

annual report 99



MBM RESOURCES BERHAD

(Incorporated in Malaysia)
(Co. No. 284496-V)

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Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Sixth Annual General Meeting of the Company will be held on Friday, 26 May 2000 at 9th Floor, Function Room 2-5, The Legend Hotel, 100 Putra Place, Jalan Putra, 50300 Kuala Lumpur at 3.30 p.m.

AGENDA

1. To receive, consider and adopt the Audited Accounts for the year ended 31 December 1999 together with the Reports of the Directors and Auditors therein. **(Resolution 1)**
2. To approve the declaration of a first and final dividend of 8.5 sen less tax in respect of the year ended 31 December 1999. **(Resolution 2)**
3. To re-elect the following Directors retiring pursuant to Article 80 of the Articles of Association of the Company:-
 - i. Dato' Yap Lim Sen **(Resolution 3)**
 - ii. Looi Kum Pak **(Resolution 4)**
4. To pass the following resolution pursuant to Section 129 of the Companies Act, 1965:
 - i. "That Y.Bhg, Tan Sri Dato' Ahmad Azizzuddin bin Zainal Abidin, a director who retires in accordance with Section 129 of the Companies Act, 1965 and is eligible for re-election, be and is hereby re-appointed as the Director of the Company" **(Resolution 5)**
 - ii. "That Tuan Haji Mohd Razali bin Bidin, a director who retires in accordance with Section 129 of the Companies Act, 1965 and is eligible for re-election, be and is hereby re-appointed as the Director of the Company" **(Resolution 6)**
 - iii. "That Dato' Abdul Aziz bin Ahmad, a director who retires in accordance with Section 129 of the Companies Act, 1965 and is eligible for re-election, be and is hereby re-appointed as the Director of the Company" **(Resolution 7)**
5. To approve the Directors' fees for 1999. **(Resolution 8)**
6. To appoint Messrs. Arthur Andersen & Co as the Auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 9)**
7. As Special Business

To consider, and if thought fit, to pass the following resolutions as Special and Ordinary Resolutions:

Special Resolution No. 1

• Proposed Amendment to the Memorandum of Association of the Company

That to enable the Company to buy back its own shares and to render the Articles of Association of the Company consistent with Section 67A of the Companies Act, 1965 (the "Act"), the Company's Memorandum of Association be and is hereby amended through the insertion of a new Sub-clause (53) under Clause 3, which reads as follows:-

"(53) to acquire the Company's own shares and stocks and to deal with the acquired shares and stocks and to advance money, either with or without security and generally to such persons and upon such terms and conditions as the Company may think fit for the purchase of the Company's shares and stocks, in a manner as may from time to time be prescribed and allowed by law."

(Resolution 10)





Notice of Annual General Meeting (cont'd)

Special Resolution No. 2

• Proposed Amendment to the Articles of Association of the Company

That to enable the Company to buy back its own shares and to render the Articles of Association of the Company consistent with Section 67A of the Companies Act, 1965 (the "Act"), the Company's Articles of Association be and is hereby amended through the insertion of a new Article as Article 4A immediately after Article 4, which reads as follows:-

"Article 4A - The Company may, subject to the provisions of the Companies Act, 1965, the conditions, restrictions and limitations expressed in these Articles and the requirements of the Kuala Lumpur Stock Exchange and any other relevant authority, buy ordinary shares in itself. Any ordinary shares in the Company so purchased by the company shall be dealt with as provided by the Company Act, 1965 and requirements of the Kuala Lumpur Stock Exchange and/or any other relevant authority."

(Resolution 11)

Ordinary Resolution No. 1

• Authority to Issue Shares Pursuant to Section 132D of the Companies Act, 1965

"That pursuant to Section 132D of the Companies Act, 1965, the Directors be and are hereby empowered to issue and allot shares in the Company, at any time and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion deem fit, provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the issued capital of the Company for the time being and that the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on the Kuala Lumpur Stock Exchange and that such authority shall continue in force until the conclusion of the Next Annual General Meeting of the Company."

(Resolution 12)

8. To transact any other business of which due notice has been given.

By Order of the Board
MBM RESOURCES BERHAD

Shahrizat Bt Othman, ACIS
Zaharah Bte Ibrahim, ACIS
Secretaries

Kuala Lumpur
8 May 2000

Note:

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend and vote in his stead. A proxy need not be a member of the Company.
2. The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly appointed under a power of attorney or if such appointer is a corporation, either under its common seal or under the hand of an officer or attorney duly appointed under a power of attorney.
3. The instrument appointing a proxy must be deposited at the Registered Office of the Company, Suite 15-3, 15th Floor, Wisma UOA II, No. 21 Jalan Pinang, 50450 Kuala Lumpur, at least forty eight hours before the time appointed for holding the Meeting.

Notice of Book Closure

NOTICE IS HEREBY GIVEN that the dividend, if approved, will be paid on 10 July 2000. The Register of Members will be closed from 6 to 8 June 2000, both dates inclusive, to determine shareholders' entitlement to the said dividend.

A Depositor shall qualify for entitlement only in respect of:-

- a. Shares transferred at the Depositor's Securities Account before 12.30 p.m. on 6 June 2000 in respect of ordinary transfers; and
- b. Shares bought on the Kuala Lumpur Stock Exchange on a cum entitlement basis according to the rules of the Kuala Lumpur Stock Exchange.

Explanatory Notes To Special Business:

1. The proposed adoption of the Special Resolutions is to enable the Company to purchase its own shares in line with the enactment of Section 67A of the Companies Act, 1965 which as of 1 September 1997 allows the Company to deal with its own shares and to amend its existing articles which although are in full compliance with the law, lack clarity and precision.
2. The proposed adoption of the Ordinary Resolution is primarily to give flexibility to the Board of Directors to issue and allot shares at any time in their absolute discretion without convening a general meeting.

Corporate Information

Board of Directors

Tan Sri Dato' Haji Ahmad Azizuddin bin
Haji Zainal Abidin (*Chairman*)
Dato' Abdul Rahim bin Abdul Halim
Dato' Yap Lim Sen
Shamshir bin Ghazali
Wong Leong Thean
Looi Kum Pak
Tan Sri Dato' Abdul Aziz bin Abdul Rahman
Dato' Abdul Aziz bin Ahmad
Dato' Lee Lam Thye
Tuan Haji Mohd Razali bin Haji Bidin

Company Secretaries

Shahrizat binti Othman (MAICSA 0764744)
Zaharah binti Ibrahim (MAICSA 7012004)

Registered Office

Suite 15-03, 15th Floor
Wisma UOA II
21 Jalan Pinang
50450 Kuala Lumpur
Tel : (603) 2166 5007
Fax : (603) 2166 5006

Corporate Office

Unit 50-4-5 Wisma UOA Damansara
50 Jalan Dungun
50490 Kuala Lumpur
Tel: (603) 253 3260 / 253 3230
Fax: (603) 253 3251

Principal Bankers

HSBC Bank (Malaysia) Berhad
Citibank Berhad
Bumiputra Commerce Bank Berhad

Auditors

Arthur Andersen & Co Public Accountants

Share Registrar

AAJ Registration Services Sdn. Bhd.
Suite 15-03, 15th Floor
Wisma UOA II
21 Jalan Pinang
50450 Kuala Lumpur

Stock Exchange Listing

Kuala Lumpur Stock Exchange
Main Board





Audit Committee

The Audit Committee comprises three Directors namely:-

Tuan Haji Mohd Razali bin Haji Bidin	- <i>Chairman and Independent Non-Executive Director</i>
Dato' Lee Lam Thye	- <i>Independent Non-Executive Director</i>
Shamshir bin Ghazali	- <i>Executive Director</i>

Terms of Reference

Membership

The Audit Committee shall be appointed by the Board from amongst their number and shall consist of not less than 3 members of whom a majority shall not be:

- executive directors of the company or any related corporation;
- a spouse, parent, brother, sister, son or adopted son or daughter or adopted daughter of an executive director of the Company or any related corporation; or
- any person having any relationship which would interfere with the exercise of independent judgement in carrying out the functions of an audit committee.

The members of the Audit Committee shall elect a Chairman from amongst their number who is not an executive director or employee of the Company or any related corporation.

Meetings

A quorum shall be 2 members, one of whom shall be the Chairman of the Audit Committee.

Meetings shall be held not less than 3 times a year. One meeting shall be held prior to the annual financial statements being presented to the Board for approval. Additional meetings may be held at the discretion of the Committee or at the request of the external auditor. The external auditor has the right to appear and be heard at any meeting of the Audit Committee and shall appear before the Committee when required to do so by the Audit Committee.

The Company Secretary shall be Secretary of the Audit Committee.

Authority

The Committee is authorised by the Board to investigate any activity within its terms of reference. It is authorised to seek any information it requires from any employee and all employees are directed to cooperate with any requests made by the Committee.

Duties and Functions

The duties of the Committee shall be as follows:

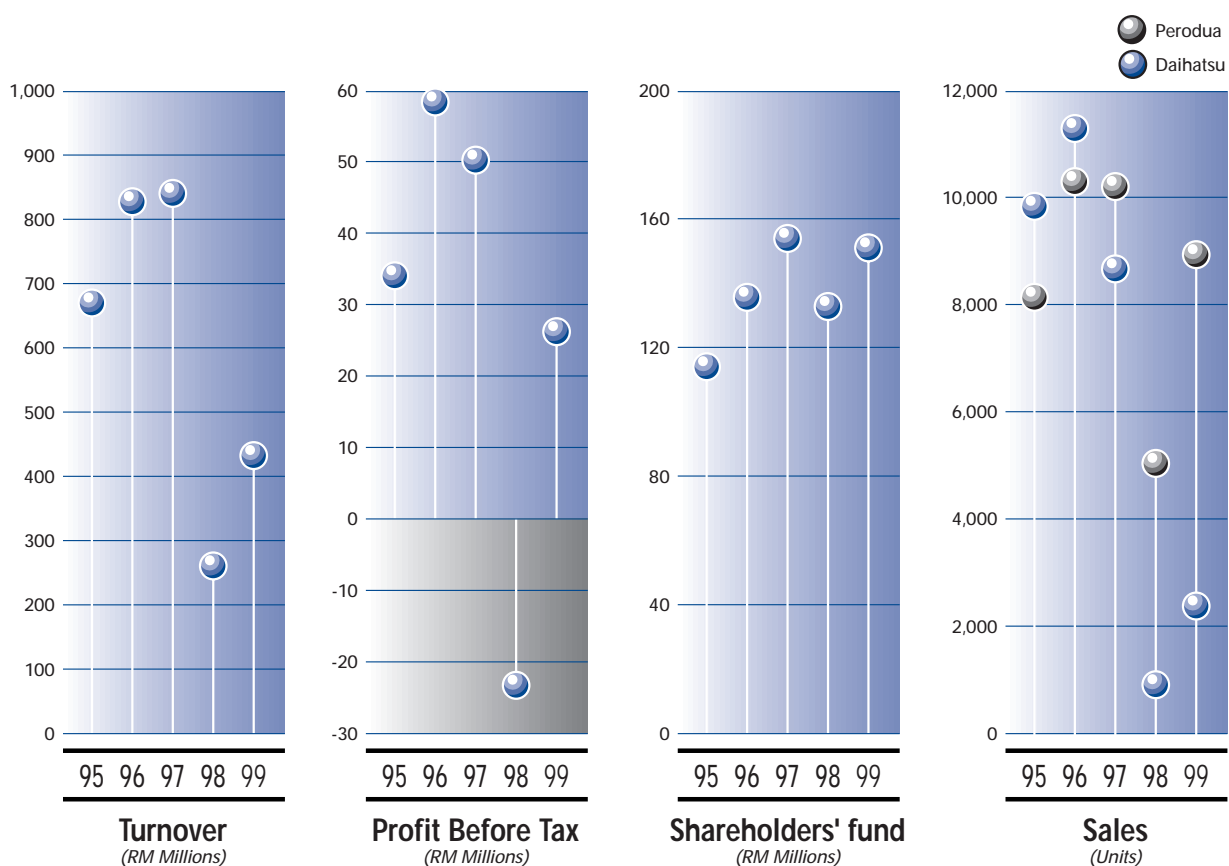
- review with the external auditor, the nature and scope of the audit;
- review with the external auditor, his evaluation of the internal accounting control;
- review with the external auditor, the audit report;
- review the assistance given by the Company's officers to the external auditor;
- review the scope and results of the internal audit procedures;
- review with the management and external auditor the half-year and annual financial statements before the submission to the Board;
- review related party transactions that may arise within the Company or the Group;
- consider the appointment of the external auditor, the audit fee, and any questions of resignation or dismissal;
- undertake such other responsibilities as agreed to by the Committee and the Board; and
- prepare periodic reports to the Board summarising the work performed in fulfilling the Audit Committee's primary responsibilities.

Report Procedures

The Secretary shall circulate the minutes of the meetings of the Committee to all members of the Board.

Financial Highlights

		1995	1996	1997	1998	1999
Turnover	<i>(RM Millions)</i>	694.5	851.0	860.2	283.6	455.3
Profit/(Loss) Before Tax	<i>(RM Millions)</i>	36.2	60.1	52.3	(25.8)	28.4
Shareholders' Funds	<i>(RM Millions)</i>	118.9	140.7	158.7	137.1	155.5
Net Tangible Assets Per Share	<i>(RM)</i>	1.43	1.87	2.11	1.83	2.07
Earnings Per Share	<i>(Sen)</i>	0.25	0.37	0.31	(0.25)	0.31
Gross Dividend	<i>(Sen)</i>	4.0	8.0	8.0	5.0	8.5
Sales						
Daihatsu	<i>(Units)</i>	10,143	11,559	8,955	1,202	2,621
Perodua	<i>(Units)</i>	8,406	10,582	10,503	5,287	9,217





Chairman's Statement

On behalf of the Board of Directors,

I am pleased to present the

Company's sixth Annual Report and Accounts
for the financial year ended 31 December 1999.

FINANCIAL RESULTS

In 1999, the Group achieved a turnover of RM455.3 million and pre-tax profit of RM28.4 million. These represents an increase of 60.5% and an increase of 210% over the 1998 turnover of RM283.6 million and loss before tax of RM25.8 million.

REVIEW OF OPERATIONS

The Malaysian motor vehicles industry continue to perform well in 1999 with 288,457 units sold in Malaysia, an increase of 76.1% over the 1998 figure of 163,851 units.

On May 1999, the Foreign Investment Committee approved the company's disposal of a stake of 20.2% of MBM Industries Sdn. Bhd. With this disposal, the company's interest in MBM Industries Sdn. Bhd. is diluted from 60.1% to 39.9%, thereby making MBM Industries Sdn. Bhd. an associate of the company.

On July 1999, the Company entered into a conditional agreement with its holding company, Med Bumikar Mara Sdn. Bhd. for the proposed acquisition by MBMR of 28,000,000 ordinary shares of RM1 each representing 20% equity interest in Perodua Sdn. Bhd. for a purchase consideration of

RM160,000,000 to be wholly satisfied by the issue of 69,565,000 new MBMR Shares at an issue price of RM2.30 per share. The Proposed Acquisition when completed, would increase MBMR's effective equity interest in Perodua from 3.575% to 23.575%.

Subsequently, on 21 December 1999, the Securities Commission had approved the followings :-

- (i) the acquisition of 28,000,000 ordinary shares representing 20% equity interest in Perodua for a purchase consideration of RM160,000,000 to be satisfied by the issue of 64,000,000 new MBMR Shares at an issue price of RM2.50 per share instead of 69,565,000 new MBMR Shares at an issue price of RM2.30 per share as earlier proposed; and
- (ii) the listing of and quotation for 64,000,000 new MBMR Shares on the Main Board of the KLSE pursuant to the Proposed Acquisition.

The company in its Extraordinary General Meeting held on 15 March 2000 has approved the above acquisition.

Chairman's Statement (cont'd)

MOTOR VEHICLE DISTRIBUTION

Daihatsu (Malaysia) Sdn. Bhd. is the sole distributor of Daihatsu motor vehicles in Malaysia and has the largest dealer's network selling Perodua vehicles in Malaysia. Turnover for Daihatsu Group increased 81.7% from RM244.6 million in 1998 to RM444.4 million in 1999 while the profit before tax increased 225.5% from a pre-tax loss of RM23.5 million in 1998 to RM29.5 million in 1999. This was achieved from the sale of 2,621 units of Daihatsu vehicles in 1998, and 9,217 units of Perodua vehicles, an increase of 74% over the sale of 5,287 units of Perodua vehicles in 1998. Sales were increased in 1999 due to the economic recovery and the widely available financing facilities.

The Colonial Motor Company Limited is the largest Ford dealer in New Zealand. For the six months ended 31 December 1999, operating profit after tax increased by 34% to NZ\$4.366 million (1998: NZ\$3.250 million) on revenue of NZ\$145 million (1998: NZ\$162 million). Total Revenue is down due to the exclusion of the three Auckland dealerships now being part of the Auckland Auto Collection group, which operates nine Ford and Mazda dealerships in the Auckland region.

MANUFACTURING

MBM Industries Sdn. Bhd. group is involved in the manufacture of precision metal stamped parts/components, loudspeaker grilles and hardboard panelling, and the design and fabrication of tool and die for the metal stamping industry. Turnover increased to RM38.6 million while the profit before tax increased to RM1.03 million representing an increase of 5.1% and 237.3% over the 1998 turnover of RM36.7 million and a loss before tax of RM0.75 million.

OUTLOOK FOR 2000

The improving Malaysian economy will see better motor vehicles sales and ultimately better profits for the group. However, the strengthening of the Yen if allow to persist would definitely affect profitability.

DIVIDEND

The Board of Directors has proposed a final dividend of 8.5 sen per share, less 28% income tax, in respect of the year ended 31 December 1999, to be approved by the shareholders at the forthcoming Annual General Meeting.

ACKNOWLEDGEMENT

On behalf of the Board, I wish to convey my appreciation to the management and staff of the MBM Resources Group for their dedication, support and hard work.

I also wish to thank the shareholders and our valued customers, dealers and suppliers for their continued support and commitment.

**Tan Sri Dato' Haji Ahmad Azizuddin
bin Haji Zainal Abidin**
Chairman





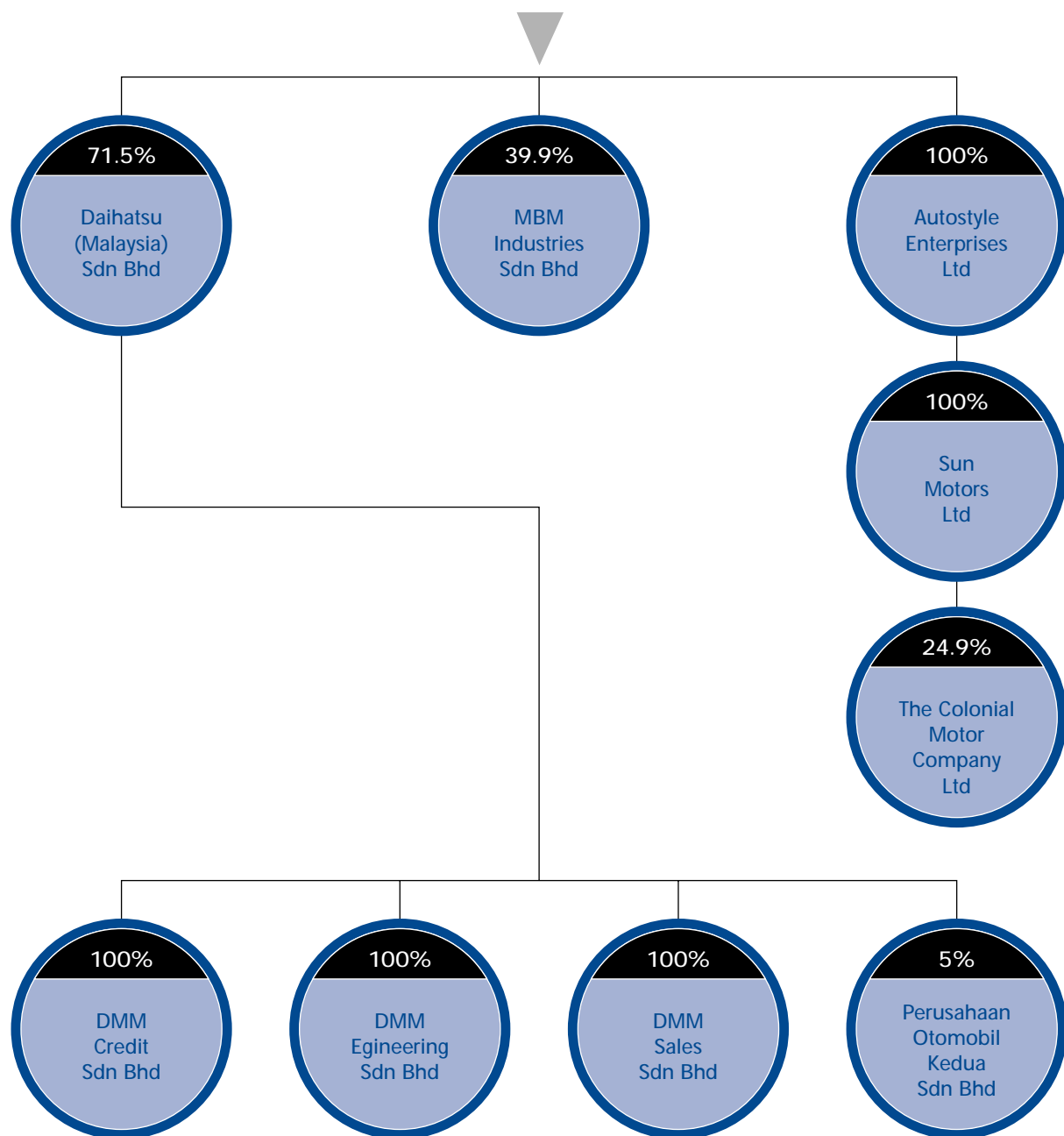
Corporate Structure

as at 31 March 2000



MBM RESOURCES BERHAD

(Incorporated in Malaysia)
(Co. No. 284496-V)



Financial Statements



MBM Resources Berhad (284496-V) • Incorporated in Malaysia



Directors' Report

The directors hereby submit their report together with the audited accounts of the Company and of the Group for the financial year ended 31 December, 1999.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding.

The principal activities of the subsidiaries and associated companies are described in Notes 11 and 12 to the accounts respectively.

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

RESULTS

	Group RM	Company RM
Profit after taxation	23,507,091	6,367,078
Retained profits brought forward	38,641,435	16,060,123
Profits available for appropriation	62,148,526	22,427,201
Dividends of 8.5% less taxation	(4,590,000)	(4,590,000)
Retained profits carried forward	57,558,526	17,837,201

DIVIDENDS

The Company paid a final dividend of 5% less taxation in respect of the financial year ended 31 December, 1998 amounting to RM2,700,000 on 12 July, 1999.

The directors recommend a final ordinary dividend of 8.5% less taxation, amounting to RM4,590,000 in respect of the current financial year.

RESERVES AND PROVISIONS

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

BAD AND DOUBTFUL DEBTS

Before the profit and loss accounts and balance sheets were made out, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that there were no known bad debts and that adequate provision had been made for doubtful debts.

Directors' Report (cont'd)

At the date of this report, the directors are not aware of any circumstances which would require any amount to be written off for bad debts or render the amount of provision for doubtful debts in the accounts of the Company and of the Group inadequate to any substantial extent.

CURRENT ASSETS

Before the profit and loss accounts and balance sheets were made out, the directors took reasonable steps to ensure that any current assets which were unlikely to be realised in the ordinary course of business their values as shown in the accounting records of the Company and of the Group 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 which would render the values attributed to the current assets in the accounts of the Company and of the Group misleading.

VALUATION METHODS

At the date of this report, the directors are not aware of any circumstances which have arisen which render adherence to the existing methods of valuation of assets or liabilities of the Company and of the Group misleading or inappropriate.

CONTINGENT AND OTHER LIABILITIES

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

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

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

CHANGE OF CIRCUMSTANCES

At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the accounts of the Company or of the Group which would render any amount stated in the accounts misleading.





Directors' Report (cont'd)

ITEMS OF AN UNUSUAL NATURE

The results of the operations of the Company and of the Group during the financial year were not, in the opinion of the directors, substantially affected by any item, transaction or event of a material and unusual nature.

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect substantially the results of the operations of the Company or of the Group for the financial year in which this report is made.

SIGNIFICANT EVENTS

- (i) In the previous financial year, the Company entered into a sale and purchase agreement with Hijauwasa Sdn. Bhd. to dispose 3,638,000 ordinary shares of RM1 each, representing 20.2% equity interest in MBM Industries Sdn. Bhd. ("MBMI") for a cash consideration of RM6,839,440, subject to approval by the Foreign Investment Committee. During the year, the Company completed the disposal and its interest in MBMI was diluted from the existing 60.1% to 39.9%, thereby making MBMI an associate of the Company.
- (ii) On 9 July, 1999, the Company entered into a sale and purchase agreement with its holding company, Med-Bumikar Mara Sdn. Bhd., to acquire 28,000,000 ordinary shares of RM1 each, representing 20% equity interest in Perusahaan Otomobil Nasional Kedua Sdn. Bhd. ("Perodua") for a purchase consideration of RM160,000,000, subject to approval from all relevant authorities. Upon approval by the relevant authorities, the Company's effective interest in Perodua will be 23.6%, thereby making Perodua an associate of the Company.

DIRECTORS

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

Tan Sri Dato' Haji Ahmad Azizuddin bin Haji Zainal Abidin
Tan Sri Dato' Abdul Aziz bin Abdul Rahman
Dato' Abdul Rahim bin Abdul Halim
Dato' Yap Lim Sen
Dato' Abdul Aziz bin Ahmad
Dato' Lee Lam Thye
Shamshir bin Ghazali
Tuan Haji Mohd Razali bin Haji Bidin
Wong Leong Thean
Looi Kum Pak

In accordance with the Company's Articles of Association, Dato' Yap Lim Sen and Looi Kum Pak retire at the forthcoming Annual General Meeting, and being eligible, offer themselves for re-election.

Tan Sri Dato' Haji Ahmad Azizuddin bin Haji Zainal Abidin, Tuan Haji Mohd Razali bin Haji Bidin and Dato' Abdul Aziz bin Ahmad retire pursuant to Section 129 of the Companies Act, 1965 and a resolution is being proposed for their re-appointment as directors under the provision of Section 129(6) of the said Act to hold office until the next Annual General Meeting of the Company.

Directors' Report (cont'd)

DIRECTORS' BENEFITS

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

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the directors as shown in the accounts or the fixed salary of a full time employee of the Company) by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

DIRECTORS' INTERESTS

According to the register of directors' shareholdings, the interests of directors in office at the end of the financial year in shares in the Company and its related corporations during the financial year were as follows:

	Number of Ordinary Shares of RM1 Each			
	1 January, 1999	Bought	Sold	31 December, 1999
The Company				
Tan Sri Dato' Haji Ahmad Azizuddin bin Haji Zainal Abidin	37,000	-	-	37,000
Dato' Yap Lim Sen	10,000	-	-	10,000
Tuan Haji Mohd Razali bin Haji Bidin	40,000	-	-	40,000
Ultimate Holding Company - MBM Ventures Sdn. Bhd.				
Dato' Abdul Rahim bin Abdul Halim	4,262,144	-	-	4,262,144
Wong Leong Thean	-	1,732,322	-	1,732,322
Tan Sri Dato' Haji Ahmad Azizuddin bin Haji Zainal Abidin – indirect	15,195,492	-	1,732,322	13,463,170
Holding Company - Med-Bumikar Mara Sdn. Bhd.				
Dato' Abdul Rahim bin Abdul Halim	892,500	-	-	892,500
Wong Leong Thean	-	639,023	-	639,023
Tan Sri Dato' Haji Ahmad Azizuddin bin Haji Zainal Abidin – indirect	2,556,094	-	639,023	1,917,071

By virtue of their interest in shares in the Company, the above directors are also deemed interested in shares in all the Company's subsidiaries to the extent the Company has an interest.

Other than as stated above, none of the directors in office at the end of the financial year had any interest in shares in the Company or its related corporations during the financial year.





Directors' Report (cont'd)

AUDIT COMMITTEE

The members of the audit committee are:

Tuan Haji Mohd Razali bin Haji Bidin (Chairman/Independent Non-Executive Director)
Dato' Lee Lam Thye (Independent Non-Executive Director)
Shamshir bin Ghazali (Executive Director)

The functions of the audit committee are to review the accounting policies, internal controls and annual accounts of the Company and its subsidiaries on behalf of the Board of Directors.

In performing its functions, the committee reviewed the overall scope of both internal and statutory audits. It met with the Group's internal auditors and the statutory auditors to discuss the results of their evaluation of the system of internal accounting controls of the Company and its subsidiaries. The audit committee also reviewed the assistance given by the Company's and its subsidiaries' officers to the auditors.

The committee reviewed the accounts of the Company and the consolidated accounts of the Group as well as the auditors' report thereon.

ULTIMATE HOLDING COMPANY

The directors regard MBM Ventures Sdn. Bhd., a company incorporated in Malaysia, as the ultimate holding company.

AUDITORS

Arthur Andersen & Co. retire and have indicated their willingness to accept re-appointment.

Signed on behalf of the Board in accordance with a resolution of the directors

DATO' ABDUL RAHIM BIN ABDUL HALIM

SHAMSHIR BIN GHAZALI

Kuala Lumpur
Dated: 18 April, 2000

Statement by Directors

We, DATO' ABDUL RAHIM BIN ABDUL HALIM and SHAMSHIR BIN GHAZALI, being two of the directors of MBM RESOURCES BERHAD, do hereby state that, in the opinion of the directors, the accompanying balance sheets of the Company and the Group as at 31 December, 1999 and the profit and loss accounts of the Company and of the Group and the cash flow statement of the Group for the year then ended, together with the notes thereto, give a true and fair view of the state of affairs of the Company and of the Group as at 31 December, 1999 and of the results of the Company and of the Group and cash flows of the Group for the year then ended, and have been properly drawn up in accordance with applicable approved accounting standards in Malaysia.

Signed on behalf of the Board in accordance with a resolution of the directors

DATO' ABDUL RAHIM BIN ABDUL HALIM

SHAMSHIR BIN GHAZALI

Kuala Lumpur
Dated: 18 April, 2000

Statutory Declaration

I, SHAMSHIR BIN GHAZALI, the director primarily responsible for the financial management of MBM RESOURCES BERHAD, do solemnly and sincerely declare that the accompanying balance sheets of the Company and the Group as at 31 December, 1999 and the profit and loss accounts of the Company and of the Group and the cash flow statement of the Group for the year then ended, together with the notes thereto 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 SHAMSHIR BIN)
GHAZALI at Kuala Lumpur in Wilayah)
Persekutuan on 18 April, 2000) **SHAMSHIR BIN GHAZALI**

Before me:

SHAHAR ALAM ABU KASSIM (W 105)
Commissioner for Oaths





Auditor's Report

To the Shareholders of
MBM RESOURCES BERHAD

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We have audited the accounts of **MBM RESOURCES BERHAD** ("the Company") and the consolidated accounts of **MBM RESOURCES BERHAD AND ITS SUBSIDIARIES** ("the Group") as at 31 December, 1999. These accounts are the responsibility of the Company's directors. Our responsibility is to express an opinion on these accounts based on our audit.

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

In our opinion,

- (a) the accounts give a true and fair view of the state of affairs of the Company and of the Group as at 31 December, 1999 and of the results of the Company and of the Group and cash flows of the Group for the year then ended, and have been properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia; and
- (b) the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

We have considered the accounts and the auditors' reports of all the subsidiaries of which we have not acted as auditors as indicated in Note 11 to the accounts, being accounts that have been included in the consolidated accounts.

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

The audit reports on the accounts of the subsidiaries were not subject to any qualification or any adverse comment made under subsection (3) of Section 174 of the Act.

Arthur Andersen & Co.
No. AF 0103
Public Accountants

Adrian Tsen Keng Yam
No. 1314/5/00(J)
Partner of the Firm

Dated: 18 April, 2000

Consolidated Balance Sheet

31 December 1999

	Note	1999 RM	1998 RM
CURRENT ASSETS			
Cash and short term funds	3	83,658,546	42,969,604
Trade debtors	4	48,314,150	44,062,318
Other debtors	5	11,769,176	10,994,215
Stocks	6	18,369,692	63,964,069
		162,111,564	161,990,206
CURRENT LIABILITIES			
Short term borrowings	7	5,538,078	16,882,595
Trade creditors	8	39,175,699	38,147,983
Other creditors		21,118,140	25,923,596
Due to related companies	9	397,935	4,109,807
Taxation		894,405	8,825,397
Proposed dividends		4,590,000	2,700,000
		71,714,257	96,589,378
NET CURRENT ASSETS		90,397,307	65,400,828
HIRE PURCHASE DEBTORS	4	25,610,291	49,019,800
FIXED ASSETS	10	61,880,916	69,262,723
INVESTMENT IN ASSOCIATED COMPANIES	12	53,846,120	41,612,330
OTHER INVESTMENTS	13	7,000,000	7,000,000
INTANGIBLE ASSETS	14	11,018	11,518
LONG TERM LOANS	15	(39,384,310)	(34,800,000)
RETIREMENT BENEFITS		(215,369)	(714,356)
MINORITY INTEREST		(43,599,383)	(38,164,689)
OTHER LONG TERM OBLIGATION	16	-	(21,496,495)
		155,546,590	137,131,659
SHAREHOLDERS' FUNDS			
Share capital	17	75,000,000	75,000,000
Reserves	18	80,546,590	62,131,659
		155,546,590	137,131,659

The accompanying notes are an integral part of this balance sheet.





Consolidated Profit and Loss Account

For The Year Ended 31 December 1999

	Note	1999 RM	1998 RM
Turnover	19	455,286,454	283,591,789
Profit/(loss) before taxation	20	28,382,778	(25,807,046)
Share of profit of associated companies		5,135,664	4,199,921
Profit/(loss) before taxation and minority interest		33,518,442	(21,607,125)
Taxation	21	(1,627,125)	(4,918,760)
Profit/(loss) after taxation but before minority interest		31,891,317	(26,525,885)
Minority interest		(8,384,226)	8,015,468
Profit/(loss) attributable to shareholders		23,507,091	(18,510,417)
Retained profits brought forward		38,641,435	59,851,852
Profits available for appropriation		62,148,526	41,341,435
Final dividends of 8.5% (1998 : 5%) less 28% taxation		(4,590,000)	(2,700,000)
Retained profits carried forward	18	57,558,526	38,641,435
Retained profits retained by:			
The Company		17,837,201	16,060,123
Subsidiaries		39,115,215	22,275,434
Associated companies		606,110	305,878
		57,558,526	38,641,435
Earnings/(loss) per share	22	0.31	(0.25)

The accompanying notes are an integral part of this account.

Consolidated Cash Flow Statement

For The Year Ended 31 December 1999

	1999 RM	1998 RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(loss) before taxation and minority interest	33,518,442	(21,607,125)
Adjustments for:		
Share of profit of associated companies	(5,135,664)	(4,199,921)
	28,382,778	(25,807,046)
Expenditure carried forward written off	-	52,417
Amortisation of reserve arising on consolidation	(540,604)	(540,604)
Depreciation	2,475,226	4,331,614
(Gain)/loss on disposal of fixed assets	(296,774)	13,900
Provision for slow moving stocks	1,385,866	260,876
Stocks written off	1,858,068	26,829,441
(Writeback)/provision for retirement benefits	(498,987)	198,000
Amortisation of goodwill arising on consolidation	500	500
	474,694	3,959,437
Provision for doubtful debts	-	4,291,237
Bad debts written off	(23,058,352)	(6,157,475)
Writeback of stocks written off in prior year	489,348	425,813
Unrealised foreign exchange loss	2,202,907	(2,397,996)
Net effect of disposal of subsidiaries*		
Operating profit before working capital changes	12,874,670	5,460,114
Decrease in debtors	9,662,717	5,839,592
Decrease in stocks	60,436,532	39,305,868
	(3,496,287)	8,914,575
(Decrease)/increase in related companies balances	(1,764,288)	(19,520,825)
Decrease in creditors		
Cash generated from operations	77,713,344	39,999,324
Taxes paid	(5,008,609)	(16,565,180)
Dividends paid	(2,700,000)	(4,320,000)
Net cash generated from operating activities	70,004,735	19,114,144
CASH FLOWS FROM INVESTING ACTIVITIES		
Repayment of other long term obligation	(20,709,805)	(20,883,114)
Dividend received from associated companies	2,600,740	2,223,054
Purchase of fixed assets	(5,463,405)	(8,323,733)
Proceeds from disposal of fixed assets	742,819	52,214
Net cash used in investing activities	(22,829,651)	(26,931,579)



*Consolidated Cash Flow Statement (cont'd)*

	1999 RM	1998 RM
CASH FLOWS FROM FINANCING ACTIVITIES		
Drawdown of term loans	9,384,310	24,800,000
Payment of retirement benefits	-	(215,669)
Repayment of term loans	(10,000,000)	-
Net cash (used in)/generated from financing activities	(615,690)	24,584,331
Net increase in cash and cash equivalents	46,559,394	16,766,896
Effect of exchange rate changes	274,065	877,570
Cash and cash equivalents at beginning of year	36,087,009	18,442,543
Cash and cash equivalents at end of year	82,920,468	36,087,009
Cash and cash equivalents comprise:		
Cash and short term funds	83,658,546	42,969,604
Bank overdrafts	(738,078)	(6,882,595)
	82,920,468	36,087,009
* Net effect of disposal of subsidiaries:		
Net assets/(liabilities) disposed	7,277,430	(2,470,437)
Less : Cash and bank balances	(5,140,894)	(80,194)
Add : Short term borrowings	66,371	152,635
	2,202,907	(2,397,996)

The accompanying notes are an integral part of this statement.

Balance Sheet

As At 31 December 1999

	Note	1999 RM	1998 RM
CURRENT ASSETS			
Cash and short term funds	3	4,544,244	3,043,101
Other debtors	5	435,290	437,277
Due from subsidiaries		37,501,251	33,802,116
		42,480,785	37,282,494
CURRENT LIABILITIES			
Other creditors		149,652	1,125,204
Proposed dividends		4,590,000	2,700,000
Due to related companies	9	378,425	4,834,874
		5,118,077	8,660,078
NET CURRENT ASSETS		37,362,708	28,622,416
FIXED ASSETS	10	262,940	388,820
INVESTMENT IN SUBSIDIARIES	11	54,486,656	74,769,207
INVESTMENT IN ASSOCIATED COMPANIES	12	13,445,217	-
		105,557,521	103,780,443
SHAREHOLDERS' FUNDS			
Share capital	17	75,000,000	75,000,000
Reserves	18	30,557,521	28,780,443
		105,557,521	103,780,443

The accompanying notes are an integral part of this balance sheet.





Profit and Loss Account

For The Year Ended 31 December 1999

	Note	1999 RM	1998 RM
Turnover	19	7,389,400	6,284,444
Profit before taxation	20	6,367,078	727,539
Taxation	21	-	(1,184,558)
Profit/(loss) after taxation		6,367,078	(457,019)
Retained profits brought forward		16,060,123	19,217,142
Profits available for appropriation		22,427,201	18,760,123
Final dividend of 8.5% (1998 : 5%) less 28% taxation		(4,590,000)	(2,700,000)
Retained profits carried forward	18	17,837,201	16,060,123

The accompanying notes are an integral part of this account.

Notes to The Accounts

31 December 1999

1. PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding.

The principal activities of the subsidiaries and associated companies are described in Notes 11 and 12 to the accounts respectively.

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

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Accounting

The accounts have been prepared under the historical cost convention and comply with applicable approved accounting standards in Malaysia.

(b) Basis of Consolidation

The consolidated accounts include the accounts of the Company and all its subsidiaries made up to the end of the financial year. The results of subsidiaries acquired are included in the consolidated profit and loss account from the date of their acquisition. The difference between the purchase consideration and the fair value of the net assets of the subsidiaries at the date of acquisition is retained in the consolidated balance sheet as net reserve or goodwill arising on consolidation.

Inter-company transactions are eliminated on consolidation and the consolidated accounts reflect external transactions only.

(c) Associated Companies

The Group treats as associated companies those companies in which a long term equity interest of between 20 and 50 percent is held and where it exercises significant influence through management participation.

The Group's share of profits less losses of associated companies is included in the consolidated profit and loss account and the Group's interest in associated companies is stated at cost plus adjustments to reflect changes in the Group's share of the net assets of the associated companies.

(d) Affiliated Companies

The Group treats as affiliated companies those companies which are associated companies of its holding company.





Notes to The Accounts (cont'd)

(e) Fixed Assets and Depreciation

Fixed assets are stated at cost less accumulated depreciation.

Freehold land and construction-in-progress are not depreciated. Long term and short term leasehold land is depreciated over the period of the lease. Depreciation of other fixed assets is provided on a straight line basis calculated to write off the cost of each asset over its estimated useful life.

The principal annual rates of depreciation are:

Long term leasehold land	Over 99 years
Short term leasehold land	Over 44 to 48 years
Buildings	2%
Motor vehicles	10% - 20%
Plant and machinery	10% - 33 1/3%
Furniture, fixtures and fittings	8% - 20%
Office equipment	10% - 20%
Leasehold improvements	10% - 20%
Renovation	10%

(f) Investments

Investments in subsidiaries and other investments are stated at cost less provision for any permanent diminution in value.

(g) Provision for Bad and Doubtful Debts

Specific provisions are made for doubtful debts which have been individually reviewed and specifically identified as bad or doubtful.

A general provision is also made to cover possible losses which are not specifically identified.

(h) Currency Conversion and Translation

Transactions in foreign currencies during the year are converted into Ringgit Malaysia at rates of exchange approximating those ruling at the transaction dates or by reference to forward contracted exchange rates. Foreign currency monetary assets and liabilities at the balance sheet date are translated into Ringgit Malaysia at rates of exchange approximating those ruling at that date or by reference to forward contracted exchange rates. All exchange gains or losses are dealt with in the profit and loss account.

The accounts of foreign subsidiaries have been translated into Ringgit Malaysia at the rate of exchange ruling at the balance sheet date. On consolidation, gains or losses arising on translation into Ringgit Malaysia are taken to reserves.

Notes to The Accounts (cont'd)

(i) Deferred Taxation

Deferred taxation is provided under the liability method for all material timing differences except where there is reasonable evidence that these timing differences will not reverse in the foreseeable future.

(j) Stocks

Stocks are stated at the lower of cost and net realisable value. Cost is determined on a first-in, first-out basis except for vehicles which are determined by specific identification and spares and supplies which are determined on a weighted average basis.

Cost consists of cost of purchase, assembly charges and incidental cost of bringing the stocks to location. Cost in the case of work-in-progress and finished goods includes direct material, direct labour and attributable production overheads.

(k) Retirement Benefits

Retirement benefits under an unfunded retirement scheme is provided for in the accounts in accordance with the policy adopted by a subsidiary and is computed at a percentage of the basic salary earnings of the eligible employees.

The subsidiary also contributes to a funded retirement plan covering all eligible employees which was set up in 1990 and is computed at a percentage of basic salary earnings.

(l) Income Recognition

Dividend income is recognised on a receivable basis.

Interest income on hire purchase transactions are recognised on the sum of digits method.

Interest income is recognised on an accrual basis. When an account becomes non-performing, interest is suspended until it is realised on a cash basis. Hire purchase accounts are deemed to be non-performing where repayments are in arrears for more than six months.

(m) Expenditure Carried Forward

Expenditure carried forward consists of listing expenses and will be written off upon completion of the listing exercise.

*Notes to The Accounts (cont'd)***3. CASH AND SHORT TERM FUNDS**

	Group		Company	
	1999 RM	1998 RM	1999 RM	1998 RM
Cash and bank balances	31,191,202	23,603,453	278,285	2,044,453
Bankers acceptances	4,265,959	998,648	4,265,959	998,648
Fixed deposits with licensed banks	48,201,385	18,367,503	-	-
	83,658,546	42,969,604	4,544,244	3,043,101

Included in the fixed deposits of the Group is an amount of RM210,000 (1998 : RM802,380) which have been pledged as security for credit facilities granted to certain subsidiaries.

4. TRADE DEBTORS

	Group	
	1999 RM	1998 RM
Trade debtors	28,534,506	26,069,075
Less : Provision for doubtful debts	(489,159)	(720,898)
	28,045,347	25,348,177
Hire purchase debtors	57,492,347	86,160,283
Less : Unearned interest	(8,366,900)	(15,034,368)
	49,125,447	71,125,915
Less : Provision for doubtful debts	(3,246,353)	(3,391,974)
	45,879,094	67,733,941
Less : Due after 12 months	(25,610,291)	(49,019,800)
	20,268,803	18,714,141
	48,314,150	44,062,318

5. OTHER DEBTORS

	Group		Company	
	1999 RM	1998 RM	1999 RM	1998 RM
Other debtors	12,394,756	11,827,646	435,290	437,277
Less : Provision for doubtful debts	(625,580)	(833,431)	-	-
	11,769,176	10,994,215	435,290	437,277

Notes to The Accounts (cont'd)

6. STOCKS

	Group	
	1999 RM	1998 RM
Raw materials and work-in-progress	8,158,678	20,179,197
Finished goods	9,725,063	42,600,192
Consumables and spares	1,871,817	3,090,813
	19,755,558	65,870,202
Less : Provision for slow moving stocks	(1,385,866)	(1,906,133)
	18,369,692	63,964,069

7. SHORT TERM BORROWINGS

	Group	
	1999 RM	1998 RM
Bank overdrafts	738,078	6,882,595
Term loan	4,800,000	10,000,000
	5,538,078	16,882,595

The bank overdrafts and short term loan of the Group are unsecured and bear interest of between 6.7% to 8.7% (1998 : 8.8% to 14.1%) per annum.

8. TRADE CREDITORS

Included in trade creditors of the Group is an amount of RM22,093,598 (1998 : RM25,936,202) due to an affiliated company.

9. DUE TO RELATED COMPANIES

	Group		Company	
	1999 RM	1998 RM	1999 RM	1998 RM
Due to holding company	378,425	4,109,807	378,425	4,834,874
Due to a fellow subsidiary	19,510	-	-	-
	397,935	4,109,807	378,425	4,834,874

The amounts due to related companies are unsecured, interest free and have no fixed terms of repayment.



*Notes to The Accounts (cont'd)***10. FIXED ASSETS**

Group			Renovation, leasehold improvements, furniture, fixtures, fittings, office equipment and motor vehicles	Construction- in-progress	Total
1999	*Land and buildings RM	Plant and machinery RM	RM	RM	RM
Cost					
Beginning of year	61,671,849	18,452,082	12,968,435	4,384,744	97,477,110
Additions	1,682,347	94,852	885,427	2,800,779	5,463,405
Disposals	(430,400)	-	(312,248)	-	(742,648)
Disposal of subsidiary	(5,023,933)	(14,055,538)	(3,796,910)	-	(22,876,381)
End of year	57,899,863	4,491,396	9,744,704	7,185,523	79,321,486
Accumulated Depreciation					
Beginning of year	4,924,115	14,783,097	8,507,175	-	28,214,387
Additions	906,159	106,020	1,463,047	-	2,475,226
Disposals	(84,000)	-	(212,573)	-	(296,573)
Disposal of subsidiary	(630,676)	(10,397,721)	(1,924,073)	-	(12,952,470)
End of year	5,115,598	4,491,396	7,833,576	-	17,440,570
Net Book Value	52,784,265	-	1,911,128	7,185,523	61,880,916
1998					
Cost					
Beginning of year	49,457,710	18,057,898	12,332,135	9,457,567	89,305,310
Additions	4,420,000	408,384	774,033	2,721,316	8,323,733
Disposals	-	(14,200)	(137,733)	-	(151,933)
Transfers in/(out)	7,794,139	-	-	(7,794,139)	-
End of year	61,671,849	18,452,082	12,968,435	4,384,744	97,477,110
Accumulated Depreciation					
Beginning of year	3,998,551	13,131,272	6,815,987	-	23,945,810
Additions	925,564	1,666,025	1,740,025	-	4,331,614
Disposals	-	(14,200)	(48,837)	-	(63,037)
End of year	4,924,115	14,783,097	8,507,175	-	28,214,387
Net Book Value	56,747,734	3,668,985	4,461,260	4,384,744	69,262,723

Notes to The Accounts (cont'd)

* LAND AND BUILDINGS

Group	Freehold land and buildings RM	Long term leasehold land and buildings RM	Short term leasehold land and buildings RM	Total RM
1999				
Cost				
Beginning of year	20,280,186	36,099,373	5,292,290	61,671,849
Additions	1,656,530	25,817	-	1,682,347
Disposals	(430,400)	-	-	(430,400)
Disposal of subsidiary	(3,783,933)	-	(1,240,000)	(5,023,933)
End of year	17,722,383	36,125,190	4,052,290	57,899,863
Accumulated Depreciation				
Beginning of year	1,584,150	2,554,502	785,463	4,924,115
Additions	363,055	441,797	101,307	906,159
Disposals	(84,000)	-	-	(84,000)
Disposal of subsidiary	(531,507)	-	(99,169)	(630,676)
End of year	1,331,698	2,996,299	787,601	5,115,598
Net Book Value	16,390,685	33,128,891	3,264,689	52,784,265
1998				
Cost				
Beginning of year	19,129,829	25,035,591	5,292,290	49,457,710
Additions	1,150,357	3,269,643	-	4,420,000
Transfer in	-	7,794,139	-	7,794,139
End of year	20,280,186	36,099,373	5,292,290	61,671,849
Accumulated Depreciation				
Beginning of year	1,162,251	2,168,768	667,532	3,998,551
Additions	421,899	385,734	117,931	925,564
End of year	1,584,150	2,554,502	785,463	4,924,115
Net Book Value	18,696,036	33,544,871	4,506,827	56,747,734



*Notes to The Accounts (cont'd)*

Company					
1999	Office equipment RM	Furniture and fittings RM	Motor vehicles RM	Renovation RM	Total RM
Cost					
Beginning of year	19,559	85,467	388,088	63,688	556,802
Disposals	-	-	(42,958)	-	(42,958)
End of year	19,559	85,467	345,130	63,688	513,844
Accumulated Depreciation					
Beginning of year	8,257	13,311	135,359	11,055	167,982
Additions	6,180	12,854	69,027	6,316	94,377
Disposals	-	-	(11,455)	-	(11,455)
End of year	14,437	26,165	192,931	17,371	250,904
Net Book Value	5,122	59,302	152,199	46,317	262,940
1998					
Cost					
Beginning of year	14,060	83,196	225,887	63,168	386,311
Additions	5,499	2,271	162,201	520	170,491
End of year	19,559	85,467	388,088	63,688	556,802
Accumulated Depreciation					
Beginning of year	2,840	3,328	57,742	4,738	68,648
Additions	5,417	9,983	77,617	6,317	99,334
End of year	8,257	13,311	135,359	11,055	167,982
Net Book Value	11,302	72,156	252,729	52,633	388,820

Notes to The Accounts (cont'd)

11. INVESTMENT IN SUBSIDIARIES

	Company	
	1999	1998
	RM	RM
Unquoted shares, at cost	54,486,656	74,769,207

The subsidiaries are:

Name of Company	Effective Interests		Principal Activities
	1999	1998	
	%	%	
Incorporated in Malaysia			
Daihatsu (Malaysia) Sdn. Bhd.	71.5	71.5	Trading of motor vehicles, spare parts and provision of related motor repair services
DMM Engineering Sdn. Bhd.	71.5	71.5	Repair and touching-up, construction of vehicle body parts for sale and providing handling services and distribution of speed boats, wet jets, caravan, spare parts, trucks and buses
DMM Sales Sdn. Bhd.	71.5	71.5	Marketing and distribution of motor vehicles, related spare parts and other related activities
DMM Credit Sdn. Bhd.	71.5	71.5	Provision of hire purchase and lease financing
DMM Assembly Services Sdn. Bhd.	71.5	71.5	Dormant
MBM Industries Sdn. Bhd.*	-	60.1	Investment holding
Tekun Asas Sdn. Bhd.*	-	60.1	Manufacture of precision stamping parts for electrical and electronics industries
Precision Press Industries Sdn. Bhd.*	-	60.1	Manufacture of precision stamping parts for electrical and electronics industries
Incorporated in British Virgin Islands			
Auto Style Enterprise Limited	100	100	Investment holding
Sun Motors Limited	100	100	Investment holding

*Audited by auditors other than Arthur Andersen & Co.



*Notes to The Accounts (cont'd)***12. INVESTMENT IN ASSOCIATED COMPANIES**

	Group		Company	
	1999 RM	1998 RM	1999 RM	1998 RM
At cost:				
Unquoted shares in Malaysia	13,443,111	-	13,443,111	-
Quoted shares outside Malaysia	39,794,793	41,306,452	-	-
Group's share of post acquisition profits	606,110	305,878	-	-
	53,844,014	41,612,330	13,443,111	-
Due from associated companies	2,106	-	2,106	-
	53,846,120	41,612,330	13,445,217	-
At market value:				
Quoted share outside Malaysia	39,609,570	35,085,055	-	-

No provision has been made for the diminution in value of quoted shares outside Malaysia as in the opinion of the directors, it is of a temporary nature.

The associated companies are:

Name of Company	Place of Incorporation	Effective Interests		Principal Activities
		1999 %	1998 %	
Associate of the Company				
MBM Industries Sdn. Bhd.	Malaysia	39.9	-	Investment holding
Associate of Sun Motors Limited				
The Colonial Motor Company Limited	New Zealand	24.9	24.9	Investment property and motor trade related activities

13. OTHER INVESTMENTS

	Group	
	1999 RM	1998 RM
Unquoted shares, at cost	7,000,000	7,000,000

Notes to The Accounts (cont'd)

14. INTANGIBLE ASSETS

	Group	
	1999 RM	1998 RM
Goodwill arising on consolidation	12,518	12,518
Less : Cumulative amortisation	(1,500)	(1,000)
	11,018	11,518

15. LONG TERM LOANS

	Group	
	1999 RM	1998 RM
Repayable in full on 29 August, 1999 bearing interest at 8.75% per annum	-	10,000,000
Repayable in full on 27 March, 2000 bearing interest at 12% per annum	4,800,000	4,800,000
Repayable in full on 8 April, 2001 bearing interest at 9.75% per annum	20,000,000	20,000,000
Repayable in full on 10 November, 2001 bearing interest at 0.75% + Bank's cost of fund	9,384,310	-
Repayable in full on 28 August, 2002 bearing interest at 9% per annum	10,000,000	10,000,000
	44,184,310	44,800,000
Repayment due within 12 months (included in short term borrowings)	(4,800,000)	(10,000,000)
	39,384,310	34,800,000

The term loans are secured by a letter of credit issued by a licensed financial institution. One of the term loan which is repayable in full on 10 November, 2001 is secured by a fixed and floating charge over the assets of its subsidiary.

16. OTHER LONG TERM OBLIGATION

Group

In 1997, a term loan amounted to NZD20,379,913 obtained by a subsidiary company from a financial institution was converted into preference shares and share premium amounting to USD7,700,000 and USD5,016,753 respectively in the subsidiary. The preference shares and share premium are redeemable within a period of two years upon full repayment of the original amount due to the financial institution.

In the previous financial year, the subsidiary made a repayment of NZD9,764,944 to the financial institution and the outstanding balance of NZD10,614,969 (equivalent to RM21,496,495) as at 31 December, 1998 was fully repaid during the financial year.



*Notes to The Accounts (cont'd)***17. SHARE CAPITAL**

	1999 RM	1998 RM
Ordinary shares of RM1 each:		
Authorised:	200,000,000	200,000,000
Issued and fully paid:	75,000,000	75,000,000

18. RESERVES

	Group		Company	
	1999 RM	1998 RM	1999 RM	1998 RM
Non-distributable:				
Reserve arising on consolidation	13,515,104	13,515,104	-	-
Less : Cumulative amortisation	(3,243,624)	(2,703,020)	-	-
Net reserve arising on consolidation	10,271,480	10,812,084	-	-
Share premium	12,720,320	12,720,320	12,720,320	12,720,320
Foreign exchange reserve	(3,736)	(42,180)	-	-
	22,988,064	23,490,224	12,720,320	12,720,320
Distributable:				
Retained profits	57,558,526	38,641,435	17,837,201	16,060,123
	80,546,590	62,131,659	30,557,521	28,780,443

19. TURNOVER

Turnover of the Group represents invoiced value of sales net of discounts and returns.

Turnover of the Company represents gross dividend income from subsidiaries.

The cost of sales incurred in relations to the Group's invoiced value of sales net of discounts and returns was RM402,331,671 (1998 : RM246,534,337).

The cost of sales in relation to the Group's sale of goods consists of cost of goods purchased, direct materials, direct labour and related overheads.

Notes to The Accounts (cont'd)

20. PROFIT/(LOSS) BEFORE TAXATION

	Group		Company	
	1999 RM	1998 RM	1999 RM	1998 RM
Profit/(loss) before taxation is stated after charging/(crediting):				
Auditors' remuneration				
- current year	82,000	105,800	12,000	11,000
- others	80,000	-	80,000	-
Depreciation	2,475,226	4,331,614	94,377	99,334
Rental of premises	1,249,435	1,129,120	-	108,024
Directors' remuneration				
- current year fees	260,000	183,000	110,000	88,000
- fees overprovided in prior years	-	(30,000)	-	(30,000)
- salaries and other emoluments	901,817	890,520	205,650	-
Interest expenses	6,023,571	9,468,182	-	-
(Writeback)/provision for retirement benefits	(498,987)	198,000	-	-
Provision for slow moving stocks	1,385,866	260,876	-	-
Bad debts written off	-	4,291,237	-	3,850,820
Stocks written off	1,858,068	26,829,441	-	-
Realised foreign exchange loss	87,103	157,964	-	-
Unrealised foreign exchange loss	489,348	425,813	-	-
Expenditure carried forward written off	-	52,417	-	-
(Gain)/loss on disposal of investment in subsidiaries	(307,589)	(2,175,138)	-	1,009,796
(Gain)/loss on disposal of fixed assets	(296,774)	13,900	5,503	-
Amortisation of goodwill arising on consolidation	500	500	-	-
Provision for doubtful debts	474,694	3,959,437	-	-
Interest income	(1,762,678)	(4,579,543)	(64,742)	(6,893)
Rental income	(612,661)	(520,308)	-	-
Amortisation of reserve arising on consolidation	(540,604)	(540,604)	-	-
Writeback of stocks written off in prior year	(23,058,352)	(6,157,475)	-	-
Realised foreign exchange gain	-	(257,442)	-	-
Dividend income				
- subsidiary	-	-	(7,150,000)	(6,284,444)
- associated company	(239,400)	-	(239,400)	-
- other	(700,000)	(700,000)	-	-
Bad debts recovered	(10,782)	-	-	-



*Notes to The Accounts (cont'd)***21. TAXATION**

	Group		Company	
	1999 RM	1998 RM	1999 RM	1998 RM
Current year's provision	-	1,217,547	1,949,000	1,190,000
Overprovision in prior year	-	2,657,239	-	(5,442)
Transfer from deferred taxation	-	(342,000)	-	-
	-	3,532,786	1,949,000	1,184,558
Share of taxation of associated companies	1,627,125	1,385,974	-	-
	1,627,125	4,918,760	1,949,000	1,184,558

There is no tax charge for the Company in the current financial year as the dividend income is tax exempted.

The Company has sufficient tax credit under Section 108 of the Income Tax Act, 1967 to frank the payment of dividends of approximately RM16,227,000 out of its retained profits as at 31 December, 1999. If the balance of the retained profits were to be distributed as dividends, the Company would have a Section 108 shortfall of approximately RM451,000.

22. EARNINGS/(LOSS) PER SHARE

Earnings/(loss) per share is calculated by dividing the Group earnings of RM23,507,091 (1998 : loss of RM18,510,417) by the number of ordinary shares of 75,000,000 (1998 : 75,000,000).

23. SIGNIFICANT RELATED PARTY TRANSACTIONS

	Group	
	1999 RM	1998 RM
Sales to holding company	342,000	7,057,000
Management fees charged by holding company	117,000	-
Purchases from a foreign corporate shareholder of a subsidiary	6,948,000	4,160,000
Purchases from a subsidiary of a foreign corporate shareholder of a subsidiary	3,291,000	-
Purchases from an affiliated company	250,016,000	114,678,000
Charges from an affiliated company	13,297,000	7,115,000

24. CAPITAL COMMITMENTS

	Group	
	1999 RM	1998 RM
Approved and contracted for	4,353,000	5,548,000

Notes to The Accounts (cont'd)

25. SEGMENTAL REPORTING

The segment information by activities and geographical segments are as follows:

	Turnover RM	Profit/(loss) before taxation RM	Total tangible assets RM
By Activities			
1999			
Investment holding	-	(1,062,799)	60,575,551
Distribution of motor vehicles	444,407,121	29,513,674	249,873,340
Manufacturing	10,879,333	(68,097)	-
	<u>455,286,454</u>	<u>28,382,778</u>	<u>310,448,891</u>
1998			
Investment holding	-	(1,564,675)	55,513,190
Distribution of motor vehicles	246,853,141	(23,488,402)	243,568,867
Manufacturing	36,738,648	(753,969)	29,803,002
	<u>283,591,789</u>	<u>(25,807,046)</u>	<u>328,885,059</u>
By Geographical Segment			
1999			
Malaysia	455,286,454	28,448,634	269,594,678
New Zealand	-	(65,856)	40,854,213
	<u>455,286,454</u>	<u>28,382,778</u>	<u>310,448,891</u>
1998			
Malaysia	283,591,789	(25,685,500)	287,568,774
New Zealand	-	(121,546)	41,316,285
	<u>283,591,789</u>	<u>(25,807,046)</u>	<u>328,885,059</u>



*Notes to The Accounts (cont'd)***26. SIGNIFICANT EVENTS**

- (i) In the previous financial year, the Company entered into a sale and purchase agreement with Hijauwasa Sdn. Bhd. to dispose 3,638,000 ordinary shares of RM1 each, representing 20.2% equity interest in MBM Industries Sdn. Bhd. ("MBMI") for a cash consideration of RM6,839,440, subject to approval by the Foreign Investment Committee. During the year, the Company completed the disposal and its interest in MBMI was diluted from the existing 60.1% to 39.9%, thereby making MBMI an associate of the Company.
- (ii) On 9 July, 1999, the Company entered into a sale and purchase agreement with its holding company, Med-Bumikar Mara Sdn. Bhd., to acquire 28,000,000 ordinary shares of RM1 each, representing 20% equity interest in Perusahaan Otomobil Nasional Kedua Sdn. Bhd. ("Perodua") for a purchase consideration of RM160,000,000, subject to approval from all relevant authorities. Upon approval by the relevant authorities, the Company's effective interest in Perodua will be 23.6%, thereby making Perodua an associate of the Company.

27. COMPARATIVE FIGURES

The following balance sheet comparative figures have been reclassified to conform with the current year's presentation :

	As amended RM	As previously reported RM
Long term leasehold land and buildings	36,099,373	38,187,630
Construction-in-progress	4,384,744	2,296,487

28. HOLDING AND ULTIMATE HOLDING COMPANIES

The holding and ultimate holding companies are Med-Bumikar Mara Sdn. Bhd. and MBM Ventures Sdn. Bhd. respectively, both of which are incorporated in Malaysia.

29. CURRENCY

All amounts are stated in Ringgit Malaysia, unless otherwise stated.

List of Properties

Location	Land area (built-up area) sq metre	Description of property and existing use	Approx. age of building	Tenure	Book value as at 31.12.99 (RM '000)
Proprietor: Daihatsu (Malaysia) Sdn Bhd					
47, Jalan Tun Abdul Razak 30100 Ipoh Perak Darul Ridzuan	3,728 (750)	Land with double-storey building used as showroom and workshop	18	Freehold	1,359
111, Jalan Laksamana Cheng Ho 75000 Melaka	5,263 (814)	Land with double-storey building used as showroom and workshop	7	Freehold	1,745
11A, Level 11, Genting View Resort Genting Highlands, Bentong Pahang Darul Makmur	(92)	3-bedroom apartment used for leisure and recreation	7	Freehold	180
Unit B24, Prima Damansara Jalan Chempanai, Damansara Heights 50490 Kuala Lumpur	(128)	2-bedroom condominium used as accomodation for overseas visitors	6	Freehold	144
B-317, Blue Lagoon Port Dickson Negeri Sembilan Darul Khusus	(78)	2-bedroom condominium used for leisure and recreation	7	Freehold	156
Lot 1, Jalan Keluli Section 15, 40000 Shah Alam Selangor Darul Ehsan	11,294 (4,860)	Industrial land with building used as showroom, workshop and office	11	Leasehold (expiring on 12.1.2086)	7,328
Lot 2A, Jalan Keluli Section 15, 40000 Shah Alam Selangor Darul Ehsan	14,928 (4,608)	Industrial land with building used as body building, workshop and store	7	Leasehold (expiring on 26.1.2087)	5,901
Lot 2B, Jalan Keluli Section 15, 40000 Shah Alam Selangor Darul Ehsan	9,821	Industrial land used as vehicle storage yard	-	Leasehold (expiring on 26.1.2087)	1,125
Apartment 401, Block 2 Jalan SS18/47, 40000 Shah Alam Selangor Darul Ehsan	(66)	3-bedroom apartment used as accomodation for employees when attending training	7	Leasehold (expiring on 29.7.2096)	38
20, Jalan 54, Desa Jaya Kepong, 52100 Kuala Lumpur	270 (1,080)	4-storey shop lot used as showroom and workshop	6	Leasehold (expiring on 8.3.2081)	691
32, Jalan Tun Razak 80200 Johor Bahru Johor Darul Takzim	4,805 (939)	Land with building used as showroom and workshop	5	Leasehold (expiring on 21.12.2030)	1,973



*List of Properties (cont'd)*

Location	Land area (built-up area) sq metre	Description of property and existing use	Approx. age of building	Tenure	Book value as at 31.12.99 (RM '000)
Lot No. 20 Secco Industrial Estate Jalan Kelembong, Inanam 88450, Kota Kinabalu, Sabah	4,309	Industrial land with building used as workshop	6	Leasehold (expiring on 31.12.2034)	1,282
Lot 1A, Jalan Keluli Section 15, 40000 Shah Alam Selangor Darul Ehsan	440	Commercial land with building used as showroom	4	Leasehold (expiring on 12.1.2086)	486
Lot 27, 28 and 29, Selayang Baru Selangor Darul Ehsan	(1,131)	3 units of 1 1/2 storey terrace factory (under construction)	-	Freehold	1,068
Lot 68-G, 68-1, Lot 69-G, 69-1 Selayang Baru Selangor Darul Ehsan	(944)	2 units of Ground & 1st Floor of shop office building	-	Freehold	1,076
2, Jalan 19/36 45300 Petaling Jaya Selangor Darul Ehsan	(966)	Land with 4 storey corner shophouse	3	Freehold	2,934
Lot 1, Lorong 51A/227C 46100 Petaling Jaya Selangor Darul Ehsan	1,677 (674)	Industrial land building used as workshop	8	Leasehold (expiring on 13.3.2074)	1,449
3/G10 Ground & First Floor Api Api Centre Kota Kinabalu, Sabah	127 (242)	Showroom	3	Freehold	653
5/G8 Ground & First Floor Api Api Centre Kota Kinabalu, Sabah	127 (242)	Showroom	3	Freehold	834
1, Jalan Memanda 7/1, Ampang Triangle Off Jalan Ampang 68000 Kuala Lumpur	304 (1,331)	Corner 4 1/2 storey shop lot used as showroom	4	Freehold	2,000
Lot 48, Bukit Beruntung Industrial Park Selangor Darul Ehsan	8,247	Industrial Land with building	-	Freehold	1,543
Lot 57, Bukit Beruntung Industrial Park Selangor Darul Ehsan	11,109	Industrial Land	-	Freehold	1,570

List of Properties (cont'd)

Location	Land area (built-up area) sq metre	Description of property and existing use	Approx. age of building	Tenure	Book value as at 31.12.99 (RM '000)
Lot 6165A, Bukit Beruntung Industrial Park Selangor Darul Ehsan	5,681	Industrial Land with building	-	Freehold	2,263
Units 3, 4, 7 and 8, Level 4 and 5 Block K, Bandar Bukit Beruntung Apartments, Selangor Darul Ehsan	(653)	8 units apartments (under construction)	-	Freehold	150
Lot 7, 8 and 9 HS (D) 70978, 67686 Bandar Kuala Lumpur	502	Commercial land with building used as showroom (under construction)	-	Leasehold (expiring on 12.1.2067)	8,982
Lot 2, Jalan Gergaji 15/4 Shah Alam Selangor Darul Ehsan	12,070	Industrial Land with building	1	Leasehold (expiring in year 2094)	4,431
Lot 2702, Palm Spring, Port Dickson Negeri Sembilan Darul Khusus	834	Bungalow lot	-	Freehold	131
Block SA-01, Signature Offices Mid Valley, Phase 1 Bandar Kuala Lumpur	(3,062)	11 storey office, commercial building (under construction)	-	Leasehold	7,186
Proprietor: DMM Sales Sdn Bhd 1262 Jalan Baru 13700 Perai Pulau Pinang	10,775	Industrial Land with building	-	Freehold	1,294





Analysis of Shareholdings

As At 31 December 1999

Authorised Share Capital	:	200,000,000
Paid-up & Issued Share Capital	:	75,000,000
Type of Share	:	Ordinary Share of RM1.00 each
No. of Shareholders	:	3,666
Voting Rights	:	One vote for every share

Size of Shareholdings	No. of Shareholders	Percentage of Shareholders	No. of Shares Held	Percentage of Issued Capital
1 – 499	15	0.41	1,081	0.00
500 – 5,000	3,091	84.32	5,376,610	7.17
5,001 – 10,000	240	6.55	1,990,408	2.65
10,001 – 100,000	271	7.39	8,867,802	11.82
100,001 – 1,000,000	44	1.20	12,514,724	16.69
More than 1,000,000	5	0.14	46,249,375	61.67
Grand Total	3,666	100.00	75,000,000	100.00

SUBSTANTIAL SHAREHOLDERS

No.	Name	No of Shares Held	%
1.	Med-Bumikar Mara Sdn Bhd	38,560,099 ^a	51.41
2.	MBM Ventures Sdn Bhd	38,560,099 ^b	51.41
3.	Majlis Amanah Rakyat	38,560,099 ^c	51.41
4.	Endiri Sdn Bhd	38,560,099 ^c	51.41
5.	Tan Sri Ahmad Azizuddin bin Zainal Abidin	38,597,099 ^d	51.46
7.	Employees Provident Fund	7,151,000	9.54

Notes:

^a Include deemed interest by virtue of its shareholding in Central Shore Sdn Bhd

^b Deemed interest by virtue of its shareholding in Med-Bumikar Mara Sdn Bhd

^c Deemed interest by virtue of their shareholding in Med-Bumikar Mara Sdn Bhd and MBM Ventures Sdn Bhd

^d Deemed interest by virtue of his shareholding in Endiri Sdn Bhd

LIST OF TOP TWENTY SHAREHOLDERS as at 31 March 1999

No.	Name	Shareholdings	%
1.	Public Nominees (Tempatan) Sdn Bhd	20,000,000	26.67
	<i>Pledged Securities Account for Med-Bumikar Mara Sdn Bhd</i>		
2.	Med-Bumikar Sdn Bhd	17,732,375	23.64
3.	Employees Provident Fund	5,210,000	6.95
4.	AM Nominees (Tempatan) Sdn Bhd	1,941,000	2.59
	<i>Employees Provident Fund Board</i>		
5.	Permodalan Nasional Berhad	1,366,000	1.82
6.	Amanah Raya Berhad	975,000	1.30
	<i>for Arab Malaysian First Fund</i>		
7.	Central Shore Sdn Bhd	827,724	1.10
8.	Prudential Assurance Malaysia Berhad	782,000	1.04
9.	Mayban Nominees (Tempatan) Sdn Bhd	630,000	0.84
	<i>Phileo Asset Management for Perusahaan Otomobil Nasional Berhad</i>		
10.	Amanah Raya Nominees (Tempatan) Sdn Bhd	602,000	0.8
	<i>for Malaysia Progress Fund</i>		
11.	Summit Holdings Sdn Bhd	533,000	0.71
12.	Cartaban Nominees (Asing) Sdn Bhd	500,000	0.67
	<i>Bermuda Trust (Singapore) Ltd for IBB Nikko Fund</i>		
13.	Lembaga Tabung Haji	468,000	0.62
14.	Amanah Raya Nominees (Tempatan) Sdn Bhd	400,000	0.53
	<i>for Amanah Saham Selangor</i>		
15.	Lembaga Tabung Haji	394,000	0.53
16.	Amanah Raya Berhad	362,000	0.48
	<i>Tabung Ittikal Arab-Malaysian</i>		
17.	Pacific & Orient Insurance Co Berhad	353,000	0.47
18.	Mayban Trustees Berhad	300,000	0.40
	<i>Amanah Saham Bank Islam Tabung Pertama</i>		
19.	Universal Trustee (Malaysia) Berhad	299,000	0.40
	<i>Mayban Balanced Trust Fund</i>		
20.	Zaharah binti Nordin	290,000	0.39
		53,965,099	71.95



MBM Resources Berhad
(Co. No. 284496-V) • (Incorporated in Malaysia)

F O R M O F P R O X Y

I/We _____
of _____
being a member/members of MBM RESOURCES BERHAD, hereby appoint _____
of _____
or failing him/her _____
of _____

or failing him/her, the Chairman of the Meeting as my proxy/our proxy to vote for me/us on my/our behalf at the Sixth Annual General Meeting of the Company to be held at the 9th Floor, Function Room 2-5, The Legend Hotel, 100 Putra Place, Jalan Putra, 50300 Kuala Lumpur, on Friday, 26 May 2000 at 3.30 p.m. and at any adjournment thereof.

My/Our proxy is to vote as indicated below:

No	Resolutions	For	Against
1.	To receive, consider and adopt the Audited Accounts for the period ended 31 December 1999 together with the Reports of the Directors and Auditors therein.		
2.	To approve the declaration of a first and final dividend of 8.5 sen less tax in respect of the period ended 31 December 1999.		
To re-elect the following Directors retiring by rotation pursuant to Article 80:			
3.	Dato' Yap Lim Sen		
4.	Looi Kum Pak		
To re-appoint the following Directors who retired in accordance with Section 129 of the Companies Act, 1965 and is eligible for re-election:			
5.	Tan Sri Dato' Ahmad Azizuddin bin Zainal Abidin		
6.	Tuan Haji Mohd Razali bin Bidin		
7.	Dato' Abdul Aziz bin Ahmad		
8.	To approve the Directors' remuneration for 1999		
9.	To appoint the Auditors and to authorise the Directors to fix their remuneration.		
10.	To approve the proposed amendments to the Memorandum of Association of the Company.		
11.	To approve the proposed amendments to the Articles of Association of the Company.		
12.	To approve the authority to issue shares pursuant to Section 132D of the Companies Act, 1965.		

(Please indicate with "X" how you wish to cast your vote)

No. of Shares

.....
Signature

Signed this day of 1999

Note:

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend and vote in his stead. A proxy need not be a member of the Company.
2. The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly appointed under a power of attorney or if such appointer is a corporation, either under its common seal or under the hand of an officer or attorney duly appointed under a power of attorney.
3. The instrument appointing a proxy must be deposited at the Registered Office of the Company, Suite 15-3, 15th Floor, Wisma UOA II, No. 21 Jalan Pinang, 50450 Kuala Lumpur, at least forty eight hours before the time appointed for holding the Meeting.

FOLD THIS FLAP FOR SEALING



MBM Resources Berhad
Suite 15-03, 15th Floor
Wisma UOA II
21 Jalan Pinang
50450 Kuala Lumpur

2nd FOLD HERE

1st FOLD HERE

