

# Financial Statements



Directors' Report	27
Statement by Directors	32
Statutory Declaration	32
Report of The Auditors	33
Group Balance Sheet	34
Group Income Statement	35
Group Statement of Changes in Equity	36
Group Cash Flow Statement	37
Company Balance Sheet	40
Company Income Statement	41
Company Statement of Changes in Equity	41
Company Cash Flow Statement	42
Notes to the Financial Statements	44

# Directors' Report

for the year ended 31 December 2000

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

## PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding.

The principal activities of its subsidiaries are stated in Note 3 to the financial statements.

## RESULTS

	<b>Group</b>	<b>Company</b>
	<b>RM'000</b>	<b>RM'000</b>
Net profit/(loss) for the year	32,259	(1,003)

## DIVIDEND

During the year, the Company paid the following:

- i) a final tax exempt dividend of 4% per ordinary share amounting to RM1,310,587 in respect of the financial year ended 31 December 1999, as proposed in the Directors' report for that financial year; and
- ii) a final tax exempt dividend of RM54,012 via a board resolution dated 16 June 2000 in respect of the financial year ended 31 December 1999.

The Directors recommended a final tax exempt dividend of 4% per ordinary share amounting to RM2,730,734 in respect of the financial year ended 31 December 2000.

## RESERVES AND PROVISIONS

All material transfers to and from reserves and provisions during the financial year have been disclosed in the financial statements.

## DIRECTORS OF THE COMPANY

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

Datuk Haji Sarip bin Hamid  
Tuan Haji Mohd Ali bin Bawal  
Tuan Haji Rahim bin Kassim  
Prof. Madya Dato' Haji Mohd Mokhtar bin Haji Shafii  
Mamat @ Mohamed bin Hussain

In accordance with the Company's Article of Association, Datuk Haji Sarip bin Hamid and Prof. Madya Dato' Haji Mohd Mokhtar bin Haji Shafii retire by rotation from the Board at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

## DIRECTORS' INTEREST

According to the Register of Directors' Shareholdings, particulars of interests of the Directors holding office at the end of the financial year in the shares of the Company are as follows:-

	<b>Number of Ordinary Shares of RM1 each</b>			
	<b>Balance at 1.1.2000</b>	<b>Bonus issue</b>	<b>Sold</b>	<b>Balance at 31.12.2000</b>
<i>Shares in the Company</i>				
Datuk Haji Sarip bin Hamid				
- direct interest	543,000	30,000	(535,000)	38,000
- indirect interest	8,261,083	8,016,083	(245,000)	16,032,166
Tuan Haji Mohd Ali bin Bawal				
- direct interest	1,470,000	1,470,000	-	2,940,000
Tuan Haji Rahim bin Kassim				
- direct interest	37,000	1,000	(36,000)	2,000
Prof. Madya Dato' Haji Mohd Mokhtar bin Haji Shafii				
- direct interest	10,000	10,000	-	20,000

# Directors' Report

for the year ended 31 December 2000

Interest in shares in related corporation held by the directors were as follows:-

	Number of Ordinary Shares of SGD 0.05 each			
	Balance at 1.1.2000	Bought	Sold	Balance at 31.12.2000
<i>Shares in Nucleus Electronics Ltd.</i>				
Datuk Haji Sarip bin Hamid				
- direct interest	-	140,000	-	140,000
Tuan Haji Mohd Ali bin Bawal				
- direct interest	-	140,000	-	140,000

None of the other Directors in office at the end of the financial year held any interest in the shares of the Company and its related corporations during the financial year.

By virtue of Datuk Haji Sarip bin Hamid having interest of more than 15% in the shares of the Company, he is deemed to have an interest in the issued share capital of all the subsidiaries held by the Company during the financial year.

	Number of Warrants			
	Balance at 1.1.2000	Bonus issue	Sold	Balance at 31.12.2000
<i>Warrants in the Company</i>				
Datuk Haji Sarip bin Hamid				
- indirect interest	2,694,624	2,309,624	(385,000)	4,619,248

The options granted to the Directors in respect of the acquisition of shares pursuant to the Employees' Share Option Scheme ("ESOS") are set out below:-

	Number of Options over Ordinary Shares of RM1 each			
	Balance at 1.1.2000	Exercised	Bonus issue	Balance at 31.12.2000
<i>Options over shares in the Company</i>				
Datuk Haji Sarip bin Hamid				
- direct interest	32,000	(11,000)	21,000	42,000
Tuan Haji Mohd Ali bin Bawal				
- direct interest	43,000	-	43,000	86,000

## DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors as shown in the financial statements) by reason of a contract made by the Company or a related company 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.

There were no arrangements during and at the end of the financial year which had the object of enabling Directors of the Company to acquire benefits (other than benefits given to Directors of the Company pursuant to the ESOS) by means of the acquisition of shares in or debentures of the Company or any other body corporate.

## ISSUE OF SHARES

During the financial year, the Company issued the following shares:-

Class of Shares	Number of Shares	Terms of Issue	Purpose of Issue
Ordinary shares	1,358,000	RM5.61 per ordinary share for cash	Employees' Share Option Scheme
Ordinary shares	34,122,673	One (1) for one (1)	Bonus issue
Ordinary shares	23,000	RM2.805 per ordinary share for cash	Employees' Share Option Scheme

Subsequent to 31 December 2000, the Company issued 127,000 shares of RM1 each pursuant to the ESOS at RM2.805 per ordinary share for cash.

The bonus issue was to facilitate the transfer of its listing to the Main Board in accordance with the listing requirement of the Securities Commission ("SC"). Subsequently on 31 July 2000, the Company transferred its listing to the Main Board of the Kuala Lumpur Stock Exchange ("KLSE").

# Directors' Report

for the year ended 31 December 2000

## OPTIONS GRANTED OVER UNISSUED SHARES OR WARRANTS

### I) EMPLOYEES' SHARE OPTION SCHEME

Under the Company's ESOS which became effective on 22 December 1998, options to subscribe for unissued new ordinary shares of RM1 each in the Company were made available to eligible Directors and employees of the Group.

Before bonus issue of new AIC shares on the basis of one (1) new share for every one (1) share held on 16 June 2000:-

Date of offer	Option price*	Balance at 1.1.2000	Offered and accepted	Options exercised	Lapse due to resignation	Balance before bonus issue
31.12.1998	5.61	273,000	-	125,000	-	148,000
2.1.1999	5.61	1,229,000	-	907,000	-	322,000
1.3.2000	20.50	-	397,000	-	53,000	344,000

\* The bonus issue resulted in the exercise price for the outstanding ESOS options to be revised from RM5.61 and RM20.50 to RM2.805 and RM10.25 respectively.

After bonus issue:-

Balance before bonus issue	Bonus issue	Balance after bonus issue	Options exercised after bonus issue	Balance at 31.12.2000
148,000	148,000	296,000	14,000	282,000
322,000	322,000	644,000	9,000	635,000
344,000	344,000	688,000	-	688,000

The salient features of the scheme are as follows:-

- eligible employees are Malaysian citizen employed by and on the payroll of the Group, whom are confirmed and have been in the employment of the Group for at least one (1) year prior to or up to the date of offer and any non-Malaysian employee and technical staff who has served the Company on a full time basis and for a period of at least one (1) year prior to or up to the date of offer.
- the maximum amount of the ordinary shares of the Company which may be subscribed shall not be more than ten percent (10%) of the issued share capital of the Company at any point of time during the existence of the ESOS which shall be in force for a period of 5 years from 23 December 1998.
- the options cannot be assigned, transferred or otherwise disposed of in any manner whatsoever.
- the options price shall be determined based on the average of the mean market quotation of the Company's ordinary shares as shown in the Daily Official List issued by the KLSE for the five (5) trading days preceding the respective date of offer in writing to the grantee or at the par value of the ordinary shares of the Company, whichever is higher.
- the options granted may be exercised according to the following scale in respect of a maximum of the following:-

#### Number of shares in

#### respect of Options granted

	Percentage of Options exercisable (%)				
	Year 1	Year 2	Year 3	Year 4	Year 5
Below 20,000	100				
20,000 to less than 40,000	40	30	30		
40,000 to less than 100,000	25	25	25	25	
100,000 and above	20	20	20	20	20

Notes:

- The percentage of the options exercisable but not exercised in a particular year can be carried forward to the subsequent years within the options year.

# Directors' Report

for the year ended 31 December 2000

- (ii) For non-Malaysian Grantees, the options can only be exercised up to a maximum of 20% in each year. Any remaining unexercised percentage of the options can be exercised upon expiry of the employment contract should such expiry fall before the end of the options year.

## II) WARRANTS

On 18 May 1998, the Company issued RM50,000,000 nominal amount of 2.5% Redeemable Unsecured Bank Guaranteed Bonds 1998/2003 together with 9,203,002 detachable warrants at 100% of the nominal value of the bonds to a primary subscriber.

On 16 July 1998, the primary subscriber offered for sale 9,203,002 warrants at an offer price of RM1.70 per warrant on a renounceable basis to the shareholders of the Company on the basis of three warrants for every ten existing ordinary shares held after the Company's rights issue during the year.

These warrants confer upon the registered holder the right to subscribe for one ordinary share ('New Share') of RM1 each in the Company at an exercise price of RM9 for each new share, subject to adjustments under certain circumstances in accordance with the Deed Poll dated 21 April 1998, at any time during the year of four (4) years and six (6) months commencing from the date of the issuance of the warrants. As at 31 December 2000, none of the warrants are yet to be converted to ordinary shares.

On 28 June 1999, the Company had announced its proposals to:

- a) issue Replacement Warrants ("RW") to holders of the Company's existing warrants at an issue price of RM0.20 per RW on the basis of one (1) RW in substitution and upon the surrender and cancellation of one (1) existing warrant held on a date to be determined and announced later;
- b) issue New Warrants ("NW") to the existing shareholders of the Company at an issue price of RM0.20 per NW on the basis of one (1) NW for every five (5) existing shares held on a date to be determined and announced later.

The SC approved the proposed issue of the RW on 9 November 1999. The proposed issue of NW was not approved.

On 22 November 1999, the Company announced that the exercise price for the RW was fixed at RM7.60 on a non-renounceable basis. The shareholders' approval on the RW was obtained on 28 January 2000.

On 13 June 2000, the SC has approved certain revision to the proposed issue of RW as a result of the implementation of the Company's bonus issue on the basis of one (1) new ordinary share for every existing share held on 16 June 2000. This has resulted in the number of existing warrants being revised from 9,203,002 to 18,406,004. As a result, the proposed number and issue price of RW were revised to 18,406,004 and RM0.10 per RW respectively, of which 17,446,064 warrants had been cancelled in July 2000 and replaced with RW.

## OTHER STATUTORY INFORMATION

Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that:

- i) all known bad debts have been written off and adequate provision made for doubtful debts, and
- ii) all current assets have been stated at the lower of cost and net realisable value.

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

- i) that would render the amount written off for bad debts, or the amount of the provision for doubtful debts, in the Group and the Company inadequate to any substantial extent, or
- ii) that would render the value attributed to the current assets in the Group and the Company financial statements misleading, or
- iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and the Company misleading or inappropriate, or
- iv) not otherwise dealt with in this report or the financial statements, that would render any amount stated in the financial statements of the Group and the Company misleading.

# Directors' Report

for the year ended 31 December 2000

At the date of this report there does not exist:

- i) any charge on the assets of the Group or the Company that has arisen since the end of the financial year and which secures the liabilities of any other person, or
- ii) any contingent liability in respect of the Group or the Company that has arisen since the end of the financial year.

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

In the opinion of the Directors, except for the exceptional income as disclosed in Note 16 and the write off of material preliminary and pre-operating expenses to the income statement as a prior year adjustment as disclosed in Note 22 to the financial statements, the results of the operations of the Group and of the Company for the financial year ended 31 December 2000 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

## AUDITORS

The auditors, Messrs KPMG, have indicated their willingness to accept re-appointment.

Signed in accordance with a resolution of the Directors:

.....  
**DATUK HAJI SARIP BIN HAMID**

.....  
**TUAN HAJI MOHD ALI BIN BAWAL**

Shah Alam,

Date: 20 February 2001

# Statement by Directors

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

In the opinion of the Directors, the financial statements set out on pages 34 to 66, are drawn up in accordance with applicable approved accounting standards in Malaysia so as to give a true and fair view of the state of affairs of the Group and of the Company at 31 December 2000 and of the results of their operations and of their cash flows for the year ended on that date.

Signed in accordance with a resolution of the Directors:

.....  
**DATUK HAJI SARIP BIN HAMID**

.....  
**TUAN HAJI MOHD ALI BIN BAWAL**

Shah Alam,

Date: 20 February 2001

# Statutory Declaration

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

I, **Chen Heng Mun**, the officer primarily responsible for the financial management of AIC Corporation Berhad, do solemnly and sincerely declare that the financial statements set out on pages 34 to 66 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 at Shah Alam on 20 February 2001

.....  
**CHEN HENG MUN**

Before me:

Commissioner for Oaths

# Report of the Auditors

to the members of AIC Corporation Berhad

We have audited the financial statements set out on pages 34 to 66. The preparation of the financial statements is the responsibility of the Company's 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. These standards require that we plan and perform the audit to obtain all the information and explanations which we consider necessary to provide us with evidence to give reasonable assurance that the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. An audit also includes an assessment of the accounting principles used and significant estimates made by the Directors as well as evaluating the overall adequacy of the presentation of information in the financial statements. We believe our audit provides a reasonable basis for our opinion.

In our opinion,

- (a) the financial statements are properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia so as to give a true and fair view of:
- i) the state of affairs of the Group and of the Company at 31 December 2000 and the results of their operations and cash flows of the Group and the Company for the year ended on that date; and
  - ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements of the Group and of the Company;

and

- (b) the accounting and other records and the registers required by the Companies Act, 1965 to be kept by the Company and the subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the said Act.

The subsidiaries in respect of which we have not acted as auditors are identified in Note 3 to the financial statements and we have considered their financial statements and the auditors' reports thereon.

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

None of the audit reports on the financial statements of the subsidiaries were subject to any qualification nor included any comment under subsection (3) of Section 174 of the Act.

## **KPMG**

Firm Number: AF 0758

Public Accountants

## **HEW LEE LAM SANG**

Partner

Approval Number: 1862/10/01(J)

Kuala Lumpur,

Date: 20 February 2001

# Group Balance Sheet

at 31 December 2000

	Note	2000 RM'000	1999 RM'000 Restated
<b>Property, plant and equipment</b>	2	172,760	170,283
<b>Property development expenditure</b>	4	18,299	22,639
<b>Investment in associated companies</b>	5	30,561	22,239
<b>Other investments</b>	6	60	60
<b>Intangible assets</b>	7	38,659	37,153
<b>Current assets</b>			
Other investments	6	1,650	-
Inventories	8	26,969	24,788
Trade and other receivables	9	78,987	63,829
Cash and bank balances	10	84,450	81,895
		192,056	170,512
<b>Current liabilities</b>			
Trade and other payables	11	52,854	58,252
Borrowings (secured)	12	33,134	44,609
Proposed dividend		3,208	1,310
Taxation		6,384	5,002
		95,580	109,173
<b>Net current assets</b>		96,476	61,339
		356,815	313,713
<b>Financed by:-</b>			
<b>Capital and reserves</b>			
Share capital	13	68,268	32,765
Reserves		125,995	125,363
		194,263	158,128
<b>Minority interest</b>		63,930	41,955
<b>Long term and deferred liabilities</b>			
Deferred taxation	14	323	573
Borrowings (secured)	12	48,299	63,057
Redeemable unsecured bank guaranteed bonds	15	50,000	50,000
		356,815	313,713

The notes set out on pages 44 to 66 form an integral part of, and should be read in conjunction with, these financial statements.

# Group Income Statement

for the year ended 31 December 2000

	Note	2000 RM'000	1999 RM'000 Restated
<b>Revenue</b>	16	322,808	286,440
<b>Operating profit</b>	16	53,417	41,740
Financing costs	18	(9,134)	(9,409)
Share of profits in associated companies		4,673	3,880
Interest income		2,593	1,686
<b>Profit before taxation</b>		51,549	37,897
Tax expense	19	(6,869)	(2,345)
<b>Profit after taxation</b>		44,680	35,552
Less: Minority interest		(12,421)	(8,997)
<b>Net profit for the year</b>		32,259	26,555
Basic earnings per ordinary share (sen)	20	47.30	40.15
Diluted earnings per ordinary share (sen)	20	43.60	39.31
Dividends per ordinary share tax exempt (sen)		4.0	4.0

The notes set out on pages 44 to 66 form an integral part of, and should be read in conjunction with, these financial statements.

# Group Statement of Changes in Equity

for the year ended 31 December 2000

	Non-distributable					Distributable		Total
	Share capital	Share premium	Capital reserve	Reserve on consolidation	Merger reserve	Exchange fluctuation reserve	Retained profits	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 1999	31,802	57,940	414	6,114	2,592	1,542	30,741	131,145
Prior year adjustment (Note 22)	-	-	-	-	-	-	(3,615)	(3,615)
<b>As restated</b>	<b>31,802</b>	<b>57,940</b>	<b>414</b>	<b>6,114</b>	<b>2,592</b>	<b>1,542</b>	<b>27,126</b>	<b>127,530</b>
Net profit for the year (restated)	-	-	-	-	-	-	26,555	26,555
Dividends	-	-	-	-	-	-	(1,310)	(1,310)
Capitalisation for bonus issue	-	-	1,600	-	-	-	(1,600)	-
Issue of share capital	963	4,401	-	-	-	-	-	5,364
Currency translation differences	-	-	-	-	-	(11)	-	(11)
<b>At 31 December 1999/ 1 January 2000</b>	<b>32,765</b>	<b>62,341</b>	<b>2,014</b>	<b>6,114</b>	<b>2,592</b>	<b>1,531</b>	<b>50,771</b>	<b>158,128</b>
Net profit for the year	-	-	-	-	-	-	32,259	32,259
Dividends	-	-	-	-	-	-	(2,785)	(2,785)
Bonus issue/(Capitalisation for bonus issue)	34,122	(31,672)	13,260	-	-	-	(15,710)	-
Issue of share capital	1,381	6,301	-	-	-	-	-	7,682
Currency translation differences	-	-	-	-	-	(1,963)	-	(1,963)
Realisation of merger reserve	-	-	-	-	(595)	-	-	(595)
Proceeds from issue of Replacement Warrants, net of expenses	-	-	1,537	-	-	-	-	1,537
<b>At 31 December 2000</b>	<b>68,268</b>	<b>36,970</b>	<b>16,811</b>	<b>6,114</b>	<b>1,997</b>	<b>(432)</b>	<b>64,535</b>	<b>194,263</b>

*Note 13*

The notes set out on pages 44 to 66 form an integral part of, and should be read in conjunction with, these financial statements.

# Group Cash Flow Statement

for the year ended 31 December 2000

	Note	2000 RM'000	1999 RM'000 Restated
<b>Cash flows from operating activities</b>			
Profit before taxation and minority interests		51,549	37,897
Adjustments for:			
Amortisation of preliminary and pre-operating expenses		46	101
Amortisation of research and development expenditure		725	190
Bad debts written off		59	-
Depreciation		23,878	17,289
Exceptional income		(1,157)	(112)
Gain on disposal of business unit		-	(650)
Gain on disposal of property, plant and equipment		(43)	(198)
Gain on disposal of subsidiary		(453)	(4,767)
Interest expense		9,134	9,409
Interest income		(2,593)	(1,686)
Preliminary and pre-operating expenses written off		156	-
Property, plant and equipment written off		113	63
Provision for doubtful debts		-	135
Provision for doubtful debts written back		(14)	-
Provision for obsolete inventories		88	686
Research and development expenditure written off		-	776
Share of profits in associated companies		(4,673)	(3,880)
Writeback for diminution in value of investment		-	(24)
Operating profit before working capital changes		76,815	55,229
Changes in working capital:			
Inventories		(2,458)	(12,515)
Receivables		(17,481)	(25,489)
Payables		(4,646)	21,145
Cash generated from operations		52,230	38,370
Interest income received		2,300	1,320
Tax paid		(3,103)	(2,984)
Proceeds from joint venture development		4,340	-
<b>Net cash generated from operating activities</b>		<b>55,767</b>	<b>36,706</b>

# Group Cash Flow Statement

for the year ended 31 December 2000

	Note	2000 RM'000	1999 RM'000 Restated
<b>Cash flows from investing activities</b>			
Fixed deposits pledged to a licensed bank		(2,542)	(5,000)
Purchase of investment in subsidiary		(217)	-
Purchase of investment		(1,650)	-
Proceeds from disposal of property, plant and equipment		403	2,984
Purchase of property, plant and equipment	(ii)	(27,209)	(61,365)
Purchase of intangible assets		(1,060)	(568)
Purchase of investments from minority interest		-	(6,235)
Sale of subsidiary, net of cash disposed	(i)	(519)	17,717
Sale of business unit	(i)	-	3,916
Cash contribution in associated company's rights issue		(1,699)	-
Dividend received from associated company		1,200	-
Cash outflow in associate attributable to shares previously held and treated as subsidiary company		(1,960)	-
<b>Net cash used in investing activities</b>		<u>(35,253)</u>	<u>(48,551)</u>
<b>Cash flows from financing activities</b>			
Dividend paid		(1,364)	(1,145)
Drawdown of term loan/bank borrowings		7,905	29,229
Expenses for issue of shares		-	(38)
Interest paid		(8,930)	(10,754)
Proceeds from issue of shares		7,682	5,402
Proceeds from minority interest		10,576	926
Repayment of term loan		(33,643)	(2,414)
Repayment of lease and hire purchase		(2,814)	(2,834)
Proceeds from issuance of Replacement Warrants		1,745	-
Expenses for issuance of Replacement Warrants		(208)	-
<b>Net cash (used in)/generated from financing activities</b>		<u>(19,051)</u>	<u>18,372</u>
Net increase in cash and cash equivalents		1,463	6,527
Cash and cash equivalents at beginning of year	(iii)	71,886	65,370
Foreign exchange adjustments		(1,524)	(11)
<b>Cash and cash equivalents at end of year</b>	(iii)	<u>71,825</u>	<u>71,886</u>

# Group Cash Flow Statement

for the year ended 31 December 2000

**(i) Summary of effects of disposal of subsidiary and business unit**

	<b>2000</b>	<b>1999</b>
	<b>RM'000</b>	<b>RM'000</b>
Disposal of business unit		
Property, plant and equipment	-	236
Inventories	-	692
Receivables	-	2,338
Net assets disposed	-	3,266
Gain on disposal	-	650
Proceeds on disposal	-	3,916
Disposal of subsidiary - net of cash disposed		
Property, plant and equipment	149	10,504
Intangible assets	-	7,430
Inventories	92	4,672
Cash and bank balances	2,252	3,669
Fixed deposits	-	3,725
Receivables	219	18,384
Payables	(138)	(16,681)
Provision for taxation	(86)	(166)
Minority interests	(1,208)	(9,589)
Term loan	-	(1,546)
Net assets disposed	1,280	20,402
Gain on disposal	453	4,767
Reserve on consolidation	-	(58)
Proceeds on disposal	1,733	25,111
Less: Cash and bank balances	(2,252)	(3,669)
Fixed deposits	-	(3,725)
Net of cash disposed	(519)	17,717

**(ii) Purchase of property, plant and equipment**

During the year, the Group acquired property, plant and equipment with an aggregate cost of RM29,454,000 (1999 – RM62,110,000) of which RM2,245,000 (1999 – RM745,000) was acquired by means of finance lease and hire purchase arrangement.

**(iii) Cash and cash equivalents comprise:**

	<b>2000</b>	<b>1999</b>
	<b>RM'000</b>	<b>RM'000</b>
Cash and bank balances	10,289	37,120
Fixed deposits with licensed banks	61,619	34,775
Overdrafts (secured)	(83)	(9)
	71,825	71,886

The notes set out on pages 44 to 66 form an integral part of, and should be read in conjunction with, these financial statements.

# Company Balance Sheet

at 31 December 2000

	Note	2000 RM'000	1999 RM'000 Restated
<b>Property, plant and equipment</b>	2	7,972	8,140
<b>Investment in subsidiaries</b>	3	79,445	79,445
<b>Investment in associated companies</b>	5	12,064	10,365
<b>Current assets</b>			
Other receivables	9	55,863	52,253
Cash and cash equivalents	10	25,348	32,142
		81,211	84,395
<b>Current liabilities</b>			
Other payables	11	1,020	2,415
Borrowings (secured)	12	10,020	17,209
Proposed dividend		2,731	1,310
Taxation		17	17
		13,788	20,951
<b>Net current assets</b>		67,423	63,444
		166,904	161,394
<b>Financed by:-</b>			
<b>Capital and reserves</b>			
Share capital	13	68,268	32,765
Reserves		48,103	78,175
		116,371	110,940
<b>Long term and deferred liabilities</b>			
Borrowings (secured)	12	533	454
Redeemable unsecured bank guaranteed bonds	15	50,000	50,000
		166,904	161,394

The notes set out on pages 44 to 66 form an integral part of, and should be read in conjunction with, these financial statements.

# Company Income Statement

for the year ended 31 December 2000

	Note	2000 RM'000	1999 RM'000 Restated
<b>Revenue</b>	16	5,832	7,885
<b>Operating (loss)/profit</b>	16	(311)	14,974
Financing costs	18	(2,359)	(2,881)
Interest income		2,044	2,014
<b>(Loss)/Profit before taxation</b>		(626)	14,107
Tax expense	19	(377)	-
<b>(Loss)/Profit after taxation</b>		(1,003)	14,107

# Company Statement of Changes in Equity

for the year ended 31 December 2000

	Share capital RM'000	Non-Distributable			Distributable Retained profits RM'000	Total RM'000
		Share premium RM'000	Revaluation reserve RM'000	Capital reserve RM'000		
<b>At 1 January 1999</b>	31,802	58,353	3,387	-	702	94,244
Prior year adjustment (Note 22)	-	-	-	-	(1,465)	(1,465)
<b>As restated</b>	31,802	58,353	3,387	-	(763)	92,779
Net profit for the year (restated)	-	-	-	-	14,107	14,107
Dividends	-	-	-	-	(1,310)	(1,310)
Issue of share capital	963	4,401	-	-	-	5,364
<b>At 31 December 1999/ 1 January 2000</b>	32,765	62,754	3,387	-	12,034	110,940
Net loss for the year	-	-	-	-	(1,003)	(1,003)
Dividends	-	-	-	-	(2,785)	(2,785)
Bonus issue/(capitalisation for bonus issue)	34,122	(31,672)	-	-	(2,450)	-
Issue of share capital	1,381	6,301	-	-	-	7,682
Proceeds from issue of Replacement Warrants, net of expenses	-	-	-	1,537	-	1,537
Transfer from revaluation reserve to retained profit *	-	-	(3,387)	-	3,387	-
<b>At 31 December 2000</b>	68,268	37,383	-	1,537	9,183	116,371

**Note 13**

\* The revaluation reserve has been transferred to retained profits as the assets to which it relates to had been disposed of previously.

The notes set out on pages 44 to 66 form an integral part of, and should be read in conjunction with, these financial statements.

# Company Cash Flow Statement

for the year ended 31 December 2000

	Note	2000 RM'000	1999 RM'000 Restated
<b>Cash flows from operating activities</b>			
(Loss)/Profit before taxation and minority interests		(626)	14,107
Adjustments for:			
Depreciation		499	345
Bad debts written off		59	-
Gain on disposal of property, plant and equipment		-	(36)
Gain on disposal of subsidiary		-	(12,042)
Interest expense		2,359	2,881
Interest income		(2,044)	(2,014)
Operating profit before working capital changes		247	3,241
Changes in working capital:			
Other receivables		(3,838)	(14,979)
Other payables		(1,571)	(583)
Cash used in operations		(5,162)	(12,321)
Interest income received		636	320
<b>Net cash used in operating activities</b>		<u>(4,526)</u>	<u>(12,001)</u>
<b>Cash flows from investing activities</b>			
Fixed deposits pledged to a licensed bank		(2,542)	(5,000)
Investment in companies		-	(8,761)
Proceeds from disposal of property, plant and equipment		-	219
Proceeds from disposal of subsidiary		-	31,917
Purchase of property, plant and equipment	(i)	(70)	(259)
Cash contribution in associated company's rights issue		(1,699)	-
Dividend received from associated company		1,200	-
<b>Net cash (used in)/generated from investing activities</b>		<u>(3,111)</u>	<u>18,116</u>
<b>Cash flows from financing activities</b>			
Dividend paid		(1,364)	(1,145)
Proceeds from replacement warrants		1,745	-
Expenses for issuance of Replacement Warrants		(208)	-
Expenses for issue of shares		-	(38)
Interest paid		(2,183)	(2,689)
Proceeds from issue of shares		7,682	5,402
Repayment of bank borrowings		(7,248)	(895)
Repayment of hire purchase		(123)	(214)
<b>Net cash (used in)/generated from financing activities</b>		<u>(1,699)</u>	<u>421</u>

# Company Cash Flow Statement

for the year ended 31 December 2000

	2000	1999
Note	RM'000	RM'000
		<b>Restated</b>
Net (decrease)/increase in cash and cash equivalents	(9,336)	6,536
Cash and cash equivalents at beginning of year	(ii) 22,142	15,606
Cash and cash equivalents at end of year	(ii) 12,806	22,142

**(i) Purchase of property, plant and equipment**

During the year, the Company acquired property, plant and equipment with an aggregate cost of RM331,000 (1999 – RM787,000) of which RM261,000 (1999 – RM528,000) was acquired by means of finance lease and hire purchase arrangement.

**(ii) Cash and cash equivalents comprise:**

Cash and bank balances	1,118	1,968
Fixed deposits with licensed banks	11,688	20,174
	<u>12,806</u>	<u>22,142</u>

The notes set out on pages 44 to 66 form an integral part of, and should be read in conjunction with, these financial statements.

# Notes to the Financial Statements

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## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following accounting policies are adopted by the Group and the Company and are consistent with those adopted in previous years.

### (a) Basis of accounting

The financial statements are prepared under the historical cost convention, modified to include the revaluation of the Group's freehold land with the attached buildings, and in compliance with applicable approved accounting standards in Malaysia.

### (b) Basis of consolidation

The Group financial statements incorporate the audited financial statements of the Company and its subsidiaries made up to 31 December 2000. The results of the subsidiaries are included in the consolidated financial statements from the date of acquisition. All material related company transactions and balances have been eliminated on consolidation.

Subsidiary companies which satisfies the merger relief provisions of Section 60(4) of the Companies Act, 1965 have been consolidated using the acquisition method and the new shares issued for the acquisitions have been recorded at their nominal value in the financial statements of the Company. On consolidation, the premiums arising from the new shares issued have been recorded as a merger reserve. The merger reserve has been used to write off the goodwill arising on the acquisition of the said subsidiaries.

The Group's share of profits less losses of associated companies is included in the consolidated income statements, and the Group's share of net assets or reserve on acquisition is included in the consolidated balance sheet. The amounts are taken from the latest audited financial statements of the associated companies with the same financial year end as the Group.

### (c) Property, plant and equipment and depreciation

Freehold land together with the attached buildings are stated at valuation. The cost of other property, plant and equipment comprises their purchase cost and any other incidental costs of acquisition.

Freehold land is not depreciated while leasehold land is amortised over the year of the lease. Buildings are depreciated on a straight line basis over 30 to 50 years.

The Group has adopted the policy to revalue its landed properties every five years. Surplus arising from revaluation will be dealt with in the Revaluation Reserve.

Depreciation of other property, plant and equipment is provided on a straight line basis so as to write off the cost of the property, plant and equipment over their estimated useful lives.

The annual rates of depreciation adopted are as follows:-

Dies and moulds	20% to 33%
Plant and machinery	10% to 20%
Furniture, fittings and office equipment	10% to 40%
Motor vehicles	20%

### (d) Investment in subsidiary companies

Investment in unquoted subsidiaries, which is eliminated on consolidation, is stated in the Company's financial statements at cost. Provision for diminution in value is made when there is a permanent diminution in value of the investment.

### (e) Investment in associated companies

Investment in associated companies in the Group financial statements are accounted for under the equity method of accounting based on audited financial statements made up to 31 December 2000.

### (f) Other investments

Other investments are stated at cost. Provision for diminution in value is made when the Directors are of the opinion that there is a permanent diminution in the value of the investments.

# Notes to the Financial Statements

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**(g) Property development expenditure**

Development properties are stated at cost. The property development expenditure is amortised in proportion to the revenue received from the joint venture development of the land and is recognised as cost of sales. Where the estimated future revenues realisable are lower than the carrying value of the property development project, a provision for the difference is made to reduce the carrying value of the project. Anticipated losses are provided for in full.

Interest costs on specific and identifiable borrowings to acquire land held for development are capitalised during the years of active development and carried forward as part of the costs of development.

**(h) Goodwill or reserve arising on consolidation**

Goodwill or reserve arising on consolidation represents the difference of the purchase price over the fair value of the net assets of the subsidiaries at the date of acquisition and is taken up in the Consolidated Balance Sheet as a permanent item. Goodwill or reserve on consolidation is written down when the Directors consider that there is a diminution in value of a permanent nature.

**(i) Preliminary and pre-operating expenses**

Incorporation expenses incurred are shown as preliminary expenses while expenses incurred subsequent to the company's incorporation but prior to the commencement of operations are shown as pre-operating expenses. Both the preliminary and pre-operating expenses are amortised over a period of three (3) to five (5) years from the year of commencement of operations. Under the new accounting standards, preliminary and pre-operating expenses would not meet the definition of assets. Accordingly, during the year, all preliminary and pre-operating expenses were written off to the income statement as a prior year adjustment, where material, in line with the requirements of Malaysian Accounting Standards Board's ("MASB") Standard 1, Presentation of Financial Statements.

**(j) Cash and cash equivalents**

Cash and cash equivalents comprised cash and bank balances and deposits with banks. For the purpose of the cash flow statement, cash and cash equivalents are presented net of bank overdraft and deposits pledged to financial institutions.

**(k) Research and development**

Research and development expenditure is charged to the income statement in the year in which it is incurred, except insofar as it relates to a clearly defined project which the benefits therefrom can reasonably be regarded as assured. Expenditure so deferred is limited to the value of the future benefit and is stated at cost incurred less grants received. The deferred expenditure is amortised through the income statement over a period of three (3) to ten (10) years or the period of the project, whichever is shorter, upon commencement of commercial production.

**(l) Deferred expenditure**

Deferred expenditure represents incidental expenses incurred in relation to the issuance of redeemable unsecured guaranteed bonds. The deferred expenditure is amortised over the term of the bonds (five years). Under the new accounting standards, deferred expenditure would not meet the definition of assets. Accordingly, during the year, all deferred expenditure was written off to the income statement as a prior year adjustment in line with the requirements of MASB 1, Presentation of Financial Statements.

**(m) Inventories**

Inventories are valued at the lower of cost and net realisable value. In arriving at the net realisable value, due allowance is made for obsolete and slow moving inventories. Cost is determined on the first-in-first-out (FIFO) or weighted average basis and includes all direct expenditure incurred in bringing the inventories to their present location and condition.

**(n) Trade receivables**

Trade receivables are carried at anticipated realisable value. Bad debts are written off in the year in which they are identified. A provision is made for doubtful debts based on a review of all outstanding amounts at the year end.

**(o) Accounting for hire purchases and leasing**

Property, plant and equipment held under hire purchase and leasing arrangements are capitalised and depreciated over their estimated useful lives, and the corresponding obligation relating to the remaining capital payments are treated as a liability. Financing charges for hire purchases and leasing are charged to the income statement over the year of the primary hire purchase or leasing using the sum of digits method.

# Notes to the Financial Statements

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**(p) Deferred taxation**

Deferred taxation is provided under the liability method for all material timing differences except where no liability is expected to arise in the foreseeable future. Deferred tax benefits are only recognised when there is a reasonable expectation of realisation in the near future.

**(q) Foreign currency translation**

***i) Transactions in foreign currencies***

Assets and liabilities in foreign currencies at balance sheet date are translated into Ringgit Malaysia at rates of exchange approximating those ruling on balance sheet date. Transactions during the year are converted at rates ruling on the transaction dates. Gains or losses in exchange are dealt with through the income statement.

***ii) Translation of foreign currency financial statements***

Assets and liabilities of foreign subsidiaries are translated into Ringgit Malaysia at the approximate rates of exchange ruling at the balance sheet date. The revenues and expenses are translated at the closing rates of exchange ruling as at year end. The translation differences arising from there, if any, are dealt with in the Exchange Fluctuation Reserve Account.

***iii) Financial statements of foreign operations***

The Group's foreign operations are not considered an integral part of the Company's operations. Accordingly, the assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated to Ringgit Malaysia at exchange rates ruling at the balance sheet date. The revenues and expenses of foreign operations are translated to Ringgit Malaysia at average exchange rates applicable throughout the year. Foreign exchange differences arising on translation are recognised directly in equity.

The closing rate used in translation is SGD2.183.

**(r) Revenue**

Revenue of the Company represents dividends received and receivable from subsidiary and associated companies, rental income and management fee. Revenue for the Group represents the invoiced value of goods sold, less sales tax, trade discounts and allowances and based on progressive payments received from the developer in the joint venture development. Sales between Group companies are excluded from the revenue of the Group.

***i) Goods sold and services rendered***

Revenue from sale of goods is measured at the fair value of the consideration receivable and is recognised in the income statement when the significant risks and rewards of ownership have been transferred to the buyer.

***ii) Dividend income***

Dividend income is recognised when the right to receive payment is established.

**(s) Expenses**

***i) Operating lease payments***

Payments made under operating leases are recognised in the income statement on a straight-line basis over the term of the lease. Lease incentives received are recognised in the income statement as an integral part of the total lease payments made.

***ii) Financing costs***

Financing costs comprise interest payable on borrowings.

All interest and other costs incurred in connection with borrowings are expensed as incurred as part of financing costs. The interest component of finance lease payments is recognised in the income statement so as to give a constant periodic rate of interest on the outstanding liability at the end of each accounting year.

# Notes to the Financial Statements

## 2. PROPERTY, PLANT AND EQUIPMENT

Group	At valuation			At cost				Total RM'000
	Freehold land and buildings RM'000	Leasehold land and buildings RM'000	Dies and moulds RM'000	Plant and machinery RM'000	Furniture, fittings and office equipment RM'000	Motor vehicles RM'000	Construction in progress RM'000	
At 1 January 2000	5,062	40,855	852	138,790	16,848	2,159	-	204,566
Exchange differences	-	(352)	-	(43)	(104)	(16)	-	(515)
Additions	-	384	392	21,655	3,189	1,763	2,071	29,454
Disposals	-	-	(130)	(381)	(83)	(54)	-	(648)
Transferred to intangible assets	-	-	-	-	(1,098)	-	-	(1,098)
Subsidiary disposed	-	(59)	-	(801)	(470)	(416)	-	(1,746)
At 31 December 2000	5,062	40,828	1,114	159,220	18,282	3,436	2,071	230,013
Representing items at								
Cost	-	40,828	1,114	159,220	18,282	3,436	2,071	224,951
Director's valuation	5,062	-	-	-	-	-	-	5,062
	5,062	40,828	1,114	159,220	18,282	3,436	2,071	230,013
<b>Depreciation</b>								
At 1 January 2000	775	2,184	448	25,592	4,628	656	-	34,283
Exchange differences	-	(8)	-	(15)	(38)	(10)	-	(71)
Charge for the year	99	727	126	19,795	2,729	684	-	24,160
Disposals	-	-	(18)	(55)	(76)	(25)	-	(174)
Subsidiary disposed	-	(31)	-	(530)	(343)	(41)	-	(945)
At 31 December 2000	874	2,872	556	44,787	6,900	1,264	-	57,253
<b>Net book value</b>								
At 31 December 2000	4,188	37,956	558	114,433	11,382	2,172	2,071	172,760
At 31 December 1999	4,287	38,671	404	113,198	12,220	1,503	-	170,283
Depreciation charge for the year ended 31 December 1999	98	518	123	14,258	2,039	370	-	17,406

# Notes to the Financial Statements

Company	Leasehold land and buildings	Furniture, fittings and office equipment	Motor vehicles	Total
Cost	RM'000	RM'000	RM'000	RM'000
At 1 January 2000	7,433	829	855	9,117
Additions	-	14	317	331
At 31 December 2000	<u>7,433</u>	<u>843</u>	<u>1,172</u>	<u>9,448</u>
<b>Depreciation</b>				
At 1 January 2000	561	307	109	977
Charge for the year	155	115	229	499
At 31 December 2000	<u>716</u>	<u>422</u>	<u>338</u>	<u>1,476</u>
<b>Net book value</b>				
At 31 December 2000	<u>6,717</u>	<u>421</u>	<u>834</u>	<u>7,972</u>
At 31 December 1999	<u>6,872</u>	<u>522</u>	<u>746</u>	<u>8,140</u>
Depreciation charge for the year ended 31 December 1999	<u>155</u>	<u>110</u>	<u>80</u>	<u>345</u>

The freehold land together with the attached buildings of a subsidiary company which have been stated at valuation, were revalued based on a valuation carried out by an independent professional valuer in August 1996 using an open market value basis.

Had the freehold land and building been carried at historical cost less accumulated depreciation, the carrying amount of the revalued assets that would have been included in the financial statements at the end of the year is as follows:

	2000 RM'000	1999 RM'000
Cost	1,244	1,244
Accumulated depreciation	(546)	(523)
Net book value at the end of financial year	<u>698</u>	<u>721</u>

The freehold land together with the attached buildings costing RM5,062,000 are charged to a financial institution to secure credit facilities for the Company.

The leasehold land together with the attached buildings costing RM40,828,000 are charged to financial institutions to secure credit facilities for the Company and certain subsidiary companies.

The net book value of the Group's property, plant and equipment acquired under hire purchase and finance lease arrangements as at 31 December 2000 amounted to RM8,522,000 (1999 - RM6,924,000).

The net book value of the Company's property, plant and equipment acquired under hire purchase and finance lease arrangements as at 31 December 2000 amounted to RM834,000 (1999 - RM745,000).

	2000 RM'000	1999 RM'000
Depreciation charge for the year	24,160	17,406
Less: Depreciation capitalised in research and development expenditure (Note 7)	(282)	(117)
Depreciation charged to income statement	<u>23,878</u>	<u>17,289</u>

# Notes to the Financial Statements

## 3. INVESTMENT IN SUBSIDIARIES

	Company	
	2000	1999
	RM'000	RM'000
Unquoted shares - at cost	79,445	79,445

The details of the subsidiaries are as follows :-

Name	Principal activities	Effective equity interest		Place of incorporation
		2000	1999	
		%	%	
Autovisor Plastics Sdn. Bhd.	Manufacturing of sunvisors and interior car lamps	100	100	Malaysia
*AIC Inspirasi Sdn. Bhd.	Investment holding	100	100	Malaysia
*Brimal Holdings Sdn. Bhd.	Design and distribution of electronic products and assembly of automotive accessories	100	100	Malaysia
Custom Tooling Holdings Sdn. Bhd.	Investment holding	100	100	Malaysia
Custom Tooling (Malaysia) Sdn. Bhd.	Manufacturing and fabrication of high precision engineering plastics and moulding for the automotive, telecommunication and electronics industries	100	100	Malaysia
Custom Tooling Engineering (Malaysia) Sdn. Bhd.	Fabrication of tools, dies and moulds	100	100	Malaysia
Custom Tooling (Kota Bahru) Sdn. Bhd.	Dormant	51	51	Malaysia
AIC dotCom Sdn. Bhd. (formerly known as Custom Precision Sdn. Bhd.)	Investment holding	100	100	Malaysia
CTMS Sdn. Bhd.	Dormant	100	100	Malaysia
AIC Technology Sdn. Bhd.	Investment holding	75	75	Malaysia

# Notes to the Financial Statements

Name	Principal activities	Effective equity interest		Place of incorporation
		2000 %	1999 %	
<i>and its subsidiaries</i>				
AIC Semiconductor Sdn. Bhd.	Design, procurement, sales, assembly and test of integrated circuit chips and other ancillary activities	74	74	Malaysia
Nucleus Electronics Ltd.	Distribution of electronic components for industrial applications	41	60	Singapore
Nucleus Electronics Sdn. Bhd.	Trading and distribution of electronic components	41	60	Malaysia
Nucleus Electronics (Hong Kong) Limited	Distribution and marketing of electronic components and acting as sales representative for principals	41	-	Hong Kong
AIC Microelectronics Sdn. Bhd.	Research and design of integrated circuit chips and provision of system solutions	56	56	Malaysia
AIC Wafer Services Sdn. Bhd.	Provision of marketing services and the development of semiconductor and wafer related businesses	75	-	Malaysia
AIC Properties Sdn. Bhd.	Property development, management and other ancillary activities	61	61	Malaysia
*Inmode Venture Sdn. Bhd.	Providing project management and consultancy services, sub-contractor of general works and property investment	100	100	Malaysia
Integral CAD Technologies Sdn. Bhd.	Providing information technology solutions and services	90	90	Malaysia
Integral CAD Distribution Sdn. Bhd.	Sales, support and services of computer aided design technologies, hardware and software systems	90	90	Malaysia
Alpha Mediatech Sdn. Bhd.	Provision of electronic and robotic teaching aids to educational institutions	63	63	Malaysia

\* Company of which KPMG have not acted as auditors

# Notes to the Financial Statements

## 4. PROPERTY DEVELOPMENT EXPENDITURE

	Group	
	2000 RM'000	1999 RM'000
Freehold land, at cost	14,620	18,070
Development expenditure	3,679	4,569
	<u>18,299</u>	<u>22,639</u>

Included in development expenditure is finance cost capitalised during the year amounting to RM95,100 (1999 – RM1,377,155). The freehold land is charged as a security for banking facilities granted to the Company.

## 5. INVESTMENT IN ASSOCIATED COMPANIES

	Group		Company	
	2000 RM'000	1999 RM'000 Restated	2000 RM'000	1999 RM'000 Restated
Quoted shares, at cost	12,734	-	12,064	-
Unquoted shares, at cost	3,206	11,278	-	10,365
Share of post acquisition retained profit	14,621	10,961	-	-
	<u>30,561</u>	<u>22,239</u>	<u>12,064</u>	<u>10,365</u>
Market value of quoted shares	23,528	-	23,528	-

This is represented by:-

	Group	
	2000 RM'000	1999 RM'000
Share of net assets	24,750	16,428
Goodwill	5,811	5,811
	<u>30,561</u>	<u>22,239</u>

The details of the associated companies are as follows:-

Name	Principal activities	Effective equity interest		Place of incorporation
		2000 %	1999 %	
Jotech Holdings Berhad	Investment holding	34	40	Malaysia
<i>and its subsidiaries</i>				
Jotech Metal Fabrication Industries Sdn. Bhd.	Manufacture and fabrication of tools and dies and stamped metal components for electrical, consumer electronics and automotive industries	34	40	Malaysia
Prodelcon Sdn. Bhd.	Manufacture of high precision tooling, die sets, semiconductor moulds and parts and high precision jigs and fixtures and the design and manufacture of turnkey automation system	34	40	Malaysia

# Notes to the Financial Statements

Name	Principal activities	Effective equity interest		Place of incorporation
		2000	1999	
Multimatic Systems Sdn. Bhd	Design, fabrication and commissioning of automatic handling equipment/ systems for electronic and semiconductor industries	34	40	Malaysia
Custom Tooling & Engineering (S) Pte. Ltd.	Consultation, design and development of plastic products and plastic injection moulding for the manufacturing industry	50	100	Singapore

## 6. OTHER INVESTMENTS

	Group	
	2000	1999
	RM'000	RM'000
Long term		
Quoted in Malaysia		
Investments in unit trusts and shares	87	87
Provision for diminution in value	(27)	(27)
	<u>60</u>	<u>60</u>
Market value of quoted investment	<u>56</u>	<u>67</u>
Short term		
Unquoted in Malaysia	<u>1,650</u>	-

The details of the short term investment is as follows:-

Name	Principal activities	Effective equity interest		Place of incorporation
		2000	1999	
		%	%	
MTeX Corporation Sdn. Bhd.	Electronic commerce technology developer, trade portal and services provider	35	-	Malaysia

The investment in this company has not been equity accounted for as the Company intends to dispose the investment in the near future.

# Notes to the Financial Statements

## 7. INTANGIBLE ASSETS

	Group		Company	
	2000 RM'000	1999 RM'000 Restated	2000 RM'000	1999 RM'000 Restated
Research and development expenditure				
At 1 January	535	7,624	-	-
Increase during the year	1,342	507	-	-
Transferred from property, plant and equipment	1,098	-	-	-
Arising from disposal of subsidiary companies	-	(6,629)	-	-
Amortised during the year	(725)	(190)	-	-
Written off during the year	-	(776)	-	-
At 31 December	2,250	536	-	-
Preliminary and pre-operating expenses				
At 1 January	202	347	-	-
Arising from disposal of subsidiary companies	-	(44)	-	-
Amortised during the year	(46)	(101)	-	-
Written off during the year	(156)	-	-	-
At 31 December	-	202	-	-
Goodwill on consolidation				
At 1 January	36,415	37,112	-	-
Arising from additional investment	-	166	-	-
Decrease during the year	(6)	(863)	-	-
At 31 December	36,409	36,415	-	-
Total intangible assets	38,659	37,153	-	-

Included in research and development expenditure incurred during the year is depreciation amounting to RM282,000 (1999 – RM117,000).

## 8. INVENTORIES

	Group	
	2000 RM'000	1999 RM'000
Raw materials	3,951	6,698
Work in progress	972	579
Goods in transit	4,048	-
Finished goods	18,235	18,197
	27,206	25,474
Less: Provision for obsolete inventories	(237)	(686)
	26,969	24,788
Amount written off against provision	-	565

# Notes to the Financial Statements

## 9. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2000 RM'000	1999 RM'000	2000 RM'000	1999 RM'000
Trade receivables	59,120	57,795	-	-
Less: Provision for doubtful debts	(64)	(48)	-	-
	59,056	57,747	-	-
Other receivables, deposits and prepayment	19,483	6,082	1,888	2,807
Subsidiary companies	-	-	53,527	49,446
Associated companies	448	-	448	-
	78,987	63,829	55,863	52,253
Amount written off against provision	-	87	-	-

Included in trade receivables of the Group are:

- i) Amount owing by substantial shareholders of a subsidiary company amounting to RM12,804,930 (1999 - RM19,197,076).
- ii) Amount of RM47,000 (1999 - RM34,113) owing by related party (companies with common shareholders).

### *Subsidiaries*

The amount due from subsidiaries is unsecured, interest free and has no fixed term of repayment except for amounts due from certain subsidiaries amounting to RM31,984,000 (1999 - RM21,657,000) which bear interest at 2.6% to 10% (1999 - 6.85% to 10.9%) per annum.

## 10. CASH AND BANK BALANCES

	Group		Company	
	2000 RM'000	1999 RM'000	2000 RM'000	1999 RM'000
Cash and bank balances	10,289	37,120	1,118	1,968
Fixed deposits with licensed bank	74,161	44,775	24,230	30,174
	84,450	81,895	25,348	32,142

Included in fixed deposits of the Group and the Company is an amount of RM12,542,000 (1999 - RM10,000,000) which is pledged to a licensed bank to secure banking facilities for the Company.

## 11. TRADE AND OTHER PAYABLES

	Group		Company	
	2000 RM'000	1999 RM'000	2000 RM'000	1999 RM'000
Trade payables	33,237	33,547	-	-
Other payables and accruals	19,617	24,705	1,020	2,415
	52,854	58,252	1,020	2,415

Included in other payables and accruals of the Group are an amount due to an associated company and management fees payable to a shareholder of RM279,270 (1999 - RM622,933) and RM36,000 (1999 - Nil), respectively. The amounts are unsecured, interest free and have no fixed term of repayment.

# Notes to the Financial Statements

## 12. BORROWINGS (SECURED)

	Group		Company	
	2000 RM'000	1999 RM'000	2000 RM'000	1999 RM'000
Current				
Overdrafts (secured)	83	9	-	-
Trade financing facilities	2,970	13,444	-	2,340
Finance lease and hire purchase liabilities	3,103	2,440	150	91
Term loans	17,108	13,938	-	-
Revolving credit facilities	9,870	14,778	9,870	14,778
	<u>33,134</u>	<u>44,609</u>	<u>10,020</u>	<u>17,209</u>
Long term				
Finance lease and hire purchase liabilities	2,360	3,592	533	454
Term loans	45,939	59,465	-	-
	<u>48,299</u>	<u>63,057</u>	<u>533</u>	<u>454</u>
	<b>Total</b>	<b>Under</b>	<b>1 - 5</b>	<b>Over 5</b>
	<b>RM'000</b>	<b>1 year</b>	<b>years</b>	<b>years</b>
		<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Group</b>				
Secured term loans	63,047	17,108	45,173	766
Secured overdrafts	83	83	-	-
Finance lease and hire purchase liabilities	5,463	3,103	2,282	78
Revolving credit facilities	9,870	9,870	-	-
Trade financing facilities	2,970	2,970	-	-
	<u>81,433</u>	<u>33,134</u>	<u>47,455</u>	<u>844</u>
	<b>Total</b>	<b>Under</b>	<b>1 - 5</b>	
	<b>RM'000</b>	<b>1 year</b>	<b>years</b>	
		<b>RM'000</b>	<b>RM'000</b>	
<b>Company</b>				
Finance lease and hire purchase liabilities	683	150	533	
Revolving credit facilities	9,870	9,870	-	
	<u>10,553</u>	<u>10,020</u>	<u>533</u>	

### *Finance lease and hire purchase liabilities*

Finance lease and hire purchase liabilities are payable as follows:

	Payments	Interest	Principal	Payments	Interest	Principal
	2000 RM'000	2000 RM'000	2000 RM'000	1999 RM'000	1999 RM'000	1999 RM'000
<b>Group</b>						
Less than one year	3,461	358	3,103	2,991	551	2,440
Between one and five years	2,542	260	2,282	3,989	397	3,592
Over five years	92	14	78	-	-	-
	<u>6,095</u>	<u>632</u>	<u>5,463</u>	<u>6,980</u>	<u>948</u>	<u>6,032</u>

# Notes to the Financial Statements

Company	Payments	Interest	Principal	Payments	Interest	Principal
	2000	2000	2000	1999	1999	1999
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Less than one year	221	71	150	151	60	91
Between one and five years	626	93	533	557	103	454
	<b>847</b>	<b>164</b>	<b>683</b>	<b>708</b>	<b>163</b>	<b>545</b>

The bank overdraft is secured by the following:

- i) fixed charge over a subsidiary's leasehold land and buildings;
- ii) jointly and severally guaranteed by certain Directors of a subsidiary company.

The bank overdrafts bear interest at 1% to 3% (1999 - 1% to 2%) per annum above the lending bank's base lending rate.

The trade financing facilities, which include revolving credit facilities, banker's acceptances and trust receipts are secured by the following:

- i) a corporate guarantee by the Company;
- ii) a negative pledge over the fixed and floating assets of a subsidiary company;
- iii) personal guarantee from a Director of a subsidiary company for certain credit facilities granted to the subsidiary company.

The trade financing facilities bear interest at 1.25% to 1.5% (1999 - 1.25% to 1.5%) per annum above the lending bank's base lending rate.

The revolving credit represents a syndicated short term revolving credit facility secured by way of a negative pledge on all unencumbered assets of the Company and its subsidiaries and carries an annual rate of interest of 2.5% per annum above the bank's cost of funds.

The term loans are secured by the following:

- i) legal charge over the leasehold land and buildings of its subsidiary;
- ii) a debenture covering the first fixed and floating charge over the present and future assets of its subsidiary company;
- iii) joint and several guarantee by the Directors;
- iv) a corporate guarantee by the Company.

The first term loan of RM27,729,000 in 1999 which bore interest at a rate of 9.5% per annum has been refinanced during the year. The refinanced loan of RM22,400,000 bears interest amounting to RM2,499,292 (Islamic facility) and is repayable in 36 monthly instalments commencing February 2001.

The second term loan of RM38,600,000 bears interest at a rate of 2% (1999 - 2%) per annum above the lending bank's cost of fund and is repayable in 51 monthly instalments commencing May 2000.

The third term loan of RM253,000 bears interest at a rate of 2% (1999 - 2%) per annum above the lending bank's base lending rate and is repayable in 180 monthly instalments commencing February 1996.

The fourth term loan of RM1,801,000 bears interest at a rate to be determined by the bank at the end of each interest year. Currently, the loan bears interest ranging from 3.65% to 4.4% (1999 - 3.5% to 5.15%) per annum and is repayable in 120 instalments commencing April 1999.

# Notes to the Financial Statements

## 13. SHARE CAPITAL

	Company	
	2000	1999
	RM'000	RM'000
Ordinary shares of RM1 each:		
Authorised		
Balance at 1 January	50,000	50,000
Increased during the year	50,000	-
Balance at 31 December	<u>100,000</u>	<u>50,000</u>
Issued and fully paid		
Balance at 1 January	32,765	31,802
Increased during the year	35,503	963
Balance at 31 December	<u>68,268</u>	<u>32,765</u>

- a) On 28 June 1999, the Company had announced its proposal to:
- issue RW to holders of the existing warrants at an issue price of RM 0.20 per RW on the basis of one (1) RW in substitution and upon the surrender and cancellation of one (1) existing warrant held on a date to be determined and announced later; and
  - issue NW to the existing shareholders of the Company at an issue price of RM 0.20 per NW on the basis of one (1) NW for every five (5) existing shares held on a date to be determined and announced later.

The Securities Commission ("SC") approved the proposed issue of the RW on 9 November 1999. The proposed issue of NW was not approved.

On 22 November 1999, the Company announced that the exercise price for the RW was fixed at RM7.60 on a non-renounceable basis. The shareholders' approval on the RW was obtained on 28 January 2000.

On 13 June 2000, the SC had approved certain revision to the proposed issue of RW as a result of the implementation of the Company's bonus issue on the basis of one (1) new ordinary share for every existing share held on 16 June 2000. This had resulted in the number of existing warrants being revised from 9,203,002 to 18,406,004. As a result, the number and issue price of RW was revised to 18,406,004 and RM0.10 per RW respectively, of which 17,446,064 warrants have been cancelled in July 2000 and replaced with RW.

At the end of the financial year, options to subscribe for 17,446,064 and 959,940 (1999 - 9,203,002) ordinary shares RM1 each granted under the sale of warrants at an exercise price of RM3.80 and RM4.50, respectively (1999 - RM9.00) per share remained unexercised. The Warrants are transferable and are quoted on the Kuala Lumpur Stock Exchange. Holders of the Warrants have the right to subscribe in cash at any time during the exercise year at the respective exercise prices. The exercise price may be adjusted in accordance with the provisions contained in the Deed Poll dated 21 April 1998.

- b) At the end of the financial year, options to subscribe for 1,605,000 ordinary shares of RM1 each under the Company's ESOS remains unexercised.

The details of options granted to subscribe for shares which were outstanding at 31 December 2000 are as follows:

Option expiry date	Issue price	Number of options over ordinary shares of RM1 each
28.12.2003	2.805	282,000
28.12.2003	2.805	635,000
28.12.2003	10.25	688,000

# Notes to the Financial Statements

## 14. DEFERRED TAXATION

	Group	
	2000 RM'000	1999 RM'000
At 1 January	573	507
Arising from exchange difference	(6)	2
Arising from disposal of subsidiary company	(331)	-
	236	509
Transfer from profit and loss	87	64
At 31 December	323	573

Subject to agreement by the Inland Revenue Board, the Group and the Company have potential deferred tax benefits not taken up in the financial statements under the liability method in respect of the following items:-

	Group		Company	
	2000 RM'000	1999 RM'000	2000 RM'000	1999 RM'000
Unutilised tax losses	12,206	7,583	4,090	5,308
Other timing differences	6,987	2,485	2,018	758
	19,193	10,068	6,108	6,066

## 15. REDEEMABLE UNSECURED BANK GUARANTEED BONDS

The RM50,000,000 nominal value 2.5% Redeemable Unsecured Bank Guaranteed Bonds 1998/2003 ("Bonds") constituted by a Trust Deed dated 21 April 1998 were issued together with 9,203,002 detachable warrants ("Warrants"). The main features of the Bonds and Warrants are as follows:-

- i) The Bonds carry a fixed coupon rate of 2.5% per annum payable semi-annually in arrears on 30 June and 31 December.
- ii) Unless previously redeemed, repurchased or cancelled by the Company, the Bonds will be redeemed by cash at their nominal value together with the interest accrued on maturity date on 17 May 2003.
- iii) The Warrants are transferable and are quoted on the Kuala Lumpur Stock Exchange. Holders of the Warrants have the right to subscribe in cash at any time during the exercise year at the exercise price of RM9.00 per ordinary share of RM1.00 each. The exercise price may be adjusted in accordance with the provisions contained in the Deed Poll dated 21 April 1998. On 28 June 1999, the Company had announced its proposal to issue Replacement Warrants ("RW") to holders of the existing warrants 1998/2003 at an issue price of RM 0.20 per RW on the basis of one (1) RW in substitution and upon the surrender and cancellation of one (1) existing warrant held on a date to be determined and announced later. On 13 June 2000, the SC has approved certain revision to the proposed issue of RW as a result of the implementation of the Company's bonus issue on the basis of one (1) new ordinary share for every existing share held on 16 June 2000. This has resulted in the number of existing warrants being revised from 9,203,002 to 18,406,004. As a result, the number and issue price of RW is revised to 18,406,004 and RM0.10 per RW respectively, of which 17,446,064 warrants had been cancelled in July 2000 and replaced with RW.

# Notes to the Financial Statements

## 16. OPERATING PROFIT

	Group		Company	
	2000 RM'000	1999 RM'000 Restated	2000 RM'000	1999 RM'000 Restated
Revenue - sale of goods	286,651	263,358	-	-
- progressive payments received from joint venture development	4,907	-	-	-
- dividend	-	-	3,200	6,142
- services	31,250	23,082	2,632	1,743
	<u>322,808</u>	<u>286,440</u>	<u>5,832</u>	<u>7,885</u>
Cost of sales	(240,333)	(216,976)	-	-
	<u>82,475</u>	<u>69,464</u>	<u>5,832</u>	<u>7,885</u>
Distribution costs	(6,807)	(6,688)	-	-
Administration expenses	(15,154)	(12,068)	(3,199)	(2,656)
Other operating expenses	(11,731)	(16,392)	(3,253)	(2,432)
Other operating income	4,634	7,424	309	12,178
Operating profit/(loss)	<u>53,417</u>	<u>41,740</u>	<u>(311)</u>	<u>14,975</u>

Profit for the year is arrived at:-

After charging:-

Auditors' remuneration

- Holding company auditors

- Other auditors

Amortisation of research and development expenditure

Amortisation of preliminary and pre-operating expenses

Bad debts written off

Consultancy fees paid to a company in which Director has interest

Depreciation

Directors' fees

Directors' remuneration

Management fees paid to a company in which certain Director has interest

Operating lease expenses

Preliminary and pre-operating expenses written off

Property, plant and equipment written off

Provision for doubtful debts

Provision for obsolete inventories

Rental of premises

Rental of premises paid to a company in which Director has interest

Realised foreign exchange loss

Research and development expenditure written off

Unrealised foreign exchange loss

161	116	13	13
13	18	-	-
725	190	-	-
46	101	-	-
59	-	59	-
165	187	-	-
23,878	17,289	499	345
524	107	36	36
2,603	2,274	700	680
112	-	112	-
107	153	-	-
156	-	-	-
113	63	-	-
-	135	-	-
88	686	-	-
279	454	-	-
70	64	-	-
100	-	-	-
-	776	-	-
-	98	-	-

# Notes to the Financial Statements

	Group		Company	
	2000 RM'000	1999 RM'000 Restated	2000 RM'000	1999 RM'000 Restated
and crediting:-				
Dividend income	-	-	3,200	6,142
Exceptional income *	1,157	112	-	-
Gain on disposal of property, plant and equipment	43	198	-	36
Gain on disposal of subsidiary	453	4,767	-	12,042
Gain on disposal of business unit	-	650	-	-
Interest receivables				
- related company	-	-	1,372	1,659
- fixed deposits	2,593	1,686	672	355
Management fee received	250	240	1,915	1,016
Provision for doubtful debts				
written back	14	-	-	-
Rental of premises	621	394	717	727
Realised foreign exchange gain	374	61	-	61
Writeback for diminution in value of investments	-	24	-	-

The estimated monetary value of Directors' benefits-in-kind for the Group and the Company is RM24,000 (1999 – RM12,000) and RM15,000 (1999 – RM3,000) respectively.

\* The exceptional income in 2000 relates to the Group's increased share of net assets in associated company and dilution of shareholding in one of its subsidiary.

In 1999 the exceptional income relates to the Group's dilution of shareholding in one of its subsidiary.

## 17. EMPLOYEES INFORMATION

	Group		Company	
	2000 RM'000	1999 RM'000	2000 RM'000	1999 RM'000
Staff costs				
- charged to income statement	39,618	31,702	2,878	2,464
- capitalised in research and development expenditure	255	303	-	-
	<u>39,873</u>	<u>32,005</u>	<u>2,878</u>	<u>2,464</u>

The number of employees of the Group and of the Company at the end of the year was 1,241 and 28 (1999 – 1,298 and 25), respectively.

# Notes to the Financial Statements

## 18. FINANCING COSTS

	Group		Company	
	2000 RM'000	1999 RM'000	2000 RM'000	1999 RM'000
Interest payable				
Term loans	6,125	5,628	-	-
Bank overdrafts	29	28	21	28
Bonds	1,250	1,250	1,250	1,250
Hire purchase and leases	662	798	87	21
Trust receipt	96	189	-	-
Revolving credit	972	1,516	972	1,516
Related company	-	-	29	66
	<u>9,134</u>	<u>9,409</u>	<u>2,359</u>	<u>2,881</u>

## 19. TAX EXPENSE

	Group		Company	
	2000 RM'000	1999 RM'000	2000 RM'000	1999 RM'000
Malaysian income tax	2,120	-	-	-
Overseas taxation	3,670	2,898	-	-
Transfer to deferred taxation	87	64	-	-
(Over)/ Under provision in prior year	(20)	(512)	377	-
	<u>5,857</u>	<u>2,450</u>	<u>377</u>	<u>-</u>
Taxation on share of profit of associated companies	1,012	(105)	-	-
	<u>6,869</u>	<u>2,345</u>	<u>377</u>	<u>-</u>

The effective tax rate of the Group is lower than the statutory tax rate of 28% due to certain tax incentives enjoyed by the Group. A subsidiary company has been granted full pioneer status for a period of five years commencing 1 September 1998 as incentive for the manufacturing of integrated circuits.

Pursuant to the Income Tax (Amendments) Act, 1999 which was gazetted on 8 July 1999, all income (except for dividend income) derived in 1999 would be waived from income tax. Accordingly, no provision for Malaysian taxation was made in the financial statements for the financial year ended 31 December 1999.

## 20. EARNINGS PER SHARE

The basic earnings per share for the financial year has been calculated on the Group's profit after taxation and minority interests of RM32,259,000 (1999 – RM26,555,000) based on the weighted average number of ordinary shares in issue of 68,095,000 (1999 – 66,136,000).

The diluted earnings per share for the year has been calculated based on the Group's profit after taxation and minority interests for the year of RM32,259,000 (1999 – RM26,555,000) on the adjusted weighted average number of ordinary shares issued and issuable of 73,987,000 (1999 – 67,560,000) during the year. The adjusted weighted average number of ordinary shares issued and issuable has been calculated based on a method prescribed by MASB 13.

	2000 '000	1999 '000
Weighted average number of ordinary shares		
Issued ordinary shares at beginning of year	32,765	31,802
Effect of bonus issue	34,122	34,122
Effect of shares issued during the year	1,208	212
Weighted average number of ordinary shares	<u>68,095</u>	<u>66,136</u>

# Notes to the Financial Statements

Weighted average number of ordinary shares (diluted)		
Issued ordinary shares at beginning of year	32,765	31,802
Effect of bonus issue	34,122	34,122
Effect of shares issued during the year	1,208	212
Effect of warrants and share options	5,892	1,424
Weighted average number of ordinary shares	<u>73,987</u>	<u>67,560</u>

The basic and diluted earnings per share in 1999 have been restated after adjusting for the prior year adjustments, the bonus issue that was allotted in June 2000 and to comply with the requirements as illustrated in MASB 13.

	<b>As previously reported</b>	<b>As restated</b>
Basic earnings per share (sen)	<u>38.80</u>	<u>40.15</u>
Diluted earnings per share (sen)	<u>38.80</u>	<u>39.31</u>

## 21. SIGNIFICANT RELATED PARTY TRANSACTIONS

	<b>Group</b>	
	<b>2000</b>	<b>1999</b>
	<b>RM'000</b>	<b>RM'000</b>
Consultancy fees paid to a company in which a Director has interest	165	187
Management fees payable to a shareholder	36	-
Management fees received from an associated company	250	240
Sales to related party (common shareholders)	666	242
Sales to a related party (substantial shareholder of a subsidiary company)	125,242	105,002
Purchases from associated company	1,339	1,633
Rental charged to related party (common shareholders)	255	393
Rental paid to a company in which a Director has interest	70	64
Management fees paid to a company in which certain Director has interest	<u>112</u>	<u>-</u>
	<b>Company</b>	
	<b>2000</b>	<b>1999</b>
	<b>RM'000</b>	<b>RM'000</b>
Management fees charged to subsidiaries and associated companies	1,915	1,016
Rental charge to related parties	718	727
Management fees paid to a company in which certain Director has interest	<u>112</u>	<u>-</u>

The Directors of the Company are of the opinion that the transactions have been transacted in the normal course of business and have been established under negotiated terms.

## 22. PRIOR YEAR ADJUSTMENT

Prior year adjustment is in respect of the change in accounting policy on the treatment of pre-operating expenses in line with the requirements of Malaysian Accounting Standards Board's Standard 1, Presentation of Financial Statements. This change has been accounted for retrospectively.

Comparative information have been restated to conform with the prior year adjustment. This has the effect of increasing net profit for the year ended 31 December 1999 by RM897,000 for the Group and RM325,000 for the Company respectively. The effects are as follows:

# Notes to the Financial Statements

	As previously reported RM'000	Effect of prior year adjustment RM'000	As restated RM'000
<b>Group</b>			
Retained profits at 1 January 1999	30,741	(3,615)	27,126
Net profit for the year ended 31 December 1999	25,658	897	26,555
Dividends	(1,310)	-	(1,310)
Capitalisation for bonus issue	(1,600)	-	(1,600)
Retained profits at 1 January 2000	53,489	(2,718)	50,771
Pre-operating expenses written off	4,374	(4,374)	-
Minority interests on retained profit at 1 January 1999	(759)	759	-
Amortisation of pre-operating expenses written back	(1,097)	1,097	-
Minority interests on net profit for the year ended 31 December 1999	200	(200)	-
<b>Company</b>			
Retained profits at 1 January 1999	702	(1,465)	(763)
Net profit for the year ended 31 December 1999	13,782	325	14,107
Dividends	(1,310)	-	(1,310)
Retained profits at 1 January 2000	13,174	(1,140)	12,034
Pre-operating expenses written off	1,465	(1,465)	-
Amortisation of pre-operating expense written back	(325)	325	-

## 23. DIVIDENDS

	Group and Company	
	2000	1999
	RM'000	RM'000
Ordinary		
Final proposed:		
4% per share tax exempt (1999 – 4% per share tax exempt)	2,731	1,310

## 24. LEASE COMMITMENTS

Total future minimum lease payments of one of the subsidiary company under non-cancellable operating lease are as follows:

	Group	
	2000	1999
	RM'000	RM'000
Less than one year	265	-
Between one and five years	175	-

## 25. CAPITAL COMMITMENTS

	Group	
	2000	1999
	RM'000	RM'000
Approved and contracted for	30,206	31,320

# Notes to the Financial Statements

## 26. CONTINGENT LIABILITIES - UNSECURED

The Company has executed corporate guarantees in favour of licensed banks for facilities of up to a limit of RM51.9 million and USD12 million granted to its subsidiaries.

## 27. SIGNIFICANT EVENTS DURING THE YEAR

i) On 10 December 1999, the Company has announced that Nucleus Electronics Pte. Ltd. ("NEPL"), a 80% - owned subsidiary of AIC Technology Sdn. Bhd. ("AICT"), which in turn is 75% - owned by AIC, proposed to make an application to the Singapore Exchange Securities Trading Limited ("SGX-ST") for the purpose of listing its shares on the Stock Exchange of Singapore Dealing And Automated Quotation System ("SGX Sesdaq").

NEPL was listed on SGX Sesdaq on 8 May 2000 and is now known as Nucleus Electronics Ltd.

ii) On 17 April 2000, the Company has announced that Jotech Holdings Berhad ("Jotech"), a 40% owned associated company of the Company proposes to undertake a capital restructuring exercise for the purpose of listing of Jotech shares on the Second Board of the Kuala Lumpur Stock Exchange ("KLSE"), which has been approved by the Securities Commission ("SC") on 8 March 2000. Jotech was listed on the KLSE on 9 August 2000. After the listing, the Company's shareholding in Jotech had been reduced from 40% to 34%.

iii) On 31 July 2000, the Company was transferred to the Main Board of the Kuala Lumpur Stock Exchange.

iv) As announced on 16 October 2000, the Company has on 13 October 2000 entered into:

a) Share Sale Agreement ("SSA") with Custom Tooling Holdings ("CTH") for the sale of 70,000 ordinary shares of SGD1.00 each, equivalent to 28.57%, of the present equity capital, in Custom Tooling Engineering (S) Pte. Ltd. ("CTES"), a wholly owned subsidiary of CTH for a cash consideration of RM1,733,333.

b) Subscription Agreement ("SA") with CTES in relation to subscription of 105,000 new ordinary shares of SGD1.00 each in CTES for a total cash consideration of SGD1,181,818, thus reducing CTH's equity interest in the enlarged capital of CTES to 50% after the completion of the SSA and the enlarged paid-up share capital.

Prior to the SSA and SA, CTES, a wholly owned subsidiary of CTH, then undertook an internal restructuring when it transferred 150,002 ordinary shares of RM1.00 each and 80,000 ordinary shares of RM1.00 each in Custom Tooling (Malaysia) Sdn. Bhd. ("CTM") and Custom Tooling Engineering (Malaysia) Sdn. Bhd. ("CTEM") respectively to CTH for a cash consideration of SGD99,787 based on the book value of the investment in CTES's books. Thus, CTH will hold 100% equity interest directly in CTM and CTEM instead of indirectly through CTES previously. The proposals were completed on 23 October 2000.

v) Nucleus Electronics Ltd. ("Nucleus") a subsidiary of the Company has on 3 November 2000 entered into a Subscription and Shareholders Agreement ("the Agreement") with the existing shareholders of Neolec International Inc. ("Neolec"), for the subscription by Nucleus of 4,995,919 new ordinary shares of NTS10.00 per share in Neolec, representing 51% of the enlarged issued and paid-up capital Neolec, for a total cash subscription ("the Subscription") based on the net tangible assets ("NTA") of Neolec as at 30 September 2000 and after adjusting for NTS30 million cash injection by the shareholders in October 2000.

On 19 January 2001, the proposal have been completed after all the necessary condition precedent have been fulfilled. The proposal was approved by all the relevant authorities by 11 January 2001. Based on the findings of the due diligence review on the Neolec, the total subscription for the proposal has been agreed at NTS57.254 million or RM 6.678 million equivalent.

vi) The Company has announced the following proposals on 14 November 2000:-

a) a proposed executives' share option scheme ("AICS ESOS Scheme") for all eligible executives including Executive Directors ("Eligible Executives") of AIC Semiconductor Sdn. Bhd. ("AICS"), a subsidiary of AIC ("Proposed AICS ESOS"); and

b) a proposed cash acquisition scheme by AIC of new ordinary shares of RM1.00 each in AICS issued pursuant to the exercise of options granted to Eligible Executives of AICS pursuant to the Proposed AICS ESOS ("Proposed Acquisition Scheme").

The Proposed Acquisition Scheme is conditional upon the Proposed AICS ESOS. The Proposed AICS ESOS is however not conditional upon the Proposed Acquisition Scheme.

On 29 January 2001, the Company announced that the Proposals have been approved by the shareholders of AIC at the Extraordinary General meeting of the Company held on the same date.

# Notes to the Financial Statements

## 28. SEGMENTAL REPORTING

Group	Turnover		Profit before tax		Total assets employed	
	2000 RM'000	1999 RM'000	2000 RM'000	1999 RM'000 Restated	2000 RM'000	1999 RM'000 Restated
Analysis by geographical location						
Malaysia	209,614	230,341	33,749	27,402	357,349	374,884
Singapore	113,194	56,099	13,127	6,615	64,485	25,763
	322,808	286,440	46,876	34,017	421,834	400,647
Share of results/ assets in associated companies						
	40,096	36,200	4,673	3,880	30,560	22,239
	362,904	322,640	51,549	37,897	452,394	422,886
Analysis by activity						
Investment holding	475	634	(2,880)	1,805	23,206	35,927
Electronic division	36,888	61,507	4,732	6,421	44,790	51,388
Semiconductor division	255,702	191,376	41,829	22,705	298,507	254,507
IT division	24,835	32,789	4,025	3,277	32,348	32,003
Property division	4,908	134	(830)	(191)	22,983	26,822
	322,808	286,440	46,876	34,017	421,834	400,647
Share of results/ assets in associated companies						
	40,096	36,200	4,673	3,880	30,560	22,239
	362,904	322,640	51,549	37,897	452,394	422,886

## 29. COMPARATIVE FIGURES

Following the adoption of MASB Standards in the preparation of this set of financial statements, the presentation and classification of certain items in the financial statements have been amended. Accordingly, comparative amounts for those items have been reclassified to ensure comparability with the current financial year.

# Notes to the Financial Statements

## 30. LIABILITIES PAYABLE BY AND DEBTS PAYABLE TO THE COMPANY

*(For borrowing corporation only)*

The amounts estimated by the Directors are as follows:-

	Not later than 2 years RM'000	2 to 5 years RM'000
At 31 December 2000		
Liabilities payable by the Company		
Current liabilities	3,918	-
Revolving credit	9,870	-
	<u>13,788</u>	<u>-</u>
Debts payable to the Company:		
Other receivables	<u>55,863</u>	<u>-</u>
Conversion of warrants:*		
Estimated proceeds to be received	<u>-</u>	<u>70,615</u>
Other current assets:		
Deposits	24,230	-
Cash and bank balances	1,118	-
	<u>25,348</u>	<u>-</u>
At 31 December 1999		
Liabilities payable by the Company		
Current liabilities	6,173	-
Revolving credit	14,778	-
	<u>20,951</u>	<u>-</u>
Debts payable to the Company:		
Other receivables	<u>52,253</u>	<u>-</u>
Conversion of warrants:*		
Estimated proceeds to be received	<u>-</u>	<u>82,827</u>
Other current assets:		
Deposits	30,174	-
Cash and bank balances	1,968	-
	<u>32,142</u>	<u>-</u>

\* Assume full conversion of 17,446,064 of Replacement Warrants and 959,940 warrants at an exercise price of RM3.80 and RM4.50 each respectively (1999 - 9,203,002 warrants at RM9.00 each)