

Pan Malaysia Holdings Berhad

Company No: 95469-W

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**ANNUAL REPORT
LAPORAN TAHUNAN**

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Notice of Meeting

NOTICE IS HEREBY GIVEN that the Eighteenth Annual General Meeting of the Company will be held at Ming Crystal Ballroom, MingCourt Vista Hotel Kuala Lumpur, Jalan Ampang, 50450 Kuala Lumpur on Thursday, 28 June 2001 at 10.00 a.m. for the following purposes:-

AGENDA

1. To receive and adopt the audited financial statements for the financial year ended 31 December 2000 together with the Directors' and Auditors' reports thereon.
2. To approve Directors' fees of RM117,000.00.
3. To consider and, if thought fit, pass the following resolutions in accordance with Section 129(6) of the Companies Act, 1965:-
 - i) "THAT pursuant to Section 129(6) of the Companies Act, 1965, Dato' Abdul Aziz bin Ahmad be re-appointed as a Director of the Company to hold office until the next Annual General Meeting of the Company."
 - ii) "THAT pursuant to Section 129(6) of the Companies Act, 1965, Dato' Rastam bin Abdul Hadi be re-appointed as a Director of the Company to hold office until the next Annual General Meeting of the Company."
 - iii) "THAT pursuant to Section 129(6) of the Companies Act, 1965, Mr Yong Ming Sang @ Yeoh Beng Sang be re-appointed as a Director of the Company to hold office until the next Annual General Meeting of the Company."
4. To re-appoint Messrs BDO Binder as Auditors of the Company and to authorise the Directors to fix their remuneration.
5. To transact any other business of which due notice shall have been received.

By order of the Board

Chik Wai Ming
Company Secretary

Kuala Lumpur
29 May 2001

Note:-

1. A member entitled to attend and vote at the above meeting is entitled to appoint not more than two (2) proxies to attend and vote in his stead. Such proxy, if not a member of the Company, must be a qualified legal practitioner, an approved company auditor, a person approved by the Registrar of Companies in a particular case or a person approved by the Directors. Where a member appoints two (2) proxies, the appointments shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
2. The instrument appointing a proxy must be deposited at the Registered Office, 14th Floor, MUI Plaza, Jalan P. Ramlee, 50250 Kuala Lumpur, not less than forty-eight (48) hours before the time appointed for holding the meeting or any adjournment thereof.
3. Where the Proxy Form is executed by a corporation, it must either be under its Common Seal or under the hand of an Attorney duly authorised.

Corporate Information

Board of Directors

Dato' Mohd Ibrahim bin Mohd Zain, D.S.P.N., D.I.M.P., *Chairman*
Khet Kok Yin, *Managing Director*
Dato' Choong Kok Min, D.P.T.J., P.J.K., *Executive Director*
Dato' Abdul Aziz bin Ahmad, D.S.D.K., D.P.M.J., J.M.N., K.M.N., J.B.S.
Christopher Martin Boyd
Datuk Mohd Yassin bin Jaafar, P.N.B.S., J.M.N., K.M.N., A.M.N., A.S.K.
Dato' Rastam bin Abdul Hadi, P.G.D.K., D.C.S.M., D.P.M.T., K.M.N.
Yong Ming Sang @ Yeoh Beng Sang

Secretary

Chik Wai Ming

Registered Office

14th Floor, MUI Plaza
Jalan P. Ramlee
50250 Kuala Lumpur
Tel No: 03-21482566 Fax No: 03-21445209

Principal Place of Business

5th Floor, MUI Plaza
Jalan P. Ramlee
50250 Kuala Lumpur
Tel No: 03-2016722 Fax No: 03-2011299

Registrar

Pan Malaysia Management Sdn Bhd
6th Floor, MUI Plaza
Jalan P. Ramlee
50250 Kuala Lumpur
Tel No: 03-21487696 Fax No: 03-21442118

Auditors

BDO Binder *Public Accountants*

Principal Bankers

Alliance Bank Malaysia Berhad
Malayan Banking Berhad
OCBC Bank (Malaysia) Berhad
Southern Bank Berhad

Stock Exchange Listing

The Main Board of the Kuala Lumpur Stock Exchange

The Audit Committee

MEMBERS OF THE COMMITTEE

Dato' Mohd Ibrahim bin Mohd Zain (*Chairman, Independent Non-Executive Director*)

Datuk Mohd Yassin bin Jaafar (*Independent Non-Executive Director*)

Khet Kok Yin (*Managing Director*)

TERMS OF REFERENCE

Membership

1. The Committee shall be appointed by the Board from amongst the Directors of the Company and shall consist of not less than three members, the majority of whom shall not be:-
 - (a) executive directors of the Company or any related corporation;
 - (b) a spouse, parent, brother, sister, son or adopted son or daughter or adopted daughter of an executive director of the Company or of any related corporation;
 - (c) any person having a relationship which, in the opinion of the Board would interfere with the exercise of independent judgement in carrying out the functions of the Committee.
2. The members of the Committee shall elect a Chairman from among their numbers who is not an executive director or employee of the Company or any related corporation.
3. If a member of the Committee resigns, dies or for any other reason ceases to be a member with the result that the number of members is reduced below three, the Board shall, within three months of that event, appoint such number of new members as may be required to make up the minimum number of three members.
4. The term of office of the members of the Committee should be reviewed by the Board every two years.

Authority

5. The Committee is authorised by the Board to investigate any activity within its terms of reference. It is authorised to seek any information it requires from any employee and all employees are directed to co-operate with any request made by the Committee.
6. The Committee is authorised by the Board to obtain outside legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary.

Functions

7. The functions of the Committee shall be:-
 - (a) to review
 - (i) with the external auditors, the audit plan;
 - (ii) with the external auditors, their evaluation of the system of internal accounting controls;
 - (iii) with the external auditors, their audit report;
 - (iv) the assistance given by the Company's officers to the auditors;
 - (v) the scope and results of the internal audit procedures;
 - (vi) the financial statements of the Company and the Group and thereafter to submit them to the directors of the Company;
 - (vii) any related party transactions that may arise within the Company or Group; and
 - (b) to nominate a person or persons as auditorstogether with such other functions as may be agreed to by the Committee and the Board of Directors.

Chairman's Statement

On behalf of the Board of Directors, I present herewith the Annual Report of our Company and the Group for the financial year ended 31 December 2000.

ECONOMIC REVIEW

The new millennium began well for the Malaysian economy which continued the recovery process by achieving a Real Gross Domestic Product growth rate of 8.5% as compared to the 5.8% chalked up for the preceding year. The accommodative monetary and expansionary fiscal policies in place since 1998 have stimulated strong growth in economic activities with all sectors in the supply side registering positive growth. The manufacturing and services sectors grew by 21.0% and 4.7% respectively whilst the construction sector grew by 1.1%.

The year under review also began on a high note on the Kuala Lumpur Stock Exchange ("KLSE") with the KLSE composite index reaching a high of 1021.2 on 18 February 2000.

FINANCIAL HIGHLIGHTS AND REVIEW OF OPERATIONS

Building on the successful implementation at the end of 1999 of the financial restructuring of the Group, the Group managed to achieve a pre-tax profit of RM7.9 million in the year under review as against a loss of RM90.1 million suffered in the previous financial year. The main contributors to this turnaround performance were the two stockbroking companies under Pan Malaysia Capital Berhad ("PM Capital"). Pan Malaysia Equities Sdn Bhd ("PM Equities") and PM Securities Sdn Bhd ("PM Securities") resumed normal trading in February 2000 and managed to return to profitability.

The companies under the Group's Property and Leisure Division performed within expectations and reported an increase in turnover from RM25.4 million reported in 1999 to RM35.9 million for the financial year under review. The Paradise Lagoon Hotel in Port Dickson performed above expectations and achieved an encouraging gross operating profit. The Manufacturing and Trading Division reported a loss attributable primarily to the difficult trading environment faced by Pengkalen Concrete Sdn Bhd Group and Pengkalen Building Materials Sdn Bhd Group. Benefiting from the cross selling between Group companies and group synergy especially through a group affiliate in Hong Kong, Pan Malaysia Travel & Tours Sdn Bhd achieved its budgeted profit.

CORPORATE DEVELOPMENTS

Recognising the need for the creation of a more efficient and competitive market to compete with other regional markets, the Government had launched an initiative on the consolidation of the stockbroking industry and the creation of "Universal Brokers". In line with this Government policy, PM Securities had on 2 October 2000 and 27 November 2000 entered into agreements to purchase and merge its existing stockbroking business with that of MBf Northern Securities Sdn Bhd (Special Administrators Appointed) ("MBf Northern") ("MBf Northern Merger") and Malpac Securities Sdn Bhd ("Proposed Malpac Merger"). Additionally, in order to comply with the criteria of a Universal Broker which stipulates amongst others, that a Universal Broker must be an existing stockbroker who acquires or merges with a minimum of three other stockbrokers, the Group also proposed a restructuring of the Group and to place PM Equities as a subsidiary of PM Securities ("Proposed Restructuring") in order to qualify PM Securities as a Universal Broker. PM Securities is also implementing a share issue which would raise its issued capital to meet the requirements set by the Securities

Commission ("SC") for a Universal Broker.

The MBf Northern Merger was completed on 22 January 2001 and the Group has received the approval from the relevant authorities to resite the business of MBf Northern, as a branch of PM Securities to be located in Puchong, Selangor Darul Ehsan. A suitable site in Puchong has been identified and the branch is expected to be operational by the third quarter of this year. The Proposed Malpac Merger and Proposed Restructuring are pending approvals of the relevant authorities.

With the necessary applications towards the attainment of a Universal Broker status having being made to the authorities prior to 31 December 2000, PM Securities will be accorded a total of 7 branch licences. Studies and surveys are underway to source the most appropriate locations to site the various branches.

In line with the Group's consolidation exercise, in August 2000, the Company entered into an agreement with Supermix Concrete (Malaysia) Sdn Bhd ("Supermix") to sell to Supermix, the Company's entire interest in Pengkalen Concrete Sdn Bhd and the transaction was completed on 23 March 2001 at a sale price of RM6.9 million. In December 2000, the Group also entered into an agreement to divest the Group's entire interest in Focusprint Sendirian Berhad and the sale was completed on 23 March 2001 at a sale price of RM4.5 million. The funds raised from the sales will be utilised towards reducing the Group's borrowings and for future investments.

OUTLOOK

With the trend towards liberalisation, the entry of foreign competitors and the internet age, it was inevitable that a consolidation of the stockbroking industry be mooted and to bring along with it greater efficiency arising from various economies of scale. With the anticipated liberalisation of the markets, it was also inevitable that brokerage rates be subject to downward pressure to be more in line with that of Singapore and Hong Kong. As a result of this decrease in margins on the pure broking business, stockbroking firms will have to strengthen activities in other areas such as unit trusts, asset management and corporate finance to compensate for the reduction in rates. In February of this year, the SC announced its Capital Market Masterplan which seeks to establish an internationally competitive and efficient capital market. Additionally, the onset of the technology age and the advent of internet has also brought a major change in the form of a borderless trading environment.

The Group recognises the challenges posed and the need to be able to respond to a changing environment. It recognises the need to re-position itself to profit from its traditional sources of business, not only by the traditional way in the conduct of its broking business but also to position and invest in the necessary infrastructure to benefit from an early start in internet trading. Additionally, the Group has also successfully managed to fulfil the first hurdle of expanding from its traditional source of income by fulfilling the requisite criteria of a "Universal Broker". As such, in addition to being a pure stockbroker, PM Securities as a Universal Broker will be able to diversify and to offer a full range of capital market services including taking on corporate finance work, making submissions to SC and trading in derivative products. The Group is also studying the possibilities of a tie-up with local and foreign companies with well-established financial resources, technical expertise and networking.

The Group will also continue to explore various avenues to increase the earnings and value for its Manufacturing and Trading Division as well as its Property and Leisure Division.

The Group anticipates major challenges in the broking business in the forthcoming financial year.

ACKNOWLEDGEMENTS

I would like to express my sincere appreciation to our shareholders and bankers for their continued support and confidence in the Management and Board. To our staff and management, I would like to thank them for their dedication and hard work. Last but not least, I would also like to express my appreciation and thanks to my fellow colleagues on the Board for their guidance and support.

Dato' Mohd Ibrahim bin Mohd Zain
Chairman

Kuala Lumpur
25 April 2001

Directors' Report

The Directors wish to present their report and audited financial statements of the Group and of the Company for the financial year ended 31 December 2000.

Principal Activities

The Company is an investment, property holding and management company. The principal activities of the Group consist of the following:-

- Financial Services
- Manufacturing and Trading
- Property and Leisure
- Investment Holding

There have been no significant changes in the nature of the activities of the Group and of the Company during the financial year under review.

Results

	Group RM'000	Company RM'000
Profit/(Loss) after taxation	11,724	(3,519)
Minority interests	(128)	-
Profit/(Loss) for the year	11,596	(3,519)
Accumulated losses brought forward	(1,170,001)	(569,451)
Accumulated losses carried forward	(1,158,405)	(572,970)

Movements In Reserves And Provisions

Material movements in reserves and provisions during the financial year are disclosed in the notes to the financial statements.

Dividends

No dividends were paid or declared by the Company since the end of the previous financial year. The Directors do not recommend any dividend in respect of the financial year ended 31 December 2000.

Share Capital

During the financial year, the issued and paid-up share capital of the Company was increased from RM827,939,464 to RM918,510,771 by way of:-

- (i) issue of 83,417,208 new ordinary shares of RM1.00 each credited as fully paid-up in the capital of the Company to a subsidiary company of Malayan United Industries Berhad, in consideration of the settlement of certain indebtedness of the Group.

The new ordinary shares rank pari passu in all respects with the then existing ordinary shares of the Company.

- (ii) issue of 7,154,099 new irredeemable convertible preference shares ("ICPS") of RM1.00 each credited as fully paid-up in the capital of the Company for settlement with scheme creditors pursuant to the schemes of arrangement of the Company and a subsidiary company under Section 176 of the Companies Act, 1965.

The new ICPS rank pari passu in all respects with the then existing ICPS of the Company.
The principal terms of the ICPS are disclosed in Note 19 to the financial statements.

Directors

The Directors who held office since the date of the last report and at the date of this report are:-

Dato' Mohd Ibrahim bin Mohd Zain (Chairman)
Khet Kok Yin (Managing Director)
Dato' Choong Kok Min (Executive Director)
Dato' Abdul Aziz bin Ahmad
Christopher Martin Boyd
Datuk Mohd Yassin bin Jaafar
Dato' Rastam bin Abdul Hadi
Yong Ming Sang @ Yeoh Beng Sang
Tan Sri Dato' Abu Talib bin Othman (Resigned on 2.10.2000)

None of the Directors who held office at the end of the financial year had, according to the Register of Directors' Shareholdings, any interest in the shares of the Company and its related corporations except as stated below:-

Ordinary shares of RM1.00 each in Pan Malaysia Holdings Berhad	Number of shares			Balance at 31.12.2000
	Balance at 1.1.2000	Bought	Sold	
Dato' Abdul Aziz bin Ahmad Indirect	10,000	–	–	10,000

Dato' Choong Kok Min Direct	21,241,332	–	–	21,241,332
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Ordinary shares of RM1.00 each in Pan Malaysia Capital Berhad	Number of shares			Balance at 31.12.2000
	Balance at 1.1.2000	Bought	Sold	
Dato' Choong Kok Min Direct	3,166,500	30,000	–	3,196,500
Yong Ming Sang @ Yeoh Beng Sang Indirect	–	20,000	–	20,000

Ordinary shares of RM1.00 each in Malayan United Industries Berhad	Number of shares			Balance at 31.12.2000
	Balance at 1.1.2000	Bought	Sold	
Dato' Choong Kok Min Direct	1,307,000	–	–	1,307,000
Yong Ming Sang @ Yeoh Beng Sang Direct	1,981,800	–	–	1,981,800
Indirect	549,640	–	–	549,640

**Ordinary shares of 50 sen each
in MUI Properties Berhad**

	Balance at 1.1.2000	Number of shares		Balance at 31.12.2000
		Bought	Sold	
Dato' Choong Kok Min Direct	5,000	–	–	5,000

**Ordinary shares of 50 sen each in
Pan Malaysia Corporation Berhad**

	Balance at 1.1.2000	Number of shares		Balance at 31.12.2000
		Bought	Sold	
Dato' Rastam bin Abdul Hadi Direct	995,000	21,000	–	1,016,000
Indirect	28,000	60,000	–	88,000

The following Directors have been granted options to subscribe for the following ordinary shares of RM1.00 each in the share capital of Malayan United Industries Berhad ("MUI"), the ultimate holding company, at an exercise price of RM1.80 per share pursuant to MUI Executive Share Option Scheme which is exercisable between 5 July 2000 and 4 July 2001:–

	Balance at 1.1.2000	Number of shares		Balance at 31.12.2000
		Granted	Exercised	
Khet Kok Yin	112,000	–	–	112,000
Dato' Rastam bin Abdul Hadi	100,000	–	–	100,000

In accordance with Section 129(2) of the Companies Act, 1965, Dato' Abdul Aziz bin Ahmad, Dato' Rastam bin Abdul Hadi and Mr Yong Ming Sang @ Yeoh Beng Sang retire from the Board at the forthcoming Annual General Meeting, and the Directors recommend their re-appointment under Section 129(6) of the said Act.

In accordance with Article 110 of the Company's Articles of Association, Mr Christopher Martin Boyd retires from the Board by rotation at the forthcoming Annual General Meeting, and will not be offering himself for re-election.

Since the end of the previous financial year, no Director has received or become entitled to receive any benefits (other than benefits as disclosed in 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 the Director is a member or with a company in which the Director has a substantial financial interest.

Neither at the end of the financial year, nor at any time during the financial year, did there subsist any arrangements, to which the Company is a party, whereby Directors might acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate except for Dato' Choong Kok Min who has been purportedly granted options to subscribe for 500,000 ordinary shares of RM1.00 each at an exercise price of RM3.02 per share pursuant to the Executive Share Option Scheme of the Company. The validity of the options granted has been challenged in the Kuala Lumpur High Court Civil Suit No. D2-22-337-1996. The parties are currently awaiting the fixing of a new trial date.

Share Options

Pursuant to the Company's Executive Share Option Scheme ("ESOS" or "Scheme") which was approved by the shareholders on 12 October 1994 and revised on 29 September 1995, options for a total of 19,553,000 ordinary shares of the Company have been purportedly granted to eligible executive employees of the Group. However, the validity of the options granted has been challenged in the Kuala Lumpur High Court Civil Suit No. D2-22-337-1996. The matter has not been tried and the parties are currently awaiting the fixing of a new trial date.

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 participation in the ordinary share capital of the Company only. The total number of shares offered under the ESOS shall not exceed 10% of the total number of the issued and paid-up ordinary shares of the Company at any time during the duration of the Scheme.
- (b) Eligible executives are those who have been employed full-time by any company within the Group for at least three (3) years prior to the date of offer of the option under the ESOS, and includes any full-time salaried executive Director of any company within the Group.
- (c) The ESOS was in force for a duration of five (5) years and expired on 27 October 2000.
- (d) The Scheme shall be administered by a Committee appointed by the Board and comprised Directors of the Company who are not participating in the ESOS.
- (e) An option granted under the ESOS shall be capable of being exercised by the grantee at any time within the period of five calendar years from the date of offer of the option or such shorter period as may be specifically stated in such offer but not beyond 27 October 2000, by notice in writing to the Company. The option granted shall be exercisable by the grantee in multiples of not less than 1,000 shares.
- (f) The persons to whom the options are granted under the Scheme shall not be entitled to participate in any other share option schemes of any other company within the Group.
- (g) The exercise price for each RM1.00 ordinary share under the Scheme shall be the average of the mean market quotation of the shares as quoted and shown in the Daily Official List issued by the Kuala Lumpur Stock Exchange for the five (5) preceding market days prior to the date of offer or at the par value of the shares of the Company, whichever is higher.
- (h) In the event of any alteration in the capital structure of the Company during the option period, corresponding alterations (if any subject to the provisos as stated in the Bye-Laws) shall be made in:-
 - (i) the number of shares relating to the option so far as unexercised;
 - (ii) the exercise price for the option; and
 - (iii) the terms of exercise of the option.

Since the end of the previous financial year and on the expiry of the Scheme on 27 October 2000, there has been no change in the position of the Company's unissued ordinary shares of RM1.00 each under options which have purportedly been granted as shown below:-

	<i>Number of shares</i>			<i>Balance on expiry of the Scheme</i>
	<i>Balance at 1.1.2000</i>	<i>Granted</i>	<i>Exercised</i>	<i>on 27.10.2000</i>
Number of unissued ordinary shares under options which have purportedly been granted	16,465,000	-	-	16,465,000

To the best of the Directors' knowledge, on expiry of the Scheme on 27 October 2000, the number of unissued ordinary shares under the options which have purportedly been granted and their exercise prices per share were:-

<i>Number of unissued ordinary shares under options</i>	<i>Exercise price per share RM</i>
10,000	2.57
4,597,000	3.02
11,571,000	3.09
287,000	3.14
<hr/> 16,465,000	

During the period from 1 January 2000 to the expiry of the Scheme on 27 October 2000, the issued and paid-up share capital of the Company was increased from RM827,939,464 to RM917,649,777. In the event the Court finds that the options have been validly granted, the paid-up share capital of the Company will be increased accordingly.

Other Statutory Information

- (a) In the opinion of the Directors:-
- (i) the results of the operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature other than the surplus arising from a subsidiary company not consolidated and the waiver of debt as disclosed in Note 4.2 (vi) and Note 24 to the financial statements.
 - (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is 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 other than the gain to the Company on the sale of the Company's entire shareholding in Pengkalen Concrete Sdn Bhd ("PCSB") and the settlement by and novation to the Company of the bank borrowings of PCSB and Pengkalen Concrete (E.M.) Sdn Bhd which are guaranteed by the Company as disclosed in Note 32 (d)(ii) to the financial statements; and
 - (iii) no contingent liability 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 will or may affect the ability of the Group or of the Company to meet their obligations as and when they fall due.
- (b) Before the income statements and balance sheets of the Group and of the Company were made out, the Directors took reasonable steps:-
- (i) to ascertain that proper 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
 - (ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business have been written down to an amount which they might be expected so to realise.
- (c) At the date of this report, the Directors are not aware of any circumstances:-
- (i) which would render the amount 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

- (ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or
 - (iii) which have arisen which would render adherence to the existing methods of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (d) As at the date of this report, there does not exist:-
- (i) 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 liabilities of any other person; and
 - (ii) any contingent liability in respect of the Group or of the Company which has arisen since the end of the financial year.
- (e) At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements and consolidated financial statements misleading.

Ultimate Holding Company

The Directors regard Malayan United Industries Berhad, a company incorporated in Malaysia and quoted on the Main Board of the Kuala Lumpur Stock Exchange, as the ultimate holding company.

Significant Events

The significant events are disclosed in Note 32 to the financial statements.

Subsequent Events

The subsequent events are disclosed in Note 33 to the financial statements.

Auditors

The retiring auditors, Messrs. BDO Binder, have expressed their willingness to accept re-appointment as auditors and a resolution proposing their appointment will be submitted at the forthcoming Annual General Meeting.

On behalf of the Board

Dato' Mohd Ibrahim bin Mohd Zain

Khet Kok Yin

Kuala Lumpur
25 April 2001

Balance Sheets

As at 31 December 2000

		Group		Company	
	Note	2000 RM'000	1999 RM'000	2000 RM'000	1999 RM'000
Fixed Assets	3	117,156	128,668	34,966	39,015
Investment In Subsidiary Companies	4	–	–	285,790	273,299
Investment In Associated Companies	5	–	3,380	–	–
Long Term Investments	6	57,721	54,391	1,588	1,859
Goodwill On Consolidation		9,721	9,161	–	–
Current Assets					
Inventories	7	15,589	14,236	–	–
Development properties	8	4,727	24,727	–	–
Short term investments	9	16,902	42,993	2	4
Debtors	10	130,332	103,204	2,807	2,211
Amounts owing from customers	11	1,414	4,014	–	–
Amounts owing from subsidiary companies	12	–	–	92,838	94,205
Amounts owing from associated companies	13	1,261	1,778	96	192
Term and call deposits	14	130,579	194,735	28,331	44,976
Cash and bank balances	15	9,267	15,881	403	715
		310,071	401,568	124,477	142,303
Current Liabilities					
Creditors	16	100,957	157,042	54,838	147,232
Amounts owing to subsidiary companies	12	–	–	9,980	13,507
Amounts owing to related companies	17	1,487	29,644	961	1,696
Bank borrowings	18	16,890	118,384	–	–
Taxation		2,920	37,597	717	717
		122,254	342,667	66,496	163,152
Net Current Assets/ (Liabilities)		187,817	58,901	57,981	(20,849)
		372,415	254,501	380,325	293,324
Financed By:-					
Share Capital	19	918,511	827,939	918,511	827,939
Reserves	20	(1,181,756)	(1,211,648)	(538,217)	(534,698)
		(263,245)	(383,709)	380,294	293,241
Minority Interests		557,919	553,263	–	–
Deferred And Long Term Liabilities	21	77,741	84,947	31	83
		372,415	254,501	380,325	293,324

The attached notes form an integral part of the financial statements.

Income Statements

For the financial year ended 31 December 2000

		Group		Company	
	Note	2000	1999	2000	1999
		RM'000	RM'000	RM'000	RM'000
Revenue	22				
- Continuing Operations		163,795	138,570	3,487	5,709
- Discontinued Operations	23	-	277,396	-	-
		163,795	415,966	3,487	5,709
Cost Of Sales		(116,250)	(397,779)	-	-
		47,545	18,187	3,487	5,709
Other Operating Income		23,828	181,732	3,786	118,821
Distribution Costs		(968)	(8,070)	-	-
Administration Expenses		(22,210)	(62,670)	(7,590)	(4,843)
Other Operating Expenses		(38,646)	(135,339)	(2,626)	(162,192)
Gain On Disposal Of Subsidiary Companies		-	22,226	-	30
Surplus Arising From Subsidiary Companies Not Consolidated		8,446	434	-	-
Profit/(Loss) From Operation					
- Continuing Operations		9,651	(6,603)	(2,943)	(42,475)
- Discontinued Operations	23	8,344	23,103	-	-
		17,995	16,500	(2,943)	(42,475)
Finance Costs		(10,316)	(107,059)	(576)	(44,161)
Share Of Results Of Associated Companies		234	476	-	-
Profit/(Loss) Before Taxation	24	7,913	(90,083)	(3,519)	(86,636)
Taxation	25	3,811	61	-	-
Profit/(Loss) After Taxation		11,724	(90,022)	(3,519)	(86,636)
Minority Interests		(128)	28,499	-	-
Profit/(Loss) For The Year		11,596	(61,523)	(3,519)	(86,636)
		Sen	Sen		
Earnings/(Loss) Per Share	26				
- Basic		1.52	(29.69)		
- Diluted		1.32	-		

The attached notes form an integral part of the financial statements.

Statement of Changes in Equity

For the financial year ended 31 December 2000

Group	Ordinary Share Capital RM'000	Irredeemable Convertible Preference Share Capital RM'000	Share Premium RM'000	Capital Reserve RM'000	Exchange Fluctuation Reserve RM'000	Accumulated Losses RM'000	Total RM'000
Balance as at 31 December 1998	198,614	-	36,642	10,584	(87,391)	(1,108,478)	(950,029)
Rights issue expenses written off	-	-	(1,889)	-	-	-	(1,889)
Exchange adjustment	-	-	-	-	1,548	-	1,548
Net gain/(loss) not recognised in the consolidated income statement	-	-	(1,889)	-	1,548	-	(341)
Issue of share capital	518,322	111,003	-	-	-	-	629,325
Subsidiary companies disposed	-	-	-	61	(1,202)	-	(1,141)
Loss for the year	-	-	-	-	-	(61,523)	(61,523)
Balance as at 31 December 1999	716,936	111,003	34,753	10,645	(87,045)	(1,170,001)	(383,709)
Exchange adjustment	-	-	-	-	11,126	-	11,126
Net gain not recognised in the consolidated income statement	-	-	-	-	11,126	-	11,126
Issue of share capital	83,418	7,154	-	-	-	-	90,572
Reserve arising from investment in a subsidiary company's ICPS	-	-	-	7,170	-	-	7,170
Profit for the year	-	-	-	-	-	11,596	11,596
Balance as at 31 December 2000	800,354	118,157	34,753	17,815	(75,919)	(1,158,405)	(263,245)
Company							
Balance as at 31 December 1998	198,614	-	36,642	-	-	(482,815)	(247,559)
Rights issue expenses written off	-	-	(1,889)	-	-	-	(1,889)
Net loss not recognised in the income statement	-	-	(1,889)	-	-	-	(1,889)
Issue of share capital	518,322	111,003	-	-	-	-	629,325
Loss for the year	-	-	-	-	-	(86,636)	(86,636)
Balance as at 31 December 1999	716,936	111,003	34,753	-	-	(569,451)	293,241
Issue of share capital	83,418	7,154	-	-	-	-	90,572
Loss for the year	-	-	-	-	-	(3,519)	(3,519)
Balance as at 31 December 2000	800,354	118,157	34,753	-	-	(572,970)	380,294

The attached notes form an integral part of the financial statements.

Cash Flow Statements

For the financial year ended 31 December 2000

	Group		Company	
	2000	1999	2000	1999
	RM'000	RM'000	RM'000	RM'000
Cash Flows From Operating Activities				
Profit/(Loss) before taxation	7,913	(90,083)	(3,519)	(86,636)
Adjustments for:-				
Amortisation of intangible assets and investment	3	1,021	-	-
Bad debts written off	47	61	-	-
Depreciation of fixed assets	11,397	17,175	1,405	1,452
Dividend income	(258)	(251)	-	-
Fixed assets written off	-	16	-	-
Fixed assets written down	2,867	-	2,867	-
Gain on sale of investment in subsidiary companies	-	(22,226)	-	(30)
Gain on sales of investments	(1,545)	-	-	-
Intangible assets written off	-	2,284	-	-
Interest expenses	10,316	151,689	576	29,069
Interest income	(9,432)	(11,907)	(1,036)	(2,955)
Interest paid under schemes of arrangement	-	28,501	-	15,092
Interest waived under schemes of arrangement	(210)	(170,204)	-	(40,554)
Investment written off	-	212	-	-
(Gain)/Loss on disposal of fixed assets	(358)	85	(78)	-
Unrealised loss/(gain) on foreign exchange	3,319	(622)	(55)	-
Provision for contingent liabilities no longer required	(419)	-	-	-
Provision for contingent expenses no longer required	-	(900)	-	-
Provision for contract loss	2,600	1,000	-	-
Provision for diminution in value of:-				
- fixed assets	-	91	-	-
- development property	-	2,640	-	-
- investments	3,442	44,324	272	30
Provision for contingent liabilities	-	2,314	-	83,417
Provision for corporate guarantees	2,350	2,268	2,350	4,768
Provision for corporate guarantees no longer required	-	-	-	(83,026)
Provision for doubtful debts	-	54,506	-	76,854
Provision for doubtful debts no longer required	(10,845)	-	(3,610)	-
Share of profits of associated companies	(234)	(476)	-	-
Surplus arising from subsidiary companies not consolidated	(8,446)	(434)	-	-
Waiver of debt	(4,240)	-	-	-
Operating profit/(loss) before working capital changes	8,267	11,084	(828)	(2,519)

The attached notes form an integral part of the financial statements.

Cash Flow Statements (Cont'd)

For the financial year ended 31 December 2000

	Group		Company	
	2000	1999	2000	1999
	RM'000	RM'000	RM'000	RM'000
Operating profit/(loss) before working capital changes	8,267	11,084	(828)	(2,519)
Increase in inventories	(1,353)	(6,764)	–	–
Decrease/(Increase) in trade debtors	15,620	50,798	(275)	(8)
(Increase)/Decrease in other debtors	(39,297)	(14,237)	(306)	8,968
Decrease in trade creditors	(10,478)	(18,035)	(42)	(80)
(Decrease)/Increase in other creditors	(7,704)	(36,300)	(6,513)	21,138
Increase/(Decrease) in amounts owing to related companies	991	(710)	–	–
Cash generated from/(used in) operations	(33,954)	(14,164)	(7,964)	27,499
Deposit received from dealers and remisiers maintained as trust monies	(701)	(3,017)	–	–
Interest paid	(9,092)	(37,213)	(576)	(7,724)
Interest income received	9,432	11,907	1,036	2,955
Tax paid	(31,831)	(3,764)	–	–
Tax refund	537	4,791	–	4,090
Net cash used in operating activities	(65,609)	(41,460)	(7,504)	26,820
Cash Flows From Investing Activities				
Proceeds from sale of investments	29,582	–	–	330
Proceeds from sale of fixed assets	613	1,246	78	–
Purchase of intangible assets	–	(23)	–	–
Dividend received	186	181	–	–
Acquisition of investments (Note A)	(736)	–	–	–
Acquisition of fixed assets (Note B)	(2,969)	(2,431)	(223)	(169)
Additional investment in a subsidiary company	–	–	(89)	(142,803)
Repayment from/(Advances to) subsidiary companies	–	–	7,441	(36,148)
Repayment from/(Advances to) associated companies	52	(61)	(15)	(1)
Additional investment in irredeemable convertible preference shares ("ICPS") of a subsidiary company (Note 32 (d) (i))	(12,402)	–	(12,402)	–
(Placement)/withdrawal of term deposits pledged with banks	(1,066)	4,237	(503)	–
Bank overdrafts net of deposits, bank balances and cash disposed of on sale of subsidiary companies (Note C)	–	97,624	–	–
Bank overdrafts net of deposits, bank balances and cash of subsidiary companies not consolidated (Note D)	(9)	9,995	–	–
Net bank balances and cash acquired on acquisition of a subsidiary company (Note E)	37	–	–	–
Net cash (used in)/from investing activities	13,288	110,768	(5,713)	(178,791)

The attached notes form an integral part of the financial statements.

Cash Flow Statements (Cont'd)

For the financial year ended 31 December 2000

	Group		Company	
	2000	1999	2000	1999
	RM'000	RM'000	RM'000	RM'000
Cash Flows From Financing Activities				
Repayment of hire-purchase creditors	(1,444)	–	(48)	(57)
Drawdown of bank borrowings	–	15,848	–	–
Repayment of bank borrowings	(1,422)	(115,753)	–	–
Repayment to subsidiary companies	–	–	(3,527)	(7,083)
(Repayment to)/Advances from related companies	2,856	21,163	(668)	(6,176)
Dividend paid to minority shareholder of a subsidiary company	–	(266)	–	–
Proceeds from issue of ordinary shares	–	198,614	–	198,614
Proceeds from issue of ICPS of the Company	–	81	–	81
Proceeds from issue of shares of a subsidiary company to minority shareholders	22	26,003	–	–
Net cash (used in)/from financing activities	12	145,690	(4,243)	185,379
Effect Of Exchange Rate Changes	2,435	(4,870)	–	–
Net (Decrease)/Increase In Cash And Cash Equivalents	(49,874)	210,128	(17,460)	33,408
Reduction of bank overdrafts via:–				
– issue of ordinary shares	–	59,697	–	59,697
– issue of ICPS of the Company	–	39,694	–	20,401
– issue of ICPS of a subsidiary company	–	243,664	–	–
– set-off against securities pledged	–	12,881	–	–
– interest waived under schemes of arrangement	–	16,814	–	4,117
	–	372,750	–	84,215
Cash And Cash Equivalents At Beginning Of The Year				
As previously reported	179,573	(404,372)	45,691	(71,932)
Effect of exchange rate changes on cash and cash equivalents	12	1,067	–	–
As restated	179,585	(403,305)	45,691	(71,932)
Cash And Cash Equivalents At End Of The Year (Note F)	129,711	179,573	28,231	45,691

The attached notes form an integral part of the financial statements.

Notes to the Cash Flow Statements

For the financial year ended 31 December 2000

A. Investments

The Group acquired quoted shares totalling RM5,106,309 (1999 : RM92,200,000 unquoted shares), of which RM4,370,021 (1999 : RM92,200,000) were acquired from debtors pursuant to debts settlement arrangements and no cash was paid for the acquisition. Cash of RM736,288 (1999 : Nil) was paid to acquire the remaining shares.

B. Fixed Assets

The Group acquired fixed assets with an aggregate cost of RM3,009,450 (1999 : RM9,230,956), of which RM40,246 (1999 : RM6,800,000) were acquired from debtors pursuant to debts settlement arrangements and no cash was paid for the acquisition. Cash payment of RM2,969,204 (1999 : RM2,430,956) was made to acquire the other fixed assets.

C. Disposal Of Subsidiary Companies

	1999 RM'000
Net assets and liabilities disposed:-	
Fixed assets	62,209
Investment property	2,449
Intangible assets	4,817
Current assets	121,542
Deposits, cash and bank balances	4,343
Fixed deposits pledged with banks	134
Current liabilities	(54,855)
Bank overdrafts	(24,396)
Short term loans	(58,336)
Deferred and long term liabilities	(30,973)
Minority interest	(7,719)
Exchange reserve	(1,202)
Goodwill on consolidation	39,122
Capital reserves	61
	57,196
Share of net assets retained as associated company	(1,851)
Attributable net assets disposed	55,345
Gain on disposal of subsidiary companies	22,226
Net proceeds received	77,571
Add: Cash and cash equivalents of subsidiary companies	20,053
Bank overdrafts net of deposits, bank balances and cash disposed of on sale of subsidiary companies	97,624

D. Subsidiary Companies Under Receivership/Winding Up Not Consolidated

	2000 RM'000	1999 RM'000
Development property	20,000	-
Fixed assets	-	6,528
Investment	-	50
Current assets	-	14,943
Current liabilities	(5,987)	(1,740)
Term loans and bank borrowings	(22,468)	(11,093)
Minority interests	-	873
Surplus on subsidiary companies not consolidated	8,446	434
Bank overdrafts net of deposits, bank balances and cash of subsidiary companies not consolidated	(9)	9,995

E. Acquisition Of A Subsidiary Company

During the financial year, the Group acquired Meridian Nominees (Tempatan) Sdn Bhd. The fair value of the assets acquired and the liabilities assumed are as follows:-

	2000 RM'000	1999 RM'000
Other debtors, deposits and prepayments	7	–
Cash and bank balances	37	–
Creditors	(604)	–
Attributable net liabilities assumed	(560)	–
Goodwill on acquisition	560	–
Total purchase consideration	*	–
Less: Cash and bank balances acquired	(37)	–
Cash flow on acquisition, net of cash and bank balances acquired	37	–

* Represents RM2.00

F. Cash And Cash Equivalents

The cash and cash equivalents included in the cash flow statements comprise the following balance sheet amounts:-

	Group		Company	
	2000 RM'000	1999 RM'000	2000 RM'000	1999 RM'000
Term and call deposits	130,579	194,735	28,331	44,976
Cash and bank balances	9,267	15,881	403	715
Bank overdrafts	(5,101)	(27,776)	–	–
	134,745	182,840	28,734	45,691
Less: Deposits pledged to banks	(1,316)	(250)	(503)	–
	133,429	182,590	28,231	45,691
Less: Dealers' and remisiers' deposits maintained as trust monies included in:-				
– cash and bank balances	(582)	(2,823)	–	–
– term and call deposits	(3,136)	(194)	–	–
	(3,718)	(3,017)	–	–
	129,711	179,573	28,231	45,691

Notes to the Financial Statements

31 December 2000

1. Principal Activities

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 Company is an investment, property holding and management company. The principal activities of the Group consist of the following:-

- Financial Services
- Manufacturing and Trading
- Property and Leisure
- Investment Holding

There have been no significant changes in the nature of the activities of the Group and of the Company during the financial year under review.

2. Significant Accounting Policies

2.1 Basis of Accounting

The financial statements of the Group and of the Company have been prepared under the historical cost convention and in respect of the Group, modified to include the revaluation of certain fixed assets and comply with applicable approved accounting standards in Malaysia and the provisions of the Companies Act, 1965.

2.2 Basis of Consolidation

Other than those subsidiary companies not consolidated as mentioned in Note 4.2, the consolidated financial statements include the financial statements of the Company and all the other subsidiary companies made up to 31 December 2000. Subsidiary companies are consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases. Significant inter-company transactions are eliminated on consolidation and the consolidated financial statements reflect external transactions only.

The difference between the purchase price and the fair value of the attributable net assets of subsidiary companies at the date of acquisition represents goodwill or reserve arising on consolidation. Goodwill on consolidation is stated at cost and is written down only when the Directors are of the opinion that there is a permanent diminution in its value.

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 any unamortised balance of goodwill on acquisition and exchange differences which were not previously recognised in the consolidated income statements.

2.3 Associated Companies

Associated companies are defined as those companies not being subsidiary companies in which the Group holds a long term equity interest and is in a position to exercise significant influence.

The Group's share of post-acquisition results and reserves of associated companies is included in the consolidated financial statements.

2.4 Fixed Assets and Depreciation

Fixed assets are stated at cost or valuation less accumulation depreciation.

Freehold land and building in progress are not depreciated. Leasehold land is amortised over the period of the lease ranging from 24 to 99 years.

2. Significant Accounting Policies (Cont'd)

Other fixed assets are depreciated on a straight line method to write off the cost or valuation of the assets over their estimated useful lives. The principal annual depreciation rates are as follows:-

Buildings	2% – 2.5%
Plant and machinery and other assets	5% – 20%

2.5 Foreign Currencies

(i) Transactions in Foreign Currencies

Transactions in foreign currencies are converted into Ringgit Malaysia at rates of exchange prevailing on transaction dates. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated into Ringgit Malaysia at rates of exchange prevailing at that date. All gains and losses are included in the income statements.

(ii) Translation of Foreign Currency Financial Statements

In the consolidated financial statements, assets and liabilities of overseas subsidiary companies are translated at exchange rates ruling at the balance sheet date. Income statement items are translated at average exchange rates for the financial year. All exchange differences arising are dealt with through the exchange fluctuation reserve account.

The closing rates used in the translation of foreign currencies are as follows:-

- (i) RM1 = £ 0.1769 (1999 : £ 0.1628)
- (ii) RM1 = S\$ 0.4568 (1999 : S\$ 0.4390)
- (iii) RM1 = USD 0.2635 (1999 : USD 0.2635)
- (iv) RM1 = AUD 0.4766 (1999 : AUD 0.4052)
- (v) RM1 = HKD 2.0566 (1999 : HKD 2.0494)
- (vi) RM1 = Rp 2,703 (1999 : Rp 1,961)
- (vii) RM1 = ¥ 30.1932 (1999 : ¥26.9578)

2.6 Deferred Taxation

Deferred taxation is provided under the liability method in respect of all material timing differences except where it can be demonstrated with reasonable probability that the tax deferrals will continue in the foreseeable future. Deferred tax benefits are recognised in the financial statements only when there are reasonable assurance of their realisation.

2.7 Investments

Investments in subsidiary companies, associated companies and other long term investments are stated at cost less accumulated amortisation. Such investments are only written down when the Directors are of the opinion that there is a permanent diminution in their value.

Short term investments are stated at the lower of cost and net realisable value.

2.8 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on a first-in, first-out or weighted average method.

2. Significant Accounting Policies (Cont'd)

Cost of raw materials and consumable, food and beverages comprise the original cost of purchase plus the cost of bringing the inventories to their present condition and location.

The cost of work-in-progress and finished goods include the cost of raw materials, direct labour and a proportion of manufacturing overheads.

2.9 Amounts Due from Customers

Amounts due from customers are stated at cost plus attributable profits, less foreseeable losses and progress claims received and receivable. Costs comprise direct labour, direct material and direct expenses incurred in connection with the contracts.

2.10 Bad and Doubtful Debts

Known bad debts are written off and specific provision is made for debts which are considered doubtful. In respect of the stockbroking subsidiary companies, provision for doubtful debts is made in accordance with the Rules of the Kuala Lumpur Stock Exchange.

2.11 Leasing and Hire-Purchase Commitments

- (i) Assets under finance leases and hire-purchase contracts which in substance transfer the risks and benefits of ownership of the assets to the Group and the Company have been capitalised under fixed assets and the corresponding obligations are treated as liabilities. These assets are depreciated on the same basis as that of the Group's assets. The finance charges are allocated to the income statements so as to give a constant periodic rate of charge on the remaining lease and hire-purchase liabilities.
- (ii) Leases which do not meet such criteria are classified as operating leases and the related rentals are charged to the income statements as incurred.

2.12 Development Properties

Development properties comprise cost of land and related development expenditure including interest on borrowings used to finance the project and administrative overheads relating to the project. Development properties are written down to their estimated recoverable amount if the development of the project is no longer viable.

2.13 Revenue Recognition

Revenue from sale of goods and rendering of services are recognised upon delivery of products and customer acceptance, if any, or performance of services, net of sales taxes and discounts, and after eliminating sales within the Group.

Brokerage fees are recognised on the contract date.

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.

Interest income is recognised on an accrual basis except where margin accounts and contra losses of share trading accounts are considered non-performing in accordance with the Rules of Kuala Lumpur Stock Exchange, in which case recognition of such interest is suspended. Subsequent to suspension, interest is recognised upon receipt until all arrears have been paid.

Royalty income and rental income are recognised on an accrual basis in accordance with the substance of the relevant agreement.

2. Significant Accounting Policies (Cont'd)

Dividend income from subsidiary companies are recognised when the investing company's right to receive payment is established.

Dividend income from other investments are recognised as and when received.

Underwriting commission is recognised upon implementation of the corporate proposals in which the underwriting relate.

All other revenue is recognised on an accruals basis.

2.14 Cash and Cash Equivalents

Cash and cash equivalents include cash and bank balances, bank overdrafts, deposits and other short term, highly liquid investments which are readily convertible to cash with insignificant risk of changes in value.

3. Fixed Assets

Group	Freehold Land	Long Term Leasehold Land	Short Term Leasehold Land	Buildings	Building in Progress	Plant and Machinery and Other Assets	Total	
Cost or Valuation	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	2000 RM'000	1999 RM'000
At 1 January								
Cost	13,924	1,511	3,234	80,668	-	119,017	218,354	262,027
Valuation	-	6,617	-	-	-	-	6,617	15,536
	13,924	8,128	3,234	80,668	-	119,017	224,971	277,563
Exchange differences	-	-	-	-	-	(7)	(7)	52
Additions	-	64	-	68	40	2,837	3,009	9,126
Disposals	-	-	-	-	-	(1,702)	(1,702)	(3,000)
Written off	-	-	-	-	-	-	-	(132)
Subsidiaries disposed	-	-	-	-	-	-	-	(108,207)
Subsidiary acquired	-	-	-	-	-	15	15	-
Transfer from current assets	-	-	-	-	-	-	-	49,569
At 31 December	13,924	8,192	3,234	80,736	40	120,160	226,286	224,971
Representing:-								
Cost	13,924	1,575	3,234	80,736	40	120,160	219,669	218,354
Valuation	-	6,617	-	-	-	-	6,617	6,617
	13,924	8,192	3,234	80,736	40	120,160	226,286	224,971
Accumulated Depreciation								
At 1 January	-	519	1,126	8,411	-	86,247	96,303	92,321
Exchange differences	-	-	-	-	-	(5)	(5)	115
Charge for the financial year	-	102	84	1,634	-	9,577	11,397	17,175
Disposals	-	-	-	-	-	(1,447)	(1,447)	(1,713)
Written off	-	-	-	-	-	-	-	(119)
Written down	-	-	-	-	-	2,867	2,867	-
Subsidiaries disposed	-	-	-	-	-	-	-	(45,998)
Subsidiary acquired	-	-	-	-	-	15	15	-
Transfer from current assets	-	-	-	-	-	-	-	34,522
	-	621	1,210	10,045	-	97,254	109,130	96,303
Net Book Value								
At 31 December 2000	13,924	7,571	2,024	70,691	40	22,906	117,156	-
At 31 December 1999	13,924	7,609	2,108	72,257	-	32,770	-	128,668

3. Fixed Assets (Cont'd)

Company

	<i>Freehold Land RM'000</i>	<i>Buildings RM'000</i>	<i>Office Equipment, Furniture and Motor Vehicles RM'000</i>	<i>Total 2000 RM'000</i>	<i>1999 RM'000</i>
Cost					
At 1 January	10,850	26,542	11,669	49,061	48,892
Additions	-	-	223	223	169
Disposals	-	-	(313)	(313)	-
At 31 December 2000	10,850	26,542	11,579	48,971	49,061
Accumulated Depreciation					
At 1 January	-	3,037	7,009	10,046	8,594
Charge for the financial year	-	531	874	1,405	1,452
Written down	-	-	2,867	2,867	-
Disposals	-	-	(313)	(313)	-
At 31 December 2000	-	3,568	10,437	14,005	10,046
Net Book Value					
At 31 December 2000	10,850	22,974	1,142	34,966	-
At 31 December 1999	10,850	23,505	4,660	-	39,015

As at 31 December 2000, a landed property of the Group is carried at revalued amount based on valuation made by independent professional valuers on open market value basis in 1993. The valuation has not been updated as the Group has not adopted a policy of regular revaluation. As permitted under the transitional provisions of International Accounting Standard No. 16 (Revised) – Property, Plant and Equipment, the asset is carried at its previous valuation less accumulated depreciation.

Had the said asset been carried at cost less depreciation, the carrying amount would have been:-

	<i>2000 RM'000</i>	<i>1999 RM'000</i>
Cost	727	727
Less: Accumulated depreciation	(38)	(30)
Net book value	689	697

The net book value of fixed assets pledged to financial institutions for banking facilities amounted to RM84,020,985 (1999 : RM94,284,977) for the Group and RM33,618,181 (1999 : RM34,144,150) for the Company.

The net book value of plant and machinery and other assets acquired under hire-purchase and lease arrangements amounted to RM133,899 (1999 : RM2,896,923) and RM88,622 (1999 : RM144,836) for the Group and for the Company respectively.

4. Investment In Subsidiary Companies

	2000	1999
	RM'000	RM'000
4.1 Company		
Shares quoted in Malaysia, at cost	279,470	267,067
Unquoted shares, at cost	58,522	58,434
	337,992	325,501
Less: Provision for diminution in value of unquoted shares	(52,202)	(52,202)
	285,790	273,299
Market value of quoted shares	147,096	205,537

4.2 Group

The consolidated financial statements of the Group do not deal with the following subsidiary companies:-

- (i) Pengkalen (Hong Kong) Limited ("PHK") and its subsidiary companies as follows:-

- Grand Union Insurance Company Limited ("GUI")
- Grand Union General and Motor Insurance Company Limited ("GUGM")

Winding-up orders and the appointment of liquidators were made by the Hong Kong High Court against GUI and GUGM.

The cost of investment in PHK has been fully written down and the amount owing from PHK has been fully provided for by the Company.

- (ii) Meltis Plc

This company which is a subsidiary company of Pengkalen (UK) Plc, has been placed under receivership and the cost of investment in the company has been fully written down.

- (iii) Pengkalen Electronics Industries Sdn Bhd and Asia Entertainment Network Sdn Bhd

Winding-up orders have been made by the Kuala Lumpur High Court against these companies. The cost of investments in these companies have been fully written down and the amounts owing from them have been fully provided for by the Company.

- (iv) GCIH (Singapore) Pte Ltd, Welland Investments Pte Ltd and Heng's Food & Beverages Industries Pte Ltd

These companies which are subsidiary companies of Pengkalen (UK) Plc, are in the process of winding-up and the cost of these investments have been fully written down.

4. Investment In Subsidiary Companies (Cont'd)

- (v) Technitone (M) Sdn Bhd, Office Business Systems Sdn Bhd, Office Business Systems (Penang) Sdn Bhd, Office Business Systems (Malacca) Sdn Bhd and Sensor Equipment Sdn Bhd.

These companies are in the process of voluntary winding-up. The cost of these investments have been fully written down and the amounts owing from them have been fully provided for by the Company.

The effects of the non-consolidation of these subsidiary companies on the financial results of the Group are as follows:-

	1999 RM'000
Revenue	9,762
Other operating income	23
Operating costs	(8,657)
Surplus arising from subsidiary companies not consolidated	434
Profit from operation	1,562
Finance cost	(924)
Increase in Group net profit	638

The effects of the non-consolidation of these subsidiary companies, on the financial position of the Group are as follows:-

	<i>At the Date of Non-Consolidation</i> 1999 RM'000
Fixed assets	6,528
Investment	50
Current assets	14,943
Current liabilities	(1,740)
Term loans and bank borrowings	(21,088)
Minority interest	873
Decrease in Group net liabilities	(434)

- (vi) Pengkalen Heights Sdn Bhd ("PH")

A winding-up order has been made by the Kuala Lumpur High Court against PH during the financial year. Accordingly, the consolidated income statements include the result of PH up to the date when PH was placed under liquidation. The cost of the investment in PH has been fully written down and the amount owing from PH has been fully provided for by the Company.

4. Investment In Subsidiary Companies (Cont'd)

The effects of the non-consolidation of PH on the financial results of the Group are as follows:-

	2000 RM'000	1999 RM'000
Revenue	-	-
Other operating income	-	5
Operating costs	(102)	(2,975)
Surplus arising from a subsidiary company not consolidated	8,446	-
Profit/(Loss) from operation	8,344	(2,970)
Finance cost	(938)	(2,642)
Increase in Group net profit/(loss)	7,406	(5,612)

The effects of the non-consolidation of PH on the financial position of the Group are as follows:-

	At the Date of Non-Consolidation 2000 RM'000	1999 RM'000
Development property	20,000	20,000
Current assets	9	13
Current liabilities	(28,455)	(38,122)
Decrease in Group net liabilities	(8,446)	(18,109)

The subsidiary companies consolidated are listed in Note 34 to the financial statements.

4.3 Acquisition of a Subsidiary Company

During the financial year, the Group acquired 2 ordinary shares of RM1.00 each representing the entire issued and paid-up share capital of Meridian Nominees (Tempatan) Sdn Bhd for a cash consideration of RM2.00.

- (i) The effects of this acquisition on the financial results of the Group during the financial year are shown below:-

	1.12.2000 to 31.12.2000 RM'000
Revenue	-
Operating costs	(1)
Decrease in Group net profit	(1)

- (ii) The effects of this acquisition on the financial position of the Group at the end of the financial year are as follows:-

	2000 RM'000
Cash and bank balances	37
Other debtors, deposits and prepayments	7
Other creditors and accruals	(525)
Increase in Group net liabilities	(481)

4. Investment In Subsidiary Companies (Cont'd)

Detail of net assets acquired, goodwill and cash flow arising from the acquisition are disclosed in Note E to the cash flow statements.

There were no acquisition of subsidiary companies in the prior year.

4.4 Disposal of Subsidiary Companies

In the previous financial year, the Group has disposed of Milrin Pharmaceutical Company (M) Sdn Bhd, Network Foods International Ltd. and Network Foods Limited.

- (i) The effects of the disposals on the financial results of the Group for the previous financial year up to the date of disposals were as follows:-

	RM'000
Revenue	267,634
Operating costs	(265,349)
Gain on sale of investment in subsidiary companies	22,226
Profit from operations	24,511
Finance costs	(7,394)
Profit before taxation	17,117
Taxation	(1,277)
Profit after taxation	15,840
Minority interest	3,060
Increase in Group net profit	18,900

- (ii) The effects of the disposal on the financial position of the Group in previous financial year are disclosed in Note C to the cash flow statements.

5. Investment In Associated Companies

	Group
	2000
	RM'000
Unquoted shares, at cost	3,112
Share of post acquisition (losses)/profits	268
	3,380

The Group's investment in associated companies comprises:-

	Group
	2000
	RM'000
Group's share of net assets	3,380

The associated companies are listed in Note 34 to the financial statements.

6. Long Term Investments

	<i>Group</i>		<i>Company</i>	
	<i>2000</i> <i>RM'000</i>	<i>1999</i> <i>RM'000</i>	<i>2000</i> <i>RM'000</i>	<i>1999</i> <i>RM'000</i>
Unquoted shares, at cost	225,710	221,792	24,190	24,190
Less: Provision for diminution in value	(170,095)	(169,792)	(24,190)	(24,190)
	55,615	52,000	–	–
Quoted shares, at cost:–				
– Outside Malaysia	20,336	20,639	20,222	20,222
Less: Provision for diminution in value	(19,128)	(19,149)	(19,035)	(18,764)
	1,208	1,490	1,187	1,458
Other unquoted investments, at cost	1,034	1,034	401	401
Less: Provision for diminution in value	(121)	(121)	–	–
Accumulated amortisation	(15)	(12)	–	–
	898	901	401	401
	57,721	54,391	1,588	1,859
Market value of quoted shares:–				
– Outside Malaysia	2,543	4,254	2,523	3,798

7. Inventories

	<i>Group</i>	
	<i>2000</i> <i>RM'000</i>	<i>1999</i> <i>RM'000</i>
Raw materials	12,310	10,997
Work-in-progress	1,378	1,304
Finished goods	1,033	967
Consumables, food, beverages, etc	868	968
	15,589	14,236

8. Development Properties

	<i>Group</i>	
	<i>2000</i>	<i>1999</i>
	<i>RM'000</i>	<i>RM'000</i>
Freehold land, at cost	2,953	14,054
Development expenditure	1,774	30,121
Less: Provision for adjustments to net realisable value	-	(19,448)
	4,727	24,727

In 1999, the net carrying value of the development property of a subsidiary company pledged for banking facilities was RM20,000,000.

9. Short Term Investments

	<i>Group</i>		<i>Company</i>	
	<i>2000</i>	<i>1999</i>	<i>2000</i>	<i>1999</i>
	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>
Quoted shares in Malaysia, at cost	25,847	48,778	10	10
Less: Provision for diminution in value	(8,945)	(5,785)	(8)	(6)
	16,902	42,993	2	4
Market value of quoted shares	16,902	43,175	2	4

10. Debtors

	<i>Group</i>		<i>Company</i>	
	<i>2000</i>	<i>1999</i>	<i>2000</i>	<i>1999</i>
	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>
Trade debtors	655,548	728,921	1,177	902
Less: Provision for doubtful debts, net of bad debts written off of RM53,405,633 (1999 : RM20,780,966) for the Group	(591,263)	(652,130)	(245)	(245)
	64,285	76,791	932	657
Other debtors, deposits and prepayments	116,630	80,721	4,031	3,728
Tax recoverable	1,952	1,420	1,315	1,315
Less: Provision for doubtful debts, net of bad debts written off of RM144,943 (1999 : RM1,183,991) for the Group and RM9,423 (1999 : Nil) for the Company	(52,535)	(55,728)	(3,471)	(3,489)
	66,047	26,413	1,875	1,554
	130,332	103,204	2,807	2,211

Included in the carrying value of other debtors, deposits and prepayments are deposits totalling RM46.5 million (1999 : Nil) paid in relation to Business Merger Agreements as disclosed in Note 29 to the financial statements.

11. Amounts Owning From Customers

	Group	
	2000	1999
	RM'000	RM'000
Contract cost	72,836	72,836
Attributable loss	(8,305)	(5,705)
	64,531	67,131
Less: Progress claims receivable	(63,117)	(63,117)
	1,414	4,014

12. Amounts Owning From/To Subsidiary Companies

	Company	
	2000	1999
	RM'000	RM'000
Amounts owing from subsidiary companies	476,071	481,080
Less: Provision for doubtful debts	(383,233)	(386,875)
	92,838	94,205
Amounts owing to subsidiary companies	9,980	13,507

Amounts owing from/to subsidiary companies represent balances arising from advances and payments made on behalf and balances arising from the settlement of certain subsidiary companies' debts by the issuance of shares in the Company pursuant to the schemes of arrangement of the Company and these subsidiary companies under Section 176 of the Companies Act, 1965 which are unsecured and have no fixed terms of repayment. During the financial year, amounts owing from subsidiary companies of RM276,498 (1999 : RM57,059,851) and amount owing to subsidiary companies of RM6,084,574 (1999 : RM46,432) bear interest ranging from 8.0% to 14.5% (1999 : 11% to 15%) per annum.

13. Amounts Owning From Associated Companies

	Group		Company	
	2000	1999	2000	1999
	RM'000	RM'000	RM'000	RM'000
Amounts owing from associated companies	3,271	3,236	262	314
Less: Provision for doubtful debts	(2,010)	(1,458)	(166)	(122)
	1,261	1,778	96	192

The amounts owing from associated companies represent balances arising from advances, normal trade transactions and payments on behalf which are unsecured, interest-free and have no fixed terms of repayment.

14. Term And Call Deposits

	Group		Company	
	2000	1999	2000	1999
	RM'000	RM'000	RM'000	RM'000
Term and call deposits with:-				
Licensed banks	72,688	123,667	20,230	44,976
Other corporations	57,891	71,068	8,101	-
	130,579	194,735	28,331	44,976

14. Term And Call Deposits (Cont'd)

Included in deposits with licensed banks are:-

- (i) deposits totalling RM5,013,202 (1999 : RM2,135,432) of subsidiary companies maintained as trust monies in accordance with the requirements of the Kuala Lumpur Stock Exchange;
- (ii) deposits totalling RM813,549 (1999 : RM250,000) of subsidiary companies pledged to secure banking facilities; and
- (iii) deposits totalling RM502,887 (1999 : Nil) of the Company pledged to secure banking facility of a subsidiary company.

15. Cash And Bank Balances

Group

Included in cash and bank balances of the Group are:-

- (i) an amount of RM18,406 (1999 : RM45,964) representing customers segregated funds which has been segregated and separately accounted for under Section 52A of the Futures Industry Act, 1993; and
- (ii) amounts totalling RM3,672,827 (1999 : RM9,382,565) maintained as trust monies in accordance with the requirements of the Kuala Lumpur Stock Exchange and the Securities Industry Act, 1983.

16. Creditors

	<i>Group</i>		<i>Company</i>	
	<i>2000</i>	<i>1999</i>	<i>2000</i>	<i>1999</i>
	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>
Trade creditors	37,773	48,251	19	61
Other creditors and accruals	18,764	33,641	942	5,819
Dealers' and remisiers' commission and deposits	28,986	32,933	-	-
Amounts owing to directors	1,512	1,517	-	-
Provision for contingent liabilities	-	23,864	-	83,417
Provision for corporate guarantees	13,830	15,391	53,830	57,891
Current portion of hire-purchase and lease creditors (Note 21)	92	1,445	47	44
	100,957	157,042	54,838	147,232

17. Amounts Owning To Related Companies

Group and Company

The amounts owing to related companies represent balances arising from normal trade transactions, payments made on behalf and advances.

These balances are unsecured, interest-free and have no fixed terms of repayment except for the following interest bearing advances:-

	<i>Group</i>	
	<i>2000</i>	<i>1999</i>
	<i>RM'000</i>	<i>RM'000</i>
Outstanding advances	350	350
Interest rate per annum (%)	8	8

18. Bank Borrowings

	<i>Group</i>	
	<i>2000</i>	<i>1999</i>
	<i>RM'000</i>	<i>RM'000</i>
Bank overdrafts		
– secured	775	22,797
– unsecured	4,326	4,979
Short term loans		
– secured	3,261	4,187
– unsecured	5,785	6,388
Current portion of term loans (Note 21)	2,743	80,033
	16,890	118,384

The bank overdrafts and short term loans are secured by the following:-

- fixed charges over certain landed properties, and plant and machinery of certain subsidiary companies;
- floating charges over all the other assets of certain subsidiary companies; and
- corporate guarantees from the Company, certain subsidiary companies and certain directors of the subsidiary companies.

These bank overdrafts and short term loans bear interest at between 1.25% to 2.00% per annum (1999 : 1% to 4% per annum) above the base lending rates/cost of funds of the lending institutions.

19. Share Capital

	<i>Group/Company</i>	
	<i>2000</i>	<i>1999</i>
	<i>RM'000</i>	<i>RM'000</i>
(a) Authorised:-		
Ordinary shares of RM1.00 each:-		
Balance at 1 January	2,000,000	1,000,000
Created during the year	–	1,000,000
Balance at 31 December	2,000,000	2,000,000
Irredeemable convertible preference share (“ICPS”) of RM1.00 each:-		
Balance at 1 January	1,000,000	–
Created during the year	–	1,000,000
Balance at 31 December	1,000,000	1,000,000
Total	3,000,000	3,000,000

19. Share Capital (Cont'd)

	<i>Group/Company</i>	
	<i>2000</i>	<i>1999</i>
	<i>RM'000</i>	<i>RM'000</i>
(b) Issued and fully paid:-		
Ordinary shares of RM1.00 each:-		
Balance at 1 January	716,936	198,614
Issued during the year	83,418	518,322
Balance at 31 December	800,354	716,936
ICPS of RM1.00 each:-		
Balance at 1 January	111,003	-
Issued during the year	7,154	111,003
Balance at 31 December	118,157	111,003
Total	918,511	827,939

During the financial year, the issued and paid-up share capital of the Company was increased from RM827,939,464 to RM918,510,771 by way of:-

- (i) issue of 83,417,208 new ordinary shares of RM1.00 each credited as fully paid-up in the capital of the Company to a subsidiary company of Malayan United Industries Berhad, in consideration of the settlement of certain indebtedness of the Group.

The new ordinary shares rank pari passu in all respects with the then existing ordinary shares of the Company.

- (ii) issue of 7,154,099 new ICPS of RM1.00 each credited as fully paid-up in the capital of the Company for settlement with scheme creditors pursuant to the schemes of arrangement of the Company and a subsidiary company under Section 176 of the Companies Act, 1965.

The new ICPS rank pari passu in all respects with the then existing ICPS of the Company.

The principal terms of the ICPS are as follows:-

- (i) the ICPS do not carry any coupon rate and do not entitle the holders to any dividends, rights, bonus allotments and/or any other distributions that may be declared by the Company;
- (ii) there is no restriction on the mode of transfer of the ICPS;
- (iii) the ICPS are irredeemable;
- (iv) the ICPS are convertible automatically into new ordinary shares of the Company on 29 December 2001. The conversion price will be on the basis of one (1) ordinary share at par value of RM1.00 for every RM1.00 in nominal value of ICPS held;
- (v) the holders of ICPS are not entitled to priority in repayment of capital available for distribution upon any liquidation, dissolution or winding-up of the Company. If upon any such liquidation, dissolution or winding-up, holders of ICPS shall rank pari passu with ordinary shareholders in any distribution of assets, up to the par value of the ICPS of RM1.00 each;
- (vi) the Company may create and issue further ICPS ranking in all respects pari passu with, but not in priority to the ICPS save with the requisite approval of the ICPS holders; and

19. Share Capital (Cont'd)

(vii) the ICPS do not carry any right to vote at any general meeting of the Company, nor the right to receive notices of meetings except for the right to receive notices of any general meetings and to attend and vote in person or by proxy or by attorney at such meetings where the business of the meeting includes the consideration of a resolution to:-

- (a) reduce the capital of the Company;
- (b) wind-up the Company;
- (c) alter the Articles of Association of the Company which affects the rights of ICPS holders; or
- (d) vary or abrogate any of the special rights or conditions attached to the ICPS.

(c) Executive Share Option Scheme ("ESOS" or "Scheme")

Pursuant to the ESOS which was approved by the shareholders on 12 October 1994 and revised on 29 September 1995, options for a total of 19,553,000 ordinary shares of the Company have been purportedly granted to eligible executive employees of the Group. However, the validity of the options granted has been challenged in the Kuala Lumpur High Court Civil Suit No. D2-22-337-1996. The parties are currently awaiting the fixing of a new trial date.

To the best of the Directors' knowledge, on the expiry of the Scheme on 27 October 2000, the number of unissued ordinary shares under the options which have purportedly been granted and their exercise prices per share were:-

<i>Number of unissued ordinary shares under options</i>	<i>Exercise price per share RM</i>
10,000	2.57
4,597,000	3.02
11,571,000	3.09
287,000	3.14
<u>16,465,000</u>	

During the period from 1 January 2000 to the expiry of the Scheme on 27 October 2000, the issued and paid-up share capital of the Company was increased from RM827,939,464 to RM917,649,777. In the event the Court finds that the options have been validly granted, the paid-up share capital of the Company will be increased accordingly.

20. Reserves

	<i>Group</i>		<i>Company</i>	
	<i>2000</i>	<i>1999</i>	<i>2000</i>	<i>1999</i>
	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>
(i) Non-distributable reserves				
– Exchange fluctuation reserve	(75,919)	(87,045)	–	–
– Capital reserve	17,815	10,645	–	–
– Share premium	34,753	34,753	34,753	34,753
(ii) Accumulated losses	(1,158,405)	(1,170,001)	(572,970)	(569,451)
	<u>(1,181,756)</u>	<u>(1,211,648)</u>	<u>(538,217)</u>	<u>(534,698)</u>

21. Deferred And Long Term Liabilities

	<i>Group</i>		<i>Company</i>	
	<i>2000</i>	<i>1999</i>	<i>2000</i>	<i>1999</i>
	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>
Deferred Taxation				
At 1 January	1,595	3,048	–	–
Transferred from/(to) income statement (Note 25)	32	(182)	–	–
Exchange difference	–	(36)	–	–
Deferred taxation of subsidiary companies disposed	–	(1,235)	–	–
At 31 December	1,627	1,595	–	–
Long Term Liabilities				
Redeemable convertible bond	1,000	1,000	–	–
Term loans				
– secured	53,513	77,772	–	–
– unsecured	24,309	84,487	–	–
Hire-purchase and lease creditors	127	1,571	78	127
	78,949	164,830	78	127
Less: Portion repayable within the next 12 months				
Hire-purchase and lease creditors (Note 16)	92	1,445	47	44
Term loans (Note 18)	2,743	80,033	–	–
	(2,835)	(81,478)	(47)	(44)
Portion repayable after the next 12 months	76,114	83,352	31	83
Total	77,741	84,947	31	83
Hire-purchase and minimum lease payment:–				
– not later than one year	102	1,515	54	54
– later than one year and not later than five years	35	138	31	91
	137	1,653	85	145
Less: Future interest charges	(10)	(82)	(7)	(18)
Present value of hire-purchase and lease liability as at 31 December	127	1,571	78	127

The term loans of the Group carry interest at 8.00% per annum (1999 : 8% to 11% per annum) during the financial year and are repayable by lump sum and fixed instalment which vary from half-yearly and yearly basis.

21. Deferred And Long Term Liabilities (Cont'd)

The term loans are secured by way of the following:-

- (i) fixed charges over certain landed properties of the Group;
- (ii) fixed and floating charges over the assets of subsidiary companies; and
- (iii) corporate guarantees from the Company and other shareholder of a subsidiary company.

The principal terms of the redeemable convertible bond ("Bond") are as follows:-

- (i) convertible up to 1,000,000 new ordinary shares of RM1.00 each in Pan Malaysia Capital Berhad within a five (5) years period to 28 December 2004 or redeemable for cash at maturity date on 29 December 2004 at the issue price; and
- (ii) no coupon rate shall be attached to and no interest shall be payable on the Bond.

22. Revenue

	Group		Company	
	2000	1999	2000	1999
	RM'000	RM'000	RM'000	RM'000
Sales of goods	107,477	373,684	-	-
Rendering of services	35,866	25,399	-	-
Interest income	5,062	10,506	1,036	2,956
Rental and parking income	184	337	2,049	2,327
Brokerage fees	12,786	5,348	-	-
Underwriting commission	1,501	-	-	-
Royalty fee	769	599	-	-
Others	150	93	402	426
	163,795	415,966	3,487	5,709

23. Discontinued Operations

Discontinued operation in 2000 is in respect of Pengkalen Heights Sdn Bhd, where a winding-up order was made by the Kuala Lumpur High Court against this subsidiary company. Accordingly, for accounting purposes, the consolidated financial statements of the Group did not include this subsidiary company with effect from 25 April 2000. The subsidiary company is principally engaged in the development of a hotel and service apartments project. The result of this operation had previously been reported in the property and leisure segment, and Malaysia segment under the analyses of Group operations as disclosed in Note 30 to the financial statements. The financial effect of this discontinued operation has been disclosed in Note 4.2(vi) to the financial statements.

Discontinued operations in 1999 are in respect of the following:-

- (i) Technitone (M) Sdn Bhd and its subsidiary companies were placed under receivership during the previous financial year. Accordingly, for accounting purposes, the consolidated financial statements of the Group did not include these subsidiary companies with effect from 30 June 1999. These companies are principally engaged in manufacturing of toner and sales of office equipment and related services. The results of these operations had previously been reported in the manufacturing and trading segment, and Malaysia segment under the analyses of Group operations as disclosed in Note 30 to the financial statements. The financial effects of these discontinued operations have been disclosed in Note 4.2(v) to the financial statements.
- (ii) Network Foods International Ltd. and Network Foods Limited, subsidiary companies which are principally engaged in marketing and distribution of confectionery and other food products, were disposed of on 30 September 1999 for cash consideration of RM77,240,553. The results of these

23. Discontinued Operations (Cont'd)

operations had previously been reported in the food and confectionery segment, and Asia Pacific and Malaysia segments under the analyses of Group operations as disclosed in Note 30 to the financial statements. The financial effects of these discontinued operations have been disclosed in Note 4.4 to the financial statements.

- (iii) Milrin Pharmaceutical Company (M) Sdn Bhd, a subsidiary company which is principally engaged in trading of pharmaceutical products, was disposed of on 10 February 1999 for cash consideration of RM330,000. The result of this operation had previously been reported in the manufacturing and trading segment, and Malaysia segment under the analyses of Group operations as disclosed in Note 30 to the financial statements. The financial effects of these discontinued operations have been disclosed in Note 4.4 to the financial statements.

24. Profit/(Loss) Before Taxation

	<i>Group</i>		<i>Company</i>	
	<i>2000</i>	<i>1999</i>	<i>2000</i>	<i>1999</i>
	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>
Profit/(loss) before taxation is arrived at:-				
After charging:-				
Amortisation of intangible assets and investments	3	1,021	-	-
Auditors' remuneration:-				
- current year provision	283	418	25	25
- under/(over)provision in prior year	(9)	3	-	(5)
Bad debts written off	47	61	-	-
Corporate exercises expenses	-	4,392	-	1,890
Depreciation of fixed assets	11,397	17,175	1,405	1,452
Directors' remuneration:-				
- fees	12	24	-	-
- other emoluments	1,204	2,288	181	197
- benefits-in-kind	25	132	25	-
Fixed assets written off	-	16	-	-
Fixed assets written down	2,867	-	2,867	-
Intangible assets written off	-	2,284	-	-
Interest expense:-				
- bank overdrafts	442	41,611	-	6,477
- term loans	9,155	89,411	-	8,303
- related companies	28	19,142	-	13,929
- subsidiary companies	-	-	565	344
- others	691	1,525	11	16
Interest paid under schemes of arrangement	-	28,501	-	15,092
Investment written off	-	212	-	-
Lease rental	232	133	-	-
Loss on disposal of fixed assets	-	85	-	-
Loss/(Gain) on foreign exchange				
- realised	3,207	6,648	(6)	-
- unrealised	3,319	(622)	(55)	-

24. Profit/(Loss) Before Taxation (Cont'd)

	Group		Company	
	2000	1999	2000	1999
	RM'000	RM'000	RM'000	RM'000
Provision for contingent liabilities	-	2,314	-	83,417
Provision for contract loss	2,600	1,000	-	-
Provision for diminution in value of:-				
- investments	3,442	44,324	272	30
- fixed assets	-	91	-	-
- development property	-	2,640	-	-
Provision for doubtful debts	-	54,506	-	76,854
Provision for corporate guarantee	2,350	2,268	2,350	4,768
Rental of:-				
- land and buildings	1,111	808	-	-
- equipment	400	368	7	7
Rental payable to a related company	116	-	45	-
And crediting:-				
Bad debts recovered	1,619	431	-	-
Gain on sale of investment in subsidiary companies	-	22,226	-	30
Gain on disposal of investments	1,545	-	-	-
Gain on disposal of fixed assets	358	-	78	-
Gross dividends from quoted investments in Malaysia	258	251	-	-
Interest receivable:-				
- subsidiary companies	-	-	22	2,800
- others	9,432	11,907	1,014	155
Management fees received from subsidiary companies	-	-	402	426
Interest waived under schemes of arrangement	210	170,204	-	40,554
Provision for contingent liabilities no longer required	419	-	-	-
Provision for contingent expenses no longer required	-	900	-	-
Provision for corporate guarantees no longer required	-	-	-	83,026
Provision for doubtful debts no longer required	10,845	-	3,610	-
Rental income:-				
- subsidiary companies	-	-	1,825	1,952
- related companies	150	192	150	192
- others	91	122	15	116
Surplus arising from subsidiary companies not consolidated	8,446	434	-	-
Waiver of debt	4,240	-	-	-

25. Taxation

	Group	
	2000	1999
	RM'000	RM'000
Taxation based on the results for the financial year:-		
- Current		
Malaysia	1,873	-
Foreign	-	1,633
- Overprovision in prior years	(5,716)	(1,512)
	(3,843)	121
- Deferred taxation (Note 21)	32	(182)
	(3,811)	(61)

The effective tax rate of the Group in 2000 is lower than the statutory tax rate due mainly to certain income which are not taxable.

No provision has been made for taxation in respect of income of the Malaysian subsidiary companies and of the Company for the financial year ended 31 December 1999, in accordance with the waiver in the Income Tax (Amendment) Act, 1999. The taxation charge for the Group in 1999 is in respect of taxation charge of non-Malaysian subsidiary companies.

Subject to the agreement with the Inland Revenue Board, the Company's unabsorbed tax losses and unabsorbed capital allowances totalling approximately RM15.5 million (1999 : RM13.4 million) are available for set-off against future taxable income.

26. Earnings / (Loss) Per Share

The basic earnings/(loss) per share is calculated based on the consolidated profit for the year of RM11,595,784 (1999 : loss for the year of RM61,523,267) and the weighted average number of ordinary shares in issue during the financial year of 762,291,635 (1999 : 207,227,041).

The diluted earnings per share for the financial year ended 31 December 2000 is calculated based on the consolidated profit for the year of RM11,595,784 and on the adjusted weighted average number of ordinary shares issued and issuable of 876,804,367 shares. The adjusted weighted average number of ordinary shares issued and issuable has been arrived at based on the assumption that all the ICPS issued are converted to ordinary shares at the beginning of the year or at date of issue.

The weighted average number of ordinary shares outstanding plus weighted average number of ordinary shares which would be issued on conversion of all dilutive potential ordinary shares into ordinary shares is calculated as follows:-

	2000
Weighted average number of ordinary shares in issue	762,291,635
Weighted average number of ordinary shares upon conversion of ICPS	114,512,732
Weighted average number of ordinary shares for diluted earnings per share	876,804,367

The diluted earnings per share for 1999 based on the assumed conversion of ICPS issued is antidilutive.

27. Significant Transactions With Related Parties

	Group		Company	
	2000	1999	2000	1999
	RM'000	RM'000	RM'000	RM'000
Rental income received from a related company, MUI Properties Services Sdn Bhd	150	192	150	192
Royalty income received from a related company, Network Foods Industries Sdn Bhd	769	599	–	–
Sales to related companies, Malayan United Management Sdn Bhd, Ming Court Hotel (KL) Sdn Bhd, Network Foods (Malaysia) Sdn Bhd, Network Foods Industries Sdn Bhd and MUI dotCom Sdn Bhd	764	3,223	–	–
Rental expenses paid to a related company, MUI Plaza Sdn Bhd	116	–	45	–
Interest expenses payable to related companies, MUI Capital Sdn Bhd and Megawise Sdn Bhd	28	19,142	–	13,929
Sales to related parties, Laura Ashley Holdings plc, Laura Ashley (North America), Inc and Morning Star Travel Service Ltd	6,559	–	–	–

The related party transactions are in the normal course of business and were negotiated on an arm's length basis.

The relationships between the Group and related parties, in the financial statements, are as follows:–

Identities of Related Parties

Relationships With the Group

Related Companies

Malayan United Management Sdn Bhd	}	Subsidiary companies of the ultimate holding company
Ming Court Hotel (KL) Sdn Bhd	}	
MUI Capital Sdn Bhd	}	
MUI dotCom Sdn Bhd	}	
MUI Plaza Sdn Bhd	}	
MUI Properties Services Sdn Bhd	}	
Megawise Sdn Bhd	}	
Network Foods Industries Sdn Bhd	}	
Network Foods (Malaysia) Sdn Bhd	}	

Related Parties

Laura Ashley Holdings plc	}	Associated companies of ultimate holding company
Laura Ashley (North America), Inc	}	
Morning Star Travel Service Ltd	}	

28. Contingent Liabilities – Unsecured Unless Otherwise Stated

Group

- (a) On 13 September 1995, Wakefield Nominees Ltd (“WNL”), which is incorporated in Hong Kong, presented a petition to the Supreme Court of Bermuda against the Company and AGA Holdings Ltd (“AGA”) in which the Company allegedly has a 35% equity interest. WNL has petitioned to seek for compensation in respect of the dilution of its interest in AGA and Central Reinsurance Limited (“CRL”), a subsidiary company of AGA.

Consequent to the petition described above, Receivers and Managers have been appointed by the court to AGA and the Receivers and Managers have further petitioned and obtained an order to liquidate CRL.

The Company’s solicitors are of the considered opinion that based upon available evidence, the Company has a valid defence to the petition.

- (b) Proceedings have been and will be initiated by the two stockbroking subsidiary companies against various clients and debtors whose accounts are in default or overdue. As at 31 December 2000 the two stockbroking subsidiary companies have filed claims against various clients and debtors in the aggregate sums of RM247 million (1999 : RM78 million) together with interest and costs.

On the other hand, as at 31 December 2000 counterclaims have been filed against the two stockbroking subsidiary companies claiming amount of RM90 million (1999 : RM50 million) together with interest, cost and other general unspecified damages. The two stockbroking subsidiary companies are defending these counterclaims.

- (c) As at 31 December 2000, the contingent liabilities in respect of the corporate guarantees given by the Group for banking, hire-purchase and leasing facilities granted to unconsolidated and former subsidiary companies were RM35 million (1999 : RM39 million).

Company

- (a) A suit was filed on 17 May 1996 in the High Court of Kuala Lumpur by Loyal Design Sdn Bhd (“LDSB”) a wholly-owned subsidiary of Malayan United Industries Berhad (“MUI”), against the Company and all its then existing directors for breach of directors’ duties in conducting the affairs of the Company during the period involved with the takeover offer by MUI through LDSB in respect of the Company. The suit also seek to declare, inter-alia, that various options granted by the Company under the Company’s Executive Share Option Scheme are void.

The parties are currently awaiting the fixing of a new trial date. The Company’s solicitors are of the opinion, based on the documents available, that LDSB’s chance of success on the claim is good.

- (b) As at 31 December 2000, the contingent liabilities in respect of corporate guarantees given by the Company for banking, hire-purchase and leasing facilities, and supply of goods to subsidiary companies, and unconsolidated and former subsidiary companies were RM137 million (1999 : RM164 million), of which RM33 million (1999 : RM35 million) were secured by a landed property of the Company.

29. Capital Commitment

	Group	
	2000	1999
	RM'000	RM'000
Contracted but not provided for	104,247	–

The capital commitment comprises the balance of the purchase consideration in respect of the following agreements:-

	Purchase Consideration RM'000	Deposit Paid RM'000	Balance of Purchase Consideration RM'000
(i) Business Merger Agreement with MBf Northern Securities Sdn Bhd (Special Administrators Appointed) ("MBf Northern") (Note 32 (d) (v))	65,000	6,500	58,500
(ii) Business Merger Agreement with Malpac Securities Sdn Bhd (Note 32 (d) (vi))	85,747	40,000	45,747
	150,747	46,500	104,247

Subsequent to the financial year end and following the completion of the Business Merger Agreement with MBf Northern on 22 January 2001, the sum of RM58.50 million was paid to the vendor of MBf Northern.

30. Analyses Of Group Operations

The analyses of Group operations for the financial year ended 31 December 2000 are as follows:-

	Revenue		Profit/(Loss) Before Taxation		Total Assets	
	2000	1999	2000	1999	2000	1999
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
(a) By Industry						
Continuing Operations:-						
Financial services	18,483	15,798	22,921	(68,694)	269,214	314,553
Manufacturing and trading	107,478	96,289	(5,566)	926	84,296	93,438
Property and leisure	35,865	25,392	(1,384)	(2,493)	52,366	53,658
Investment holding	1,969	1,091	(15,464)	(31,965)	88,793	115,506
	163,795	138,570	507	(102,226)	494,669	577,155
Discontinued Operations:-						
Manufacturing and trading	–	9,762	–	440	–	–
Property and leisure	–	–	7,406	(5,612)	–	20,013
Food and confectionery	–	267,634	–	17,315	–	–
	–	277,396	7,406	12,143	–	20,013
	163,795	415,966	7,913	(90,083)	494,669	597,168

30. Analyses Of Group Operations (Cont'd)

	<i>Revenue</i>		<i>Profit/(Loss) Before Taxation</i>		<i>Total Assets</i>	
	<i>2000</i>	<i>1999</i>	<i>2000</i>	<i>1999</i>	<i>2000</i>	<i>1999</i>
	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>
(b) By Geographical Region						
Continuing Operations:-						
Malaysia	163,025	137,971	6,942	(92,113)	486,089	565,432
Asia-Pacific	770	599	(2,367)	(11,348)	8,051	11,127
United Kingdom	-	-	(4,068)	1,235	529	596
	163,795	138,570	507	(102,226)	494,669	577,155
Discontinued Operations:-						
Malaysia	-	59,961	7,406	(5,410)	-	20,013
Asia-Pacific	-	217,435	-	15,317	-	-
United Kingdom	-	-	-	2,236	-	-
	-	277,396	7,406	12,143	-	20,013
	163,795	415,966	7,913	(90,083)	494,669	597,168

31. Ultimate Holding Company

The ultimate holding company is Malayan United Industries Berhad, a company incorporated in Malaysia and quoted on the Main Board of the Kuala Lumpur Stock Exchange.

32. Significant Events

(a) Schemes of Arrangement

During the financial year, the Company issued 7,154,099 new ICPS of RM1.00 each credited as fully paid-up in the capital of the Company for settlement with scheme creditors pursuant to the schemes of arrangement of the Company and a subsidiary company.

During the financial year, Pan Malaysia Capital Berhad ("PM Capital") also issued 24,077,145 new irredeemable convertible preference share of RM1.00 each credited as fully paid-up in the capital of PM Capital for settlement with scheme creditors pursuant to the scheme of arrangement of its two stockbroking subsidiary companies, namely PM Securities Sdn Bhd ("PM Securities") and Pan Malaysia Equities Sdn Bhd ("PM Equities"). Pursuant to their schemes of arrangement, PM Equities and PM Securities issued to PM Capital their relevant new ordinary shares and redeemable non-convertible preference shares for the settlement of their scheme creditors by PM Capital.

On 8 February 2001 and 9 March 2001, the Company issued a total 5,320,506 new ICPS of RM1.00 each credited as fully paid-up in the capital of the Company for settlement with scheme creditors pursuant to its scheme of arrangement.

The schemes of arrangement of the Company and certain of its subsidiary companies, including PM Capital, PM Securities and PM Equities have been completed except for settlement with certain scheme creditors.

(b) Special Issue

On 21 September 2000, the shareholders of the Company approved the Company's special issue of 75,270,000 new ordinary shares of RM1.00 each at an issue price of RM1.00 per share to Bumiputera investors to be approved by the Ministry of International Trade and Industry. On 19 April 2000 and 18 October 2000, the Foreign Investment Committee ("FIC") and the Securities Commission ("SC") agreed respectively to an extension of time until 30 June 2001 to implement the special issue. On 28 March 2001, the Company wrote to the SC to seek an extension of 12 months up to 30 June 2002 to implement the special issue. The reply from SC is pending.

32. Significant Events (Cont'd)

(c) Debt-Equity Conversion

On 16 June 2000, the Company issued 83,417,208 new ordinary shares of RM1.00 each credited as fully paid-up in the capital of the Company to a subsidiary company of Malayan United Industries Berhad in consideration of settlement of certain indebtedness of the Group.

(d) Other Corporate Developments

- (i) During the financial year, the Company acquired from the open market a total of 19,573,125 irredeemable convertible preference shares of PM Capital ("PM Capital ICPS") for an aggregate cash consideration of RM12.40 million. The acquisition of 1,277,125 PM Capital ICPS for an aggregate cash consideration of RM0.84 million were funded by internal funds. The acquisition of 18,296,000 PM Capital ICPS for an aggregate cash consideration of RM11.56 million were funded from the proceeds of the Company's rights issue. Subsequent to the financial year end, the Company further acquired from the open market a total of 6,408,000 PM Capital ICPS for an aggregate cash consideration of RM1.43 million which were funded from the proceeds of the Company's rights issue. The SC has on 4 July 2000 approved the utilisation of RM25.92 million being part of the Company's rights issue proceeds to acquire PM Capital ICPS from the open market.
- (ii) On 12 August 2000, the Company entered into an agreement ("Agreement") with Supermix Concrete (Malaysia) Sdn Bhd ("SCM") for the sale of the Company's entire shareholding of 10,000,000 ordinary shares of RM1.00 each representing the entire share capital of Pengkalen Concrete Sdn Bhd ("PCSB Sale"). Pengkalen Concrete Sdn Bhd ("PCSB") has two subsidiary companies, namely Pengkalen Concrete (E.M.) Sdn Bhd ("PCEM"), a wholly-owned subsidiary company, and Pengkalen-SMJ J.V. Sdn Bhd, a 70.0%-owned subsidiary company. Pursuant to the Agreement, the consideration for the PCSB Sale is RM7.3 million cash which shall be adjusted after a further financial due diligence. The Company would be responsible for the repayment of bank borrowings of PCSB and PCEM which are guaranteed by the Company. The PCSB Sale was subject to the approval of the Ministry of International Trade and Industry, which was obtained on 28 November 2000. The PCSB Sale was completed on 23 March 2001. The Company and Supermix have mutually agreed on the adjusted reduced sale consideration of RM6.90 million. The Company has also settled RM0.44 million and RM27.90 million of the bank borrowings of PCSB and PCEM were novated to the Company which would be responsible for their repayment pursuant to the Agreement. The gain on the PCSB Sale to the Company and Group was approximately RM6.90 million and RM0.10 million respectively.
- (iii) On 2 February 2000 and 10 February 2000, the Kuala Lumpur Stock Exchange uplifted the trading restrictions placed on PM Equities and PM Securities respectively.
- (iv) The relevant authorities have on 9 November 2000 and 21 November 2000 approved the private placement by PM Capital to Bumiputera investors of up to 25,308,713 new ordinary shares of RM1.00 each representing approximately 10% of the issued and paid-up ordinary share capital of PM Capital, at an issue price of up to 15% discount based on the 5-day weighted average market price of the ordinary shares on a date to be determined later, subject to a minimum of the par value of RM1.00 per share. On 27 February 2001, PM Capital wrote to the SC to seek an extension of 12 months up to 8 May 2002 to implement the private placement. The reply from SC is pending.
- (v) On 2 October 2000, PM Securities entered into a Business Merger Agreement with MBf Northern Securities Sdn Bhd (Special Administrators Appointed) ("MBf Northern") whereby the existing business of PM Securities will be merged with the stockbroking and associated activities of MBf

32. Significant Events (Cont'd)

Northern and further to acquired certain fixed assets of MBf Northern for a total purchase consideration of RM65.0 million to be satisfied in cash ("MBf Northern Merger"). The MBf Northern Merger which has been approved by the relevant authorities and the shareholders of PM Capital and PM Securities was completed on 22 January 2001. Approval has also been received from the relevant authorities to resite the business of MBf Northern as a branch of PM Securities in Puchong, Selangor Darul Ehsan.

- (vi) On 27 November 2000, PM Securities entered into a Business Merger Agreement with Malpac Securities ("Malpac Agreement") whereby the existing business of PM Securities will be merged with the stockbroking and associated activities of Malpac Securities and for the surrender of the licence issued by the SC to Malpac Securities pursuant to the Securities Industries Act, 1983 and the variation of the said licence to allow the operations of Malpac Securities as a branch of PM Securities. PM Securities further agreed to acquire certain fixed assets of Malpac Securities. The total purchase consideration was originally agreed upon at not more than RM87.0 million to be satisfied entirely in cash subject to a valuation of the net fixed assets to be acquired. Upon signing of the Malpac Agreement, the said fixed assets were provisionally valued at RM7.0 million being the net book value of the fixed assets based on the audited accounts of Malpac Securities for the financial year ended 31 December 1999.

The parties have agreed to a valuation of RM5.75 million in respect of the fixed assets and the total purchase consideration for the Proposed Malpac Merger has subsequently been finalised at up to RM85.75 million with further consideration to be taken in respect of depreciation from 27 November 2000 to the date of completion. At their respective Extraordinary General Meetings held on 14 March 2001, 5 April 2001 and 17 April 2001, the shareholders of PM Capital, Malpac Holdings Berhad ("MHB") and PM Securities approved the said proposed merger and acquisition of fixed assets. MHB is the holding company of Malpac Securities. The said proposed merger and acquisition of fixed assets are pending the approvals of the relevant authorities.

- (vii) On 13 December 2000, PM Capital entered into sale and purchase agreement with PM Securities ("PME Agreement") for the proposed sale and transfer of the entire issued and paid-up share capital of PM Equities comprising 237,123,722 ordinary shares of RM1.00 each, 91,934,379 redeemable non-convertible preference shares of RM1.00 each and 36,000,000 redeemable exchangeable preference shares of RM1.00 each for a sale consideration of RM117.86 million ("PME Consideration") to be satisfied by the issuance of up to 100,000,000 new ordinary shares of RM1.00 each in PM Securities at an issue price of RM1.00 per share and the balance consideration to be payable in cash ("Proposed PME Transaction").

Pursuant to the terms of the PME Agreement, upon certification of the financial statements of PM Equities by the auditors for the financial year ended 31 December 2000, if there is any variation to the net tangible assets ("NTA") of PM Equities as at 31 October 2000, the purchase consideration for the Proposed PME Transaction shall be adjusted accordingly on a ringgit-for-ringgit basis and the balance payable to PM Capital shall be the NTA value as stated in the audited financial statements of PM Equities for the financial year ended 31 December 2000. At their respective Extraordinary General Meetings held on 14 March 2001 and 17 April 2001 the shareholders of PM Capital and PM Securities approved the Proposed PME Transaction. The Proposed PME Transaction is pending the approvals of the relevant authorities.

- (viii) On 13 December 2000, PM Capital also entered into an agreement ("Restructuring Agreement") with Kimara Asset Management Sdn Bhd ("Kimara Asset"), a wholly-owned subsidiary company

32. Significant Events (Cont'd)

of PM Capital whereby PM Capital agreed to the proposed sale and transfer of PM Capital's entire interest in the issued and paid-up share capital of PM Securities comprising 261,448,133 ordinary share of RM1.00 each, 174,048,160 redeemable non-convertible preference shares of RM1.00 each together with the new ordinary shares of RM1.00 each in PM Securities to be issued to PM Capital pursuant to the Proposed PME Transaction for a sale consideration of RM361.0 million ("PMS Consideration") to be satisfied by the issuance of 361.0 million new ordinary shares of RM1.00 each in Kimara Asset at an issue price of RM1.00 per share ("Proposed Restructuring").

Pursuant to the Restructuring Agreement, upon the certification of the financial statements of PM Equities by the auditors for the financial year ended 31 December 2000 which results in a change in the PME Consideration, the PMS Consideration will also be adjusted accordingly. At their respective Extraordinary General Meetings held on 14 March 2001 and 12 April 2001 the shareholders of PM Capital and Kimara Asset approved the Proposed Restructuring. The Proposed Restructuring is pending the approvals of the relevant authorities.

- (ix) On 15 December 2000, Labels Specialist Industries Sdn Bhd, a 51.25%-owned subsidiary of the Company entered into an agreement for the sale of its entire shareholding of 124,950 ordinary shares of RM1.00 each, representing 51% of the total issued and paid-up share capital of Focusprint Sendirian Berhad for a cash consideration of RM4.5 million ("FSB Sale"). The FSB Sale was completed on 23 March 2001. The gain on the FSB Sale to the Group was approximately RM0.82 million.
- (x) On 28 January 2000, the respective shareholders of Technitone (M) Sdn Bhd ("Technitone"), Office Business Systems Sdn Bhd ("OBS"), Office Business Systems (Malacca) Sdn Bhd, Office Business Systems (Penang) Sdn Bhd and Sensor Equipment Sdn Bhd resolved at their respective Extraordinary General Meetings to wind-up the respective companies voluntarily. The respective Board of Directors of these companies have earlier on 30 December 1999 resolved to wind-up these respective companies voluntarily.

Technitone, a 64.1%-owned subsidiary company of the Company, had ceased its operations following the non-approval of its proposed scheme of arrangement by its scheme creditors at the court convened meeting held on 6 April 1999. Accordingly, in consultation with its creditors, Technitone has agreed to the appointment of a receiver and manager by its debenture holder on 9 August 1999. On 6 September 1999, a receiver and manager was also appointed by the debenture holder for OBS, a subsidiary company of Technitone, pursuant to a debenture executed by OBS. The proposed scheme of arrangement of OBS was not approved by its scheme creditors at the court convened meeting on 6 April 1999. Office Business Systems (Malacca) Sdn Bhd, Office Business Systems (Penang) Sdn Bhd and Sensor Equipment Sdn Bhd are subsidiary companies of OBS.

- (xi) On 2 March 2000, Network Foods Industries Sdn Bhd ("NFI"), ceased to be an associated company of the Group, as the Group's equity interest in NFI was diluted to 18.5% from 30.0% with the issuance of new ordinary shares by NFI.
- (xii) On 25 April 2000, the Kuala Lumpur High Court issued a winding-up order against Pengkalen Heights Sdn Bhd ("PH"), a 70.0%-owned subsidiary company of the Company.

PH which proposed scheme of arrangement was not approved by its scheme creditors at the court convened meeting held on 7 April 1999, has discontinued with the development of its hotel and service apartments project as it was deemed no longer viable under then prevailing circumstances.

33. Subsequent Events

- (i) On 18 January 2001, Pan Malaysia Capital Berhad ("PM Capital") accepted a term loan facility of RM40.0 million made available by MUI Capital Sdn Bhd. The loan is granted for a period of two years at interest rate of 7.5% per annum and is unsecured. The loan is for onward lending to PM Securities Sdn Bhd ("PM Securities") for purposes of PM Securities' working capital and expansion of business.
- (ii) On 18 January 2001, PM Capital granted a subordinated loan of RM40.0 million to PM Securities. The loan is for a period of two years from 19 January 2001 at interest rate of 8% per annum and is unsecured. Pursuant to the terms and conditions of the loan which have been approved by the Committee of the Kuala Lumpur Stock Exchange ("KLSE") and subject to such terms and conditions as may be imposed by the Committee of the KLSE, the indebtedness of PM Securities in respect of the loan shall be converted into equity of PM Securities if PM Securities fails to comply with the Capital Adequacy Requirements under the Rules of the KLSE and to undertake or effect an appropriate capital reconstruction which has been approved by the Committee of the KLSE.
- (iii) On 17 April 2001, the shareholders of PM Securities approved the proposed rights issue of 30,000,007 new ordinary shares of RM1.00 each at an issue price of RM1.00 per share on the basis of approximately 1 new ordinary share for every 8.175 existing ordinary shares held. The proposed rights issue is pending the approvals of the relevant authorities. PM Capital has on 28 February 2001 given an undertaking to PM Securities to subscribe for its entitlement up to a maximum 30 million new ordinary shares of RM1.00 each at an issue price of RM1.00 per share under the proposed right issue of PM Securities.

34. Subsidiary And Associated Companies

Subsidiary and Associated Companies of Pan Malaysia Holdings Berhad

<i>Subsidiary Company</i>	<i>Equity Interest</i>		<i>Principal Activities</i>	<i>Country of Incorporation</i>
	<i>2000</i>	<i>1999</i>		
	<i>%</i>	<i>%</i>		
1. Buana Mewah Sdn Bhd	100	100	Inactive	Malaysia
2. Fibercorp (Sarawak) Sdn Bhd (a 55% subsidiary company of Pengkalan Comtec Sdn Bhd)	30.25	30.25	Dormant	Malaysia
3. Fiberoptik (Sabah) Sdn Bhd	55	55	Dormant	Malaysia
■ 4. Focusprint Sendirian Berhad (a 51% subsidiary company of Labels Specialist Industries Sdn Bhd)	26.14	26.14	Manufacturing of carton boxes, general packaging products & printing press	Malaysia
+ 5. Golden Carps Pte Ltd	100	100	Inactive	Singapore
+ 6. Grandvestment Company Limited	100	100	Investment holding	Hong Kong
7. Kayangan Makmur Sdn Bhd	100	100	Investment holding	Malaysia
8. Kejora Etika Sdn Bhd	100	100	Dormant	Malaysia
9. Labels Specialist Industries Sdn Bhd	51.25	51.25	Manufacturing & sale of self-adhesive sticker labels	Malaysia
10. Pengkalen Building Materials Sdn Bhd	100	100	Trading in building materials	Malaysia
11. Pan Malaysia Capital Berhad	73.83	73.83	Investment holding	Malaysia
+ 12. Pengkalen Company Limited	100	100	Dormant	United Kingdom
13. Pengkalen Comtec Sdn Bhd	55	55	Dormant	Malaysia

34. Subsidiary And Associated Companies (Cont'd)

■ 14. Pengkalen Concrete Sdn Bhd	100	100	Manufacturing & dealing in cement, pre-mixed concrete & builders' requisites	Malaysia
■ 15. Pengkalen Concrete (E.M.) Sdn Bhd	100	100	Manufacturing & dealing in cement, pre-mixed concrete & builders' requisites	Malaysia
16. Pengkalen Engineering & Construction Sdn Bhd	100	100	Building & construction	Malaysia
17. Pengkalen Equities Sdn Bhd	100	100	Investment holding & dealing	Malaysia
18. Pengkalen Foodservices Sdn Bhd	100	100	Inactive	Malaysia
19. Pengkalen HB Property Services Sdn Bhd	100	100	Dormant	Malaysia
◇ 20. Pengkalen Heights Sdn Bhd	70	70	In liquidation	Malaysia
21. Pengkalen Hill Resort Sdn Bhd	100	100	Dormant	Malaysia
22. Pengkalen Holiday Resort Sdn Bhd	90	90	Operating a hotel & resort	Malaysia
23. Pengkalen Pasar Borong Sdn Bhd	80	80	Inactive	Malaysia
24. Pengkalen Properties Sdn Bhd	100	100	Inactive	Malaysia
25. Pengkalen Raya Sdn Bhd	100	100	Inactive	Malaysia
■ 26. Pengkalen-SMJ J.V. Sdn Bhd (a 70% subsidiary company of Pengkalen Concrete Sdn Bhd)	70	70	Supply & trading of ready-mixed concrete, construction & civil engineering works	Malaysia
27. Pan Malaysia Travel & Tours Sdn Bhd (formerly known as Pengkalen Travel Sdn Bhd)	80	80	Travel agent & chartered flight travel contractors	Malaysia
+ 28. Pengkalen (UK) Plc	84.12	84.12	Investment holding	United Kingdom
29. Serba Sinar Sdn Bhd	100	100	Dormant	Malaysia
30. Twin Phoenix Sdn Bhd	100	100	Dormant	Malaysia

<i>Associated Company</i>	<i>Equity Interest</i>		<i>Principal Activities</i>	<i>Country of Incorporation</i>
	<i>2000</i>	<i>1999</i>		
	<i>%</i>	<i>%</i>		
* 1. Excelpac Industries Sdn Bhd (a 25% associated company of Pan Malaysia Travel & Tours Sdn Bhd [formerly known as Pengkalen Travel Sdn Bhd])	20	20	Inactive	Malaysia

Subsidiary Companies of Pan Malaysia Capital Berhad

<i>Subsidiary Company</i>	<i>Equity Interest</i>		<i>Principal Activities</i>	<i>Country of Incorporation</i>
	<i>2000</i>	<i>1999</i>		
	<i>%</i>	<i>%</i>		
1. Bayan Niaga Sdn Bhd	100	100	Moneylending	Malaysia
2. KESB Nominees (Asing) Sdn Bhd	100	100	Dormant	Malaysia
3. KESB Nominees (Tempatan) Sdn Bhd	100	100	Nominee & custodian services	Malaysia
4. Kimara Asset Management Sdn Bhd	100	100	Dormant	Malaysia
○ 5. Meridian Nominees (Tempatan) Sdn Bhd	100	–	Share registration, nominee & share custodian services	Malaysia

34. Subsidiary And Associated Companies (Cont'd)

6. Pan Malaysia Equities Sdn Bhd	100	100	Stockbroking	Malaysia
7. PCB Asset Management Sdn Bhd	100	100	Research & fund management services	Malaysia
8. Pengkalen Nominees (Asing) Sdn Bhd	99.99	99.99	Nominee & custodian services	Malaysia
9. Pengkalen Nominees (Tempatan) Sdn Bhd	99.99	99.99	Nominee & custodian services	Malaysia
10. Pengkalen Options & Futures Sdn Bhd	100	100	Options & financial futures broker	Malaysia
11. PM Securities Sdn Bhd	99.99	99.99	Stockbroking	Malaysia

Subsidiary and Associated Companies of Pengkalen (UK) Plc

<i>Subsidiary Company</i>	<i>Equity Interest</i>		<i>Principal Activities</i>	<i>Country of Incorporation</i>
	<i>2000</i>	<i>1999</i>		
	<i>%</i>	<i>%</i>		
1. Anglo Pacific Corporation (Malaysia) Sdn Bhd	64.82	64.82	Investment holding	Malaysia
2. Anglo Pacific Holdings (Malaysia) Sdn Bhd	100	100	Investment holding	Malaysia
* 3. Aqua Lanka (Private) Limited	100	100	Dormant	Sri Lanka
+ 4. Central Cocoa Pte Ltd	100	100	Dormant	Singapore
5. Cocoa Specialities (Malaysia) Sdn Bhd	64.82	64.82	Inactive	Malaysia
6. GCIH (Malaysia) Sdn Bhd	100	100	Inactive	Malaysia
+ 7. GCIH Property Limited	100	100	Investment holding	Hong Kong
• + 8. GCIH Trademarks Limited	100	100	Licensing of trademarks	Hong Kong
9. Giatjaya Enterprise Sdn Bhd	64.82	64.82	Inactive	Malaysia
* 10. Grand Central (Ceylon) Rubber Estates, Limited	100	100	Dormant	United Kingdom
* 11. Grand Central Limited	100	100	Dormant	Sri Lanka
* 12. Highland Tea Company of Ceylon, Limited	100	100	Dormant	United Kingdom
13. Kuril Plantations Sdn Berhad	64.82	64.82	Inactive	Malaysia
+ 14. Meltis Holdings Limited	84	84	Investment holding	United Kingdom
* 15. Nagolle Holdings Limited	100	100	Dormant	United Kingdom
* 16. Nagolle (Ceylon) Rubber and Tea Plantations, Limited	100	100	Dormant	United Kingdom
* 17. Network Foods International Limited	100	100	Dormant	United Kingdom
18. Tenamaju Sdn Bhd	64.82	64.82	Inactive	Malaysia
* 19. The Panawatte Tea and Rubber Estates, Limited	100	100	Dormant	United Kingdom
* 20. The Yatiyantota Ceylon Rubber Company Limited	100	100	Dormant	United Kingdom
21. Upali Group Sdn Bhd	64.82	64.82	Dormant	Malaysia
+ 22. Wellon Distribution Pte Ltd	100	100	Dormant	Singapore

34. Subsidiary And Associated Companies (Cont'd)

<i>Associated Company</i>	<i>Equity Interest</i>		<i>Principal Activities</i>	<i>Country of Incorporation</i>
	<i>2000</i>	<i>1999</i>		
	<i>%</i>	<i>%</i>		
1. Desa Kuril Sdn Berhad	32.41	32.41	Dormant	Malaysia
2. Pufrut Preserving Works (Malaysia) Sdn Bhd	50	50	Inactive	Malaysia
3. Schwartau (Far East) Sdn Bhd	50	50	Inactive	Malaysia

Associated Company of Anglo Pacific Corporation (Malaysia) Sdn Bhd

<i>Associated Company</i>	<i>Equity Interest</i>		<i>Principal Activities</i>	<i>Country of Incorporation</i>
	<i>2000</i>	<i>1999</i>		
	<i>%</i>	<i>%</i>		
▲ 1. Network Foods Industries Sdn Bhd	-	30	Manufacturing of consumer chocolate products	Malaysia

+ Subsidiary companies audited by member firms of BDO International.

* Subsidiary and associated companies not audited by member firms of BDO International.

■ Agreements had been entered into during the financial year ended 31 December 2000 for the disposal of these companies.

◇ This company is under liquidation and its financial statements are not consolidated with the financial statements of the Company.

● GCIH Property Limited has a direct equity interest of 49%.

▲ The company ceased to be an associated company of the Group, as the Group's equity interest in the company was diluted to 18.5% with the issuance of new ordinary shares by the company.

○ Subsidiary company acquired during the financial year ended 31 December 2000.

35. Employees And Staff Costs

The number of employees and staff costs of the Group and of the Company including Executive Directors, at the end of the financial year are as follows:-

	<i>Group</i>		<i>Company</i>	
	<i>2000</i>	<i>1999</i>	<i>2000</i>	<i>1999</i>
Number of employees	722	680	31	31
Staff costs (RM'000)	15,943	14,656	1,050	1,029

36. Comparative Figures

The financial statements for the financial year are presented in accordance with the requirements of Malaysian Accounting Standards Board – MASB 1 “Presentation of Financial Statements”. Comparative figures have been re-presented to conform with new requirements, where necessary.

Statement by Directors

In the opinion of the Directors, the financial statements set out on pages 13 to 52 have been drawn up in accordance with applicable approved accounting standards in Malaysia so as to give a true and fair view of:-

- (i) the state of affairs of the Group and of the Company as at 31 December 2000 and of their results for the financial year then ended; and
- (ii) the cash flows of the Group and of the Company for the financial year ended 31 December 2000.

On behalf of the Board

Dato' Mohd Ibrahim bin Mohd Zain

Khet Kok Yin

Kuala Lumpur
25 April 2001

Statutory Declaration

I, Lum Seng Yip, being the officer primarily responsible for the financial management of Pan Malaysia Holdings Berhad, do solemnly and sincerely declare that the financial statements set out on pages 13 to 52 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed Lum Seng Yip at Kuala Lumpur in the Federal Territory on 25 April 2001.

Lum Seng Yip

Before me

Robert Lim Hock Kee
No. W092
Commissioner for Oaths
Kuala Lumpur

Report of the Auditors

To the members of Pan Malaysia Holdings Berhad

We have audited the financial statements set out on pages 13 to 52. The preparation of the financial statements is the responsibility of the Directors. Our responsibility is to express an opinion on the financial statements based on our audit.

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

In our opinion:-

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

We have considered the financial statements and the auditors' reports of the subsidiary companies of which we have not acted as auditors as disclosed in Note 34 to the financial statements, being financial statements that have been included in the consolidated financial statements.

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.

BDO Binder

AF : 0206

Public Accountants

Tan Kim Leong, JP

235/6/01(J/PH)

Partner

Kuala Lumpur

25 April 2001

Analysis of Shareholders

As at 20 April 2001

Classes of Shares : (a) Ordinary share of RM1.00 each
(b) Irredeemable convertible preference share of RM1.00 each ("ICPS")

Voting Rights : (a) Ordinary share
1 vote per ordinary share
(b) ICPS
The ICPS does not carry any right to vote at any general meeting of the Company, nor the right to receive notices of meetings except for the right to receive notices of any general meeting and to attend and vote in person or by proxy or by attorney at such meeting where the business of the meeting includes the consideration of a resolution to:
(i) reduce the capital of the Company;
(ii) wind-up the Company;
(iii) alter the Articles of Association of the Company which affects the rights of ICPS holders; or
(iv) vary or abrogate any of the special rights or conditions attached to the ICPS.

Ordinary Share

Distribution of Shareholders

Range	No. of Shareholders	%	No. of Shares	%
Less than 500 shares	324	2.85	70,505	0.01
500 – 5,000 shares	8,222	72.19	19,965,497	2.49
5,001 – 10,000 shares	1,548	13.59	13,332,480	1.67
10,001 – 100,000 shares	1,202	10.55	31,932,891	3.99
100,001 – 1,000,000 shares	78	0.69	14,944,694	1.87
Above 1,000,000 shares	15	0.13	720,107,518	89.97
Total	11,389	100.00	800,353,585	100.00

Twenty (20) Largest Shareholders

Name of Shareholders	No. of Shares held	%
1. Loyal Design Sdn Bhd	347,354,740	43.40
2. MUI Media Ltd	83,417,208	10.42
3. Megawise Sdn Bhd	82,749,507	10.34
4. MUI Capital Sdn Bhd	62,699,810	7.83
5. Merchant Nominees (Tempatan) Sendirian Berhad - Pledged Securities Account for Affin Merchant Bank Berhad	23,500,000	2.94
6. Arab-Malaysian Credit Berhad	22,845,416	2.85
7. Citibank Berhad	21,062,948	2.63
8. Southern Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Chong Yuet Hwa @ Choong Kok Min	20,311,332	2.54
9. U.B. Nominees (Tempatan) Sdn Bhd - Bank Utama (Malaysia) Bhd	16,036,760	2.00
10. Malayan Banking Berhad	13,011,422	1.63
11. Alliance Bank Malaysia Berhad	11,491,421	1.44
12. Bank Kerjasama Rakyat Malaysia Berhad	5,903,034	0.74
13. Multi-Purpose Credit Sdn Bhd	5,900,758	0.74
14. Mayban Securities Nominees (Tempatan) Sdn Bhd - Aseam Credit Sdn Bhd for Pan Malaysia Holdings Berhad	2,204,812	0.28
15. Aseam Malaysia Nominees (Tempatan) Sdn Bhd - Aseambankers Malaysia Berhad (A/C Three)	1,618,350	0.20
16. Menteri Kewangan Malaysia - Section 29 (SICDA)	737,963	0.09
17. Yeap Poh Tin	700,000	0.09
18. Rimpai Bakti Sdn Bhd	629,704	0.08
19. Low Yiew Fook	402,000	0.05
20. Low Suan Kong	320,000	0.04
Total	722,897,185	90.33

Analysis of Shareholders (Cont'd)

As at 20 April 2001

Substantial Shareholders as per Register of Substantial Shareholders

	No. of Shares held (Direct/Deemed Interest)	%
Pan Malaysian Industries Berhad	576,968,075	72.09
Tan Sri Dato' Dr Khoo Kay Peng	576,968,075	72.09
Malayan United Industries Berhad	576,335,338	72.01
Loyal Design Sdn Bhd	347,354,740	43.40
MUI Media Ltd	83,417,208	10.42
Megawise Sdn Bhd	82,749,507	10.34
Pan Malaysia Corporation Berhad	82,749,507	10.34
MUI Capital Sdn Bhd	62,699,810	7.83
Arab-Malaysian Credit Berhad	22,845,416	2.85
Dato' Choong Kok Min	21,241,332	2.65
Citibank Berhad	21,062,948	2.63

as Bare Trustees pursuant to Section 69P of the Companies Act, 1965

	No. of Shares held	%
Merchant Nominees (Tempatan) Sendirian Berhad	23,500,000	2.94
Citicorp Nominees (Tempatan) Sdn Bhd	21,845,951	2.73
Southern Nominees (Tempatan) Sdn Bhd	20,312,999	2.54
U.B. Nominees (Tempatan) Sdn Bhd	16,036,760	2.00

ICPS

Distribution of Shareholders

Range	No. of Shareholders	%	No. of Shares	%
Less than 500 shares	—	—	—	—
500 – 5,000 shares	85	51.52	107,000	0.09
5,001 – 10,000 shares	1	0.61	10,000	0.01
10,001 – 100,000 shares	47	28.48	1,550,696	1.25
100,001 – 1,000,000 shares	17	10.30	5,084,854	4.12
Above 1,000,000 shares	15	9.09	116,725,142	94.53
Total	165	100.00	123,477,692	100.00

Twenty (20) Largest Shareholders

Name of Shareholders	No. of Shares held	%
1. Malayan Banking Berhad	52,963,224	42.89
2. CIMSEC Nominees (Tempatan) Sdn Bhd - Danaharta Urus Sdn Bhd	14,165,211	11.47
3. Aseam Malaysia Nominees (Tempatan) Sdn Bhd - Aseam Bankers Malaysia Berhad (A/C Three)	10,067,874	8.15
4. Amsec Nominees (Tempatan) Sdn Bhd - Arab-Malaysian Bank Berhad	7,153,028	5.79
5. CIMSEC Nominees (Tempatan) Sdn Bhd - Danaharta Managers Sdn Bhd	5,956,118	4.82
6. PAB Nominee (Tempatan) Sdn Bhd - Affin Bank Berhad (Corpbanking)	4,994,215	4.04
7. U.B. Nominees (Tempatan) Sdn Bhd - Bank Utama (Malaysia) Bhd	4,889,372	3.96
8. Oriental Bank Berhad	3,323,002	2.69
9. Newest Sdn Bhd (In members voluntary liquidation)	2,990,000	2.42
10. BOC Nominees (Tempatan) Sdn Bhd - For Bumiputra-Commerce Bank Berhad	2,324,247	1.88
11. Bank Kerjasama Rakyat Malaysia Berhad	1,985,751	1.61
12. Alliedban Nominees (Tempatan) Sdn Bhd - PhileoAllied Bank (M) Bhd Fund C	1,868,875	1.51
13. RHB Capital Nominees (Tempatan) Sdn Bhd - RHB Bank Berhad (RMB Investment)	1,864,593	1.51
14. Public Bank Berhad	1,121,096	0.91
15. Southern Nominees (Tempatan) Sdn Bhd - Southern Bank Berhad	1,058,536	0.86
16. Peh Teck Quee	751,769	0.61
17. Electrolux Commercial Products Sdn Bhd	749,322	0.61
18. RHB Capital Nominees (Tempatan) Sdn Bhd - RHB Bank Berhad (Account 1)	474,688	0.38
19. Tenaga Setiavesta Sdn Bhd	473,233	0.38
20. Pengkalen Nominees (Asing) Sdn Bhd - PM Holdings for Dixieland International Limited (PHR-SOA)	427,500	0.35
Total	119,601,654	96.84

Properties Owned by the Group

As at 31 December 2000

<i>Location</i>	<i>Description</i>	<i>Usage</i>	<i>Tenure Expiry Year</i>	<i>Approximate Area Sq. Metres</i>	<i>Approximate Age of the Building No. of Years</i>	<i>Net Book Value RM'000</i>
MALAYSIA						
Federal Territory of Kuala Lumpur						
Menara Pengkalen, No. 2, Jalan Changkat Ceylon, 50200 Kuala Lumpur	1 lot of freehold land with a 15-storey office building	Office building for rental	Freehold	2,456	15	33,618
No. 78, Jalan Kilang Midah, Taman Midah, 56000 Kuala Lumpur	1 lot of freehold land with a single-storey factory building	Factory and office	Freehold	965	23	202
Lot 13, PT35, Section 92A , Jalan Lima, Off Jalan Chan Sow Lin, 51200 Kuala Lumpur	1 lot of leasehold light industrial land with double-storey office building and single-storey workshop	Batching plant and site office	Leasehold 2017	3,440	4	922
KL Court Penthouse Rooftop K.L. Plaza Jalan Bukit Bintang, 55100 Kuala Lumpur	1 unit of freehold apartment	Vacant	Freehold	1,051	14	6,529
State of Selangor Darul Ehsan						
605 Block A, No. 92, Jalan 5/60, 46000 Petaling Jaya, Selangor Darul Ehsan	1 unit of freehold condominium	Vacant	Freehold	144	9	206
Lot 17517, Taman Selayang Industrial Area, Batu Caves, 68100 Selangor Darul Ehsan	1 lot of freehold land with factory building and double-storey office building	Factory and office	Freehold	3,298	17	3,343
Lot 17511, Taman Selayang Industrial Area, Batu Caves, 68100 Selangor Darul Ehsan	1 lot of freehold land with a double-storey office building, a single-storey factory premises, a single- storey warehouse and 3-storey factory premises	Factory and store	Freehold	4,558	17	3,837

Properties Owned by the Group (Cont'd)

As at 31 December 2000

<i>Location</i>	<i>Description</i>	<i>Usage</i>	<i>Tenure Expiry Year</i>	<i>Approximate Area Sq. Metres</i>	<i>Approximate Age of the Building No. of Years</i>	<i>Net Book Value RM'000</i>
Lot 17097, Jalan 10, Taman Selayang Baru, Batu Caves, 68100 Selangor Darul Ehsan	1 lot of freehold land with double-storey terrace house	Staff quarters	Freehold	143	16	138
Lot 21, Jalan Perusahaan 2, Kawasan Perindustrian Beranang, Semenyih, Selangor Darul Ehsan	1 lot of leasehold land with a single-storey detached industrial factory	Factory and office	Leasehold 2089	16,187	9	2,579
No. 1, Lorong SS13/6B, Subang Jaya Industrial Park, Subang Jaya, 47500 Petaling Jaya	1 lot of freehold land with a 1 ½ storey detached factory	Vacant	Freehold	1,050	20	1,118
Lot No. 4666, Mukim of Kapar, District of Klang, Selangor Darul Ehsan	1 lot of freehold agricultural land held for future development	Vacant	Freehold	5,815	–	93
No. 15, Jalan Ragum 15/17, Section 15, Shah Alam Industrial Estate, 40000 Shah Alam, Selangor Darul Ehsan	1 lot of industrial land with a single-storey detached factory and an annexed 3-storey office building	Vacant	Leasehold 2086	8,145	11	4,146
Lot No. B-07-10, Mount Karunmas, Balakong, Selangor Darul Ehsan	1 unit of leasehold condominium	Under construction	Leasehold 2091	103	–	40
State of Negeri Sembilan Darul Khusus						
Unit A8-10, 8th Floor, Tanjung Tuan Beach Resort, 5th Mile, Jalan Pantai, 71050 Port Dickson, Negeri Sembilan Darul Khusus	1 unit of leasehold condominium	Vacant	Leasehold 2081	117	16	203
Lots 286, 288 & 289, 3 ½ km, Jalan Pantai, Port Dickson, Negeri Sembilan Darul Khusus	3 lot of leasehold land with a 10-storey resort hotel	Hotel	Leasehold 2087	15,278	5	35,296

Properties Owned by the Group (Cont'd)

As at 31 December 2000

<i>Location</i>	<i>Description</i>	<i>Usage</i>	<i>Tenure Expiry Year</i>	<i>Approximate Area Sq. Metres</i>	<i>Approximate Age of the Building No. of Years</i>	<i>Net Book Value RM'000</i>
State of Johor Darul Takzim						
PTB 13338, Jalan Petaling, Larkin Industrial, 80350 Johor Darul Takzim	1 lot of leasehold industrial land held for future development	Vacant	Leasehold 2046	7,613	–	1,102
State of Pahang Darul Makmur						
HS10468 PT11291, Bentong, Pahang Darul Makmur	1 lot of freehold bungalow land held for future development	Vacant	Freehold	1,115	–	180
Lot 301, Di Simpang, Jalan Beserah & Jalan Telok Sisek, Kuantan	1 lot of freehold land held for future development	Vacant	Freehold	10,825	–	3,300
State of Sarawak						
Lot 8, Kidurong Industrial Area, Tanjung Kidurong, Bintulu, Sarawak	1 lot of leasehold land with cement warehouse, single- storey workshop and single-storey office premises	Batching plant and site office	Leasehold 2057	12,140	4	1,081
UNITED KINGDOM						
Flat 53, 5th Floor, Park Mansion, 141-149, Knightsbridge, London	1 unit of leasehold apartment	Vacant	Leasehold 2052	111	7	1,044

Form of Proxy

No. of Ordinary Shares Held

I/We _____ NRIC No. _____
of _____ Tel. No. _____
being a member of PAN MALAYSIA HOLDINGS BERHAD hereby appoint *THE CHAIRMAN
OF THE MEETING or _____ NRIC No. _____
of _____ Occupation _____
or failing him/her, _____ NRIC No. _____
of _____ Occupation _____

as my/our proxy to vote for me/us and on my/our behalf at the Eighteenth Annual General Meeting of the Company to be held at Ming Crystal Ballroom, MingCourt Vista Hotel Kuala Lumpur, Jalan Ampang, 50450 Kuala Lumpur on Thursday, 28 June 2001 at 10.00 a.m. and at any adjournment thereof.

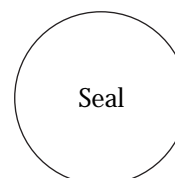
My/Our Proxy is to vote as indicated below:-

Resolutions	For	Against
1. Adoption of reports and financial statements.		
2. Approval of Directors' fees of RM117,000.00.		
Re-appointment of Directors pursuant to Section 129(6) of the Companies Act, 1965:-		
3. Dato' Abdul Aziz bin Ahmad		
4. Dato' Rastam bin Abdul Hadi		
5. Mr Yong Ming Sang @ Yeoh Beng Sang		
6. Re-appointment of Messrs BDO Binder as auditors and authorising the Directors to fix their remuneration.		

* If you wish to appoint other person(s) to be your proxy/proxies, kindly delete the words "The Chairman of the Meeting" and insert the name(s) of the person(s) desired.

Please indicate with an 'X' in the appropriate spaces how you wish your votes to be cast. If you do not do so, the proxy will vote as he thinks fit or, at his discretion, abstain from voting.

Signed this _____ day of _____ 2001.



Signature

Notes:-

1. A member entitled to attend and vote at the above meeting is entitled to appoint not more than two (2) proxies to attend and vote in his stead. Such proxy, if not a member of the Company, must be a qualified legal practitioner, an approved company auditor, a person approved by the Registrar of Companies in a particular case or a person approved by the Directors. Where a member appoints two (2) proxies, the appointments shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
2. The instrument appointing a proxy must be deposited at the Registered Office, 14th Floor, MUI Plaza, Jalan P. Ramlee, 50250 Kuala Lumpur, not less than forty-eight (48) hours before the time appointed for holding the meeting or any adjournment thereof.
3. Where the Proxy Form is executed by a corporation, it must either be under its Common Seal or under the hand of an Attorney duly authorised.

Stamp

The Company Secretary
Pan Malaysia Holdings Berhad
14th Floor, MUI Plaza
Jalan P. Ramlee
50250 Kuala Lumpur
Malaysia
