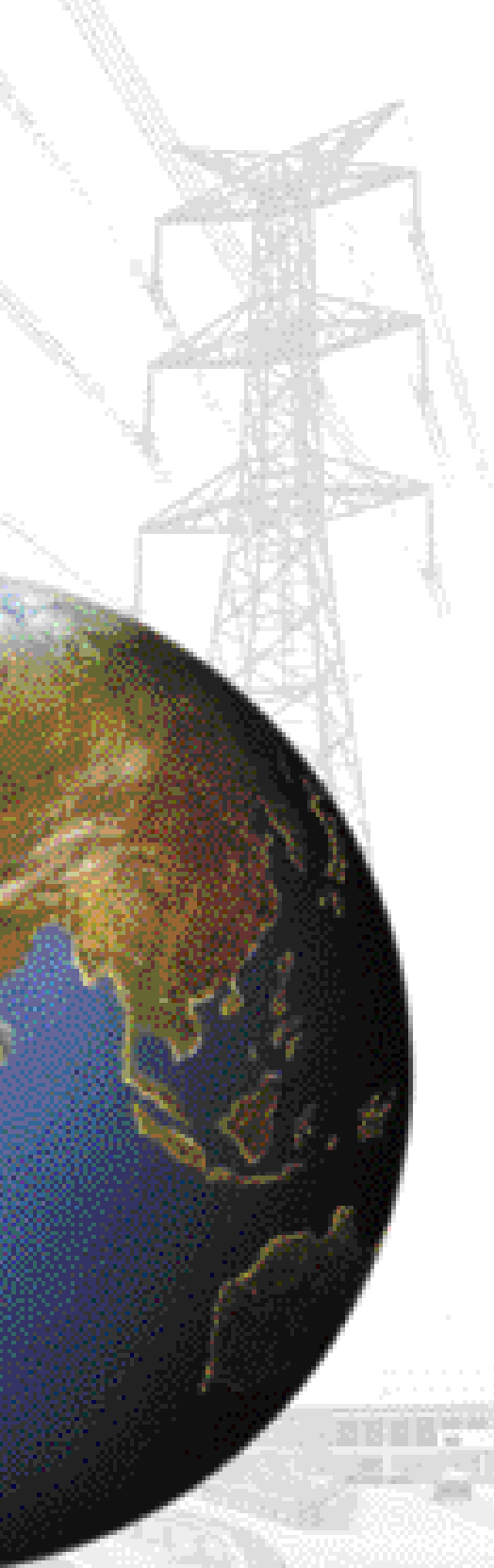


ANNUAL REPORT 2001



MALAYSIA MINING CORPORATION BERHAD
(30245-H)
(Incorporated In Malaysia)

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Cover Rationale

The cover concept seeks to capture the very essence of MMC's two-pronged approach, one of continued focus and the other, new acquisitions.

As a key regional player, MMC, while continuing to remain firmly committed to its involvement in mining, highway privatisation, natural gas distribution, engineering and construction is venturing into infrastructure projects – power and ports – which are complimentary and synergistic with the Group's core business activities. It is a timely move that will place the Group on an even stronger footing in the years ahead.

Notice of Meeting

NOTICE IS HEREBY GIVEN THAT the Twenty-Fifth Annual General Meeting (AGM) of members of Malaysia Mining Corporation Berhad will be held at the Crown Princess Kuala Lumpur, Ballroom 3, 10th Floor, City Square Centre, 182 Jalan Tun Razak, 50450 Kuala Lumpur, Malaysia on Friday, 27 July 2001 at 10.00 a.m. for the purpose of considering and, if thought fit, passing the following as ordinary resolutions:

1. "THAT the Directors' Report and Financial Statements for the year ended 31 January 2001 and the Auditors' Report thereon be and are hereby received and adopted".
2. "THAT the final dividend of 3 sen per share tax exempt and a special dividend of 3 sen per share tax exempt for the year ended 31 January 2001 be and is hereby approved and declared payable on 10 August 2001 to the members of the Company registered at the close of business on 13 July 2001".
3. "THAT the following Directors, who retire in accordance with Articles 77 and 84 of the Company's Articles of Association, be and are hereby re-elected Directors of the Company:
 - a) Tan Sri Ibrahim Menudin (Article 77);
 - b) Datuk Ab. Sukor Shahar (Article 77);
 - c) Dato' Mohd Desa Pachi (Article 77);
 - d) Dato' Syed Abdul Jabbar Syed Hassan (Article 84);
 - e) Dato' Hilmi bin Mohd Noor (Article 84);
 - f) Dr. Aziuddin bin Ahmad (Article 84)".
4. "THAT YBhg Tan Sri Dato' Thong Yaw Hong, who retires pursuant to Section 129(6) of the Companies Act, 1965, be and is hereby re-appointed a Director of the Company to hold office until the conclusion of the next AGM".
5. "THAT the Directors' fees for the year ended 31 January 2001 amounting to RM252,120 be and is hereby approved".
6. "THAT Messrs KPMG, who are eligible and have given their consent for re-appointment, be and are hereby re-appointed the Company's Auditors for the period until the conclusion of the next AGM and that the remuneration to be paid to them be fixed by the Board".

FURTHER NOTICE IS HEREBY GIVEN THAT a Depositor shall be eligible to attend this meeting only in respect of:

- a. Shares deposited into the Depositor's securities account before 12.30 p.m. on 11 July 2001 in respect of shares which are exempted from mandatory deposit;
- b. Shares transferred into the Depositor's securities account before 12.30 p.m. on 13 July 2001 in respect of ordinary transfers; and
- c. Shares bought on the Kuala Lumpur Stock Exchange (KLSE) on a cum entitlement basis according to the Rules of the KLSE.

Closure Of Books

NOTICE IS ALSO HEREBY GIVEN THAT the Register of Members of the Company will be closed from 16 July 2001 to 17 July 2001 (both dates inclusive) for the determination of dividend entitlement. The dividend, if approved, will be paid on 10 August 2001 to shareholders whose duly completed transfers are received by the Company's Registrar, Pernas Charter Management Sendirian Berhad, 32nd Floor, Menara PNB, 201A Jalan Tun Razak, 50400 Kuala Lumpur, Malaysia at the close of business at 5.00 p.m. on 13 July 2001.

FURTHER NOTICE IS HEREBY GIVEN THAT a Depositor shall qualify for dividend entitlement only in respect of:

- a. Shares deposited into the Depositor's securities account before 12.30 p.m. on 11 July 2001 in respect of shares which are exempted from mandatory deposit;
- b. Shares transferred to the Depositor's securities account before 12.30 p.m. on 13 July 2001 in respect of ordinary transfers; and
- c. Shares bought on the KLSE on a cum entitlement basis according to the Rules of the KLSE.

By Order of the Board

Suseela Sundram
Abd. Hadi Abd. Ghani
Secretaries

Kuala Lumpur
29 June 2001

Notes:

- i. A member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote in his stead. A proxy need not be a member of the Company.
- ii. A proxy form is enclosed and to be valid must reach the Registrar's office at Pernas Charter Management Sendirian Berhad, 32nd Floor, Menara PNB, 201A Jalan Tun Razak, 50400 Kuala Lumpur, Malaysia not less than forty-eight (48) hours before the meeting.



Corporate Information



Dato' Syed Abdul Jabbar Syed Hassan

A former Executive Chairman of Malaysia Monetary Exchange from 1980 to 1996 and Chief Executive Officer of Kuala Lumpur Commodity Exchange (KLCE) from 1996 to 1998, YBhg Dato' Syed Abdul Jabbar Syed Hassan, 61, was appointed the non-independent, non-executive Chairman on 7 July 2000.

He is also the current Chairman of MMC Engineering Group Berhad and a Board member of Star Publications Berhad.

YBhg Dato' Syed Abdul Jabbar Syed Hassan is a Malaysian citizen and holds a Bachelor of Economics and Masters of Science in Marketing.



Tan Sri Ibrahim Menudin

An Accountant by profession, YBhg Tan Sri Ibrahim Menudin, 53, is the Group Chief Executive of Malaysia Mining Corporation Berhad. He was appointed to the Board on 1 August 1985 and is an Executive Director. He was previously the Accountant General of Sabah State Government from 1976 to 1979 and Chief Executive Officer of Permodalan Bumiputra Sabah Berhad from 1980 to 1985.

He is currently the Chairman of Malaysia Smelting Corporation Berhad and Malakoff Berhad. He is also a member of the Board of MMC Engineering Group Berhad and Tronoh Mines Malaysia Berhad.

YBhg Tan Sri Ibrahim Menudin is a Malaysian citizen and holds a Bachelor of Commerce from the University of Western Australia. He is a member of the Institute of Chartered Accountants in Australia and a member of the Malaysian Association of Certified Public Accountants and Malaysian Institute of Accountants.



Datuk Ab. Sukor Shahar

An Engineer by profession, YBhg Datuk Ab. Sukor Shahar, 54, is an Executive Director of Malaysia Mining Corporation Berhad. He was appointed to the Board on 10 March 1995. He is the former Managing Director of Pemas Charter Management Sendirian Berhad from 1990 to 1993 and Chief Executive Officer of Gas Malaysia Sendirian Berhad from 1993 to 1995.

He is currently the Chairman of Berjuntai Tin Dredging Berhad and Kramat Tin Dredging Berhad and also a Board member of Malaysia Smelting Corporation Berhad, MMC Engineering Group Berhad, Tronoh Mines Malaysia Berhad and Hillgrove Gold NL.

YBhg Datuk Ab. Sukor Shahar is a Malaysian citizen and holds a Bachelor of Science (Hons.) in Mining from Imperial College of Science & Technology, London.



Abdul Samad Haji Alias

A Certified Public Accountant by profession, Encik Abdul Samad Haji Alias, 58, joined the Board on 10 October 1981 and is an independent non-executive Director. He is an advisor of Arthur Andersen & Co and the President of Malaysian Association of Certified Public Accountants and Malaysian Institute of Accountants. He is a member of the Audit Committee of the Board.

He is also a Board member of IGB Corporation Berhad and MMC Engineering Group Berhad.

He is a Malaysian citizen and holds a degree of Bachelor of Commerce from University of Western Australia. He is a fellow of the Institute of Chartered Accountants in Australia and a member of Malaysian Association of Certified Public Accountants and Malaysian Institute of Accountants.



Dato' Mohd Desa Pachi

A Chartered Accountant by profession, YBhg Dato' Mohd Desa Pachi, 67, joined the Board on 11 November 1981 and is a non-independent, non-executive Director. He was formerly the Executive Chairman of Malaysia Mining Corporation Berhad from 1982 to 1984. He is the Chairman of the Audit Committee of the Board.

He is currently the Chairman of Commerce Asset-Holding Berhad and a Board member of Landmarks Berhad, Lay Hong Berhad, Leader Steel Holdings Berhad, Malaysia Smelting Corporation Berhad, Petaling Garden Berhad, Saujana Consolidated Berhad, YA Horng Electronic (M) Berhad and Amanah Saham Nasional Berhad.

He is a Malaysian citizen and a member of Institute of Chartered Accountants (Australia).



Tan Sri Dato' Thong Yaw Hong

A former Secretary-General of the Ministry of Finance, YBhg Tan Sri Dato' Thong Yaw Hong, 71, joined the Board on 27 October 1986 and is an independent, non-executive Director. He is also a member of the Audit Committee of the Board.

He is currently the Chairman of Public Bank Berhad and the Public Bank group of companies. He is also on the Boards of Batu Kawan Berhad, Berjaya Land Berhad, Chemical Company of Malaysia Berhad, Gleannealy Plantations (M) Berhad, Kuala Lumpur Kepong Berhad, Public Finance Berhad, Malaysia Airports Holdings Berhad and Public Merchant Bank Berhad.

He is a Malaysian citizen and holds a Bachelor of Arts (Hons) in Economics (University of Malaya), MPA Specialising in Development Planning and Public Administration (Harvard University) and Advanced Management Programme (Harvard University).



Tan Sri Dato' Dr. Abdul Khalid bin Sahan

A former Director General of Health Ministry, YBhg Tan Sri Dato' Dr. Abdul Khalid bin Sahan, 67, joined the Board on 10 March 1989 and is a non-independent, non-executive Director.

He is currently the Chairman of Tronoh Mines Malaysia Berhad and also the Chairman of Rating Agency Malaysia Berhad. He is also a Board member of Daibochi Plastic & Packaging Industry Berhad, Kejora Harta Berhad and PSC Industries Berhad.

He is a Malaysian citizen and holds a M.B.B.S. (Malaya), D.P.H. (London) and D.I.H. (England).



Jamiah Abd. Hamid

Puan Jamiah Abdul Hamid, 46, joined the Board on 1 August 1995 and is a non-independent, non-executive Director. She is currently employed as the General Manager of Corporate Finance, Communication & International Division at Permodalan Nasional Berhad (PNB).

She is also a Board member of Mesiniaga Berhad and UMW Holdings Berhad.

Puan Jamiah is a Malaysian citizen and holds a Diploma in Public Administration (MARA Institute of Technology), Bachelor of Science in Finance (Northern Illinois University) and Master of Business Administration (UKM).



Datuk Alladin Hashim

A former Director General of FELDA, YBhg Datuk Alladin Hashim, 62, joined the Board on 24 July 1999 and is a non-independent, non-executive Director. He is also a member of the Audit Committee of the Board.

He is currently the Chairman of the Malaysian Rubber Board. He is also a Board member of MMC Engineering Group Berhad, Tronoh Mines Malaysia Berhad, PK Resources Berhad, Timberwell Berhad and UAC Berhad.

YBhg Datuk Alladin Hashim is a Malaysian citizen and holds a Bachelor of Agricultural Science (University Malaya), a Master of Science in Agricultural Economics (University of Massachusetts) and a Fellow of the Academy of Sciences of Malaysia.



Tan Sri Dato' Ir. (Dr.) Wan Abdul Rahman bin Haji Wan Yaacob

A former Director General of Public Works Department, YBhg Tan Sri Dato' Ir. (Dr.) Wan Abdul Rahman bin Haji Wan Yaacob, 60, joined the Board on 26 August 1999 as a non-independent, non-executive Director.

He is a Board member of IJM Corporation Berhad, Lingkaran Trans Kota Holdings Berhad, Lysaght Galvanised Steel Berhad, Malaysian International Development Finance Berhad, Powertek Berhad and Saujana Consolidated Berhad.

He is a Malaysian citizen and holds a Diploma in Civil & Structural Engineering (Brighton College of Technology, UK) and is a member of Chartered Institute of Buildings (UK), Institute of Highway & Transportation (UK) and Institute of Civil Engineers (UK).



Dr. Aziuddin bin Ahmad

Dr. Aziuddin bin Ahmad, 46, joined the Board on 10 October 2000 as a non-independent, non-executive Director. A holder of an investment manager representative's license issued by the Securities Commission Malaysia, he currently practices Corporate Finance & Advisory specializing in Islamic Financial Services.

He is a Malaysian citizen and holds a Bachelor of Science with Honours in Electrical and Electronics Engineering from King's College, London, a Ph.D. in Reactor Neutron Physics and a DIC in Nuclear Reactor Engineering, both from Imperial College of Science & Technology, London.



Dato' Hilmi bin Mohd Noor

A former Secretary-General of the Ministry of Energy & Multimedia, YBhg Dato' Hilmi bin Mohd Noor, 59, joined the Board on 10 October 2000 as a non-independent, non-executive Director.

He is also a Board member of CN Asia Berhad, Johor Port Berhad and MCB Holdings Berhad.

He is a Malaysian citizen and holds a Masters in Business Administration (Marshall University).

Board and Committee Attendance

The number of Directors' meetings and meetings of committees of Directors held in the period each Director held office during the financial year and the number of meetings attended by each Director are as follows:

Number of meetings attended (first figure)/number of meetings held while in office (second figure).

Name	Board	Audit Committee	Remuneration Committee	Exco
Dato' Syed Abdul Jabbar Syed Hassan	8/8	-	-	1/1
Tan Sri Ibrahim Menudin	10/11	-	-	5/5
Datuk Ab. Sukor Shahar	8/11	-	-	3/5
Abdul Samad Haji Alias	8/11	4/5	-	3/5
Dato' Mohd Desa Pachi	6/11	5/5	-	-
Tan Sri Dato' Thong Yaw Hong	9/11	4/5	1/1	-
Tan Sri Dato Dr. Abdul Khalid bin Sahan	11/11	-	-	5/5
Jamiah Abd. Hamid	6/11	-	-/1	3/5
Datuk Alladin Hashim	9/11	3/5	-	-
Tan Sri Dato' Ir. (Dr.) Wan Abdul Rahman bin Haji Wan Yaacob	6/11	-	-	-
Dr. Aziuddin bin Ahmad	4/5	-	-	-
Dato' Hilmi bin Mohd. Noor	2/5	-	-	-
Raja Tan Sri Muhammad Alias bin Raja Muhammad Ali (resigned on 16 June 2000)	2/2	-	1/1	4/4
Zain Azahari bin Zainal Abidin (resigned on 20 June 2000)	-/2	-	1/1	3/4

Directors' Remuneration

The aggregate Directors' remuneration paid or payable or otherwise made available to all Directors of the Company during the financial year are as follows:

Category	Fees (RM'000)	Salaries & Other Emoluments (RM'000)	Benefit in kind (RM'000)
Executive Directors	-	1,002	71
Non-Executive Directors	252	116	29

The number of Directors of the Company whose income from the Company falling within the following bands are:

Executive Directors	Number
RM400,000 to RM450,000	1
RM550,000 to RM600,000	1
Non-executive Directors	Number
Less than RM50,000	10
RM50,000 to RM100,000	2

Directors' Responsibility Statement

In respect of the preparation of the audited financial statements (as required under paragraph 15.27(a) of the Kuala Lumpur Stock Exchange (KLSE) listing requirements):

The Directors are required to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and Group and of their results and cash flows for that year. In preparing those financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act, 1965. They have a general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company, to prevent and detect fraud and other irregularities.

Other Information

Conflict of Interest

None of the Directors has any family relationship with other Directors or major shareholders of the Company.

None of the Directors has any conflict of interest in the Company except for Dr. Aziuddin bin Ahmad who is deemed interested via his interest in Impian Teladan Sendirian Berhad, a major shareholder of the Company.

Convictions for Offences

None of the Directors has been convicted for offences within the past ten (10) years other than traffic offences, if any.

Utilisation of Proceeds

During the year, part of the proceeds of the rights issue raised in 1996 were utilised for the partial acquisition of 22.7% interest in Malakoff Berhad by the Company.

Share Buybacks

During the financial year, there were no share buybacks by the Company.

Options, Warrants or Convertible Securities

No options, warrants or convertible securities were exercised by the Company in the financial year.

American Depositary Receipt (ADR) or Global Depositary Receipt (GDR) Programme

During the financial year, the Company did not sponsor any ADR or GDR programme.

Imposition of Sanctions/Penalties

There were no sanctions and/or penalties imposed on the Company and its subsidiaries, Directors or management by the relevant regulatory bodies.

Non-audit Fees

The amount of non-audit fees paid to the external auditors by the Company for the financial year amounted to RM0.61 million.

Profit Estimate, Forecast or Projection

There was no variance between the results for the financial year and the unaudited results previously announced. The Company did not make any release on the profit estimate, forecast or projections for the financial year.

Profit Guarantees

During the year, there were no profit guarantees given by the Company.

Material Contracts

During the year, there were no material contracts on the Company and its subsidiaries involving Directors' and major shareholders' interests.

Contracts Relating to Loans

There were no contracts relating to loans by the Company in respect of the abovesaid item.

Revaluation of Landed Properties

The Company does not have a revaluation policy on landed properties.



Management

Tan Sri Ibrahim Menudin
(Group Chief Executive)

Datuk Ab. Sukor Shahar
(Executive Director, Operations and Technical)

Phan Leong Kim
(Group Chief Financial Officer)

Secretaries

Suseela Sundram
Abd. Hadi Abd. Ghani

Registered Office

32nd Floor, Menara PNB
201A Jalan Tun Razak
50400 Kuala Lumpur
Telephone No.: 03-2161 6000
Fax No: 03-2163 3137
E-mail: corpsec@mol.net.my

Registrar

Pernas Charter Management Sendirian Berhad
32nd Floor, Menara PNB
201A Jalan Tun Razak
50400 Kuala Lumpur
Telephone No.: 03-2161 6000
Fax No: 03-2163 3137
E-mail: corpsec@mol.net.my

Auditors

KPMG
Public Accountants

Principal Banker

Bumiputra Commerce Bank Berhad

Stock Exchange Listing

The Main Board
Kuala Lumpur Stock Exchange

Financial Highlights

	2001	2000	1999	1998	1997
Profit before tax	419.9	204.2	38.6	(229.9)	89.2
Profit after tax and minority interest	400.0	104.5	5.8	(186.2)	41.1
Profit attributable to shareholders	400.0	104.5	5.8	(186.2)	102.4
Gross assets	2,967.4	2,146.7	2,170.7	2,421.8	2,658.4
Shareholders' funds	1,904.2	1,579.7	1,514.2	1,452.6	1,756.3
Market value of quoted investments	1,571.2	1,457.8	1,706.3	2,421.5	3,121.1
Pre-tax return on shareholders' funds (%)	22.1	12.9	2.5	(15.8)	5.1
Earnings per share (sen)	47.8	12.5	0.7	(22.3)	12.2
Net dividend per share (sen)	7.0	6.0	4.0	5.0	4.0
Net asset per share (sen)	228.0	189.0	181.0	174.0	210.0

(All amounts in RM thousand)



Audit Committee

Members of the Committee

Dato' Mohd Desa Pachi, *Chairman*
(Non-independent, non-executive)

Tan Sri Dato' Thong Yaw Hong
(Independent, non-executive)

Abdul Samad Haji Alias
(Independent, non-executive)

Datuk Alladin Hashim
(Non-independent, non-executive)

The term of office of each member is subject to review every three years.

Secretary

One of the Company Secretaries as decided by the Chairman of the Committee.

Quorum

Two.

Frequency of Meetings

At least four times a year and as and when required. At least once a year, the Committee shall meet with the external auditors without executives being present.

Terms of Reference

- Consider the appointment of the external auditors, the audit fee and any questions of resignation or dismissal, and inquire into the staffing and competence of the external auditors in the performance of their work.
- Discuss the nature and scope of the audit in general terms and any significant problems that may be foreseen with the external auditors before the audit commences and ensure that adequate tests to verify the accounts and procedures of the Group are performed.
- Discuss the impact of any proposed changes in accounting principles on future financial statements.
- Review the results and findings of the audit and monitor the implementation of any recommendations made therein.
- Review the quarter, half-year and annual financial statements before submission to the Board, focussing particularly on:
 - any changes in accounting policies and practices;
 - major judgemental areas;
 - significant adjustments resulting from the audit;
 - the going concern assumptions;
 - compliance with accounting standards;
 - compliance with stock exchange and legal requirements.
- Discuss problems and reservations arising from the interim and final audits, and any matters the auditor may wish to discuss (in the absence of Management where necessary).

- Ensure that the Internal Audit is adequately resourced and has appropriate standing within the Company.
- Review the internal audit programme, consider the major findings of internal audit investigations and Management's response and ensure co-ordination between the internal and external auditors.
- Keep under review the effectiveness of internal control systems and, in particular, review the external auditors' management letter and Management's response.
- Consider any related party transactions that may arise within the Company or Group.
- Carry out such other assignments as defined by the Board.

Audit Committee Report

During the financial year, the Committee met 5 times. The business covered by the Audit Committee was as follows:

- a) review of the annual budget of the Company for submission to the Board;
- b) review of the internal audit plan and major findings of internal audit reports;
- c) review of the performance/operations of subsidiaries/associates and making appropriate recommendations relating thereto;
- d) review of the quarterly results/announcements of the Company and making relevant recommendations to the Board for approval;
- e) review of the annual accounts of the Group/Company and making of relevant recommendations to the Board for approval;

- f) discussion of the proposed changes in accounting policies in respect of the treatment of goodwill and capitalisation of post construction interest of a subsidiary, and others arising from changes in accounting standards;
- g) discussion of the significant areas highlighted by the external auditors before the audit commenced;
- h) review of the findings of the external auditors and follow-up on the recommendations.

Internal Audit Activities Report

Summary of activities of the Group Internal Audit function during the year ended 31 January 2001 were as follows:

- regularly examining the controls over all significant Group's operations and systems to ascertain whether the system established provides reasonable assurance that the Group's objectives and goals will be met efficiently and economically;
- prepare the annual audit plan for deliberation by the Audit Committee;
- act on suggestions made by external examiners and/or senior management on concerns over operations or control;
- issue audit reports which identify weaknesses and problems and contain recommendations for improvements;
- issue audit reports to the appropriate level of management capable of achieving satisfactory audit results;
- determine whether corrective action was taken and is achieving the desired results.



Chairman's Statement



DEAR SHAREHOLDERS,

The financial year ended 31 January 2001 has been a year of transformation for the Malaysia Mining Corporation Berhad (MMC) Group of Companies.

With the MMC Group's continued consolidation of its business activities, the year marked a significant strategic shift from mining into the power and infrastructure sectors. As this change in strategy required considerable funding, the decision was taken to dispose MMC's entire 49.9% stake in the Australian diamond mining company, Ashton Mining Ltd (Ashton), resulting in an exceptional gain of about RM407.19 million on completion of the disposal. Part of the proceeds from the sale of MMC's equity in Ashton together with part of the remaining proceeds from the rights issue raised in 1996 were used for the acquisition of MMC's 22.7% equity stake in Malakoff Berhad (Malakoff) paving the way for MMC's emergence as a significant player in the resilient power industry.

The Group's shift of concentration towards infrastructure was further enhanced when MMC signed a conditional share sale agreement with Seaport Terminal (Johore) Sendirian Berhad (Seaport) to acquire a 50.1% equity stake in Pelabuhan Tanjung Pelepas Sendirian Berhad (PTP), the developer and operator of the nation's newest port for a purchase consideration of approximately RM1.65 billion. Payment for the acquisition of PTP will be satisfied partially by way of cash of approximately RM0.63 billion and the remainder by the issue of about 338.67 million ordinary shares of MMC at RM3.00 per share. The deal further includes MMC's agreement to

assume Seaport's obligations with respect to 50.1% of the existing and future issues of PTP's Redeemable Convertible Subordinated Loan to a maximum amount of approximately RM506.01 million. The proposed acquisition of PTP is subject to approvals to be obtained from the relevant authorities and the shareholders. The proposed acquisition of PTP, which is expected to be completed by the third quarter of 2001, represents a significant business undertaking to be injected into the Group as a further extension in enhancing the Group's synergies following the reduction in the Group's mining activities. It is anticipated that these new developments will also provide a catalyst to increase shareholders' value as well as attractiveness to investors, both local and foreign.

With the promising outlook for sustained economic growth, the Group is well poised in its efforts towards strengthening the transformation of its business activities. Towards this end, the year 2001/2002 will witness the increasing growth in the Infrastructure/Utilities Division with its business activities in Malakoff, completion of the acquisition of PTP, and the continued growth of Gas Malaysia Sendirian Berhad (Gas Malaysia). The Engineering and Construction Division will be restructured to focus on the profitable niche markets particularly from possible spin-off projects from Malakoff and PTP which are synergistic with

the Group's strengths and resources. Despite the recent disposal of major mining investments, the Group's expertise in the mining sector will be maintained to enable the Group to pursue profitable mining ventures which are in tandem with the Group's business as a whole. The year 2001/2002 will also focus on the completion of the restructuring of Berjuntai Tin Dredging Berhad, Kramat Tin Dredging Berhad and Tronoh Mines Malaysia Berhad to enable these companies to contribute positively to the Group's earnings.

For the year under review, the MMC Group posted a consolidated profit before taxation of RM419.95 million compared to RM204.24 million in the previous year. The increase was mainly due to the exceptional gain on the disposal of 160.93 million shares in Ashton which was partly offset by provisions made on certain investments and advances to associated companies.

The Board has recommended a final dividend of 3 sen per share tax exempt and a special dividend of 3 sen per share tax exempt. With an interim gross dividend of 1.0 sen per share, tax exempt which was paid on 14 December 2000, the total annual gross dividend is 7 sen amounting to a total net distribution of RM58.53 million.

The Infrastructure and Utilities Division saw continued commendable performance by Gas Malaysia and improved performance recorded by Konsortium Lebuhraya Butterworth-Kulim (KLBK) Sendirian Berhad (KLBK). For KLBK, the good performance was mainly due to increase in the traffic volume resulting from a rise in the number of companies starting operations in the Kulim Hi-Tech Park. With the completion of the acquisition of Malakoff on 31 October 2000, the Group had equity accounted its share of profit in Malakoff for the three months to 31 January 2001.

The Engineering and Construction Division showed slight improvement compared to the preceding year.

The Mining and Exploration Division had a mixed year in 2000/2001. Ashton had a good year, against the backdrop of favourable demand and strengthening of diamond prices. The Group's share of profit in Ashton was equity accounted to the month of October, before the completion of its sale on 6 November 2000. However, Hillgrove Gold NL continued to incur losses during the year partly attributable to the delay in construction and commissioning of the antimony trioxide plant which has resulted in lower turnover for the year. Meanwhile, exploration work carried out during the

year was mainly directed to the completion of evaluation and maintenance of prospecting areas.

The Corporate Division comprising the Head Office, the Manufacturing & Processing and Property sections saw higher contribution from the Head Office due mainly to higher dividend received from Sime Darby Berhad as well as lower Head Office cost.

The year witnessed the emergence of a new major shareholder, Impian Teladan Sendirian Berhad, which acquired a 19.9% equity interest in MMC from the controlling shareholder, Permodalan Nasional Berhad, forging a strategic partnership anchoring the transformation of MMC.

On behalf of the Board of Directors, I would like to record our sincere appreciation and gratitude to the former Chairman and Director of MMC, Y.M. Raja Tan Sri Muhammad Alias bin Raja Muhammad Ali who resigned from the Board on 16 June 2000 and also to Encik Zain Azahari bin Zainal Abidin who resigned as a director of MMC on 20 June 2000, for their invaluable contributions to the Company. On behalf of the Board, I would also like to welcome YBhg Dato' Hilmi bin Mohd Noor and Dr. Aziuddin bin Ahmad who both joined the Board on 10 October 2000. As the new Chairman of the MMC, I am deeply honoured by the confidence of my fellow members of the Board in affording me the opportunity to carry on the responsibilities at the helm of the MMC Group beginning 7 July 2000. In my capacity as Chairman, I shall be pleased to lend my support and guidance wherever possible towards the betterment of the Group.

On behalf of the members of the Board, I would like to take this opportunity to thank our shareholders for their continued support and the management as well as the employees for their contribution, commitment, dedication and perseverance towards the success of the Group. Our heartfelt gratitude also goes to the bankers, business associates and the various relevant authorities for their cooperation and continued support. Finally, I would like to thank my fellow colleagues on the Board for their wise counsel and guidance. As we move forward, let us continue to upgrade our skills and capabilities in facing the challenges and the developments of the global environment towards achieving greater heights in the future.

Dato' Syed Abdul Jabbar Syed Hassan
Chairman

Kuala Lumpur
30 May 2001



MINING & EXPLORATION

MINING

MALAYSIA

The Group continued with minor mining activities involving opencast tin mining on a tribute basis and retreatment of old among dumps.

The No. 3 dredge at Berjuntai Tin Dredging Berhad was reactivated in March 1999 to mine its remaining reserves under a contract arrangement. For the year ended 31 January 2001, production of tin concentrate was 117.01 tonnes compared to 98.27 tonnes in the preceding year.

Other than the reactivated dredge at Berjuntai Tin Dredging Berhad, there were two idle dredges remaining within the Group – the Sri Dermawan dredge at Timah Dermawan Sendirian Berhad and the No. 5 dredge at Southern Malayan Tin Dredging (M) Berhad. The No. 5 dredge has been donated to Perak State Government for the purpose of converting the dredge into a floating museum.

AUSTRALIA

HILLGROVE GOLD NL

The Group's interest in Hillgrove Gold NL (Hillgrove) is through its 52.3% subsidiary, Tronoh Mines Malaysia Berhad, which owns a 61.9% equity interest in Hillgrove.

During the year under review, significant progress has been made to increase mine output and downstream processing of concentrate products. Development activity and preparation to increase the mining rate from 60,000 to 230,000 tonnes per annum is well advanced.

The construction of the innovative antimony trioxide production facility commenced towards the end of the financial year following a further period of market testing of antimony trioxide samples from the pilot plant and detailed engineering design of all key process equipment. The antimony trioxide plant is scheduled to be commissioned in late 2001.

The gold pressure oxidation plant, which was commissioned in November 1999, has operated at above design throughput for most of the year. A programmed shutdown inspection, after the first twelve months of operation, showed that the

autoclave unit and ancillary equipment were in good condition after taking into consideration the corrosive properties of the process environment.

For the year ended 31 January 2001, Hillgrove recorded a loss before taxation of AUD7.79 million compared to a loss of AUD5.69 million in the previous year. The adverse result was mainly attributed to higher depreciation and amortization charges, unrealised foreign exchange loss and interest expense.



The gold pressure oxidation plant installed at Hillgrove remains the only unit of its type in Australia.

EXPLORATION

The Group concentrated its efforts on the completion of exploration projects, both locally and overseas. However, due to unstable metal prices, in particular, gold, and exploration results which were below expectation, the Group after having reviewed its involvement in these projects, has decided to proceed with outsourcing some of these high-risk ventures.

MALAYSIA

TAVAI NICKEL-COBALT LATERITE PROSPECT, SABAH

The first phase of a diamond drilling programme was conducted during the first quarter of the year. A total of 33 holes spaced between 500 and 1,000 metres were drilled with aggregated length of 741 metres, averaging 22.5 metres per hole. A sizeable amount of nickel and cobalt bearing laterites have been identified and an evaluation drilling programme comprising of 170 diamond drillholes and a metallurgical testwork programmes are being planned to be carried out

during the current financial year. Both programmes are designed to establish the economic potential of the nickel and cobalt bearing laterite resources in Tavai Plateau.

MERAPOH GOLD PROSPECT, PAHANG

As analysis of results from the diamond and reverse circulation drillholes carried out in early 2000 indicated that gold mineralisation in Ulu Merlin was more restricted than initially indicated by the early soil and trenching works, decision was made to outsource the project.



Inside Adit No. 2 at Taldy-Bulak Gold Project.

NEGERI SEMBILAN GOLD PROSPECT

Following the signing of Memorandum of Understanding (MOU) between MMC and the Negeri Sembilan State Government in September 1999, a draft agreement for the discovery and development of commercial mineral resources within a 4,690 square kilometer area was prepared and submitted to the State Government for its consideration. Currently, negotiations are being held to finalise the Agreement.

OVERSEAS

LAO PEOPLE'S DEMOCRATIC REPUBLIC (LAO PDR)

LAO GOLD AND BASE METAL PROJECT

10 trenches, comprising an aggregating 618 metres, were excavated in the first half of 2000 in the north-western and south-central sectors of the

mineral tenement. As the results were below the Group's expectations, fieldwork was suspended and invitations to outsource the project were extended to interested third parties. Owing to poor response, the Company notified the Lao Government of its decision not to proceed with the project.

INDONESIA

CEMPAKA-DANAU SERAN ALLUVIAL DIAMOND PROJECT, KALIMANTAN

Trial dredging operations continued in March 2000, with work concentrated mainly within the intermediate area between the Northern and Southern paleochannels. By September 2000, the dredge had excavated most of the upper alluvial sediments, which was earlier thought to be the main source of alluvial diamonds. However, diamond production and monthly recovered grades were much lower than the monthly budgeted figures. In view of the lower than initially anticipated diamond recovery, the Group decided to reduce its involvement in the project.

KYRGYZ REPUBLIC

TALDY-BULAK GOLD PROJECT

The revised feasibility study undertaken by Minproc Limited, Australia was completed in March 2000. Findings of the study revealed a substantial reduction on capital cost, thus improving the project's internal rate of return (IRR). However, due to a sharp drop in the gold price, from a high of USD300 to a low of USD270 per oz, the IRR of the project was considered not viable at this juncture. Efforts are being made to address the technical issues with the relevant Kyrgyz Authorities, with a view to improving returns.



ENGINEERING

KUANTAN KERTEH RAIL WAY PROJECT – CIVIL WORKS (PACKAGE 2)

The MMCE-Franky Consortium was awarded the Civil Works Package 2 by Petroliaam Nasional Berhad (Petronas) in December 1999 involving the procurement, construction and commissioning of a 42 km. new stand alone railway system to provide a container shuttle service for refinery products between the Kerteh Industrial Complex, Terengganu Darul Iman and the Gebeng Industrial area as well as the port facilities at Kuantan Port, Pahang Darul Makmur.

The general scope of work involves site clearance and earthworks, ground treatment works, bridge construction, road and drainage works, sub ballast, relocation of existing services for telephone and power lines and the laying of the water mains, box culverts as well as pipeline crossing. The project is scheduled for completion in July 2001 and has a contract value of RM167.0 million.

MENARA GREAT EASTERN, JALAN AMPANG, KUALA LUMPUR

MMC-GTM Bina Sama Sendirian Berhad (MMC-GTM) was appointed by Obayashi Corporation, in July 1999, as the sub-contractor of a five-storey basement car park cum commercial area at Menara Great Eastern Life, Jalan Ampang.

The general scope of work involves earthwork and sub-structure reinforced concrete works up to a total depth of 18.1 m. The construction method specified is a full top down system and the estimated rock volume (lime stone), is about 15,000 m.

Road over Rail Bridge ready for launching.

In March 2000, the company was awarded an additional project, the construction of a 8-storey podium block and 22-storey office tower block.

The total project cost has increased to about RM53.0 million with construction period being extended to March 2001.

PROPOSED DEVELOPMENT OF KULIM POLYTECHNIC COMPLEX, KULIM HI-TECH, PADANG CINA, KULIM, KEDAH DARUL AMAN

MMC-GTM was appointed by S.I. Pronas JV Sendirian Berhad as the sub-contractor for the Kulim Polytechnic Complex.

The project, which is sited on a rectangular shaped oil palm land measuring 40 ha. is situated adjacent to the Kulim Hi-Tech Park which is about 30 km. east of Butterworth town, Penang.

The project scope consists of earthworks, building works, external infrastructure, landscaping and security fencing. 30% of the total land area will be for building works with 62% being designated as a green lung zone and the balance, for other ancillary works.

The construction started in June 2000 and is scheduled to be completed within 30 months.

Superstructure: Construction work in progress – Menara Great Eastern Life project.



LUMUT COMBINED CYCLE POWER PLANT 3 PROJECT, LUMUT, PERAK DARUL RIDZUAN

The MMCES-Zelan JV was appointed as the Turnkey Contractor by Alstom Power Asia Pacific Sendirian Berhad in December 2000. The project, which entails the design and construction of the civil and building works for the combined cycle equipment for the Lumut Combined Cycle Power Plant 3 Project, is progressing well on schedule.

The general scope of work involves site clearance and earthworks, foundation for the combined cycle equipment facilities and control building, and mechanical and electrical works. The project is scheduled to be completed within 13 months at a contract value of RM65.0 million.

ENGINEERING DESIGN CONSULTANCY SERVICES

The market for design engineering services for the oil & gas sector last year increased significantly due to a large number of development projects for both green fields and brown fields being tendered by clients capitalising on strong world oil prices which are expected to continue well into year 2003. Equally, the MLNG 2 and MLNG 3 plants of Petronas show an increasing demand for gas which is expected to see a further development of gas fields in offshore Sarawak. MMC Oil & Gas Engineering Sendirian Berhad (MMC O&G) also continued to develop and secure projects for onshore plants in anticipation that the demand for services in this sector will gradually increase due to scheduled plant revamp, upgrade and maintenance.

For the year under review, MMC O&G has secured and/or completed various projects for both offshore and onshore development. The major projects include:

- Irong Barat A expansion project for Esso Production Malaysia Inc. (EPMI).
- B-11 phase 2 conceptual design for Sarawak Shell Berhad.
- Detailed design of Host Tie Ins at Seligi A for EPMI.
- Extension of contract and work order for Helang Field Development for detailed engineering design and procurement services for Nippon Oil Exploration (Malaysia) Limited.
- Retrofit contracts as exclusive design consultant to Petra Resources Sendirian Berhad for EPMI.
- Detailed design of Semarang Revisit for Petronas Carigali Sendirian Berhad (PCSB).
- Structural integrity studies for 9 platforms for PCSB.
- Front end engineering design for NPK plant for NAFAS (Expansion to Petronas Fertiliser Kedah).
- Turnaround projects and modification works for Petronas Penapisan (Melaka) Sendirian Berhad.
- Additional Nitrogen Plant for Asean Bintulu Fertilizer Sendirian Berhad.

Installation of embedded part of gas turbine block 1 in progress



Civil and building works at Segari power plant in Perak.



MMC O&G also actively participated in engineering, procurement, construction and commissioning (EPCC) projects in collaboration with OGP Technical Services Sendirian Berhad (OGP) for the Ratawi Field Development in Iraq, Malaysian Shipyard and Engineering (MSE) and Brooke Dockyard Engineering Works Corporation (Brooke Dockyard) for Lundin PM3 CAA Packages 4, 5, 6 and Lundin PM3 CAA Package 3 respectively. The announcement of these awards will be made in 2001. MMC O&G has also started development work in collaboration with AMEC (Malaysia) Sendirian Berhad (AMEC) to expand into onshore design services, turnaround management and operation and maintenance services.

To maintain the company's strong performance and in order to remain competitive in this business, MMC O&G will be adopting the following strategies:

- Increase existing client base by further promoting the company's services to new prospects in the industrial corridor covering Kerteh, Gebeng and Pasir Gudang.
- Further develop business with new oil and gas operators which include Murphy Oil, Santa Fe and Amerada Hess.
- Work in collaboration with AMEC, OGP and main offshore fabricators including MSE, Brooke Dockyard and Sime Semcorp to secure EPCC contracts.
- Continue to develop management and technical skills and strengthen core staff and other infrastructure.
- Develop new turnaround management and asset management skills and develop the business with AMEC who has vast experience in this field.
- Expand the existing design services to regional clients in Brunei, Thailand and Indonesia in collaboration with local contractors such as PT Rekayasa in Indonesia.

ENGINEERING, PROCUREMENT , CONSTRUCTION AND COMMISSIONING (EPCC) OF A NATURAL GAS DISTRIBUTION SYSTEM (NGDS) FOR YI LAI INDUSTRIES, KULAI, JOHOR DARUL TAKZIM

MMC Engineering Services Sendirian Berhad (MMCES) was appointed by Gas Malaysia Sendirian Berhad in February 2000 to undertake a project involving the engineering, procurement, construction and commissioning of a Natural Gas Distribution System (NGDS) for Yi Lai Industries, in Kulai, Johor Darul Takzim.



Laying of pipeline for Natural Gas Distribution System to Yi Lai Industries Berhad, Kulai, Johor Darul Takzim.

The general scope of works involve supplying and laying 9 km. of 8 inches (steel) Natural Gas Pipeline, horizontal direct drilling works, pipe jacking works, backfilling and excavation works and the construction of an odorizer station. The project is scheduled to be completed by the end of April 2001 at a contract value of RM5.06 million.

HEAVY ENGINEERING AND MECHANICAL FABRICATION

During the financial year under review, Tepat Teknik Sendirian Berhad (Tepat Teknik) continued to register a reasonably good performance in the heavy engineering and mechanical fabrication sector. Tepat Teknik recorded a turnover of RM89.79 million and profit before tax of RM5.22 million, an increase of RM22.12 million and RM0.46 million respectively. The major

contributors to the total turnover were mainly from the traditional business sectors, namely the oil & gas, power generation, petrochemical and general industries.

Total orders, however, amounted to RM53.74 million, which was 32% lower than the previous year. Some of the major contracts secured and implemented during the year include:

- Four units of process columns for Malaysia LNG 3 (MLNG 3) in Bintulu, Sarawak



240 MT steel oil production separator for Petronas Carigali Sendirian Berhad – largest clad steel pressure vessel fabricated in Malaysia by Tepat Teknik.

- 6 units of heating coils for convection bank for MLNG 3 in Bintulu, Sarawak
- Fabrication of 2 units of heat recovery steam generator (HRSG) for export to Shell New Orleans, U.S.A.
- Fabrication of air & gas ducts, stacks and structural steel for Seraya project in Singapore.
- 3 units of air-cooled heat exchangers for MLNG Rejuvenation and Revamp (MRR) Project in Bintulu, Sarawak.
- 2 units of new equipment for additional demin train in Bintulu, Sarawak.

- Supply and installation of structural steel works at Segari II Power Plant extension in Lumut.
- 3 units of ductwork components for Manjung Power Station in Perak.

Tepat Teknik will continue to work with strategic partners to both complement and enhance its competitive edge. With the implementation of several power plant projects, port infrastructure and continued expansion of the upstream activities for the oil industry, Tepat Teknik has a bullish outlook for the coming financial year.

DEFENCE AND TRANSPORTATION

For the year under review, the Division's Defence & Transport Engineering Sector completed another 30 vehicles under a contract to overhaul 150 units of Condor Armoured Personnel Carrier for the Ministry of Defence (Mindef). Negotiations to extend the contract for another 3 years to complete overhauling the remaining 90 vehicles is in its final phase. The new contract, when formalised, would be effective beginning year 2001 to 2003.

The division is currently pursuing other defence projects such as overhauling and upgrading Scorpion Combat Vehicle Reconnaissance Tanks and Stormer Armoured Personnel Carriers, overhauling 168 units of Sibmas Armoured Fire Support Vehicle and supplying Main Battle Tanks.

FOUNDRY

MMC Metal Industries Sendirian Berhad (MMC Metal) experienced a decline in sales to the mining, quarry and general engineering sectors due to a lack of demand and keen competition. However, sales to the cement plant sector increased due to orders received to supply special alloy castings to this sector. In the railway sector, the company received orders to supply bogies for the Kuantan Kerteh Railway project. Thus far, part deliveries have been made.

MMI Precision Sendirian Berhad, a wholly-owned subsidiary of MMC Metal, recorded an increase in sales to the glass fittings, electrical switch gear and general engineering sectors.



INFRASTRUCTURE & UTILITIES

POWER GENERATION

The year under review saw the Group venture into the power generation business with the completion of the acquisition of an initial 22.7% interest in Malakoff Berhad from Malaysian Resources Corporation Berhad on 31 October 2000.

The Malakoff group (Malakoff) is principally involved in the power generation business. The other core businesses of the group include providing operation and maintenance services, distribution of electricity and the Centralised Chilled Water Plant project.

For the financial year ended 31 August 2000, Malakoff recorded a profit before tax of RM544.16 million which was slightly lower than the RM546.79 million recorded in the previous year. The profit was achieved on a turnover of RM1,473.20 million, a decrease of 6.3% from a turnover of RM1,572.60 million recorded in the previous financial year. The lower turnover was attributed mainly to the completion of a land reclamation project by one of its subsidiaries in the previous year.

The power generation business continued to expand during the period under review. There were several notable achievements that contribute towards the overall turnover and profit for the Malakoff group, one of which was the successful bid for a 40% stake in Tenaga Nasional Berhad's (TNB) 2420 MW Sultan Salahuddin Abdul Aziz Power Station in Kapar, Selangor in April 2000.

With the successful Kapar bid, the Malakoff group's plant capacity will be doubled. In July 2000, another notable achievement was recorded with the successful bid to develop and operate an open cycle gas turbine power plant as an additional block to the existing Lumut Power Plant (LPP), commonly referred to as LPP Block 3, in Segari, Perak with a generation capacity of 430 MW. In August 2000, approval was given to convert the same to a 650 MW combined cycle gas turbine power plant after 12 months of open cycle operations. The extension of LPP Block 3 will ensure Malakoff's status as the largest Independent Power Producer (IPP) in Malaysia.

Malakoff, through its wholly-owned subsidiary, Teknik Janakuasa Sendirian Berhad (TJSB), is also involved in providing engineering services, specialising in the provision of operations and maintenance (O&M) services for the generation and utilisation of power. Aside from providing the O&M services to LPP, TJSB was also awarded contracts to provide O&M services for 2 Centralised Utility Facilities, one at Kerteh and the other at Gebeng by Petronas Gas Berhad. Contracts were also awarded to provide O&M services for the LPP Block 3 Project and the Perai Power Plant where commercial operations are scheduled to start from December 2001 and early 2003 respectively. In June 2000, TJSB was awarded the prestigious ISO 9002 certification by Lloyds Registered Quality Assurance for the provision of O&M services to LPP.

The electricity distribution business and Centralised Chilled Water Plant project are carried out by Malakoff's subsidiary, Wirazone Sendirian Berhad

A view of Malakoff's Lumut Power Plant at Segari, Perak from the main access road across a former tin mining pond.



(Wirazone). Following the issuance of a licence by the Department of Electricity and Gas Supply to supply electricity to Kuala Lumpur Sentral through the Electrical Distribution System and the company's Bulk Supply Agreement with TNB on 8 July 1999, Wirazone has applied a state-of-the-art and dependable electrical distribution system. In July 2000, the Central Station and Depot were signed on as its first customers with a load demand of 5.0 MW and 1.5 MW respectively. The Centralised Chilled Water Plant (CCWP) project, which is a scaled-down version of a district cooling system, is currently being developed. To cater for the air-conditioning requirements of three blocks of office suites at Plaza Sentral, the CCWP will operate 2 units of electric centrifugal chillers, each having a capacity of 3000 Refrigerant Tons. The CCWP can be expanded for supply to other buildings as well as integrate with future plants to form a District Cooling System network within the KL Sentral.

With an increasing demand for power as well as the restructuring and privatisation of overseas markets, the company's future prospects are promising as Malakoff foresees other avenues for expansion of its core business.

NATURAL GAS DISTRIBUTION SYSTEM (NGDS)

During the year under review, Gas Malaysia Sendirian Berhad (Gas Malaysia) continued to register strong sustainable growth and profitability. Sales growth was driven by the industrial sector whilst significant progress was made to supply the residential and commercial sectors.

Gas Malaysia owned area station for natural gas supply to residential customers in Precinct 9, Putrajaya.



Gas Malaysia recorded a turnover of RM567.62 million for the financial year under review, up 52% from the previous year. In the same year, profit before tax rose by RM8.06 million to RM85.59 million against RM77.53 million the previous year. Sales revenue was 54% higher than the previous year due to higher sales volume and higher average tariff charged reflecting a higher average indexation factor compared to the previous year. During the year under review, Gas Malaysia continued to support the revival of industries with an energy rebate of 10% for small and medium size customers.

Total sales volume achieved for the financial year 2000/2001 was 25.2 million mmBtu representing an increase of 6.7% compared to the previous year's 23.6 million mmBtu. The growth was mainly attributable to increased consumption by existing customers in the non-metallic mineral products, basic metal, electrical & electronics, rubber, chemical and glass industries.

As at January 2001, a total of 170 industrial customers, 846 residential customers and 86 commercial customers were supplied natural gas, an increase of 24, 204 and 6 customers respectively. The central region which has the highest number of industrial customers contributes 58% of the sales volume, followed by the southern, eastern and northern regions which contributed 27%, 14% and 1% respectively.

In November 2000, Gas Malaysia established Gas Malaysia (LPG) Sendirian Berhad for the purpose of operating the LPG reticulation business. The trade name adopted for the business is Enagas. Gas

Gas pipe laying along the common utility trench (C.U.T.) in Precinct 2, Putrajaya.



Malaysia's LPG licence was issued in December 2000 for a period of 20 years. The new business complements the company's strategy to supply the residential and commercial sectors and become an Energy Service company. The beginning of year 2001 saw Gas Malaysia supplying LPG to 24,030 residential customers and 43 commercial customers.

Gas Malaysia is currently operating a total of 450 kilometres of pipeline. During the year, 22 kilometres of pipeline were commissioned and supply was expanded to Bangi, Selangor. The company is in the midst of laying 135 kilometres of pipeline and constructing a NGDS to serve new communities in Putrajaya, Cyberjaya, Petaling Jaya, Kulai in Johor and Jeram in Kuala Selangor. Gas Malaysia will continue to expand the distribution system to new communities and within existing communities with a view to ensuring maximum geographical coverage for gas supply and increase consumption. With the anticipated growth in consumption coupled with technical development and the implementation of new technology, Gas Malaysia is well poised to achieve continued growth and profitability in the current financial year.

BUTTERWORTH-KULIM HIGHWAY PRIVATISATION PROJECT

Konsortium Lebuhraya Butterworth-Kulim (KLBK) Sendirian Berhad, a wholly-owned subsidiary, is the operator of the 17 kilometre open system toll highway, the Butterworth-Kulim Expressway (BKE), which links the new port, North Butterworth Cargo Terminal on the west with Kulim High Technology Park (KHTP) on the east. The BKE will form part of the soon-to-be completed alternative East-Coast Interstate National Road Network linking Butterworth, Baling and Grik with Kota Bharu.

BKE is a modern two-lane carriageway complete with full access control, a dedicated motorcycle track and a state-of-the-art elevated restaurant with public amenities.

There was a marked improvement in total revenue collected for the year compared to the previous year due to a 22% increase in traffic volume. With annual traffic volume having surpassed the 15 million vehicles mark, the total toll revenue collected was approximately RM17.81 million. This



KLBK's Butterworth – Kulim Expressway with the state-of-the-art elevated restaurant and dedicated motorcycle track.

was attributable to favourable developments in the KHTP area which saw a number of factories commencing operations leading to an increase in number of people being employed in the area.

Many housing and mixed development projects in the vicinity have also started to come on stream.

It is envisaged that the traffic volume will continue to increase as the year progresses, after taking into consideration the rapid progress of the surrounding developments, such as KHTP, Padang Meha Parkland and several new housing schemes within the Kulim area. Various promotional activities and safety campaigns are held from time to time to both boost the traffic volume as well as inculcate good driving attitudes among the road users.

MANUFACTURING

SMEETING

Malaysia Smelting Corporation Berhad (MSC) which undertakes the Group's tin smelting operations continued to maintain its impressive performance in year 2000 amidst a highly competitive and challenging global market environment. For the financial year ended 31 December 2000, MSC recorded a profit before taxation of RM27.48 million, an increase of 11%



*MSC's Electrolytic Grade High Purity Tin
(Minimum 99.99% Sn)*

compared to RM24.81 million posted in the previous year. This was achieved on a turnover of RM575.02 million, a decrease of 23% from RM742.95 million in the previous year due to low volume of physical trading of tin metal transacted during year 2000. The improved earnings were primarily attributable to the increase in operational efficiencies and the more flexible smelting operations which enabled the company to produce more profitable tantalum bearing tin slag to meet the robust demand in the global micro electronics and telecommunication industries. Stock management efficiency and improved earnings contributed significantly to the strengthening of the company's cash position.

During the year, MSC further strengthened its global strategic position as the largest international tin smelter by focussing on its core business of

smelting, refining and marketing of tin metal and associated value-added products. The company's newly acquired associate, Redring Solder (Malaysia) Sendirian Berhad, also expanded its business in the production and marketing of tin based industrial materials for the global electronics industries.

The smelting and refining facilities were operating at maximum potential capacity levels during the year. The total intake of tin concentrates and tin bearing materials was 41,840 tonnes and approximately 15% of these materials contained some recoverable tantalum-bearing tin slag products. The main operating challenge during the year was to produce more high yield tantalum-bearing products to meet the strong demand in the global electronics market and at the same time to ensure that MSC fully met all its contractual obligations for the delivery of tin metal. The flexibility needed in determining capacity utilisation and materials mix was managed efficiently resulting in sharply increased returns in the second half of the year. Other areas where operating results had a positive impact on earnings were inventory management, focussing on efforts to reduce stocks of concentrates and managing intermediate materials to more efficient levels, aside from measures to achieve greater efficiencies in process materials usage and reduce energy consumption in order to control overall operating costs.

The global economic slowdown which became evident during the early part of 2001 will have an adverse impact on the earnings of the metal and mineral sectors of the world. Amidst a growing and intense global competitiveness for feed materials, MSC is strengthening its global network to enable MSC to sustain its level of intake of tin concentrates and tin bearing materials to maintain the company's smelting plant operating at full capacity. With on-going proactive measures for continuous improvements in operating efficiencies and flexibilities, MSC believes that its operations will remain profitable in the year 2001 although the results are not expected to match the record earnings achieved in the previous year.



WEATHERSTRIP

The Group's participation in the manufacturing of weatherstrip is through Seginiaga Rubber Industries Sendirian Berhad (Seginiaga) which is a 66.1% subsidiary of MMC. Seginiaga has maintained its leadership position in weatherstrip manufacturing in Malaysia, with more than 70% share of the domestic passenger car weatherstrip market.

For the financial year ended 31 January 2001, Seginiaga registered an impressive 15% increase in turnover to approximately RM31.23 million from RM27.26 million the previous year. Despite the higher turnover, Seginiaga incurred a marginal loss of RM0.02 million compared to a profit before tax of RM1.74 million before write back of provisions in the previous year. The loss was attributed to an increase in sales for models selling below production cost which were mainly Proton Waja, Perodua Kancil and Toyota Unser.

To overcome the deficit, Seginiaga will continue to reduce the production costs whilst enhancing productivity. Measures are also being taken to address pricing issues with the customers. In order not to be over dependant on the automotive industry, Seginiaga is exploring the possibility of diversifying into the introduction of additional products for use in the construction and marine industries.

Through the implementation of such strategies, Seginiaga intends to at least maintain its position in the market with a view to continuously enhance Seginiaga's shareholders' value in the future.

Weatherstrip joining process.



INVESTMENT

SIME DARBY BERHAD

The Sime Darby Berhad (Sime Darby) group recorded a growth in performance for the financial year ended 30 June 2000 with the group achieving a profit before tax of RM1,199.10 million for the year, an increase of 18% from RM1,018.20 million in the previous year. The increase was achieved inspite of a 57% decline in the operating profit of the plantations division, thus reflecting the strength, resilience and diversity of the Sime Darby group's core businesses. The growth during the year came mainly from the group's operating divisions in Malaysia other than plantations as a result of the strong resurgence of economic activity in the country following the introduction of exchange controls and lower interest rates in the previous year.

The decline in profits from the plantations division was due to lower average selling price of palm oil against that of the previous year. However, the tyre, manufacturing, heavy equipment and motor vehicle distribution and the property development divisions as well as the operating units in Malaysia, Hong Kong and Singapore reported higher pre-tax profits during the period under review compared to the previous year.

For the half year ended 31 December 2000, Sime Darby reported a group pre-tax profit of RM575.20 million, an increase of 24% from the previous year's pre-tax profit of RM463.70 million. The profit was achieved on a turnover of RM6,055.30 million as against RM5,273.80 million achieved the previous year.

In view of the lower selling prices of palm oil products and the effects of an economic slowdown in the United States of America, Sime Darby does not anticipate a similar performance in the second half of the year.

MS ISO 9002 Certification Award to Gas Malaysia Sendirian Berhad.



30 LARGEST SHAREHOLDERS AS AT 8 JUNE 2001

Name	No. of Shares Held	% of Issued Capital
1. Permodalan Nasional Berhad	388,370,232	46.45
2. Mayban Nominees (Tempatan) Sendirian Berhad	166,392,000	19.90
– Impian Teladan Sendirian Berhad		
3. Employees Provident Fund Board	59,968,300	7.17
4. Mayban Nominees (Asing) Sendirian Berhad	15,400,947	1.84
– The Straits Trading Company Limited		
5. Cartaban Nominees (Asing) Sendirian Berhad	6,881,800	0.82
– Bernstein Emerging Markets Value Portfolio		
6. Citicorp Nominees (Asing) Sendirian Berhad	4,680,000	0.56
– Sunnyvale Holdings Ltd		
7. Cartaban Nominees (Asing) Sendirian Berhad	4,660,000	0.56
– Investors Pacific International Fund		
8. HSBC Nominees (Asing) Sendirian Berhad	4,093,000	0.49
– The State Teachers Retirement System of Ohio Sanford Emerging		
9. Amanah Raya Nominees (Tempatan) Sendirian Berhad	3,724,000	0.45
– Kuala Lumpur Growth Fund		
10. Amanah Raya Nominees (Tempatan) Sendirian Berhad	3,702,000	0.44
– Kuala Lumpur Index Fund		
11. Amanah Raya Nominees (Tempatan) Sendirian Berhad	3,485,000	0.42
– Amanah Saham Wawasan 2020		
12. Rothputra Nominees (Tempatan) Sendirian Berhad	3,384,000	0.40
– Employees Provident Fund		
13. HSBC Nominees (Tempatan) Sendirian Berhad	3,290,000	0.39
– OSK-UOB Equity Trust		
14. Mayban Nominees (Tempatan) Sendirian Berhad	3,232,000	0.39
– Kuala Lumpur Balanced Fund		
15. Mayban Nominees (Tempatan) Sendirian Berhad	2,891,000	0.35
– Kuala Lumpur Regular Savings Fund		
16. Mayban Nominees (Tempatan) Sendirian Berhad	2,267,000	0.27
– Kuala Lumpur Ittikal Fund		
17. Citicorp Nominees (Asing) Sendirian Berhad	2,111,000	0.25
– Stichting Shell Pensioenfond		
18. Mayban Nominees (Tempatan) Sendirian Berhad	2,096,000	0.25
– Kuala Lumpur Industry Fund		
19. BBMB Securities Nominees (Tempatan) Sendirian Berhad	2,060,000	0.25
– Petrolia Nasional Berhad		
20. OSK Nominees (Asing) Sendirian Berhad	2,000,000	0.24
– Lee Kim Tah Private Limited		
21. The Central Depository (Pte) Limited	1,904,514	0.23
22. Amanah Raya Nominees (Tempatan) Sendirian Berhad	1,762,000	0.21
– Kuala Lumpur Savings Fund		
23. Lembaga Kemajuan Tanah Persekutuan (FELDA)	1,761,000	0.21
– Jabatan Kewangan Ibu Pejabat Felda		
24. Universal Trustee (Malaysia) Berhad	1,724,000	0.21
– Mayban Balanced Trust Fund		
25. ABN Amro Nominees (Tempatan) Sendirian Berhad	1,671,000	0.20
– Employees Provident Fund Board		
26. Citicorp Nominees (Asing) Sendirian Berhad	1,644,000	0.20
– Sanford C. Bernstein Group Trust		
27. Pertubuhan Keselamatan Sosial	1,631,600	0.19
28. HSBC Nominees (Asing) Sendirian Berhad	1,600,000	0.19
– Asia Growth Fund		
29. HSBC Nominees (Asing) Sendirian Berhad	1,547,000	0.18
– Fonditalia		
30. Mayfin Nominees (Tempatan) Sendirian Berhad	1,421,400	0.17
– Law Kit Tat		
Total	701,354,793	83.88



HOLDINGS OF ISSUED SHARE CAPITAL AS AT 8 JUNE 2001

Size of Holdings	No. of Shareholders	% of Shareholders	No. of Shares Held	% of Issued Capital
Less than 1,000	1,178	8.96	414,173	0.05
1,000 to 10,000	10,216	77.70	34,806,668	4.16
10,001 to 100,000	1,552	11.80	43,581,897	5.21
100,001 to less than 5% of issued shares	200	1.52	142,605,940	17.06
5% and above of issued shares	3	0.02	614,730,532	73.52
Total	13,149	100.00	836,139,210	100.00

GEOGRAPHICAL

Malaysia	12,194	92.74	827,611,140	98.98
Singapore	534	4.06	6,265,781	0.75
United Kingdom and others	421	3.20	2,262,289	0.27
Total	13,149	100.00	836,139,210	100.00

CATEGORY

Individuals	9,418	71.63	49,743,339	5.95
Banks	24	0.18	61,760,300	7.39
Nominee Companies	3,294	25.05	319,703,330	38.24
Insurance Companies	6	0.05	10,800	0.00
Other Limited Companies	287	2.18	404,205,494	48.34
Pension Funds and Trustees	108	0.82	627,375	0.07
Others	12	0.09	88,572	0.01
Total	13,149	100.00	836,139,210	100.00

SUBSTANTIAL SHAREHOLDERS AS AT 8 JUNE 2001

	Direct	No. of Shares Held %	Deem Interested	%
Permodalan Nasional Berhad	385,775,232	46.14	-	-
Impian Teladan Sendirian Berhad	166,392,000	19.92	-	-
Employees Provident Fund Board	66,990,300	8.01	-	-
The Straits Trading Company Limited	15,400,947	1.84	1,446,000	0.17
Dr. Aziuddin bin Ahmad	-	-	166,392,000	19.92
Zainal Rashid bin Ab. Rahman	-	-	166,392,000	19.92
Yayasan Pelaburan Bumiputera	-	-	385,775,232	46.14

Class of Shares : Ordinary Shares of 10 sen Each
Voting Rights : One (1) Vote per Share

List of Properties

held by MMC and its Subsidiaries as at 31 January 2001

Location	Tenure	Area (Hectares)	Year of Expiry	Description/ Existing Use	Net Book Value RM'000	Age of Building (Years)	Year of Acquisition
MALAYSIA							
<u>Perak Darul Ridzuan</u>							
Lot Nos. 39, 999, 1023, 1556, 1578, 1675, 2447, 2568, 2669, 2675, 2677 – 2679, 2907, 2951, 2954, 3031, 3064, 3065, 4263 & 6680 Batang Padang District of Batang Padang	Freehold	25.32	–	Agricultural land/ Vacant	482	–	Various years covering from 1968 to 1979
Lot Nos. 712 & 3501 Bidor District of Batang Padang	Freehold	1.21	–	Agricultural land/ Vacant	14	–	1968 & 1978
Lot Nos. 5072, 5073 & 5078 Changkat Jong District of Hilir Perak	Freehold	8.51	–	Agricultural land/ Vacant	99	–	1975
Lot Nos. 1894, 2136 3386 – 3389, 3564, 3576, 3581 – 3583, 3586, 3631, 3634, 3794, 3796, 3798, 4095, 4100, 4101, 4124, 4127, 4129, 4131 – 32, 4157, 4163, 4788, 4793, 4794, 5532, 5533, 5828, 5853, 5856, 6236, 6543 – 6545, 6550 – 51, 6555 – 6557, 6569 – 80, 6585, 6586, 6588, 6593, 6654, 6961. Chenderiang District of Batang Padang	Freehold	81.56	–	Agricultural land/ Vacant	612	–	Various years covering from 1979 to 1990



Location	Tenure	Area (Hectares)	Year of Expiry	Description/ Existing Use	Net Book Value RM'000	Age of Building (Years)	Year of Acquisition
MALAYSIA							
<u>Perak Darul Ridzuan (cont'd)</u>							
Lot Nos. 1257, 1258, 1513 – 1516, 1682, 1683, 1685, 1687 – 1689, 1765 – 1784, 1786, 1789, 1792, 2116 – 2119, 2448 – 2450, 2446, 2447, 2451, 2452 – 2454, 2456 – 2462, 2464 – 2469, 2539, 2573, 2900, 2902, 4070 – 4077 Pasir Panjang Ulu District of Perak Tengah	Freehold	103.42	–	Agricultural land/ Vacant	605	–	1992
Lot Nos. 3741, 4871, 9472, 18023 & 33344 Kampar District of Kinta	Freehold	3.73	–	Agricultural land/ Vacant	43	–	Various years from 1938 to 1948
Lot No. 1642 Kampung Gajah District of Perak Tengah	Freehold	1.12	–	Agricultural land	6	–	1988
Lot Nos. 2732, 2909, 3156 & 4067 Pasir Panjang Ulu District of Perak Tengah	Leasehold	120.97	2002 – 2004	Mining land	1	–	1992
Lot Nos. 8364 & 8365 Chenderiang District of Batang Padang	Leasehold	161.87	2002	Mining sublease	1	–	1984
Lot Nos. 1007, 74651, 158405 Sungai Terap District of Kinta	Leasehold	7.29	2030 – 2050	Office/ workshop	4,825	–	1982
Lot No. 10407 Batang Padang District of Batang Padang	Leasehold	130.18	2004	Awaiting issue of mining titles	1	–	1981
Lots 11352 – 11354, 11473 – 11475 Chenderiang District of Batang Padang	Leasehold	34.53	2002 – 2004	Mining land	1	–	1992

Location	Tenure	Area (Hectares)	Year of Expiry	Description/ Existing Use	Net Book Value RM'000	Age of Building (Years)	Year of Acquisition
MALAYSIA							
<u>Perak Darul Ridzuan (cont'd)</u>							
Lot Nos. 827, 2372, 3436 & 3501 Kg Gajah District of Perak Tengah	Leasehold	881.04	2002 – 2008	Mining land	1	–	1988
Lot No. 35701 Tanjong Tualang District of Kinta	Leasehold	15.35	2011	Industrial land/ Campsite	122	–	1991
Lot Nos. 42772 & 155488 Sungai Terap District of Kinta	Leasehold	35.63	2009	Housing development site	1	–	1992
Lot No. 29667 & PT 1166 Tanjong Tualang District of Kinta	Leasehold	5.66	2001	Campsite	83	–	2001
Lot Nos. 10318, 12803 31672, 31673 & 42229 Sungai Terap District of Kinta	Freehold	4.82	–	Agricultural land/ Vacant	13	–	Various years covering from 1982 to 1990
Lot No. 437 Kampar District of Kinta	Leasehold	0.41	2885	Agricultural land/ Vacant	4	–	1937
PT 1338, PT 3081 & PT 3087 Chenderiang District of Batang Padang	Leasehold	63.42	2031	Industrial land	230	–	2001
Chenderiang District of Batang Padang	Leasehold	12.00	–	Proposed limestone plant (pending issue of title)	192	–	2001
Lot 33 Ulu Selangor District of Ulu Bernam	Leasehold	9.11	2004	Campsite	80	–	1983
Lot Nos. 552, 596, 866, 867 & 1833 Ulu Selangor District of Batang Padang	Freehold	6.37	–	Agricultural land/ Vacant	53	–	Various years from 1940 to 1966



Location	Tenure	Area (Hectares)	Year of Expiry	Description/ Existing Use	Net Book Value RM'000	Age of Building (Years)	Year of Acquisition
MALAYSIA							
<u>Selangor Dar ul Ehsan</u>							
Lot 25176 Bukit Rajah District of Klang	Leasehold	2.33	2088	Industrial land	1,547	20	1992
PT 720 Shah Alam District of Petaling	Leasehold	0.71	2018	Workshop/Office building	11,542	10	1988
Lot Nos. 1604, 1605 & 1608 Klang District of Klang	Freehold	4.25	–	Workshop	7,973	5 – 10	Various years from 1990 to 1995
Lot Nos. 3521, 3522 & 7437 Ulu Langat District of Kajang	Freehold	5.84	–	Residential/ Vacant	471	32	1987
<u>Negeri Sembilan</u>							
Lot No. 7932 Labu District of Seremban	Freehold	0.43	–	Residential building	1,389	1	2000
Lot Nos. 762, 763 & PT 1479 Setul District of Seremban	Leasehold	5.56 2.02	2088 2089	Factory building/ Defence workshop	29,014 1,130	9 10	1992 1992
Lot Nos. 627 & 760 Pasir Panjang District of Port Dickson	Freehold	0.50	–	Residential building/ Holiday bungalow	1,916	53	1956
Lot Nos. 3920 & 3921 Pasir Panjang District of Port Dickson	Freehold	0.11	–	Residential building/ Holiday bungalow	277	20	1983
<u>Pulau Pinang</u>							
Lot Nos. 87 & 88, 394 & 395 Mukim 17 District of Batu Ferringhi	Freehold	11.97	–	Building site	6,775	–	1950

Location	Tenure	Area (Hectares)	Year of Expiry	Description/ Existing Use	Net Book Value RM'000	Age of Building (Years)	Year of Acquisition
MALAYSIA							
<u>Pahang Darul Makmur</u>							
Lot No. 211 Tanah Rata, District of Cameron Highland	Leasehold	0.35	2040	Vacant	147	–	1982
PT 2846 Chenor District of Maran	Leasehold	0.81	2045	Sawmill	679	16	1985
Lot 1821 Tras District of Raub	Leasehold	0.40	2028	Residential building/ Holiday bungalow	375	49	1956
<u>Terengganu Dar ul Iman</u>							
Lot No. 580 Banggol District of Kemaman	Freehold	0.81	–	Workshop	1,386	–	1990
PT 4734 Teluk Kelung District of Kemaman	Leasehold	4.05	2056	Industrial land/ Vacant	543	–	1996
Lot Nos. 986 – 1009, 1072 – 1095, Banggol District of Kemaman	Freehold	1.145	–	Building/ Vacant	503	10	1995
<u>Kuala Lumpur</u>							
33 to 33-3, Jalan Setiawangsa 11-55A, Taman Setiawangsa	Freehold	450 sq.m.	–	Shophouse/ Office building	273	13	1994
6, Persiaran Hampshire	Freehold	0.51	–	Residential building	2,408	49	1950
4, Persiaran Hampshire	Freehold	0.52	–	Residential building	2,378	58	1992
28, Langgak Golf	Freehold	0.61	–	Residential building	3,321	48	1951
26, Langgak Golf	Freehold	0.53	–	Residential building	2,886	48	1951
PT 21 Persiaran Raja Chulan	Freehold	0.61	–	Vacant land	3,377	–	2000
34, Ampang Hilir	Freehold	0.42	–	Under development	1,961	–	1994
Strata title (22 units) "Sri Kenny" 28, Jalan Tun Ismail	Freehold	61,386 sq. ft.	–	Apartments	4,502	7	1994



Location	Tenure	Area (Hectares)	Year of Expiry	Description/ Existing Use	Net Book Value AUD'000	Age of Building (Years)	Year of Acquisition
OVERSEAS							
<u>Australia</u>							
Hillgrove Gold NL							
Freehold Mine # 1 Part portion 15 *	Freehold	5.4	-	Mining	16	-	} Various } years from } 1906 to } 1992
Freehold Mine # 2 Lot 2, DP 979339 *	Freehold	10.9	-	Mining	32	-	} Various } years from } 1906 to } 1992
Freehold Mine # 3 Lot 4, DP 596696 *	Freehold	9.7	-	Mining	28	-	} Various } years from } 1906 to } 1992
Smiths Mine Lot 122 to 124, DP 755834 *	Freehold	48.6	-	Mining	49	-	} Various } years from } 1906 to } 1992
NTH Proposed Tails Dam Part Portion 128 *	Freehold	14.2	-	Mining	41	-	} Various } years from } 1906 to } 1992
Mill Site Lot 2, DP 597107 *	Freehold	15.9	-	Mining land & buildings	184	30	} Various } years from } 1906 to } 1992
Proposed Tailings Dam Site Lot 380, DP 755834 *	Freehold	15.6	-	Mining	46	-	} Various } years from } 1906 to } 1992
Proposed Tailings Dam Site Lot 406, DP 755834 *	Freehold	13.3	-	Mining	44	-	} Various } years from } 1906 to } 1992

* Located at Shire of Dumaresq, Parish of Metz, Armidale, NSW 2350, Australia.

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Directors' Report

for the year ended 31 January 2001

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 January 2001.

PRINCIPAL ACTIVITIES

The Company undertakes mining and mineral exploration activities and also derives income from its investments.

The principal activities of the Group are described in Note 30 to the financial statements.

There have been no significant changes in the nature of these activities during the financial year.

RESULTS

	Group RM'000	Company RM'000
Net profit for the year	400,012	207,986

RESERVES

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

DIVIDENDS

Since the end of the previous financial year, the Company paid:

- i) a final dividend of 3.0 sen per share, less 28% tax, totalling RM18.061 million in respect of the year ended 31 January 2000 on 14 July 2000;
- ii) a special dividend of 2.0 sen per share, tax exempt amounting to RM16.723 million in respect of the year ended 31 January 2000 on 14 July 2000.
- iii) an interim dividend of 1.0 sen per share, tax exempt totalling RM8.361 million in respect of the year ended 31 January 2001 on 14 December 2000.

The Directors have recommended a final dividend of 3.0 sen per share, tax exempt and a special dividend of 3.0 sen per share, tax exempt totalling RM50.168 million.

DIRECTORS OF THE COMPANY

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

Dato' Syed Abdul Jabbar Syed Hassan, Chairman (appointed on 7 July 2000)
Raja Tan Sri Muhammad Alias bin Raja Muhammad Ali (resigned on 16 June 2000)
Tan Sri Ibrahim Menudin
Datuk Ab. Sukor Shahar
Abdul Samad Haji Alias
Dato' Mohd Desa Pachi
Zain Azahari bin Zainal Abidin (resigned on 20 June 2000)
Tan Sri Dato' Thong Yaw Hong
Tan Sri Dato' Dr. Abdul Khalid bin Sahan
Jamiah Abd Hamid
Datuk Alladin Hashim
Tan Sri Dato' Ir (Dr.) Haji Wan Abdul Rahman bin Haji Wan Yaacob
Dato' Hilmi bin Mohd. Noor (appointed on 10 October 2000)
Dr. Aziuddin bin Ahmad (appointed on 10 October 2000)

In accordance with the articles of association of the Company, YBhg Tan Sri Ibrahim Menudin, YBhg Datuk Ab. Sukor Shahar and YBhg Dato' Mohd Desa Pachi retire by rotation. YBhg Dato' Syed Abdul Jabbar Syed Hassan, YBhg Dato' Hilmi bin Mohd. Noor and Dr. Aziuddin bin Ahmad, who were appointed during the year, also retire at the forthcoming Annual General Meeting (AGM). All the six Directors, being eligible, offer themselves for re-election.

YBhg Tan Sri Dato' Thong Yaw Hong, having attained the age of seventy years, retires in accordance with Section 129 of the Companies Act 1965 and offers himself for re-appointment in accordance with Section 129(6) of the said Act, to hold office until the conclusion of the next AGM of the Company.

DIRECTORS' INTEREST IN SHARES

The deemed holdings in the ordinary shares of the Company and of its related corporations (other than wholly-owned subsidiaries) of those who were Directors at year end as recorded in the Register of Directors' Shareholdings are as follows:

	Number of ordinary shares			At 31.1.2001
	At date of appointment	Bought	Sold	
Shareholdings in which Director has deemed interest				
Interest of Dr. Aziuddin bin Ahmad in: Malaysia Mining Corporation Berhad	166,392,000	–	–	166,392,000



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, except as disclosed in the financial statements.

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 by means of the acquisition of shares in or debentures of the Company or any other body corporate.

SHARE CAPITAL

There were no changes in the issued and paid-up capital of the Company during the year.

OPTIONS GRANTED OVER UNISSUED SHARES AND DEBENTURES

No options were granted to any person to take up unissued shares of the Company during the year.

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) proper action has 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 have been written off and that adequate provision has been made for doubtful debts, and
- ii) any current assets which were unlikely to realise their value 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.

At the date of this report, the Directors 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 in the Company inadequate to any substantial extent, or
- ii) that would render the value attributed to the current assets in the Group and in 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 of 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 of the Company misleading.

At the date of this report there does not exist:

- i) any charge on the assets of the Group or of 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 of the Company that has arisen since the end of the financial year.

No contingent liability or other liability of any company in the Group 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 of the Company to meet their obligations as and when they fall due.

In the opinion of the Directors, except as disclosed in the financial statements, the results of the operations of the Group and of the Company for the financial year ended 31 January 2001 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:

Dato' Syed Abdul Jabbar Syed Hassan

Tan Sri Ibrahim Menudin

Kuala Lumpur
30 May 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 42 to 75, 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 January 2001 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:

Dato' Syed Abdul Jabbar Syed Hassan

Tan Sri Ibrahim Menudin

Kuala Lumpur
30 May 2001

Statutory Declaration

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

I, **Phan Leong Kim**, the officer primarily responsible for the financial management of Malaysia Mining Corporation Berhad, do solemnly and sincerely declare that the financial statements set out on pages 42 to 75 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 Phan Leong Kim at Kuala Lumpur in the Federal Territory this 30 day of May 2001.

Before me:

Ahmed Khalil b. Mohamed Ali (No. W.269)
Commissioner for Oaths
Kuala Lumpur

Report of the Auditors

to the members of Malaysia Mining Corporation Berhad

We have audited the financial statements set out on pages 42 to 75. 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 January 2001 and the results of their operations and cash flows 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 30 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.

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

KPMG

Firm Number: AF 0758
Public Accountants

Ampalavanar s/o Segarajah

Partner
Approval Number: 1293/10/02(J)

Kuala Lumpur
30 May 2001



Balance Sheets

as at 31 January 2001

	Note	Group		Company	
		2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
Property, plant and equipment	2	476,465	462,867	7,177	7,630
Investment in subsidiaries	3	–	–	862,649	651,656
Investment in associates	4	941,793	420,598	47,129	107,868
Other investments	5	359,085	359,085	2,000	2,000
Inter company receivables	6	19,746	47,311	402,498	270,521
Inter company payables	6	–	–	(168,996)	(189,963)
Other assets	7	1,161	79,704	–	14,154
Current assets					
Inventories	8	25,247	31,255	–	–
Trade and other receivables	9	337,622	117,356	204,955	8,899
Cash and cash equivalents	10	806,292	628,510	369,270	216,361
		1,169,161	777,121	574,225	225,260
Current liabilities					
Trade and other payables	11	177,243	136,402	16,649	9,081
Provisions	12	39,000	–	–	–
Borrowings	13	453,583	17,356	450,000	–
Taxation		38,322	25,122	26,518	11,371
Proposed dividend		50,168	34,784	50,168	34,784
		758,316	213,664	543,335	55,236
Net current assets		410,845	563,457	30,890	170,024
		2,209,095	1,933,022	1,183,347	1,033,890
Financed by:					
Capital and reserves					
Share capital	14	83,614	83,614	83,614	83,614
Reserves	15	1,820,624	1,496,055	1,099,733	950,276
Shareholders' funds		1,904,238	1,579,669	1,183,347	1,033,890
Minority shareholders' interests	16	195,799	246,766	–	–
Long term and deferred liabilities					
Borrowings	13	103,065	104,665	–	–
Deferred taxation	17	5,993	1,922	–	–
		109,058	106,587	–	–
		2,209,095	1,933,022	1,183,347	1,033,890

The notes set out on pages 48 to 75 form an integral part of, and, should be read in conjunction with, these financial statements.

Income Statements

for the year ended 31 January 2001

	Note	Group		Company	
		2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
Revenue					
– contract revenue		168,549	161,111	–	–
– sale of goods		61,222	97,831	–	–
– services		20,991	17,009	–	–
– dividends		–	–	74,924	33,737
		250,762	275,951	74,924	33,737
Contract costs recognised as an expense		(150,125)	(150,945)	–	–
Cost of sales		(67,590)	(102,909)	–	–
Cost of services		(8,362)	(6,846)	–	–
		(226,077)	(260,700)	–	–
Distribution costs		(835)	(466)	–	–
Administration expenses		(50,084)	(55,610)	(13,539)	(16,049)
Other operating expenses		(15,072)	(19,406)	(3,040)	(15,532)
Other operating income		39,851	31,280	2,071	1,905
Operating (loss)/profit	18	(1,455)	(28,951)	60,416	4,061
Interest expense		(16,208)	(16,086)	(6,192)	(325)
Interest income		26,048	26,926	13,029	19,869
Share of profit of associates		136,904	75,364	–	–
Exceptional items	18	274,666	217,881	141,141	(13,452)
Share of abnormal items of associates	18	–	(70,889)	–	–
Profit before tax		419,955	204,245	208,394	10,153
Tax expense	20	(61,317)	(17,973)	(408)	–
Profit after taxation		358,638	186,272	207,986	10,153
Less: Minority interests		41,374	(81,810)	–	–
Net profit for the year	15	400,012	104,462	207,986	10,153
Basic earnings per ordinary share (sen)	22				
Before exceptional and abnormal items		11.1	4.3		
After exceptional and abnormal items		47.8	12.5		
Dividends per ordinary share (sen)	23	7.0	6.0	7.0	6.0

The notes set out on pages 48 to 75 form an integral part of, and, should be read in conjunction with, these financial statements.



Statements of Recognised Gains and Losses

for the year ended 31 January 2001

	Note	Group		Company	
		2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
Exchange differences on translation of the financial statements of foreign entities	15	(16,914)	4,196	–	4,847
Net gains/(losses) not recognised in the income statement		(16,914)	4,196	–	4,847
Net profit for the year		400,012	104,462	207,986	10,153
Total recognised gains/(losses) for the year		383,098	108,658	207,986	15,000
Effect of accounting policy change	21	(68,457)	(56,397)	–	–

The notes set out on pages 48 to 75 form an integral part of, and, should be read in conjunction with, these financial statements.

Cash Flow Statements

for the year ended 31 January 2001

	Group		Company	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
Cash flows from operating activities				
Profit before taxation	419,955	204,245	208,394	10,153
Adjustments for:				
Deferred cost expensed	959	332	–	–
Depreciation and depletion	17,099	13,168	661	1,059
(Gain)/Loss on disposal of property, plant and equipment	(1,107)	(1,829)	(977)	834
Provision for mining exploration expenditure	3,040	6,386	3,040	6,386
Exceptional items	(274,666)	(217,881)	(141,141)	13,452
Interest income	(26,048)	(26,926)	(13,029)	(19,869)
Interest expense	16,208	16,086	6,192	325
Dividend income	(28,549)	(23,970)	(74,924)	(33,737)
(Profit)/Loss retained in associates	(87,072)	20,459	–	–
Unrealised foreign exchange loss	4,956	–	–	–
Operating profit/(loss) before working capital changes	44,775	(9,930)	(11,784)	(21,397)
(Increase)/Decrease in working capital				
Inventories	6,008	30,848	–	–
Trade and other receivables	(220,266)	7,163	(196,056)	32,837
Trade and other payables	40,841	(6,382)	7,568	(2,247)
Cash (used in)/generated from operations	(128,642)	21,699	(200,272)	9,193
Mining exploration expenditure	(3,040)	(6,386)	(3,040)	(6,386)
Income taxes paid	(13,302)	(12,973)	(3,268)	(10,892)
Interest paid	(10,016)	(16,086)	–	–
Net cash (absorbed by)/generated from operating activities	(155,000)	(13,746)	(206,580)	(8,085)



	Group		Company	
	2001	2000	2001	2000
	RM'000	RM'000	RM'000	RM'000
Cash flows from investing activities				
Acquisition of increase in shares in subsidiary	–	(5,948)	(212,622)	–
Purchase of interest in associates	(746,808)	–	(1,463)	–
Purchase of property, plant and equipment	(39,175)	(25,107)	(1,126)	(319)
Purchase of investments	–	–	–	(10,662)
Purchase of interest in mineral properties	(45,448)	(33,981)	–	–
Proceeds from sale of investments	20,864	385,987	20,864	–
Project recovery/(expense)	668	(13,045)	668	(13,045)
Proceeds from sale of subsidiaries	–	–	1,628	8,258
Proceeds from sale of associates	666,454	2,476	199,818	–
Proceeds from sale of property, plant and equipment	2,188	8,425	1,895	230
Foreign deposits for foreign projects	36,867	(3,125)	14,154	554
Interest received	26,048	26,926	13,029	19,869
Dividends received	28,549	23,970	74,924	33,737
Inter company receivables	(1,328)	18,634	(152,943)	(135,121)
Net cash generated from investing activities	(51,121)	385,212	(41,174)	(96,499)
Cash flows from financing activities				
Interest paid	(6,192)	–	(6,192)	(325)
Repayment of term loans	(3,200)	(126,259)	–	(33,153)
Dividends paid	(43,145)	(33,445)	(43,145)	(33,445)
Repayment of short term borrowings	(14,540)	(35,347)	–	–
Proceeds from loans	450,566	–	450,000	–
Net cash generated from/(used in) financing activities	383,489	(195,051)	400,663	(66,923)
Net increase/(decrease) in cash and cash equivalents	177,368	176,415	152,909	(171,507)
Adjustment on exchange difference	(1,387)	(1,498)	–	–
Cash and cash equivalents at beginning of year	627,294	452,377	216,361	387,868
Cash and cash equivalents at end of year	803,275	627,294	369,270	216,361

i) Summary of the effects of acquisition of subsidiary:

	Group	
	2001	2000
	RM'000	RM'000
Fixed assets	-	6,574
Net current assets	-	5,959
	-	12,533
Goodwill on acquisition	-	1,163
Minority interest	-	(3,027)
Interest previously owned	-	(4,674)
	-	5,995
Total purchase price	-	(47)
Cash	-	
Cash flow on acquisition net of cash acquired	-	5,948

ii) Cash and cash equivalents

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

	Group		Company	
	2001	2000	2001	2000
	RM'000	RM'000	RM'000	RM'000
Cash and bank balances	3,596	9,366	1,241	944
Deposits	802,696	619,144	368,029	215,417
Bank overdraft	(3,017)	(1,216)	-	-
	803,275	627,294	369,270	216,361

The notes set out on pages 48 to 75 form an integral part of, and, should be read in conjunction with, these financial statements.



Notes to the Financial Statements

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, except as disclosed in notes 1(d), 1(j), 1(n) and 1(p).

(a) Basis of accounting

The financial statements of the Group and of the Company are prepared under the historical cost convention as modified by the revaluation of certain property and in compliance with applicable approved accounting standards in Malaysia.

The going concern basis of accounting on which the financial statements of a subsidiary has been prepared is dependent upon the subsidiary continuing to maintain their business relationship with its major customer and on continuing to be able to use the land on which the factory is situated. The Directors are confident that the business relationship will be maintained and that the state authorities will grant the subsidiary a lease over the land.

(b) Basis of consolidation

Subsidiaries are those enterprises controlled by the Company. Control exists when the Company has the power, directly or indirectly to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control effectively commences until the date that control effectively ceases.

Where there is a continuity of the amalgamating businesses and the ownership of the separate companies have been pooled into one common ownership, the consolidation of Malaysia Mining Corporation Berhad (MMC) and its subsidiaries (the Group) has been carried out on the basis of merger accounting. All other subsidiaries have been consolidated using the acquisition method and goodwill, if any, arising on consolidation is dealt with in accordance with the policy stated in Note 1(j).

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

Under the merger method of accounting, the difference between the cost of acquisition and the nominal value of the share capital and reserves of the subsidiaries is taken to merger reserve.

Intragroup transactions and balances and the resulting unrealised profits are eliminated on consolidation. Unrealised losses resulting from intragroup transactions are also eliminated unless cost cannot be recovered.

(c) Associates

Associates are those enterprises in which the Group has significant influence, but not control, over the financial and operating policies.

The consolidated financial statements include the total recognised gains and losses of associates on an equity accounted basis from the date that significant influence effectively commences until the date that significant influence effectively ceases.

Unrealised profits arising on transactions between the Group and its associates which are included in the carrying amount of the related assets and liabilities are eliminated partially to the extent of the Group's interests in the associates. Unrealised losses on such transactions are also eliminated partially unless cost cannot be recovered.

Goodwill on acquisition is calculated based on the fair value of net assets acquired.

The Group equity accounts for its share of post-acquisition results of associates based on the latest audited and unaudited interim financial statement available.

(d) Joint venture

A joint venture is a contractual agreement whereby the Group and other parties have joint control over an economic activity.

In respect of its interest in jointly controlled entities, the Group uses the equity method to account for its interest. In the previous year, the proportionate consolidation method was used. The Group changed its accounting policy to the equity method in line with the approach taken in Malaysian Accounting Standard Board's 16, Financial Reporting of Interests in Joint Venture, which does not allow the proportionate consolidation method. The change has no effect on the Group's financial results and net tangible assets per share except for reclassification of certain items in the preceding year's balance sheet.

Unrealised profits or losses arising from transactions between the Group and its joint venturers are recognised only to the extent of that portion of the gains or losses which is attributable to the interests of the other venturers. Unrealised losses are, however, recognised in full when the transaction provides evidence of a reduction in the net realisable value of current assets or a decline, other than temporary, in the carrying amount of long-term assets.

(e) Property, plant and equipment

It is the Group's policy to state property, plant and equipment at cost less accumulated depreciation. Revaluation of certain properties in 1988 was carried out primarily as a one-off exercise and was not intended to effect a change in the accounting policy to one of revaluation of properties.

The carrying amounts of property, plant and equipment are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such an indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an item of property, plant and equipment exceeds its recoverable amount. In determining the recoverable amount of property, plant and equipment, expected future cash flows are not discounted to their present values. The impairment loss is charged to the income statement unless it reverses a previous revaluation in which case it will be charged to equity. Any subsequent increase in recoverable amount is reduced by the amount that would have been recognised as depreciation had the write-down or write-off not occurred. Such subsequent increase in recoverable amount is recognised in the income statement unless it reverses an impairment loss on a revalued asset, in which case it is taken to equity.



(f) Depreciation

Depreciation on non-mining assets is provided at rates which are considered adequate to write off property, plant and equipment over their estimated useful lives. No amortisation is provided on freehold land while leasehold land is amortised over the period of the lease. Buildings are depreciated at the rate of 2% per annum. The principal annual depreciation rates are between 10% and 25% for plant and machinery.

Depreciation and depletion on mining assets is calculated by reference to output for the year so as to write off these assets, less estimated residual value, over the estimated life of the ore reserves which will be worked before the expiry of the leases.

Expressway development expenditure comprises development and upgrading expenditure (including interest charges relating to financing of the development) incurred in connection with a privatised highway project. The cumulative actual expenditure incurred is amortised to each balance sheet date over the concession period based on the following formula:-

$$\frac{\text{Cumulative toll revenue to date}}{\text{Projected total toll revenue of the concession}} \times \text{Cumulative actual expressway expenditure}$$

(g) Investments

Subsidiaries accounted for under the merger method are stated at nominal value of shares acquired or issued while investments in other subsidiaries are stated at cost. Investments in associates are stated at cost and, in the Group, inclusive of share of post acquisition retained results. Other investments are stated at cost.

Provision is made against cost of investment when, in the opinion of the directors, a permanent diminution in value has arisen.

(h) Mining exploration expenditure

Expenditure on exploration and evaluation of mining areas of interest is charged to the income statement as incurred by the creation of provisions until such time as an area of interest reaches the stage where such expenditure is considered to be capable of being recouped through development or sale.

Where a mining area of interest is expected to proceed to commercial development or where its value is capable of recoupment through sale, the provision relating to the expenditure incurred is credited to the income statement to the extent it reflects the present estimate of the recoverable value of the area of interest concerned. The accumulated expenditure attributable to an area of interest which is no longer considered to have any commercial value is written off against the provision.

(i) Amount due from contract customers

The amount due from contract customers on construction contracts is stated, using the percentage completion method, at cost plus attributable profits less foreseeable losses and less progress billings. Cost includes all direct construction costs and other related costs. Where progress billings exceed the aggregate amount due from contract customers plus attributable profits less foreseeable losses, the net credit balance on all such contracts is shown in other payables as amount due to contract customers.

(j) Intangible assets

Goodwill

Goodwill arising on an acquisition represents the excess of the cost of the acquisition over the fair values of the net identifiable assets acquired. From this year, goodwill is stated at cost as the Directors consider that this policy will more fairly reflect the continuing value of the companies acquired. In respect of associates, the carrying amount of goodwill is included in the carrying amount of the investment in the associates.

In previous years, goodwill arising on acquisition was written off. The amounts written off for the remaining subsidiaries and associates (after Ashton Mining Ltd. was sold) was RM15.7 million of which RM5.2 million would have been written off for impairment. The balance of RM10.5 million is not considered sufficiently material to reinstate.

(k) Inventories

Inventories are stated at the lower of cost and net realisable value with cost being either on the first-in, first-out or weighted average cost basis. For work-in-progress and manufactured inventories, cost consists of materials, direct labour and an appropriate proportion of fixed and variable production overheads.

(l) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in value. For the purpose of the cash flow statement, cash and cash equivalents are presented net of bank overdrafts.

(m) Taxation

The tax expense in the income statement represents taxation at current tax rates based on profit earned during the year.

Deferred taxation is provided on the liability method for all timing differences except where no liability is expected to arise in the foreseeable future and there are no indications the timing differences will reverse thereafter. Deferred tax benefits are only recognised where there is a reasonable expectation of realisation in the near future.

(n) Foreign currencies

(i) Foreign currency transactions

Foreign currency assets and liabilities of the Company and its Malaysian subsidiaries outstanding at balance sheet date are translated into Ringgit Malaysia at rates of exchange prevailing at that date or, where forward exchange contracts exist, at the rates fixed in such contracts. Foreign currency transactions during the year have been translated into Ringgit Malaysia at rates of exchange prevailing at transaction dates. Exchange differences are dealt with through the income statement.

(ii) 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 (2000 – at year end rates. If the average rates were used last year, the results would not have been materially different). Foreign exchange differences arising on translation are recognised directly in equity.

The closing rates used in the translation of foreign currency monetary assets and liabilities and the financial statements of foreign operations are as follows:

AUD	RM2.08
USD	RM3.80



(o) Revenue

i) Goods sold

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) Construction contracts

Revenue from long term fixed price construction contracts is recognised on the percentage of completion method, measured by reference to completion of a physical proportion of the contract work.

When the outcome of a construction contract cannot be estimated reliably, revenue is recognised only to the extent of contract costs incurred that is probable will be recoverable and contract costs are recognised as an expense in the period in which they are incurred.

An expected loss on a contract is recognised immediately in the income statement.

iii) Dividend income

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

iv) Interest income

Interest income is recognised in the income statement as it accrues, taking into account the effective yield on the amount.

(p) Financing costs

All interest and other costs incurred in connection with borrowings are expensed as incurred.

Interest on borrowed funds utilised for assets that require a substantial period of time to get them ready for their intended use is capitalised as part of the cost of the assets up to the date of commencement of operations.

During the year, the Group changed its policy on post-construction interest i.e the interest incurred on borrowings after completion of construction of privatised projects until full repayment of these borrowings (see Note 21).

2. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold properties RM'000	Long term leasehold properties RM'000	Short term leasehold properties RM'000	Mining leases, properties and building RM'000	Plant, machinery and equipment RM'000	Dredges and other mining equipment RM'000	Expressway development expenditure RM'000	Capital work in progress RM'000	Total RM'000
Cost/Valuation									
At 1 February 2000	46,106	34,399	8,946	10,744	176,968	1,397	305,454	-	584,014
Additions	214	-	-	-	26,328	-	297	12,336	39,175
Disposals	-	(994)	-	(2)	(4,626)	(7)	-	-	(5,629)
Exchange difference	(296)	-	-	(1,543)	(3,625)	-	-	-	(5,464)
At 31 January 2001	46,024	33,405	8,946	9,199	195,045	1,390	305,751	12,336	612,096
Representing items at:									
Cost	20,414	31,679	8,446	9,199	195,045	1,390	305,751	12,336	584,260
Directors' valuation - 1988	25,610	1,726	500	-	-	-	-	-	27,836
At 31 January 2001	46,024	33,405	8,946	9,199	195,045	1,390	305,751	12,336	612,096
Depreciation									
At 1 February 2000	2,219	1,146	2,178	-	107,221	-	8,383	-	121,147
Charge for the year	400	101	237	-	12,510	-	3,851	-	17,099
Disposals	-	(81)	-	-	(4,467)	-	-	-	(4,548)
Exchange difference	46	-	-	-	1,887	-	-	-	1,933
At 31 January 2001	2,665	1,166	2,415	-	117,151	-	12,234	-	135,631
Net book value									
At 31 January 2001	43,359	32,239	6,531	9,199	77,894	1,390	293,517	12,336	476,465
At 31 January 2000	43,887	33,253	6,768	10,744	69,747	1,397	297,071	-	462,867
Depreciation charge for the year ended 31 January 2000	462	110	135	-	9,669	-	2,792	-	13,168



2. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Company	Freehold properties RM'000	Long term leasehold properties RM'000	Mining leases, properties and building RM'000	Plant, machinery and equipment RM'000	Dredges and other mining equipment RM'000	Total RM'000
Cost/Valuation						
At 1 February 2000	826	6,615	347	10,044	35	17,867
Additions	–	–	–	1,126	–	1,126
Disposals	–	(994)	–	(417)	–	(1,411)
At 31 January 2001	826	5,621	347	10,753	35	17,582
Representing items at:						
Cost	826	4,115	347	10,753	35	16,076
Directors' valuation – 1988	–	1,506	–	–	–	1,506
At 31 January 2001	826	5,621	347	10,753	35	17,582
Depreciation						
At 1 February 2000	–	640	–	9,597	–	10,237
Charge for the year	–	57	–	604	–	661
Disposals	–	(81)	–	(412)	–	(493)
At 31 January 2001	–	616	–	9,789	–	10,405
Net book value						
At 31 January 2001	826	5,005	347	964	35	7,177
At 31 January 2000	826	5,975	347	447	35	7,630
For the year ended 31 January 2000						
Depreciation charge	–	65	–	994	–	1,059

2. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Certain Group properties in Malaysia and the Company's leasehold properties in Malaysia are stated at Directors' valuation on 31 January 1988 based on a professional valuation on open market basis conducted in February 1988. In accordance with the transitional provisions issued by the Malaysian Accounting Standards Board (MASB) on adoption on International Accounting Standard No. 16 (Revised) Property, plant and equipment, the valuation of these assets has not been updated and they continue to be stated at their existing carrying amounts less depreciation.

Had the revalued properties 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 would be as follows:

	Group		Company	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
Freehold property	672	672	-	-
Long term leasehold properties	1,542	1,699	1,542	1,699
Short term leasehold properties	57	62	-	-
	2,271	2,433	1,542	1,699

Tin mining related fixed assets and fixed assets of a subsidiary which ceased operations are stated at their estimated realisable values.

3. INVESTMENTS IN SUBSIDIARIES

	Company	
	2001 RM'000	2000 RM'000
Quoted shares	77,856	77,856
Unquoted shares	791,138	580,170
	868,994	658,026
Less: Provision for diminution in value Unquoted shares	(6,345)	(6,370)
	862,649	651,656
Market value of quoted investments:		
Quoted in Malaysia	126,613	180,370



4. INVESTMENTS IN ASSOCIATES

	Group		Company	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
Shares quoted in Malaysia	795,984	50,638	46,994	46,994
Shares quoted outside Malaysia (Note (i))	–	311,223	–	60,739
Unquoted shares (Note (ii))	60,933	60,933	135	135
Share of post-acquisition reserves	84,876	(2,196)	–	–
	941,793	420,598	47,129	107,868

Represented by:

Group's share of net assets other
than goodwill

592,688

Group's share of goodwill in
associates' own consolidated
financial statements

27,448

Goodwill on acquisition (Note (iii))

321,657

941,793

Market value of quoted associates:

Quoted in Malaysia	686,294	111,931	82,949	99,094
Quoted outside Malaysia (Note (i))	–	290,608	–	130,315
	686,294	402,539	82,949	229,409

i) Investments quoted outside Malaysia last year represented the Group's interest in Ashton Mining Limited (Ashton), which was disposed of in October 2000. The Group's share of the results of Ashton has been taken up to the date of disposal based on its quarterly announcements prepared in accordance with approved Australian Accounting Standards.

ii) Unquoted investments include an investment of RM24.846 million (2000 – RM24.846 million) in Gas Malaysia Sendirian Berhad (Gas Malaysia), a company in which a subsidiary holds a 55% shareholding. Although Gas Malaysia is a subsidiary under the Companies Act, 1965, the Group does not have the power to govern its financial and operating policies due to certain restrictions contained in the Memorandum and Articles of Association of that company.

Due to the above circumstances, Gas Malaysia has been treated as an associate on the basis of the Group's 41.8% effective interest.

iii) The preliminary calculation of the goodwill on acquisition of Malakoff Berhad (Malakoff) was based on the net book value of net assets of Malakoff at the date of acquisition of the original 22.7% (31 October 2000). The fair value review is expected to be completed by 31 January 2002.

iv) Details of the Group's associates are shown in Note 30 to the financial statements.

5. OTHER INVESTMENTS

	Group		Company	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
Shares quoted in Malaysia	255,289	255,289	-	-
Shares quoted outside Malaysia	100,099	100,099	-	-
Unquoted shares	3,697	3,697	2,000	2,000
	359,085	359,085	2,000	2,000
<i>Market value of quoted investments:</i>				
Shares quoted in Malaysia	603,102	640,027	-	-
Shares quoted outside Malaysia	155,184	234,838	-	-
	758,286	874,865	-	-

6. INTER COMPANY RECEIVABLES AND PAYABLES

	Group		Company	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
Receivables				
Amount due from subsidiaries	-	-	384,844	253,793
Amount due from associates	19,746	47,311	17,654	16,728
	19,746	47,311	402,498	270,521
Payables				
Amount due to subsidiaries	-	-	168,996	189,963

The amounts due are non-trade in nature, unsecured, interest free (except for shareholder's advances of RM17.379 million (2000 – RM16.278 million) to Berjuntai Tin Dredging Berhad (Berjuntai) which bear interest at 1.5% above the base lending rate of Bumiputra Commerce Bank Berhad and are not repayable during the next twelve months except in so far as such repayment will not adversely affect the ability of the respective companies to meet their liabilities when due.

The shareholder's advances to Berjuntai are secured via a debenture by way of a first fixed and floating charge over all the present and future properties, assets and undertakings of Berjuntai.



7. OTHER ASSETS

	Group		Company	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
(a) Mining exploration expenditure				
Cost	44,670	41,649	42,221	39,200
Provision:				
At 1 February	41,649	102,789	39,200	100,340
Charge for the year	3,040	6,386	3,040	6,386
Written off	(19)	(67,526)	(19)	(67,526)
At 31 January	44,670	41,649	42,221	39,200
	-	-	-	-
(b) Deferred expenditure				
Preliminary and pre-operating expenses	19,579	19,579	-	-
Amounts expensed	(19,579)	(18,620)	-	-
	-	959	-	-
(c) Interest equalisation account				
Cost incurred	71,261	58,583	-	-
Accumulated amortisation	(2,804)	(2,186)	-	-
Written off (Note 21)	(68,457)	(56,397)	-	-
	-	-	-	-
(d) Interest in mineral properties	1,161	41,878	-	-
(e) Foreign currency deposits earmarked for foreign projects	-	36,867	-	14,154
Total other assets	1,161	79,704	-	14,154

8. INVENTORIES

	Group		Company	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
Minerals	3,743	7,916	-	-
Stores and spares	3,364	14,489	-	-
Raw materials	8,461	1,652	-	-
Work-in-progress	6,959	5,066	-	-
Manufactured inventories	2,720	2,132	-	-
	25,247	31,255	-	-

9. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
Trade receivables	49,109	61,600	–	–
Amount due from contract customers	4,669	5,998	–	–
Other receivables, deposits and prepayments	283,844	49,758	204,955	8,899
	337,622	117,356	204,955	8,899

Included in other receivables, deposits and prepayments is the RM190 million (2000 – Nil) deposit paid for the proposed acquisition of 50.1% of Pelabuhan Tanjung Pelepas Sendirian Berhad and, in the Group, RM77 million of overseas tax withheld from the proceeds from the sale of Ashton.

Amount due from contract customers

	Group	
	2001 RM'000	2000 RM'000
Aggregate costs incurred to date	69,973	69,842
Add: Attributable profit	19,306	5,894
Less: Provision for foreseeable losses	(1,183)	(1,037)
	88,096	74,699
Less: Progress billings	(84,413)	(69,935)
	3,683	4,764
Transfer to amount due to contract customers (Note 11)	986	1,234
	4,669	5,998

Progress billings receivable

Included in progress billings receivable are retentions amounting to RM3,300,000 (2000 – RM5,267,000).

10. CASH AND CASH EQUIVALENTS

	Group		Company	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
Deposits are placed with:				
Licensed banks	629,395	58,773	109,343	15,000
Finance companies	11,341	306,136	258,686	10,521
Other corporations	161,960	254,235	–	189,896
	802,696	619,144	368,029	215,417
Cash and bank balances	3,596	9,366	1,241	944
	806,292	628,510	369,270	216,361



11. TRADE AND OTHER PAYABLES

	Group		Company	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
Trade payables	31,249	40,087	–	–
Other payables and accrued expenses	145,008	95,081	16,649	9,081
Transfer from amount due from contract customers (Note 9)	986	1,234	–	–
	177,243	136,402	16,649	9,081

Other payables in the Group include a provision of RM77 million equivalent to the overseas tax withheld discussed in Note 9.

12. PROVISIONS

	Group		Company	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
Provision for corporate guarantee for an associate (Note 25)	39,000	–	–	–

13. BORROWINGS

	Group		Company	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
Current				
Term and bridging loans – unsecured	450,566	1,600	450,000	–
Overdrafts – secured	3,017	1,216	–	–
Other borrowings – unsecured	–	14,540	–	–
	453,583	17,356	450,000	–
Non-current				
Long term loans – secured	103,065	103,065	–	–
– unsecured	–	1,600	–	–
	103,065	104,665	–	–
Total borrowings	556,648	122,021	450,000	–

Terms and debt repayment schedule

- The unsecured bank overdrafts of the Group carry interest rates which vary according to prevailing base lending rates or interbank offer rates. Interest rates charged during the year ranged from 1 – 2% above the prevailing base lending rates (BLR) (2000 – 1% above BLR).
- The unsecured loans of the Group and Company bear interest mainly at 4.05% (2000 – 7.25% and 9.55%) per annum.

13. BORROWINGS (CONT'D)

- iii) The secured term loan is secured by a fixed and floating charge over all of the assets amounting to RM301,790,000 (2000 – RM305,776,000) and assignment of relevant contracts of a subsidiary company and bears interest at rates between 8.04% and 8.63% (2000 – 7.10% and 9.80%) per annum and is due for repayment as follows:

	2001 RM'000	2000 RM'000
Analysis of repayment:		
Within 1 year	–	–
From 1 to 2 years	–	–
From 2 to 5 years	103,065	–
After 5 years	–	103,065
	103,065	103,065

14. SHARE CAPITAL

	Group and Company 2001 RM'000	2000 RM'000
Authorised 1,000,000,000 ordinary shares of RM0.10 each	100,000	100,000
Issued and fully paid 836,139,210 ordinary shares of RM0.10 each	83,614	83,614

15. RESERVES

	Group		Company	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
Non distributable				
Share premium	487,129	487,129	487,129	487,129
Revaluation reserves	30,139	30,139	–	–
Capital reserves	194,959	194,959	211,963	211,963
Transfer from revenue reserves	10,791	–	–	–
	205,750	194,959	211,963	211,963
Total non distributable reserves	723,018	712,227	699,092	699,092
Distributable				
Capital reserves				
At 1 February	850,823	683,157	154,362	154,362
Transfer from revenue reserves	68,679	167,666	88,712	–
At 31 January	919,502	850,823	243,074	154,362



15. RESERVES (CONT'D)

	Group		Company	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
Revenue reserves				
At 1 February				
As previously stated	1,462	91,555	96,822	124,967
Prior year adjustment (Note 21)	(68,457)	(56,397)	–	–
As restated	(66,995)	35,158	96,822	124,967
Net profit for the year	400,012	104,462	207,986	10,153
Appropriations:				
Transfer to distributable capital reserves	(68,679)	(167,666)	(88,712)	–
Transfer to non-distributable capital reserves	(10,791)	–	–	–
Dividends (Note 23)	(58,529)	(43,145)	(58,529)	(43,145)
Exchange adjustments on translation :				
Foreign subsidiary companies	5,765	(228)	–	–
Profit retained in foreign associates	(22,679)	(423)	–	–
– Reversed on disposal in 2001	–	4,847	–	4,847
At 31 January	178,104	(66,995)	157,567	96,822
Total distributable reserves	1,097,606	783,828	400,641	251,184
Total reserves	1,820,624	1,496,055	1,099,733	950,276

The transfer to distributable capital reserves from revenue reserves represents the exceptional items including the balance of exceptional and abnormal items in the previous three years (2000 – profit on sale of investments and properties) net of minority interest where applicable.

The transfer to non-distributable capital reserves from revenue reserves is in respect of a bonus issue by a subsidiary.

Subject to the agreement of Inland Revenue Board, the Section 108 credit available under the Income Tax Act, 1967 is sufficient to pay net dividends of RM10.5 million out of the distributable reserves of the Company. In addition, the Company has tax exempt income available to frank tax exempt dividends of RM40.3 million before the proposed final and special dividends for the year.

16. MINORITY SHAREHOLDERS' INTERESTS

This consists of minority shareholders' proportion of share capital and reserves of subsidiaries.

17. DEFERRED TAXATION

	Group		Company	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
At 1 February	1,922	1,922	-	-
Transfer to income statement	4,071	-	-	-
At 31 January	5,993	1,922	-	-

Deferred tax is principally in respect of timing differences on fixed assets.

Subject to the agreement of the relevant tax authorities, certain subsidiaries have tax losses and capital allowances available for carry forward of RM188 million and RM116 million respectively (2000 – RM173 million and RM105 million respectively) which have not been included in the computation of deferred taxation.

18. OPERATING PROFIT/(LOSS)

	Group		Company	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
i) Operating profit/(loss) is arrived at after charging/(crediting):				
Directors' remuneration:				
Fees	408	278	252	44
Salaries and other emoluments	1,118	1,139	1,118	1,139
Estimated money value of benefits	100	124	100	124
Depreciation and depletion	17,099	13,168	661	1,059
Deferred cost expensed	959	332	-	-
Rent of land and buildings	4,575	4,256	1,514	1,462
Auditors' remuneration:				
Malaysia	378	397	60	60
Overseas	171	132	-	-
Hire of plant and machinery	794	2,465	119	-
Provision for mining exploration expenditure	3,040	6,386	3,040	6,386
Foreseeable losses and claims	7,273	679	-	-
Bad debts	6,798	18,253	-	-
Gross dividend income (Note (iii))	(28,549)	(23,970)	(74,924)	(33,737)
Rental income	(4,766)	(2,798)	(157)	(111)
(Gain)/Loss on disposal of property, plant and equipment	(1,107)	(1,829)	(977)	834
Realised (gain)/loss on foreign exchange	(809)	8,966	(780)	8,966
Unrealised loss on foreign exchange	4,956	-	-	-



18. OPERATING PROFIT/(LOSS) (CONT'D)

	Group		Company	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
ii) Gross dividend income is from:				
Investments quoted in Malaysia	27,078	19,693	-	-
Investments quoted outside Malaysia	1,471	4,277	-	-
Associates:				
Quoted in Malaysia	-	-	5,054	4,774
Quoted outside Malaysia	-	-	6,774	3,653
Subsidiaries:				
Quoted in Malaysia	-	-	1,893	1,892
Unquoted	-	-	61,203	23,418
	28,549	23,970	74,924	33,737
iii) Exceptional items (nil tax effect, except where stated) comprise:				
Bad debts in respect of loans to associates/(reversed)	28,893	(30,082)	-	(30,082)
Gain on sale of investments	(20,864)	(245,845)	(20,864)	-
Gain on sale of associates, net of overseas tax	(407,192)	(447)	(119,609)	-
Goodwill written off	-	1,163	-	-
Investment written down	-	10,295	-	30,489
Interest in mineral properties written down	86,165	33,990	-	-
Projects (recovered)/written off	(668)	13,045	(668)	13,045
Provision for corporate guarantee	39,000	-	-	-
	(274,666)	(217,881)	(141,141)	13,452
iv) Share of abnormal items of associates comprises:				
			Group	
			2001 RM'000	2000 RM'000
Provision against carrying value of investments/assets			-	70,889

v) Professional fees

The profit for the year is stated after charging Nil (2000 – RM0.858 million) for the Group and Company for professional services rendered by firms in which two Directors are partners.

19. EMPLOYEE INFORMATION

	Group		Company	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
Staff costs	59,377	59,062	6,874	6,512

The number of employees of the Group and of the Company (including Directors) at the end of the year was 1,450 (2000 – 1,363) and 150 (2000 – 141) respectively.

20. TAX EXPENSE

	Group		Company	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
Current tax expense				
Malaysian – current	11,170	(3,251)	3,332	–
– prior year	(2,674)	126	(2,924)	–
Deferred tax expense				
Malaysian – current	4,071	–	–	–
	12,567	(3,125)	408	–
Tax expense on share of profit of associates	48,750	21,098	–	–
	61,317	17,973	408	–

The Group's effective tax rate is higher than the prima facie tax rate as the tax charge relates to tax on profits of certain subsidiaries which cannot be set-off against losses of other subsidiaries for tax purposes as Group relief is not available.

The Company's effective tax rate is lower than the prima facie tax rate due to certain income not being subject to income tax.

21. PRIOR YEAR ADJUSTMENT – GROUP

The prior year adjustment arose from a change in policy in the treatment of post-construction interest on privatised projects applied retrospectively such that the cumulative impact to 31 January 2001 has been accounted for as a prior year adjustment and the relevant comparative figures restated accordingly. The Directors decided to adopt International Accounting Standards No.23 (IAS 23), "Capitalisation of Borrowing Costs", and change the accounting policy in respect of post-construction interest ie. now expensed as incurred. In previous years, post-construction interest was deferred via an Interest Equalisation Account which was amortised to each balance sheet date in accordance with the following formula:

$$\frac{\text{Cumulative revenue to date}}{\text{Projected total revenue of the project}} \times \text{Projected total interest to be incurred post-construction}$$

The effect of the change in the Group financial statements is a decrease in profit before tax of RM7.09 million and RM12.06 million for the year ended 31 January 2001 and 31 January 2000, respectively.



22. EARNINGS PER ORDINARY SHARE – GROUP

Basic earnings per share

The calculation of basic earnings per share is based on the net profit attributable to ordinary shareholders of RM400.01 million (2000 – RM104.46 million) and the number of ordinary shares outstanding during the year of 836.139 million ordinary shares (2000 – 836.139 million ordinary shares).

A pre-exceptional and abnormal calculation based on the net profit attributable to ordinary shareholders but before exceptional and abnormal items of RM92.96 million (2000 – RM35.65 million) is provided for comparative purposes.

23. DIVIDENDS

	Group and Company	
	2001	2000
	RM'000	RM'000
Ordinary		
Interim:		
1.0 sen per share, tax exempt (2000 – 1.0 sen per share, tax exempt)	8,361	8,361
Final proposed:		
3.0 sen per share, tax exempt (2000 – 3.0 sen per share, less 28% tax)	25,084	18,061
Special proposed:		
3.0 sen per share, tax exempt (2000 – 2.0 sen per share, tax exempt)	25,084	16,723
	58,529	43,145

24. SEGMENTAL INFORMATION

Segmental information is presented in respect of the Group's business and geographical segments.

Inter-segment pricing is determined based on negotiated terms.

	Revenue		Gross assets		Profit/(loss) before tax	
	2001	2000	2001	2000	2001	2000
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Mining:						
Malaysia	711	675	34,870	36,309	(1,937)	(1,789)
Australia	234,121	290,366	61,491	326,482	44,981	(52,276)
Exploration:						
Malaysia	–	–	705	650	(3,040)	(6,386)
Indonesia	–	–	–	23,988	–	–
Infrastructure and utilities	342,177	174,138	1,191,960	405,236	75,890	39,757
Engineering	193,817	227,115	112,078	131,654	(4,247)	(17,415)
Investments and deposits	–	–	1,161,844	1,057,970	329,264	282,287
Manufacturing and processing	250,827	317,307	133,601	130,261	10,522	11,522
Others	2,549	7,137	270,862	34,136	(15,270)	(35,369)
Interest expense	–	–	–	–	(16,208)	(16,086)
	1,024,202	1,016,738	2,967,411	2,146,686	419,955	204,245
Group's share of turnover of associates (Note (i))	(773,440)	(740,787)	–	–	–	–
	250,762	275,951	2,967,411	2,146,686	419,955	204,245

(i) The revenue of associates represents the Group's share of the revenue as disclosed in the financial statements of the associates.

(ii) All geographical segments are Malaysian based unless otherwise indicated.

25. CONTINGENT LIABILITIES – UNSECURED

	Group		Company	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
Guarantees for bank facilities extended to – associates/joint venture	35,213	51,300	–	–

In addition, the Group and Company have contingent liabilities which are not readily ascertainable in respect of filling and levelling conditions on the Group's and Company's mining leases and relating to the deviation of the Kinta River. There were similar contingent liabilities at 31 January 2000 for the Group and Company.

Arising from a change in foreign tax legislation, a Group company may be subjected to a capital gains tax liability of approximately RM230 million in respect of a share exchange completed in 1998. No provision has been made in the financial statements as the Board is of the opinion that the effect of the legislation is dependent on the operation of the relevant double tax agreements. The Group is obtaining further legal and tax advice on this matter.

Suasa Unik (M) Sendirian Berhad (Suasa Unik), an associate, defaulted on its loans from its lending financial institutions. Under a condition of the loan agreement with the financial institutions, the shareholders of Suasa Unik provided a proportionate corporate guarantee. Tronoh's share of the corporate guarantee of approximately RM39 million has been provided for following the closure of Suasa Unik on 8 February 2001.

26. COMMITMENTS

	Group		Company	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
Capital commitments:				
Property, plant and equipment				
Authorised but not contracted for	24,245	25,218	–	16,820
Contracted but not provided for in the financial statements	2,742	8,089	2,163	10
	26,987	33,307	2,163	16,830
Investments:				
Contracted but not provided for in the financial statements	1,646,000	–	1,646,000	–
	1,646,000	–	1,646,000	–
	1,672,987	33,307	1,648,163	16,830



27. RELATED PARTIES

Identity of related parties

The Group has a related party relationship with its substantial shareholders, associates, joint ventures and with its Directors and key management personnel and the close members of their families.

Related party transactions

Significant related party transactions other than those disclosed elsewhere in the financial statements are as follows:

	Group		Company	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
Major shareholder				
Rental payable to PNB	2,182	2,449	1,237	1,294
Associates				
Interest received	(1,400)	(3,151)	(1,400)	(3,151)
Management fee payable	229	–	–	–
Joint venture				
Progress billing receivable	(8,486)	(10,341)	–	–

These transactions have been entered into in the normal course of business and have been established under negotiated terms.

28. EVENT SUBSEQUENT TO THE BALANCE SHEET DATE

Suasa Unik ceased operations on 8 February 2001. The amounts due from it and the proportionate corporate guarantee given on its behalf have been provided for.

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 and/or expanded to ensure comparability with the current financial year.

Comparatives have also been amended to reflect the effect of the prior year adjustment discussed in Note 21 and the change in treatment of joint ventures (Note 1(d)).

30. COMPANIES IN THE GROUP

The principal activities of the companies in the Group, their places of incorporation and the interest of the Group are shown below:

Subsidiaries

Name of company	Country of incorporation	Issued and paid-up capital at 31.1.2001	Group's effective interest		Principal activities during the year
			2001 (%)	2000 (%)	
Anglo-Oriental (Annuities) Sendirian Berhad	Malaysia	572,642,318 shares of RM1 each	100	100	Investment holding
Anglo-Oriental (Malaya) Sendirian Berhad	Malaysia	2,142,857 shares of RM1 each	100	100	Property and investment holding
Anglo-Oriental (Malaya) Trustees Sendirian Berhad	Malaysia	857 shares of RM1 each	100	100	Trust management
* * Anglo-Oriental (Nominees) Australia Pty Limited	Australia	70,400,001 shares and 43,480,000 cumulative redeemable preference shares with no par value	100	100	Investment holding
* Golden Solitaire (Australia) B. V.	Netherlands	17,997 shares of NLG 1,000 each	68.2	68.2	Investment holding
Hillgrove Gold NL (a 52.3% subsidiary holds 61.9% of this company)	Australia	324,515,344 shares with no par value	32.4	32.4	Gold and antimony mining
Kilang Papan Bukit Indah Sendirian Berhad	Malaysia	200,003 shares of RM1 each	100	100	Rental of sawmill
Konsortium Lebu Raya Butterworth – Kulim (KLBK) Sendirian Berhad	Malaysia	5,000,000 shares of RM1 each	100	100	Construction and operation of privatised highway
Kramat Tin Dredging Berhad	Malaysia	3,960,000 shares of RM1 each	52.9	52.9	Tin mining operations (winding down)
Labohan Dagang Galian Sendirian Berhad	Malaysia	2 shares of RM1 each	100	100	Investment holding



30. COMPANIES IN THE GROUP (CONT'D)

Subsidiaries					
Name of company	Country of incorporation	Issued and paid-up capital at 31.1.2001	Group's effective interest		Principal activities during the year
			2001 (%)	2000 (%)	
* * Malaysia Mining Corporation Australia Pty Limited	Australia	1,345,002 shares with no par value	100	100	Australian representative office of MMC
MMC Engineering Group Berhad	Malaysia	31,630,893 shares of RM1 each	75	75	Investment holding in engineering, construction and manufacturing
MMC Engineering Services Sendirian Berhad	Malaysia	35,000,000 shares of RM1 each	75	75	Engineering
MMC Kinta Sendirian Berhad (a 75% owned subsidiary holds 60% of this company)	Malaysia	200,000 shares of RM1 each	45	45	Civil and construction works
MMC Oil & Gas Engineering Sendirian Berhad	Malaysia	500,002 shares of RM1 each	75	75	Specialised engineering services
MMC Power Sendirian Berhad	Malaysia	100,000 shares of RM1 each	75	75	Erection of power transmission lines and maintenance of electrical substations
MMC Shapadu (Holdings) Sendirian Berhad	Malaysia	25,255,000 shares of RM 1 each	76	76	Investment holding
MMC Metal Industries Sendirian Berhad (a 75% subsidiary holds 75.8% of this company)	Malaysia	9,720,000 shares of RM1 each	56.9	56.9	Manufacture of steel castings
Singapore Steel Pte. Ltd. (a 75% subsidiary holds 75.8% of this company)	Singapore	2,500,000 shares of SGD1 each	56.9	56.9	Trading in castings and forgings

30. COMPANIES IN THE GROUP (CONT'D)

Subsidiaries					
Name of company	Country of incorporation	Issued and paid-up capital at 31.1.2001	Group's effective interest		Principal activities during the year
			2001 (%)	2000 (%)	
MMI Precision Sendirian Berhad (a 75% subsidiary holds 75.8% of this company)	Malaysia	500,000 shares of RM1 each	56.9	56.9	Manufacture of precision castings
MMCAK Sendirian Berhad (2 shares)	Malaysia	2 shares of RM1 each	41.3	41.3	Civil construction works
Pernas Charter Management Sendirian Berhad	Malaysia	1,000,000 shares of RM1 each	100	100	Mine management
Pesiaran Properties Sendirian Berhad	Malaysia	2 shares of RM1 each	100	100	Property investment
Seginiaga Rubber Industries Sendirian Berhad	Malaysia	12,550,002 shares of RM1 each	66.1	66.1	Manufacture of weather strips
Tepat Teknik Sendirian Berhad (a 75% owned subsidiary holds 70% of this company)	Malaysia	6,645,000 shares of RM1 each	52.5	52.5	Construction and fabrication
Tepat Teknik (Kejuruteraan) Sendirian Berhad (a 75% owned subsidiary holds 70% of this company)	Malaysia	100,000 shares of RM1 each	52.5	52.5	Construction and fabrication
Tepat Teknik (Sarawak) Sendirian Berhad (a 75% owned subsidiary holds 70% of this company)	Malaysia	100,000 shares of RM1 each	52.5	52.5	Construction and fabrication
@ Timah Dermawan Sendirian Berhad	Malaysia	10,000,000 shares of RM1 each	55.7	55.7	Tin mining operations
Timah Securities Berhad	Malaysia	470,000 shares of RM1 each	100	100	Property investment



30. COMPANIES IN THE GROUP (CONT'D)

Subsidiaries

Name of company	Country of incorporation	Issued and paid-up capital at 31.1.2001	Group's effective interest		Principal activities during the year
			2001 (%)	2000 (%)	
Tronoh Holdings (Selangor) Sendirian Berhad	Malaysia	451,000 shares of RM1 each	100	100	Property investment
Tronoh Mines Malaysia Berhad	Malaysia	61,894,710 shares of RM1 each	52.3	52.3	Investment holding and tin mining operations (reduced scale)

i) The financial statements of all the above subsidiaries used for inclusion in the consolidated financial statements are those for the year to 31 January 2001.

ii) The keys to the symbols used against the subsidiaries are as follows:

* Not audited by KPMG.

** Audited by overseas KPMG firms.

@ Audited by KPMG Desa Megat & Co, an associated firm of KPMG.

Associates

Name of company (Particulars of issued share capital – fully paid shares of RM1 each, unless stated otherwise)	Country of incorporation	Group's effective interest		Accounting date for inclusion of company results	Principal activities during the year
		2001 (%)	2000 (%)		
Ajil Minerals Sendirian Berhad (1.0 million shares)	Malaysia	49	49	= Year to 31.12.2000	Ilmenite mining
Ashton Mining Limited (338.9 million shares with no par value)	Australia	–	47.2	= Period to @30.9.2000	Mining of precious metals and minerals and exploration
Ashton-MMC Pte Limited (5 shares of SGD1 each)	Singapore	40	40	= Year to 31.12.2000	Investment holding
Berjantai Tin Dredging Berhad (30.5 million shares)	Malaysia	28.6	28.6	** Half-year to 30.4.2000 + Half-year to 31.10.2000	Tin dredging operations (winding down)

30. COMPANIES IN THE GROUP (CONT'D)

Associates

Name of company (Particulars of issued share capital – fully paid shares of RM1 each, unless stated otherwise)	Country of incorporation	Group's effective interest		Accounting date for inclusion of company results	Principal activities during the year
		2001 (%)	2000 (%)		
Gas Malaysia Sendirian Berhad (42,800 shares of RM1,000 each)	Malaysia	41.8	41.8	= Year to 31.1.2001	Construction and operation of natural gas distribution system
Kuala Langat Mining Sendirian Berhad (60 million shares)	Malaysia	32.6	32.6	= Year to 31.12.2000	Tin dredging operations (winding down)
Malakoff Berhad (278.144 million shares)	Malaysia	22.3	–	@Quarter to 30.11.2000	Power generation
Malaysia Smelting Corporation Berhad (75 million shares)	Malaysia	38.2	38.2	= Year to 31.12.2000	Tin smelting
Mining and General Management Company Limited (10,000 shares of Baht 100 each)	Thailand	35	35	+ Year to 31.12.2000	Mine management
MMC - GTM Bina Sama Sendirian Berhad (5 million shares)	Malaysia	37.5	37.5	= Year to 31.12.2000	Highway construction
MMC-LDAH Concrete Sendirian Berhad (2 shares)	Malaysia	33.7	33.7	= Year to 31.1.2000	Concrete batching
M.O.S.T. Power JV Sendirian Berhad (0.25 million shares)	Malaysia	22.5	22.5	+ Period to 31.12.2000	Erection of power transmission lines
PKB-MMC Sendirian Berhad (3.8 million shares)	Malaysia	49	49	= Year to 31.12.2000	Tribute mining
PT Cempaka Mining Services (Formerly known as PT Malaysia Mining Corporation Indonesia) (250,000 shares of RP1,829)	Indonesia	40	40	= Period to 31.12.2000	Providing geology survey/research and general mining services
Suasa Unik (M) Sendirian Berhad (30.2 million shares)	Malaysia	26.2	26.2	= Year to 31.1.2000	Manufacture of ductile iron pipes



30. COMPANIES IN THE GROUP (CONT'D)

Associates

Name of company (Particulars of issued share capital – fully paid shares of RM1 each, unless stated otherwise)	Country of incorporation	Group's effective interest		Accounting date for inclusion of company results	Principal activities during the year
		2001 (%)	2000 (%)		
Taldy-Bulak Mining Corporation (100,000 shares of US\$1 each)	Kyrgyz Republic	40.0	40.0	+ Period to 31.12.2000	Exploration and mining of metals

The keys to the symbols used against the accounting date are as follows:

- = Audited financial statements.
- ** Audited financial statements for the financial year less the previous half-yearly unaudited interim financial statements.
- + Unaudited financial statements.
- @ Quarterly interim announcement.

Principal investments

Name of company	Group's effective interest		Principal activities during the year
	2001 (%)	2000 (%)	
Sime Darby Berhad	5.3	5.3	Plantations, trading, manufacturing, financial services and property development
Homestake Mining Corporation	3.1	3.1	Gold mining and related activities
CityView Energy Corporation Limited	18.3	29.3	Investment holding with interests in the oil and gas industry

30. COMPANIES IN THE GROUP (CONT'D)

Inactive subsidiaries		Group's effective interest	
Name of company	Country of incorporation	2001 (%)	2000 (%)
Alam Dergahayu (Johor) Sendirian Berhad	Malaysia	75	75
Amalan Rantau (M) Sendirian Berhad	Malaysia	100	100
Anglo-Oriental Nominees Sendirian Berhad	Malaysia	100	100
Associated Mines (Malaya) Sendirian Berhad	Malaysia	75.7	75.7
Bidor Malaya Tin Sendirian Berhad	Malaysia	100	100
Bracken Services Limited	England	100	100
Dana Vision Sendirian Berhad	Malaysia	100	100
D.V. Research Sendirian Berhad	Malaysia	100	100
Eastern Waste Management Sendirian Berhad	Malaysia	75	75
Enzymas Naturales Sendirian Berhad	Malaysia	52.3	52.3
London Tin (Malaysia) Berhad	Malaysia	100	100
MMC Aviation Sendirian Berhad	Malaysia	100	100
* MMC Belgium NV	Belgium	100	100
* MMC EG Co. Ltd	Mongolia	90	90
* MMC Exploration & Production (Thailand) Ltd	Thailand	100	100
* MMC Exploration & Production (BV)	Netherlands	100	100
* MMC Exploration & Production (Philippines)	Philippines	100	100
MMC Frigstad Offshore Sendirian Berhad	Malaysia	100	100
* MMC Japan Limited	Japan	100	100
MMC Marketing Sendirian Berhad	Malaysia	100	100
MMC Transport Engineering Sendirian Berhad (formerly known as MMC Mining and Engineering Consultants Sendirian Berhad)	Malaysia	75	100
MMC Ports Sendirian Berhad	Malaysia	100	100
* MMC Resources Corporation	Canada	–	93.1
* MMC (US) Inc	USA	100	100
MMC Utilities Berhad	Malaysia	100	100
MMC (Vietnam) Holdings Sendirian Berhad	Malaysia	100	100
MMC Engineering & Construction Sendirian Berhad (formerly known as MMC Water Resources Sendirian Berhad)	Malaysia	75	100
More Furniture Ideas (M) Sendirian Berhad	Malaysia	100	100
Projek Lebuhraya Timur Sendirian Berhad	Malaysia	100	100
Sumbangan Rantau (M) Sendirian Berhad	Malaysia	100	100
Southern Kinta Consolidated Limited	England	100	100
Southern Kinta Consolidated (M) Berhad	Malaysia	100	100
Southern Malayan Tin Dredging (M) Berhad	Malaysia	100	100
MMC Defence Sendirian Berhad (formerly known as Tepat Teknik (Urusan) Sendirian Berhad)	Malaysia	75	100
Wangsa Struktur Sendirian Berhad	Malaysia	65	65
MMI Foundry Sendirian Berhad	Malaysia	56.9	56.9

The key to the symbol used against the subsidiaries is as follows:

* Not audited by KPMG.





No. of shares held

I/We, _____
(block letters)

of _____

being a member/members of Malaysia Mining Corporation Berhad hereby appoint _____

of _____

or failing him, the Chairman of the meeting as my/our proxy to vote for me/us on my/our behalf at Annual General Meeting of the Company to be held on 27 July 2001 and at any adjournments thereof, on the following resolutions referred to in the notice of the Annual General Meeting:

No.	Resolutions	For	Against
1.	Adoption of Report and Accounts		
2.	Declaration of Dividend		
3.	Re-election of Directors:		
	a) Tan Sri Ibrahim Menudin		
	b) Datuk Ab. Sukor Shahar		
	c) Dato' Mohd Desa Pachi		
	d) Dato' Syed Abdul Jabbar Syed Hassan		
	e) Dato' Hilmi bin Mohd Noor		
	f) Dr. Aziuddin bin Ahmad		
4.	Re-appointment of Tan Sri Dato' Thong Yaw Hong		
5.	Directors' fees		
6.	Re-appointment of Auditors		

Dated: _____ Signature: _____

Notes:

1. This proxy form must be deposited at the Registrar's office at Pemas Charter Management Sendirian Berhad, 32nd Floor, Menara PNB, 201A Jalan Tun Razak, 50400 Kuala Lumpur, Malaysia not less than forty-eight (48) hours before the meeting.
2. In the case of a corporation, this proxy form should be under common seal or under the hand of an officer or attorney duly authorised on its behalf. A proxy need not be a member of the Company and a member may appoint any person to be the proxy. The instrument appointing a proxy shall be deemed to confer authority to demand or join in demanding a poll.
3. A corporation may, by resolution of its directors or other governing body, if it is a member of the Company, authorise such person as it thinks fit to act as its representative and a person so authorised shall be entitled to exercise the same powers on behalf of the corporation as the corporation could exercise if it were an individual member of the Company.
4. In the case of joint holders, the signature of any one of them will suffice.
5. Unless voting instructions are indicated in the spaces provided above, the proxy may vote as he/she thinks fit.

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STAMP

To: The Registrar
Malaysia Mining Corporation Berhad (30245-H)
32nd Floor, Menara PNB
201A Jalan Tun Razak
50400 Kuala Lumpur
Malaysia

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