808
Project development expenditure includes the following charges made during the financial year:		
Auditors' remuneration	—	6
Interest capitalised	131	—

16 INVENTORIES

At cost:		
Completed properties for sale	13,857	140,382
Raw materials and consumables	1,034	2,450
Finished goods	—	258
	14,891	143,090

17 TRADE AND OTHER RECEIVABLES

	Group		Company	
	2000 RM'000	1999 RM'000	2000 RM'000	1999 RM'000
Trade receivables	139,747	268,508	28,178	30,100
Less: Provision for doubtful debts	(31,131)	(29,247)	(24,870)	(24,265)
	108,616	239,261	3,308	5,835
Amounts due from customers on contracts (Note 18)	13,299	119,459	–	–
Amounts due from subsidiary companies	–	–	546,716	379,258
Amounts due from associated companies	17,294	24,740	11,344	7,006
Amounts due from joint venture partners	899	547	–	–
Amounts due from other related parties	4,827	–	–	–
Deposits	95,761	30,860	76,241	30,421
Prepayments	2,310	1,049	–	1,026
Other receivables	311,439	171,569	255,484	116,834
Less: Provision for doubtful debts	(55,392)	(56,502)	(55,175)	(55,258)
	499,053	530,983	837,918	485,122

18 CONSTRUCTION CONTRACTS

	Group	
	2000 RM'000	1999 RM'000
Aggregate costs incurred to date	2,122,724	2,298,215
Attributable profits on contract works performed to date	322,556	335,991
Less: Provision for foreseeable losses	(3,167)	–
	2,442,113	2,634,206
Less: Progress billings	(2,433,549)	(2,533,877)
	8,564	100,329
Amounts due from customers on contracts (Note 17)	13,299	119,459
Amounts due to customers on contracts (Note 22)	(4,735)	(19,130)
	8,564	100,329
Advances received on contracts, included under other payables	1,100	3,998
Retention sum on contracts, included under trade receivables	54,387	111,678
The costs incurred to date on construction contracts include the following charges made during the financial year:		
Hire of plant and machinery	884	2,616
Depreciation of property, plant and equipment	474	935
Interest expense on:		
Hire purchase	11	146
Others	2	823
Rental of premises	1	63

notes to the financial statements

31 August 2000 (continued)

19 MARKETABLE SECURITIES

	Group		Company	
	2000 RM'000	1999 RM'000	2000 RM'000	1999 RM'000
Shares in corporations, quoted in Malaysia				
– At cost	290	1,270	–	–
Market value of quoted shares	788	3,735	–	–

20 BANK BALANCES AND DEPOSITS

Deposits with licensed banks	82,984	13,477	–	–
Deposits with finance companies	3,977	7,813	81	74
Cash held under Housing Development Accounts	1,964	13,685	–	–
Cash and bank balances	11,954	2,879	1,000	311
	100,879	37,854	1,081	385

Included in deposits of the Group with licensed banks and finance companies are restricted deposits amounting to RM5,796,206 (1999: RM2,099,641) representing:

- collateral pledged with licensed banks and finance companies by subsidiary companies for credit facilities granted and bank guarantee facilities issued to third parties.
- a first and second Memorandum of Deposit of fixed deposits of a subsidiary company held as security for the Term Loan facility and Guarantee facility (Notes 26 and 33).

Cash held under Housing Development Accounts represents receipts from purchasers of residential properties less payments or withdrawals provided under the Housing Developers (Control and Licensing) Act, 1966.

21 PROVISIONS FOR LIABILITIES AND CHARGES

	Group		
	Retirement benefits RM'000	Liquidated ascertained damages and guarantee reserve RM'000	Total RM'000
At 1 September 1998	894	23,046	23,940
Charged to income statement	92	11,316	11,408
Utilised during the financial year	(22)	—	(22)
Unused amounts reversed	—	(3,421)	(3,421)
At 31 August 1999	964	30,941	31,905
Charged to income statement	693	439	1,132
Utilised during the financial year	(36)	—	(36)
Unused amounts reversed	(213)	(13,185)	(13,398)
At 31 August 2000	1,408	18,195	19,603
At 31 August 1999			
Current	—	30,941	30,941
Non current	964	—	964
	964	30,941	31,905
At 31 August 2000			
Current	—	18,195	18,195
Non current	1,408	—	1,408
	1,408	18,195	19,603

notes to the financial statements

31 August 2000 (continued)

21 PROVISIONS FOR LIABILITIES AND CHARGES (continued)

	Company		
	Retirement benefits RM'000	Liquidated ascertained damages and guarantee reserve RM'000	Total RM'000
At 1 September 1998	894	—	894
Charged to income statement	92	—	92
Utilised during the financial year	(22)	—	(22)
At 31 August 1999	964	—	964
Write back to income statement	(213)	—	(213)
Utilised during the financial year	(36)	—	(36)
At 31 August 2000	715	—	715
At 31 August 1999			
Current	—	—	—
Non-current	964	—	964
	964	—	964
At 31 August 2000			
Current	—	—	—
Non-current	715	—	715
	715	—	715

Retirement benefits

The Group provides for unfunded retirement benefits to eligible employees based on one month last drawn salary times years of service. The contributions to the defined contribution plan are charged to the income statement in the financial year to which they relate.

Liquidated ascertained damages and guarantee reserve

Provision for liquidated ascertained damages and provision for guarantee reserve are in respect of projects undertaken by the subsidiary companies. Provision for liquidated ascertained damages ("LAD") is recognised for expected LAD claims based on the contract agreement. Provision for guarantee reserve is made on each contract based on the estimated liability that may arise during the guarantee period.

22 TRADE AND OTHER PAYABLES

	Group		Company	
	2000 RM'000	1999 RM'000	2000 RM'000	1999 RM'000
Trade payables	319,285	320,513	4,023	5,794
Amounts due to customers on contracts (Note 18)	4,735	19,130	—	—
Amounts due to subsidiary companies	—	—	264,124	269,410
Amounts due to associated companies	5,286	137	5,285	—
Amounts due to joint venture partners	12	79	—	—
Amounts due to other related parties	5,195	23,062	—	—
Hire purchase and lease creditors due within 12 months (Note 23)	7,759	8,904	374	56
Other payables	137,655	94,658	29,490	23,041
Accruals	13,468	9,155	5,143	5,813
	493,395	475,638	308,439	304,114

The amounts due to associated companies and joint venture partners are unsecured, interest free and have no fixed terms of repayment.

The amounts due to related companies are unsecured, have no fixed terms of repayment and bear interests at rates ranging from 3.95% to 4.50% (1999: 3.95% to 4.50%) per annum.

23 HIRE PURCHASE AND LEASE CREDITORS

Analysis of hire purchase and lease liabilities:

Payable within one year	8,067	9,535	549	72
Payable between one and two years	5,280	3,637	549	168
Payable between two and five years	10,426	8,910	1,648	324
Payable after five years	3,170	—	905	—
	26,943	22,082	3,651	564
Less: Finance charges	(6,537)	(1,002)	(1,172)	(191)
	20,406	21,080	2,479	373

Representing hire purchase and lease liabilities:

Due within 12 months (Note 22)	7,759	8,904	374	56
Due after 12 months (Note 25)	12,647	12,176	2,105	317
	20,406	21,080	2,479	373

notes to the financial statements

31 August 2000 (continued)

24 SHORT TERM BORROWINGS

	Group		Company	
	2000 RM'000	1999 RM'000	2000 RM'000	1999 RM'000
Secured:				
Bank overdrafts (Note 30)	11,754	17,273	—	—
Bankers' acceptance	600	368	—	—
Short term borrowings and other credit facilities	500	1,200	—	—
Long term loans due within 12 months (Note 26)	54,528	15,690	—	—
	67,382	34,531	—	—
Unsecured:				
Bank overdrafts (Note 30)	88,123	101,325	86,163	101,325
Short term borrowings and other credit facilities	703,212	230,226	188,571	133,250
Long term loans due within 12 months (Note 26)	257,428	557,145	257,428	300,000
	1,048,763	888,696	532,162	534,575
Total	1,116,145	923,227	532,162	534,575

The short term borrowings of the Group carry interest at rates ranging from 4.30% to 10.69% (1999: 4.75% to 16.15%) per annum during the financial year.

The secured short term borrowings of the Group are secured by legal charges over certain assets of the subsidiary companies (Note 10a).

25 LONG TERM LIABILITIES

Long term loans due after 12 months (Note 26)	382,322	464,112	—	—
Deferred liabilities (Note 27)	99,326	261,664	138,906	138,906
Retention sum payable	—	53,900	—	—
Unsecured revolving loan	8,613	10,000	8,613	10,000
Hire purchase and lease creditors due after 12 months (Note 23)	12,647	12,176	2,105	317
	502,908	801,852	149,624	149,223

The unsecured revolving loan of the Group and of the Company carries interest at rates ranging from 6.75% to 8.00% (1999: 8.00% to 15.25%) per annum during the financial year and is repayable upon maturity in March 2002.

26 LONG TERM LOANS

	Group		Company	
	2000 RM'000	1999 RM'000	2000 RM'000	1999 RM'000
Secured:				
Analysis of term loans:				
Payable within one year	54,528	15,690	—	—
Payable between one and two years	39,767	58,362	—	—
Payable between two and five years	341,080	151,363	—	—
Payable after five years	1,475	4,205	—	—
	436,850	229,620	—	—
Representing term loans:				
Due within 12 months (Note 24)	54,528	15,690	—	—
Due after 12 months	382,322	213,930	—	—
	436,850	229,620	—	—
Unsecured:				
Analysis of term loans:				
Payable within one year	257,428	557,145	257,428	300,000
Payable between one and two years	—	250,182	—	—
Payable between two and five years	—	—	—	—
Payable after five years	—	—	—	—
	257,428	807,327	257,428	300,000
Representing term loans:				
Due within 12 months (Note 24)	257,428	557,145	257,428	300,000
Due after 12 months	—	250,182	—	—
	257,428	807,327	257,428	300,000
Total:				
Analysis of term loans:				
Payable within one year	311,956	572,835	257,428	300,000
Payable between one and two years	39,767	308,544	—	—
Payable between two and five years	341,080	151,363	—	—
Payable after five years	1,475	4,205	—	—
	694,278	1,036,947	257,428	300,000
Representing term loans:				
Due within 12 months	311,956	572,835	257,428	300,000
Due after 12 months (Note 25)	382,322	464,112	—	—
	694,278	1,036,947	257,428	300,000

notes to the financial statements

31 August 2000 (continued)

26 LONG TERM LOANS (continued)

The long term loans of the Group carry interest at rates ranging from 4.30% to 11.00% (1999: 6.80% to 16.15%) per annum during the financial year and are repayable by fixed instalments which vary from monthly, quarterly and half yearly basis.

The secured long term loans are secured by:

- a charge over the entire share capital of a subsidiary company
- first fixed charge over properties of certain subsidiary companies (Notes 10a,10b and 11)
- debenture incorporating first fixed and floating charges over all present and future assets of certain subsidiary companies
- assignment of the Privatisation Agreement, Contractors' Performance Bond and insurance policies of a subsidiary company
- a first and second Memorandum of Deposit of fixed deposits of a subsidiary company (Note 20)

27 DEFERRED LIABILITIES

- (a) In 1996, a subsidiary company of the Company, entered into a concession agreement with the Government of Malaysia and Syarikat Tanah dan Harta Sdn. Bhd. to carry out the design and construction works on the new Kuala Lumpur central railway station in consideration for which the subsidiary company is given the right to develop and/or sell certain commercial development land in the vicinity of the proposed central railway station. The subsidiary company capitalised the commercial land alienated to them by the Federal Government at RM420 million under development properties and provided for its cost as a deferred liability representing the estimated cost of the design and construction of the abovementioned central railway station. This deferred liability is reduced progressively as and when the cost is incurred in respect of the central railway station.

Pursuant to the Supplementary Agreement to the Concession Agreement with the Government of Malaysia and Syarikat Tanah dan Harta Sdn. Bhd., the transfer of title of the sub-divided plot of land within the commercial development land to the subsidiary company shall be effected in stages based on the actual physical progress of the construction works on the central railway station.

- (b) In 1992, another subsidiary company of the Company entered into a privatisation agreement with the State Government of Selangor to construct and complete a Government Office Block ("GOB") in consideration for which the subsidiary company is given the rights to develop and construct on an area of commercial land in Shah Alam known as the "Alam Sentral" (formerly known as "Selbourne Square"), adjacent to the GOB, a shopping and commercial complex, an office tower block, a service apartment block and a hotel.

The subsidiary company capitalised the commercial land alienated to them by the State Government of Selangor at an amount equivalent to the estimated construction cost of the GOB under development properties at approximately RM60 million and correspondingly, provided for its abovementioned cost as a deferred liability. This deferred liability is reduced progressively as and when the cost is incurred in respect of the GOB.

Included as a charge against the deferred liability during the financial year are provision for foreseeable losses of RM9,901,567 (1999: RM10,000,000) and interest paid to a third party of nil (1999: RM934,500) respectively.

The subsidiary company has obtained a performance guarantee of RM60 million to guarantee its obligations under the privatisation agreement. In the event that the subsidiary company fails to complete the GOB within the stipulated time frame, the State Government of Selangor shall be entitled to enforce this guarantee against the Guarantor for the abovementioned sum.

- (c) Also included under deferred liabilities of the Company is an amount of RM138,906,000 (1999: RM138,906,000) representing a gain on the sale of an investment by the Company to a subsidiary company which is being deferred.

Subsequent to the balance sheet date, this amount was taken to the income statement following the sale of the investment by the subsidiary company to an external party (Note 38(b)).

28 DEFERRED TAXATION

	Group	
	2000 RM'000	1999 RM'000
At 1 September	12,113	10,574
Amount arising from a subsidiary company disposed off during the financial year	–	122
Net transfers to income statement (Note 8)	427	1,417
At 31 August	12,540	12,113
Representing the tax effects of:		
Timing difference relating to the recognition of property development income	12,540	12,113
Deferred taxation not provided for in the financial statements:		
Arising from revaluation of investment properties held for long term purpose	995	614
Arising from revaluation of certain development properties with unrealised balances	3,800	3,800

29 SHARE CAPITAL

	Group and Company	
	2000 RM'000	1999 RM'000
Authorised:		
2,000,000,000 ordinary shares of RM1.00 each	2,000,000	2,000,000
Issued and fully paid:		
Ordinary shares of RM1.00 each:		
At 1 September	969,781	963,129
Exercise of Options under ESOS	5,315	6,652
At 31 August	975,096	969,781

The Malaysian Resources Corporation Berhad Employees' Share Option Scheme ("ESOS" or the "Scheme") was approved by the shareholders at the Extraordinary General Meeting held on 9 February 1996 and became effective on 4 April 1996.

The details of the ESOS are contained in the Bye-Laws and the salient features thereof are as follows:

- (a) The Scheme is set up for the participation in the ordinary share capital of the Company only.

The total number of shares to be offered under the ESOS shall not exceed 10% of the total number of issued and paid-up ordinary shares of the Company at any time during the tenure of the Scheme. At the commencement of the Scheme, the total number of shares available for offer is 49,292,624 ordinary shares of RM1.00 each.

- (b) Eligible employees are those who have been in the service of the Group for a continuous period of at least one (1) year for Malaysian employees (including full-time Executive Directors who are involved in the day-to-day management and on the payroll of the Company) and five (5) years of continuous service with the Group for non-Malaysian employees.

notes to the financial statements

31 August 2000 (continued)

29 SHARE CAPITAL (continued)

- (c) The ESOS shall continue to be in force for a duration of five (5) years commencing from 4 April 1996 and expiring on 3 April 2001.
- (d) An Option granted under the ESOS shall be capable of being exercised by the grantee by notice in writing to the Company during the year commencing from the date of the offer and expiring on 3 April 2001. The Option granted shall be exercisable by the grantee in the following manner:

Year of exercising the Options	% to be exercised (cumulative) Options offered on the implementation of the ESOS	% to be exercised in equal proportion over the remaining life of the ESOS		
		Options offered in the 2nd year of the ESOS	Options offered in the 3rd year of the ESOS	Options offered in the 4th year of the ESOS
Year 1	15	—	—	—
Year 2	30	25	—	—
Year 3	60	50	33	—
Year 4	80	75	66	50
Year 5	100	100	100	100

Options granted for each year may be exercised in full or in such lesser number of shares provided that the number shall be in multiples of and not less than 1,000 shares.

- (e) The price at which the eligible employees are entitled to take up shares under the ESOS is the average of the mean market quotations of the shares of the Company (as quoted and shown in the Daily Diary of the Kuala Lumpur Stock Exchange) for the five (5) market days preceding the respective dates of offer of the Options, or the nominal value of the share, whichever is higher.
- (f) An eligible employee can only participate in one ESOS implemented by any company in the Group at any one time.

During the financial year ended 31 August 2000, a total of 5,314,667 shares were issued by virtue of the exercise of the Options at prices ranging from RM1.00 to RM4.61 per share.

At 31 August 2000, there were 82,577,667 (1999: 43,588,334) unissued ordinary shares under Options granted pursuant to the ESOS at exercise prices ranging from RM1.00 to RM6.92 per share.

30 CASH AND CASH EQUIVALENTS

	Group		Company	
	2000 RM'000	1999 RM'000	2000 RM'000	1999 RM'000
Bank balances and deposits (Note 20)	100,879	37,854	1,081	385
Bank overdrafts:				
– secured (Note 24)	(11,754)	(17,273)	—	—
– unsecured (Note 24)	(88,123)	(101,325)	(86,163)	(101,325)
	1,002	(80,744)	(85,082)	(100,940)
Less: Fixed deposits held as security value (Note 20)	(5,796)	(2,099)	—	—
	(4,794)	(82,843)	(85,082)	(100,940)

31 INTEREST IN JOINT VENTURES

The Group has a 50% interest in a joint venture, Zelleco-Hyundai JV which was formed on 24 January 1995 and commenced operations on 1 October 1995 to undertake the construction of a national power transmission system.

The Group also has 60% interest in another joint venture, Zelleco-Perspec Consortium which was formed on 8 October 1996 and immediately commenced operations to undertake piling works, substructure and basement construction and ancillary works for Kuala Lumpur Sentral Sdn. Bhd., a subsidiary company of the Company.

The following amounts represent the Group's proportionate share of the assets, liabilities, income and expenses of the joint ventures which are included in the balance sheet and income statement of the Group.

	Group	
	2000	1999
	RM'000	RM'000
Property, plant and equipment	–	198
Current assets	6,526	8,430
Current liabilities	768	2,079
Turnover	–	2,876
Loss before taxation	(145)	(1,013)
Taxation	–	–
Loss after taxation	(145)	(1,013)

There are no contingent liabilities relating to the Group's interest in the joint ventures.

32 SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES

Related parties and relationship

The related parties of the Group and of the Company comprise the following:

- related companies being members of the Malaysian Resources Corporation Berhad Group of companies.
- other related parties being associated companies of the Malaysian Resources Corporation Berhad Group of companies.

Significant related party transactions

In the normal course of business, the Company undertakes on agreed terms and prices, transactions with its related companies and other related parties.

notes to the financial statements

31 August 2000 (continued)

32 SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (continued)

The significant related party transactions undertaken by the Company with its related parties during the financial year are as follows:

	Company	
	2000 RM'000	1999 RM'000
Sale of goods/services to:		
– related companies	1,220	1,763
– other related parties	–	1,325
Management fees receivable from:		
– related companies	4,962	9,548
Gross dividend income received and receivable from:		
– other related parties	4,334	16,889
Interest income received and receivable from:		
– related companies	1,151	19,984
– other related parties	–	13,033
Interest expense paid and payable to:		
– related companies	5,917	8,567
Rental income received and receivable from:		
– other related parties	1,481	1,167
Rental expense paid and payable to:		
– related companies	2,277	990

Related party balances

The related party balances which arose from related party transactions and remained outstanding at the financial year end are disclosed in the balance sheet.

33 CONTINGENT LIABILITIES

	Group		Company	
	2000 RM'000	1999 RM'000	2000 RM'000	1999 RM'000
Secured performance guarantees extended to third party	60,800	60,800	–	–
Unsecured corporate guarantees given to financial institutions for:				
– credit facilities granted to:				
– subsidiary companies	–	–	637,501	618,301
– third parties	222	222	222	222
	222	222	637,723	618,523
– trade and performance guarantees extended to:				
– subsidiary companies	–	–	23,429	24,078
– associated company	4,995	4,995	4,995	4,995
– third parties	31,817	38,130	15,400	19,880
	36,812	43,125	43,824	48,953

The performance guarantees are secured as follows:

- On RM60,000,000, a debenture creating a fixed charge over a subsidiary company's development properties, book or other debts and a floating charge over all the undertaking and other assets of the subsidiary company. It is also secured by a first legal assignment on all the subsidiary company's present and future rights, title and interest in and to, all benefits accrued and to be accrued under the Privatisation Agreement (Note 27(b)).
- On RM800,000, a deposit of a similar amount with interest thereon pledged to and deposited with the Guarantor Bank pursuant to the Memorandum of Deposit (Note 20).

34 CAPITAL COMMITMENTS

	Group		Company	
	2000 RM'000	1999 RM'000	2000 RM'000	1999 RM'000
Authorised capital expenditure contracted but not provided for in the financial statements:				
– operational property, plant and equipment	–	3,621	–	385
– property development expenditure	2,709	–	–	–
– redemption of preference shares of a subsidiary company	136,964	167,200	–	–
	139,673	170,821	–	385

notes to the financial statements

31 August 2000 (continued)

35 COMPANIES IN THE GROUP

The Group's effective equity interest in the subsidiary companies and associated companies as at 31 August 2000, their respective principal activities and country of incorporation are as follows:

Name of company	Principal activities	Country of incorporation	Effective equity interest	
			2000 %	1999 %
SUBSIDIARY COMPANIES:				
Kuala Lumpur Sentral Sdn. Bhd.	Property development	Malaysia	64.38	64.38
Held through 100% ownership by Kuala Lumpur Sentral Sdn. Bhd.				
– Unity Portfolio Sdn. Bhd.	Pre-operating	Malaysia	64.38	64.38
MR Construction Sdn. Bhd.*	Construction	Malaysia	51.00	51.00
MR Enterprises Sdn. Bhd.*	Construction	Malaysia	100.00	100.00
MR Investments (Cayman) Pte. Ltd. #	Investment holding	Cayman Island	100.00	100.00
MR Management Sdn. Bhd.	Investment holding and management services	Malaysia	100.00	100.00
MR Securities Sdn. Bhd.*	Nominee services	Malaysia	100.00	100.00
MRC Management (BVI) Ltd.#	Investment trading	British Virgin Island	100.00	100.00
MR-H Piling and Civil Engineering (M) Sdn. Bhd.*	Piling and civil engineering	Malaysia	51.00	51.00
MRCB Ceramics Sdn. Bhd.*	Manufacturing, distribution and sale of ceramic tiles	Malaysia	75.00	75.00
MRCB Construction Sdn. Bhd. (formerly known as S.P.K.T Binaan Sdn. Bhd.)	Civil and infrastructure building contractor	Malaysia	100.00	100.00
MRCB Engineering Sdn. Bhd.	Engineering services	Malaysia	100.00	100.00

35 COMPANIES IN THE GROUP (continued)

Name of company	Principal activities	Country of incorporation	Effective equity interest	
			2000 %	1999 %
Held through 49.99% ownership by MRCB Engineering Sdn. Bhd.				
— Janaurus PDP Sdn. Bhd.^	Operations and maintenance services to a power plant	Malaysia	—	49.99
MRCB Land Sdn. Bhd. (formerly known as Klebang Development Sdn. Bhd.)	Project management and development services	Malaysia	100.00	100.00
MRCB Project Management Sdn. Bhd.	Project management and engineering related services	Malaysia	100.00	100.00
MRCB Property Management Sdn. Bhd. (formerly known as Selima Properties Sdn. Bhd.)	Property investment and management	Malaysia	100.00	100.00
MRCB Selborn Corporation Sdn. Bhd.	Property development	Malaysia	60.00	60.00
MRCB Trading Sdn. Bhd. (formerly known as MR Plantations Sdn. Bhd.)	Trading in building materials	Malaysia	100.00	100.00
MRCB Utama Sdn. Bhd. (formerly known as Kajang Utama Sdn. Bhd.)	Property development	Malaysia	100.00	100.00
Held through 100% ownership by MRCB Utama Sdn. Bhd. (formerly known as Kajang Utama Sdn. Bhd.)				
— Country Annexe Sdn. Bhd.	Pre-operating	Malaysia	100.00	100.00
MRCB (Terengganu) Sdn. Bhd.	Property development	Malaysia	100.00	100.00
Mafira Holdings Sdn. Bhd.	Investment holding	Malaysia	100.00	100.00

notes to the financial statements

31 August 2000 (continued)

35 COMPANIES IN THE GROUP (continued)

Name of company	Principal activities	Country of incorporation	Effective equity interest	
			2000 %	1999 %
Held through 38.6% ownership by Mafira Holdings Sdn. Bhd.				
– Zen Concrete Industries Sdn. Bhd.**	Manufacturing and sale of pre-stressed spun concrete poles	Malaysia	38.60	38.60
Malaysian Resources Development Sdn. Bhd. (formerly known as Teras Cemara Sdn. Bhd.)	Property development and investment holding	Malaysia	100.00	100.00
Held through 100% ownership by Malaysian Resources Development Sdn. Bhd. (formerly known as Teras Cemara Sdn. Bhd.)				
– Bitar Enterprises Sdn. Bhd.*	Property investment	Malaysia	100.00	100.00
– Golden East Corporation Sdn. Bhd.	Property development and management	Malaysia	100.00	100.00
– MR Properties Sdn. Bhd.*	Property development	Malaysia	100.00	100.00
– Seri Iskandar Utilities Corporation Sdn. Bhd.	Pre-operating	Malaysia	100.00	100.00
– Sunrise Properties Sdn. Bhd.*	Property development	Malaysia	100.00	100.00
– Taiyee Development Sdn. Bhd.	Property development	Malaysia	100.00	100.00
– MRCB Property Development Sdn. Bhd. (formerly known as Slim Indah Sdn. Bhd.)	Property development	Malaysia	100.00	100.00
Held through 100% ownership by MRCB Property Development Sdn. Bhd. (formerly known as Slim Indah Sdn. Bhd.)				
– Cahaya Mutiara Properties Sdn. Bhd.*	Property development and management	Malaysia	100.00	100.00

35 COMPANIES IN THE GROUP (continued)

Name of company	Principal activities	Country of incorporation	Effective equity interest	
			2000 %	1999 %
Held through 70% ownership by Malaysian Resources Development Sdn. Bhd. (formerly known as Teras Cemara Sdn. Bhd.)				
– Seri Iskandar Development Corporation Sdn. Bhd.	Property development	Malaysia	70.00	70.00
– Seri Ipoh-Lumut Expressway Sdn. Bhd.	Pre-operating	Malaysia	70.00	70.00
Malaysian Resources International Sdn. Bhd.	Investment holding	Malaysia	100.00	100.00
Held through 100% ownership by Malaysian Resources International Sdn. Bhd.				
– MRCB Mauritius Ltd. ## **	Investment holding	Mauritius	100.00	–
Held through 100% ownership by MRCB Mauritius Ltd.				
– Novelway Investments (Pty) Ltd. ## **	Property development	South Africa	100.00	–
Onesentral Park Sdn. Bhd.	Property development	Malaysia	51.00	51.00
Region Resources Sdn. Bhd.	Quarry operations	Malaysia	80.00	80.00
Held through 100% ownership by Region Resources Sdn. Bhd.				
– Syarikat Gemilang Quarry Sdn. Bhd.	Quarry operations	Malaysia	80.00	80.00
Selang Energy Resources Sdn. Bhd. *(formerly known as MRCB Power Sdn. Bhd.)	Power generation	Malaysia	100.00	100.00
Selang Power Sdn. Bhd. (formerly known as MRCB Energy Ventures Sdn. Bhd.)	Independent power producer	Malaysia	100.00	100.00

notes to the financial statements

31 August 2000 (continued)

35 COMPANIES IN THE GROUP (continued)

Name of company	Principal activities	Country of incorporation	Effective equity interest	
			2000 %	1999 %
Superview Development Sdn. Bhd.	Property development, management and shares trading	Malaysia	100.00	100.00
Transmission Technology Sdn. Bhd.	Engineering, construction and commissioning services to a power transmission system	Malaysia	55.00	55.00
Zelleco (M) Sendirian Berhad	Investment holding and contractor of civil and structural works	Malaysia	70.00	70.00
Held through 100% ownership by Zelleco (M) Sendirian Berhad				
– Zelleco Engineering Sdn. Bhd.	Fabrication of structural steel works	Malaysia	70.00	70.00
Held through 75% ownership by Zelleco (M) Sendirian Berhad				
– Zelleco Construction Sdn. Bhd.	Contractor of civil and structural works	Malaysia	52.50	52.50
Held through 65% ownership by Zelleco (M) Sendirian Berhad				
– Zelleco Metal Galvanising Sdn. Bhd. [^]	Hot dip galvanising on metal products	Malaysia	–	45.50
Held through 50% ownership by Zelleco Construction Sdn. Bhd.				
– Pembangunan Sulaiman-Zelleco JV Sdn. Bhd.	Contractor of civil and structural works	Malaysia	26.25	26.25
Cheq Point (M) Sdn. Bhd.*	Charge card services and investment holding	Malaysia	75.00	75.00

35 COMPANIES IN THE GROUP (continued)

Name of company	Principal activities	Country of incorporation	Effective equity interest	
			2000 %	1999 %
Held through 100% ownership by Cheq Point (M) Sdn. Bhd.				
– Cheq Point Aero Leisure Sdn. Bhd.	Pre-operating	Malaysia	75.00	75.00
– Cheq Point Global Travel Sdn. Bhd.	Pre-operating	Malaysia	75.00	75.00
– Cheq Point (Sabah) Sdn. Bhd.	Pre-operating	Malaysia	75.00	75.00
– Cheq Point (Sarawak) Sdn. Bhd.	Pre-operating	Malaysia	75.00	75.00
– Cheq Point Travel & Tours Sdn. Bhd.	Pre-operating	Malaysia	75.00	75.00
– CP Postal Marketing (M) Sdn. Bhd.	Pre-operating	Malaysia	75.00	75.00
– General Data Management Services Sdn. Bhd.	Pre-operating	Malaysia	75.00	75.00
KL Sentral IT Sdn. Bhd. (formerly known as MRCB IT Consortium Sdn. Bhd.)	Pre-operating	Malaysia	100.00	100.00
MRCB Dotcom Sdn. Bhd. (formerly known as MR Manufacturing Sdn. Bhd.)	Pre-operating	Malaysia	100.00	100.00
MRCB Oil And Gas Technical Services Sdn. Bhd. (formerly known as MRCB Technologies Consortium Sdn. Bhd.)	Pre-operating	Malaysia	100.00	100.00
MRCB Smart Sdn. Bhd. (formerly known as Tricodex Sdn. Bhd.)	Pre-operating	Malaysia	100.00	100.00
Malaysian Resources Technology Sdn. Bhd.	Pre-operating	Malaysia	100.00	100.00

notes to the financial statements

31 August 2000 (continued)

35 COMPANIES IN THE GROUP (continued)

Name of company	Principal activities	Country of incorporation	Effective equity interest	
			2000 %	1999 %
Semasa Sentral Sdn. Bhd. (formerly known as MR Marketing Sdn. Bhd.)	Pre-operating	Malaysia	100.00	100.00
Trans Peninsula Crude Oil Transaction Sdn. Bhd. (formerly known as Sumbangan Bangsawan Sdn. Bhd.)	Pre-operating	Malaysia	100.00	100.00
ASSOCIATED COMPANIES:				
Harmonic Fairway Sdn. Bhd.**	Investment holding	Malaysia	50.00	50.00
Kota Francais (M) Sdn. Bhd.**	Franchising property management and consultancy	Malaysia	20.00	20.00
Malakoff Berhad**	Investment holding and plantation	Malaysia	17.93	24.97
MRCB Multimedia Consortium Sdn. Bhd.	Designing, developing and implementing various applications relating to information and technologies	Malaysia	23.33	23.33
Port Dickson Power Berhad ^^	Independent power producer	Malaysia	—	30.00
Rashid Hussain Berhad	Financial services	Malaysia	22.69	22.69
Sistem Televisyen Malaysia Berhad	Commercial television broadcasting	Malaysia	49.65	49.65
The New Straits Times Press (Malaysia) Berhad	Publishing and sale of newspapers, investment holding and property development	Malaysia	43.56	44.33

* Presently dormant

Subsidiary companies incorporated outside Malaysia having their accounting records prepared and maintained in Ringgit Malaysia

Subsidiary company acquired during the financial year

^ Subsidiary company disposed off during the financial year

^^ Associated company disposed off during the financial year

** Companies not audited by PricewaterhouseCoopers, Malaysia

36 SEGMENT INFORMATION

Analysis of the Group's results and total assets employed by the various activities of the Group are:

	Turnover		Profit/(loss) before taxation		Total assets employed	
	2000 RM'000	1999 RM'000	2000 RM'000	1999 RM'000	2000 RM'000	1999 RM'000
By activity						
Power	29,181	46,793	19,604	15,042	161,091	187,216
Construction and Engineering	115,613	117,678	(18,239)	(18,118)	90,999	148,851
Property development	90,239	42,883	4,365	(56,282)	1,244,764	1,125,014
Investment holding	10,355	21,537	(28,353)	(1,058,785)	322,563	125,427
Manufacturing	3,182	100	(9,213)	(23,700)	43,999	49,662
Gain/(loss) on disposal of investments	—	—	122,745	(9,083)	—	—
Investments in associated companies:						
Media	412,389	403,439	(40,551)	(113,365)	876,386	901,876
Power	354,313	412,990	120,032	148,511	414,171	625,405
Construction	43,244	29,932	233	148	357	190
Manufacturing	15,586	7,943	808	(1,800)	6,283	5,557
Financial services	854,038	883,545	2,225	(119,355)	336,603	351,914
Multimedia	2,607	—	117	(232)	3,742	3,626
	1,930,747	1,966,840	173,773	(1,237,019)	3,500,958	3,524,738
Less: Group's share of turnover of associated companies	(1,682,177)	(1,737,849)	—	—	—	—
Less: Financing cost of investment in segments	—	—	(92,482)	(169,781)	—	—
	248,570	228,991	81,291	(1,406,800)	3,500,958	3,524,738
By geographical location						
Malaysia	248,570	228,991	81,496	(1,406,800)	3,479,808	3,524,738
Outside Malaysia	—	—	(205)	—	21,150	—
	248,570	228,991	81,291	(1,406,800)	3,500,958	3,524,738

The above transactions are undertaken on agreed terms and prices in the normal course of business.

notes to the financial statements

31 August 2000 (continued)

37 SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

- (a) On 22 October 1999, the Company and MRCB Engineering Sdn. Bhd., a wholly-owned subsidiary company, entered into a Conditional Agreement with Sime Darby Berhad and Tenaga Nasional Berhad for the proposed disposal of their 30% and approximately 49.99% equity interests in Port Dickson Power Berhad and Janaurus PDP Sdn. Bhd. respectively for a total cash consideration of RM204 million.

The above disposals were completed on 17 January 2000.

- (b) On 31 January 2000, the Company entered into an agreement with Restu Budi Sdn. Bhd. ("RBSB") to dispose off its entire 22.7% equity interest in Malakoff Berhad for a total cash consideration of RM744 million.

On 29 July 2000, the Company entered into a Novation Agreement with RBSB and Malaysia Mining Corporation Berhad ("MMC") whereby MMC will assume all the rights and obligations of RBSB in the first agreement dated 31 January 2000.

On 28 August 2000, the Company completed the first tranche disposal comprising 4.5% equity interest in Malakoff Berhad to MMC for a cash consideration of RM148.8 million.

- (c) On 8 April 2000, MRCB Mauritius Ltd. ("MRCB Mauritius") entered into a Share Sale Agreement with Moegamat Tahir Salie and Mogamat Saleem Manie for the acquisition of 100% equity interest in Novelway Investments (Pty) Ltd. ("Novelway") for a nominal consideration of SAR100. Novelway is a company incorporated and domiciled in South Africa. MRCB Mauritius is a wholly-owned subsidiary of Malaysian Resources International Sdn. Bhd., which in turn is a wholly-owned subsidiary of the Company.
- (d) On 29 June 2000, Cahaya Mutiara Properties Sdn. Bhd. ("CMP") entered into a conditional Sale and Purchase Agreement with BP Plantation Sdn. Bhd. for the purchase of a portion of land known as P.T. No. 12, Mukim 6, Daerah Seberang Perai Utara, Negeri Pulau Pinang in the development of Bandar Bertam Perdana for a total consideration of RM61.2 million. CMP is a wholly-owned subsidiary of MRCB Property Development Sdn. Bhd. (formerly known as Slim Indah Sdn. Bhd.) which in turn is a wholly-owned subsidiary of Malaysian Resources Development Sdn. Bhd. (formerly known as Teras Cemara Sdn. Bhd.), a wholly-owned subsidiary of the Company.
- (e) On 21 August 2000, the Company entered into a Share Sale Agreement with Bank Industri & Teknologi Malaysia Berhad to acquire 59.6% equity interest in Sibexlink Sdn. Bhd. for a cash consideration of RM6.6 million. The proposed acquisition is subject to the approvals of the relevant authorities.
- (f) On 23 August 2000, Zelleco (M) Sendirian Berhad, a 70% owned subsidiary company completed the disposal of its entire 65% equity interest in Zelleco Metal Galvanising Sdn. Bhd. for a total cash consideration of RM975,000.

38 SIGNIFICANT EVENTS SUBSEQUENT TO BALANCE SHEET DATE

- (a) On 5 October 2000, MRCB Property Development Sdn. Bhd. (formerly known as Slim Indah Sdn. Bhd.) ("MPD") entered into a Sale and Purchase Agreement with Rich Focus Corporation Sdn. Bhd. for the acquisition of 90% equity interest in KGN-RFC Development Sdn. Bhd. for a cash consideration of RM7.5 million. MPD is a wholly-owned subsidiary of Malaysian Resources Development Sdn. Bhd. (formerly known as Teras Cemara Sdn. Bhd.) which in turn is a wholly-owned subsidiary of the Company. The proposed acquisition is subject to the approvals of the relevant authorities.
- (b) On 23 October 2000, the Company and MR Investments (Cayman) Pte. Ltd., a wholly-owned subsidiary company, completed the disposal of the Group's remaining equity interest in Malakoff Berhad to Malaysian Mining Corporation Berhad for a total cash consideration RM595.3 million.
- (c) On 2 November 2000, MR Enterprises Sdn. Bhd. ("MR Enterprises"), a wholly-owned subsidiary company, redeemed its entire 104,500,000 redeemable preference shares of RM1.00 each held by Teknik Janakuasa Sdn. Bhd., inclusive of premium on a pro-rated basis, for an amount of RM137.0 million.
- (d) On 24 December 1999, the Company entered into a Debt Restructuring Scheme with the bankers of the Company and two of its subsidiary companies, i.e. MR Investments (Cayman) Pte. Ltd. and MRC Management (BVI) Ltd. for the extension of the credit facilities of approximately RM1,142.8 million. Since then, the credit facilities have been reduced to RM516.6 million. The Company is currently securing new credit facilities to refinance the aforesaid remaining credit facilities.

analysis of shareholdings

as at 31 December 2000

Authorised Share Capital : 2,000,000,000
 Paid-up Share Capital : 975,590,499
 Type of Shares : Ordinary Share of RM1.00 each
 No. of Shareholders : 68,383
 Voting Rights : One vote for every share

Size of Shareholdings	No. of Shareholders	Percentage of Shareholders (%)	No. of Shares	Percentage of Share Capital (%)
1 – 499	5,168	7.55	1,026,347	0.10
500 – 5,000	47,567	69.56	107,470,178	11.02
5,001 – 10,000	7,978	11.67	67,400,080	6.91
10,001 – 100,000	7,082	10.36	197,891,710	20.29
100,001 – 1,000,000	540	0.79	134,985,625	13.83
More than 1,000,000	48	0.07	466,816,559	47.85
TOTAL	68,383	100.00	975,590,499	100.00

LIST OF SUBSTANTIAL SHAREHOLDERS

Name	No. of Shares	Percentage of Share Capital (%)
1. Realmild (M) Sdn Bhd	244,857,156*	25.10
2. Dato' Seri Abdul Rahman Maidin	244,857,156**	25.10
3. Employees Provident Fund Board	115,150,333	11.80

* held through nominee company

** held through Realmild (M) Sdn Bhd

top 20 shareholders

as at 31 December 2000

Name	No. of Shares Held	Percentage of Share Capital (%)
1. REALMILD (M) SDN BHD	244,857,156	25.10
2. EMPLOYEES PROVIDENT FUND BOARD	115,150,333	11.80
3. GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD	11,776,000	1.21
4. THE GREAT EASTERN LIFE ASSURANCE CO LTD	9,825,000	1.01
5. GOH SONG LEONG	5,546,000	0.57
6. KHAZANAH NASIONAL BERHAD	4,859,000	0.50
7. INVESCO GT ASEAN FUND	4,610,000	0.47
8. HLG CAPITAL MARKETS SDN BHD	3,920,000	0.40
9. CEMPAKA ERAT SDN BHD	3,691,000	0.38
10. ABU DHABI INVESTMENT AUTHORITY	3,293,000	0.34
11. GOLDCAPE INTERNATIONAL LIMITED	3,108,000	0.32
12. PRUDENTIAL ASSURANCE MALAYSIA BERHAD	3,074,000	0.31
13. KOSSIPETTO MANAGEMENT LIMITED	3,073,334	0.31
14. RHB DYNAMIC FUND	3,000,333	0.31
15. CHOY WEE CHIAP	3,000,000	0.31
16. KUALA LUMPUR GROWTH FUND	2,809,000	0.29
17. STATE STREET BANK & TRUST FUNDS FOR EMPLOYEE TRUSTS	2,611,600	0.27
18. BHLB PACIFIC HIGH GROWTH FUND	2,289,333	0.23
19. KUALA LUMPUR AGGRESSIVE GROWTH FUND	2,006,000	0.21
20. JF ASEAN TRUST (SEA)	2,000,000	0.20
TOTAL	434,499,089	44.54

properties of the group

DESCRIPTION/ EXISTING USE	LOCATION	AREA	NET BOOK VALUE AS AT 31/8/2000 (RM'000)	TENURE	APPROXIMATE AGE OF BUILDING	ENCUMBRANCE
Resource Complex – 6 storey industrial buildings/flatted factories and warehouse	33, Jalan Segambut Atas, Segambut, 51200 Kuala Lumpur, Wilayah Persekutuan.	72,098 sq. metres	49,045	Leasehold 66 years expiring on 2 February 2044	15 years	NIL
Resource Industrial Centre – 6 storey industrial factory/ educational institution	10, Jalan 1/137-B, Jalan Kelang Lama, 58100 Kuala Lumpur, Wilayah Persekutuan.	5,037 sq. metres	3,315	Leasehold 99 years expiring on 29 March 2065	16 years	NIL
Land for proposed mixed housing development	PT 6748 (part) and 6754, Mukim Kajang, District of Hulu Langat, Selangor Darul Ehsan.	8.51 hectares	25,531	Freehold	–	NIL
Land for proposed mixed housing development	Lot 6061 (part) and 69 (part), Mukim Ulu Kelang, District of Gombak, Selangor Darul Ehsan.	7.06 hectares	13,996	Freehold	–	NIL
Land for proposed condominium development	Country lease No. 015146120, Municipality and District of Kota Kinabalu, Sabah.	1.10 hectares	500	Leasehold 999 years expiring on 4 July 2918	–	NIL
Land for proposed industrial development	Lot 10836 to 10868, 10870 to 10981, 10984 to 11015, Mukim Rantau, District of Seremban, Negeri Sembilan Darul Khusus.	5.20 hectares	3,920	Freehold	–	NIL
Land for proposed mixed commercial development	H.S. (D) 79956 P.T. No. 12, Seksyen 14, Bandar Shah Alam, Selangor Darul Ehsan.	1.21 hectares	41,901	Leasehold 99 years expiring on 15 September 2092	–	YES
Plaza Alam Sentral – 7 level shopping complex	H.S. (D) 79956 P.T. No. 12, Seksyen 14, Bandar Shah Alam, Selangor Darul Ehsan.	68,233 sq. metres	136,370	Leasehold 99 years expiring on 15 September 2092	1 year	YES
Menara MRCB – 23 level office blocks	H.S. (D) 79956 P.T. No. 12, Seksyen 14, Bandar Shah Alam, Selangor Darul Ehsan.	25,641 sq. metres	69,699	Leasehold 99 years expiring on 15 September 2092	1 year	YES

DESCRIPTION/ EXISTING USE	LOCATION	AREA	NET BOOK VALUE AS AT 31/8/2000 (RM'000)	TENURE	APPROXIMATE AGE OF BUILDING	ENCUMBRANCE
4 storey shoplot/office	63, Jalan SS 25/2, Taman Bukit Emas, Petaling Jaya, Selangor Darul Ehsan.	612 sq. metres	392	Freehold	8 years	NIL
Sentral Plaza Corporate Office Suite under construction	CS/3B/11-3 and CS/3A/11, Lot 16, Section 70, Mukim Kuala Lumpur, Wilayah Persekutuan.	956 sq. metres	2,827	Freehold	Construction in progress, expected completion in 2001	YES
Industrial land with factory building	Lot 49 & 50, Rawang Integrated Industrial Park, 48000 Rawang, Selangor Darul Ehsan.	3.41 hectares	15,453	Freehold	6 years	YES
Business office	Level 22, No. 1, Jalan 2/106, Bandar Tun Razak, 56000 Kuala Lumpur, Wilayah Persekutuan.	1,812 sq. metres	4,098	Leasehold 99 years expiring on 22 July 2090	3 years	YES
Land and factory building	Lot A, Selangor Industrial Estate, Batu 13, Jalan Klang, 47100 Puchong, Selangor Darul Ehsan.	6.07 hectares	23,240	Leasehold 99 years expiring on 8 February 2090	10 years	YES
Sentral Station Complex, related infrastructure and railway facilities with commercial buildings and landed properties	Lot 12, 16, 19 Sek. 70 Lot 203 and 238, Sek. 72, Mukim Bandar Kuala Lumpur, Daerah Kuala Lumpur, Jalan Damansara, Kuala Lumpur, Wilayah Persekutuan.	20.45 hectares	412,103	Freehold	—	YES
3 storey shop/office	10, Jalan 7/155, Bukit Jalil Integrated Business Park, Selangor Darul Ehsan.	461 sq. metres	545	Freehold	5 years	YES
1½ storey light industrial building	Plot No. 5A, Perusahaan Ringan, Tingkat 1½ Kawasan Industri Ringan Perai 4, Lot No. 1839, Suratan Hakmilik, Sementara No. H.S. (M) 355, Mukim 12, Seberang Perai Tengah.	429 sq. metres	614	Freehold	2 years	YES

properties of the group (continued)

DESCRIPTION/ EXISTING USE	LOCATION	AREA	NET BOOK VALUE AS AT 31/8/2000 (RM'000)	TENURE	APPROXIMATE AGE OF BUILDING	ENCUMBRANCE
4 storey shop, office & apartment	26-1 & 28-1, Jalan PJS 5/4, Taman Desaria, 46000 Petaling Jaya. Selangor Darul Ehsan.	312 sq. metres	201	Leasehold 99 years expiring on 12 September 2090	7 years	YES
Industrial land	Plot No. 143 & 145, Rawang Industrial Park, 48000 Rawang, Selangor Darul Ehsan.	1,692 sq. metres	6,269	Freehold	—	YES
1½ storey link factory	23, 25 and 27, Jalan Anggerik Mokara, 31/51, Kota Kemuning, Seksyen 31, 40460 Shah Alam, Selangor Darul Ehsan.	1,086 sq. metres	1,113	Freehold	2 years	YES
Vacant industrial land	Lot no. IL-1946, Bukit Beruntung, Mukim Serendah, Daerah Hulu Selangor, P.T. No. 1939, H.S.D. No. 8651, Selangor Darul Ehsan.	5,913 sq. metres	1,031	Freehold	—	NIL
4 storey shop office	Sub Lot No. 4, 5 & 6, H.S. (D) 49729, Lot PT 33487, Taman Kajang Utama, Mukim Kajang, Daerah Ulu Langat, Selangor Darul Ehsan.	1,485 sq. metres	1,435	Freehold	1 year	NIL