

# Directors' Report

The Directors hereby submit their report together with the audited financial statements of the Bank for the year ended 31 December 2000.

## PRINCIPAL ACTIVITY

The principal activity of the Bank is to operate the business of banking in the promotion and support of export, import and investment for the country's development by granting credit, issuing guarantees and providing other related services.

There has been no significant change in the nature of this activity during the year.

## FINANCIAL RESULTS

|                                  | <b>RM</b>     |
|----------------------------------|---------------|
| Profit after taxation            | 19,747,735    |
| Accumulated loss brought forward | (170,456,267) |
| Accumulated loss carried forward | 150,708,532   |

## DIVIDENDS

No dividend has been paid by the Bank since the end of the previous year.

As disclosed in Note 22 to the financial statements, on 20 February 2001 the Directors have proposed for the payment of a first and final dividend of 2 sen per share less taxation at 28% amounting to RM4,320,000 in respect of the year ended 31 December 2000, subject to approval of the members at the forthcoming Annual General Meeting of the Bank.

## RESERVES AND PROVISIONS

There were no material transfers to or from reserves and provisions during the year.

## ISSUE OF SHARES AND DEBENTURES

No shares and debentures were issued during the year.

## INFORMATION ON THE FINANCIAL STATEMENTS

Before the financial statements of the Bank were made out, the Directors took reasonable steps:

- (a) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and have satisfied themselves that there are no known bad debts and that adequate provision had been made for doubtful debts; and
- (b) to ensure that any current assets which were unlikely to be realised in the ordinary course of business including their value as shown in the accounting records of the Bank 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:

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

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

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

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

## OTHER STATUTORY INFORMATION

The Directors state that:

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

In their opinion:

- (a) the results of the Bank's operations during the year were not substantially affected by any item, transaction or event of a material and unusual nature; and
- (b) there has not arisen in the interval between the end of the year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Bank for the year in which this report is made.

## DIRECTORS OF THE BANK

The Directors in office since the date of the last report are:

Tan Sri Datuk Wira Abdul Rahman Arshad (*Chairman*)

Dato' Haji Shaharuddin bin Haron

Dato' Mohd Ramli bin Mat Wajib

Datuk Paul Low Seng Kuan

Md Noor bin Mohammad Yusoff

Puteh Rukiah bt Abdul Majid

(appointed on 1.5.2001)

Datuk Siti Hadzar bt Mohd Ismail

(resigned on 11.7.2000)

Pursuant to Article 109 of the Articles of Association, Datuk Paul Low Seng Kuan and Dato' Haji Shaharuddin bin Haron retire at the forthcoming Annual General Meeting and being eligible, offer themselves for re-election.

Pursuant to Article 113 of the Articles of Association, Puteh Rukiah bt Abdul Majid retires at the forthcoming Annual General Meeting and, being eligible, offer herself for re-election.

None of the Directors held any interest in the shares of the Bank or its related companies as at the end of the year.

## **DIRECTORS' BENEFITS**

During and at the end of the year, no arrangements subsisted to which the Bank is a party, with the object or objects of enabling Directors of the Bank to acquire benefits by means of the acquisition of shares in the Bank or any other body corporate.

Since the end of the previous year, no Director has received or become entitled to receive a benefit (other than as disclosed in the notes to the financial statements) by reason of a contract made by the Bank or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

## **SIGNIFICANT EVENT SUBSEQUENT TO THE BALANCE SHEET DATE**

Significant event subsequent to the balance sheet date is disclosed in Note 22 to the financial statements.

## **HOLDING COMPANY**

The holding company is Bank Industri & Teknologi Malaysia Berhad, a development financial institution incorporated in Malaysia.

## **AUDITORS**

Messrs Shamsir Jasani Grant Thornton have expressed their willingness to continue in office.

On behalf of the Board



**TAN SRI DATUK WIRA ABDUL RAHMAN ARSHAD**

*DIRECTOR*



**MD NOOR BIN MOHAMMAD YUSOF**

*DIRECTOR*

Kuala Lumpur

25 May 2001

# Statement by Directors

In the opinion of the Directors, the financial statements set out on pages 153 to 171 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 Bank as at 31 December 2000 and of the results, changes in equity and cash flows of the Bank for the year then ended.

On behalf of the Board



**TAN SRI DATUK WIRA ABDUL RAHMAN ARSHAD**  
*DIRECTOR*



**MD NOOR BIN MOHAMMAD YUSOF**  
*DIRECTOR*

Kuala Lumpur  
25 May 2001

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# Statutory Declaration

I, Mohd Noordin bin Abbas, being the Officer primarily responsible for the financial management of Export-Import Bank of Malaysia Berhad, do solemnly and sincerely declare that to the best of my knowledge and belief the financial statements set out on pages 153 to 171 are 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 above named at Kuala Lumpur in )  
the Federal Territory this day of )  
25 May 2001 )



**MOHD NOORDIN BIN ABBAS**

Before me:



Commissioner for Oaths

THE COMMISSIONER FOR OATHS

# Report of The Auditors

to the members of Export-Import Bank of Malaysia Berhad

We have audited the financial statements set out on pages 153 to 171 of Export-import Bank of Malaysia Berhad, comprising of the balance sheet of the Bank and the notes to the financial statements as at 31 December 2000 and of the income statement, statement of changes in equity and cash flow statement of the Bank for the year ended on that date.

The preparation of the financial statements is the responsibility of the Bank'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. These standards require that we plan and perform the audit to obtain all the information and explanations, which we considered necessary to provide us with sufficient evidence to give reasonable assurance that the financial statements are free of material misstatements. Our audit includes examining, on a test basis, evidence relevant to the amounts and disclosure in the financial statements. Our audit includes an assessment of the accounting principles used and significant estimates made by the Directors as well as evaluating the 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 which have been prepared under the historical cost convention 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 matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements of the Bank; and
  - (i i) the state of affairs of the Bank as at 31 December 2000 and of the results of the operations, changes in equity and cash flows of the Bank for the year ended on that date;

and

- (b) the accounting and other records and the registers required by the Companies Act, 1965 to be kept by the Bank have been properly kept in accordance with the provisions of the said Act.



**SHAMSIR JASANI GRANT THORNTON**  
(No. AF-737)  
*Public Accountants*



**DATO' N K JASANI**  
*Public Accountant*  
(No. 708/03/02(J/PH))

Kuala Lumpur  
25 May 2001

# Balance Sheet as at 31 December 2000

|                               | Note | 2000<br>RM    | 1999<br>RM    |
|-------------------------------|------|---------------|---------------|
| SHARE CAPITAL                 | 4    | 300,000,001   | 300,000,001   |
| ACCUMULATED LOSS              |      | (150,708,532) | (170,456,267) |
| Total shareholders' equity    |      | 149,291,469   | 129,543,734   |
| AMOUNT DUE TO HOLDING COMPANY | 5    | 495,476,560   | 291,000,000   |
| UNEARNED PREMIUM RESERVE      | 6    | 6,171,904     | 6,882,626     |
| TERM LOANS                    | 7    | 143,154,759   | 208,806,682   |
| ECR SCHEME                    | 8    | 535,589,888   | 682,681,406   |
|                               |      | 1,329,684,580 | 1,318,914,448 |
| <b>CURRENT LIABILITIES</b>    |      |               |               |
| Term loans                    | 7    | 160,195,369   | 241,116,886   |
| ECR scheme                    | 8    | 300,000,000   | 300,000,000   |
| Interest payable              |      | 10,442,215    | 15,842,399    |
| Amount due to holding company | 5    | 6,219,620     | 6,354,228     |
| Other creditors and accruals  | 9    | 22,412,260    | 12,287,755    |
| Tax payable                   |      | 1,680,000     | 1,680,000     |
| Total current liabilities     |      | 500,949,464   | 577,281,268   |
|                               |      | 1,830,634,044 | 1,896,195,716 |
| FIXED ASSETS                  | 10   | 2,088,477     | 2,505,349     |
| INVESTMENTS                   | 11   | 31,604,840    | 13,615,840    |
| LOAN DEBTORS                  | 12   | 589,573,400   | 515,245,604   |
| EXPENDITURE CARRIED FORWARD   | 13   | -             | 41,442        |
| <b>CURRENT ASSETS</b>         |      |               |               |
| Fixed deposits                | 14   | 1,153,164,458 | 1,311,713,540 |
| Interest receivable           |      | 29,927,584    | 30,052,744    |
| Other debtors and prepayments | 15   | 17,603,652    | 16,148,733    |
| Cash and bank balances        |      | 6,671,633     | 6,872,464     |
| Total current assets          |      | 1,207,367,327 | 1,364,787,481 |
|                               |      | 1,830,634,044 | 1,896,195,716 |

The above balance sheet is to be read in conjunction with the notes to the financial statements on mark \* pages.

# Income Statement for the year ended 31 December 2000

|                               | Note | 2000<br>RM          | 1999<br>RM    |
|-------------------------------|------|---------------------|---------------|
| Revenue                       | 16   | <b>131,066,472</b>  | 161,034,625   |
| Other operating income        |      | <b>12,561,889</b>   | 3,676,893     |
| Staff costs                   |      | <b>(3,569,442)</b>  | (3,129,196)   |
| Depreciation                  |      | <b>(823,909)</b>    | (660,965)     |
| Provision for doubtful debts  |      | <b>(18,394,598)</b> | (251,383,022) |
| Operating expenses            |      | <b>(5,352,493)</b>  | (3,235,007)   |
| Profit/(Loss) from operations |      | <b>115,487,919</b>  | (93,696,672)  |
| Finance cost                  |      | <b>(95,740,184)</b> | (111,399,210) |
| Profit/(Loss) before taxation | 17   | <b>19,747,735</b>   | (205,095,882) |
| Taxation                      | 18   | -                   | -             |
| Profit/(Loss) after taxation  |      | <b>19,747,735</b>   | (205,095,882) |

The above balance sheet is to be read in conjunction with the notes to the financial statements on mark \* pages.



# Statement of Changes in Equity

for the year ended 31 December 2000

|                             | Share<br>Capital<br>RM | Accumulated<br>profit/(loss)<br>RM | Total<br>RM   |
|-----------------------------|------------------------|------------------------------------|---------------|
| Balance at 1 January 1999   | 300,000,001            | 36,4639,615                        | 334,639,616   |
| Net loss for the year       | -                      | (205,095,882)                      | (205,095,882) |
| Balance at 31 December 1999 | 300,000,001            | (170,456,267)                      | 129,543,734   |
| Net profit for the year     | -                      | 19,747,735                         | 19,747,735    |
| Balance at 31 December 2000 | 300,000,001            | (150,708,532)                      | 149,921,469   |

The above statement of changes in equity is to be read in conjunction with the notes to the financial statements on mark \* pages.

# Cash Flow Statement for the year ended 31 December 2000

|  | 2000<br>RM          | 1999<br>RM    |
|--|---------------------|---------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                              |                     |               |
| Profit/(Loss) before taxation  | <b>19,747,735</b>   | (205,095,882) |
| Adjustments for:   |                     |               |
| Unrealised gain on foreign exchange                                      | <b>(3,310,134)</b>  | -             |
| Provision for doubtful debts no longer required Fixed assets written off | <b>(7,698,817)</b>  | (2,494,761)   |
| Loss on disposal of fixed assets   | -                   | 58,924        |
| Provision for doubtful debts   | -                   | 26,418        |
| Depreciation   | <b>18,394,598</b>   | 248,888,261   |
| Amortisation of expenditure carried forward                              | <b>823,909</b>      | 660,965       |
| Other interest income  | <b>41,442</b>       | 54,300        |
| Gain on disposal of investments  | <b>(1,552,938)</b>  | (901,182)     |
|  | -                   | (280,950)     |
| Operating profit before working capital changes                          | <b>26,445,795</b>   | 40,916,093    |
| Changes in working capital:  |                     |               |
| Unearned premium reserve   | <b>(710,722)</b>    | 5,959,336     |
| Loan debtors   | <b>(55,321,150)</b> | (169,261,702) |
| Debtors  | <b>(1,329,759)</b>  | (2,403,715)   |
| Creditors  | <b>4,724,321</b>    | (13,275,501)  |
| Amount due from related company  | -                   | 229           |
| Amount due to holding company  | <b>(134,608)</b>    | (27,174,752)  |
| Cash used in operations  | <b>(26,326,123)</b> | (165,240,012) |
| Interest received  | <b>1,552,938</b>    | 901,182       |
| Net cash used in operating activities                                    | <b>(24,773,185)</b> | (164,338,830) |

|  | 2000<br>RM                  | 1999<br>RM           |
|--|-----------------------------|----------------------|
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>            |                             |                      |
| Dividend paid  | -                           | (4,320,000)          |
| Proceeds from disposal of investments                  | -                           | 2,185,210            |
| Purchase of fixed assets                               | (407,037)                   | (2,310,529)          |
| Purchase of investments                                | (17,989,000)                | -                    |
| Proceeds from disposal of fixed assets                 | -                           | 11,627               |
| Net cash used in investing activities                  | <u>(18,396,037)</u>         | <u>(4,433,692)</u>   |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>            |                             |                      |
| Advance from holding company                           | 204,476,560                 | 266,000,000          |
| Term loan repayment                                    | (295,053,000)               | (13,434,558)         |
| Term loan received                                     | 122,087,267                 | 99,827,421           |
| ECR loan repayment                                     | (300,000,000)               | -                    |
| ECR loan received                                      | 300,000,000                 | -                    |
| ECR loan disbursed                                     | (147,091,518)               | (66,131,560)         |
| Net cash (used in)/generated from financing activities | <u>(115,580,691)</u>        | <u>286,261,303</u>   |
| <b>CASH AND CASH EQUIVALENTS</b>                       |                             |                      |
| Net (decrease)/increase                                | (158,749,913)               | 117,488,781          |
| At beginning of year                                   | 1,318,586,004               | 1,201,097,223        |
| At end of year   | <u><b>1,159,836,091</b></u> | <u>1,318,586,004</u> |
| <b>CASH AND CASH EQUIVALENTS COMPRISE:-</b>            |                             |                      |
| Cash and bank balances                                 | <b>6,671,633</b>            | 6,872,464            |
| Fixed deposits   | <b>1,153,164,458</b>        | 1,311,713,540        |
|  | <u><b>1,159,836,091</b></u> | <u>1,318,586,004</u> |

The above balance sheet is to be read in conjunction with the notes to the financial statements on mark \* pages.



# Notes to The Financial Statements 31 December 2000

## 1. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The financial statements of the Bank have been prepared in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia.

## 2. SIGNIFICANT ACCOUNTING POLICIES

### (a) Accounting convention

The financial statements of the Bank are prepared under the historical cost convention.

### (b) Revenue recognition

Interest income from loans is recognised on the accrual basis. Where an account becomes non-performing, interest is suspended until it is realised on cash basis. An account is classified as non-performing where re-payment is in arrears for more than six months. Other interest income is recognised on accrual basis unless collectibility is in doubt. Fee income is recognised upon performance of services.

### (c) Fixed assets and depreciation

Fixed assets are stated at cost less accumulated depreciation. Depreciation is calculated to write off the cost of the fixed assets on a straightline basis over the estimated useful lives of the assets concerned.

The principal annual rates of depreciation used are as follows:-

|                                   |     |
|-----------------------------------|-----|
| Office equipment                  | 20% |
| Renovation and improvements       | 10% |
| Furniture and fittings            | 10% |
| Motor vehicles                    | 20% |
| Electrical fittings and equipment | 10% |
| Computer                          | 35% |

### (d) Investments

Quoted loan stocks are stated at cost except where the directors are of the opinion that there is a permanent diminution in value of an investment in which event, a provision is made.

Unquoted loan stocks are stated at cost less any provision for permanent diminution in value.

## 2. SIGNIFICANT ACCOUNTING POLICIES (cont'd.)

### (e) Foreign currency transactions

Foreign currency transactions are translated into Ringgit Malaysia at rates of exchange approximating those ruling at the transaction dates. Foreign currency monetary assets and liabilities are translated into Ringgit Malaysia at rates of exchange ruling at the balance sheet date. All exchange gains or losses are dealt with in the income statement.

The exchange rate ruling at balance sheet date is as follows:-

|             | 2000<br>RM | 1999<br>RM |
|-------------|------------|------------|
| 1 US Dollar | 3.80       | 3.80       |

### (f) Provision for bad and doubtful debts

Specific provisions are made for bad and doubtful debts where, based on either management's evaluation of the loans portfolio or relevant statutory guidelines upon the collectability of a loan becomes uncertain. A general provision based on a set percentage of the loans portfolio is also made. This percentage is reviewed annually in the light of past experience and prevailing circumstances.

### (g) Expenditure carried forward

Preliminary expenses are stated at cost and are amortised over a period of 5 years commencing from 1996.

All expenses incurred in the connection with the formation of the Bank are charged to preliminary expenses. The expenditure carried forward has been fully amortised during the year.

### (h) Unearned premium reserve

Income arising from guarantee provided is recognised on the basis of 25% upon the first drawdown of the loan and subsequently on a straight line basis over the total tenor of the loan guaranteed.

A provision for claims on the basis of 50% of the income from guarantee premium recognised during the year is made with regard to contingent liabilities as disclosed in Note 21 to the financial statements.