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DIRECTORS' REPORT

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

PRINCIPAL ACTIVITIES

The Company is principally an investment holding company. The Company also engages in trading activities and provides management services to its subsidiary companies.

The Group is principally engaged in power generation, operations and maintenance services to power plants, publishing and broadcasting, financial services, property development, quarry operations, construction and engineering services.

There have been no significant changes in the nature of the activities of the Group and of the Company during the financial year other than those mentioned in Note 37 to the accounts.

FINANCIAL RESULTS

	Group RM'000	Company RM'000
Loss before exceptional items and taxation	(288,872)	(74,137)
Share of results of associated companies	89,734	-
Exceptional items	(1,207,662)	(1,467,166)
	<hr/>	<hr/>
Loss before taxation	(1,406,800)	(1,541,303)
Taxation	(41,717)	-
	<hr/>	<hr/>
Loss after taxation	(1,448,517)	(1,541,303)
Minority interests	14,932	-
	<hr/>	<hr/>
Loss for the financial year	(1,433,585)	(1,541,303)
Share in the transfer to statutory reserves by associated companies	(14,805)	-
Retained profits brought forward	498,897	777,841
	<hr/>	<hr/>
Accumulated losses carried forward	(949,493)	(763,462)

DIRECTORS' REPORT (CONTINUED)

DIVIDENDS

No dividend has been paid or declared by the Company since 31 August 1998. The Directors do not recommend the payment of any dividend for the financial year ended 31 August 1999.

RESERVES AND PROVISIONS

Material transfers to and/or from reserves and provisions during the financial year are as shown in the accounts.

SHARE CAPITAL

During the financial year, the issued and paid-up share capital of the Company was increased from RM963,128,832 to RM969,780,832 by way of the issuance of 6,652,000 ordinary shares of RM1.00 each as follows:

Purpose of issue	No. of ordinary shares of RM1.00 each
Exercise of share options by eligible employees pursuant to the Employees' Share Option Scheme	6,652,000

The above ordinary shares issued during the financial year rank pari-passu in all respects with the existing ordinary shares of the Company.

EMPLOYEES' SHARE OPTION SCHEME

The Malaysian Resources Corporation Berhad Employees' Share Option Scheme ("ESOS" or the "Scheme") was approved by the shareholders at the Extraordinary General Meeting held on 9 February 1996 and became effective on 4 April 1996.

The details of the ESOS are contained in the Bye-Laws and the salient features thereof are as follows:

- (a) The Scheme is set up for the participation in the ordinary share capital of the Company only.

The total number of shares to be offered under the ESOS shall not exceed 10% of the total number of issued and paid-up ordinary shares of the Company at any time during the tenure of the Scheme. At the commencement of the Scheme, the total number of shares available for offer is 49,292,624 ordinary shares of RM1.00 each.

- (b) Eligible employees are those who have been in the service of the Group for a continuous period of at least one (1) year for Malaysian employees (including full-time Executive Directors who are involved in the day-to-day management and on the payroll of the Company) and five (5) years of continuous service with the Group for non-Malaysian employees.

DIRECTORS' REPORT (CONTINUED)

- (c) The ESOS shall continue to be in force for a duration of five (5) years commencing from 4 April 1996 and expiring on 3 April 2001.
- (d) The Scheme shall be administered by the Option Committee which shall comprise senior management staff appointed by the Board of Directors.
- (e) An Option granted under the ESOS shall be capable of being exercised by the grantee by notice in writing to the Company during the year commencing from the date of the offer and expiring on 3 April 2001. The Option granted shall be exercisable by the grantee in the following manner:

Year of exercising the Options	% to be exercised (cumulative) Options offered on the implementation of the ESOS	% to be exercised in equal proportion over the <----- remaining life of the ESOS -----> (cumulative)		
		Options offered in the 2nd year of the ESOS	Options offered in the 3rd year of the ESOS	Options offered in the 4th year of the ESOS
Year 1	15	-	-	-
Year 2	30	25	-	-
Year 3	60	50	33	-
Year 4	80	75	66	50
Year 5	100	100	100	100

Options granted for each year may be exercised in full or in such lesser number of shares provided that the number shall be in multiples of and not less than 1,000 shares.

- (f) The price at which the eligible employees are entitled to take up shares under the ESOS is the average of the mean market quotations of the shares of the Company (as quoted and shown in the Daily Diary of the Kuala Lumpur Stock Exchange) for the five (5) market days preceding the respective dates of offer of the Options, or the nominal value of the share, whichever is higher.
- (g) An eligible employee can only participate in one ESOS implemented by any company in the Group at any one time.
- (h) All the new ordinary shares issued arising from the ESOS rank pari-passu in all respects with the existing ordinary shares of the Company.

DIRECTORS' REPORT (CONTINUED)

During the financial year, the number of ordinary shares of RM1.00 each covered under Options granted, exercised, lapsed and unissued pursuant to the ESOS are as follows:

Tranche	Date	Price *	No. of ordinary shares of RM1.00 each covered under Options				Balance as at 31.8.1999
			Balance as at 1.9.1998	Granted	Exercised	Lapsed	
1	4 Apr 1996	RM4.48	24,265,334	-	-	(8,665,000)	15,600,334
2	31 May 1996	RM4.61	5,489,333	-	-	(1,573,000)	3,916,333
3	31 Aug 1996	RM5.69	9,502,667	-	-	(4,092,000)	5,410,667
4	30 Nov 1996	RM6.92	7,260,000	-	-	(3,737,000)	3,523,000
5	28 Feb 1997	RM4.09	5,402,667	-	-	(1,650,000)	3,752,667
6	31 May 1997	RM4.09	6,393,333	-	-	(3,015,000)	3,378,333
7-10	1 Aug 1998	RM1.00	9,789,000	-	(3,993,000)	(1,505,000)	4,291,000
11	30 Sep 1998	RM1.00	-	2,479,000	(1,162,000)	(176,000)	1,141,000
12	4 Jan 1999	RM1.44	-	2,821,000	(1,160,000)	(21,000)	1,640,000
13	20 Mar 1999	RM1.00	-	696,000	(269,000)	(5,000)	422,000
14	8 Jun 1999	RM1.73	-	581,000	(68,000)	-	513,000
			<u>68,102,334</u>	<u>6,577,000</u>	<u>(6,652,000)</u>	<u>(24,439,000)</u>	<u>43,588,334</u>

* The Option prices for Tranche 1 to Tranche 6 have been adjusted for the effect of the bonus issue of one (1) new ordinary share for every three (3) existing ordinary shares held, issued by the Company on 3 September 1997.

DIRECTORS

The Directors who have held office during the period since the date of the last report are:

Y. Bhg. Dato' Abdul Rahman Maidin (President)	(Appointed 15.7.1999)
Y. Bhg. Datuk Zahari Omar (Executive Vice President)	(Appointed 26.7.1999)
Encik Ahmad Jauhari Yahya (Executive Vice President)	
Y. Bhg. Datuk Abdul Kadir Jasin	
Y.B. Abdul Rahman Hj. Sulaiman	
Mr. Seow Lun Hoo	
Encik Mohd Ibrahim Mohd Nor	(Appointed 26.7.1999)
Y. Bhg. Dato' Khalid Hj. Ahmad	(Resigned 21.7.1999)
Y. Bhg. Dato' Ahmad Nazri Abdullah	(Resigned 26.7.1999)
Encik Mohd Noor Mutalib	(Resigned 26.7.1999)

In accordance with Article 100 of the Company's Article of Association, Y. Bhg. Dato' Abdul Rahman Maidin, Y. Bhg. Datuk Zahari Omar and Encik Mohd Ibrahim Mohd Nor, who were appointed to the Board during the period, retire from office at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

In accordance with Article 95 of the Company's Articles of Association, Y.B. Abdul Rahman Hj. Sulaiman retires from office at the forthcoming Annual General Meeting and, being eligible, offers himself for re-election.

DIRECTORS' REPORT (CONTINUED)

DIRECTORS' BENEFITS

During and at the end of the financial year, no arrangements subsisted to which the Company is a party, with the object or objects 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 except for the options over shares granted by the Company to eligible employees, including certain Directors of the Company pursuant to the Malaysian Resources Corporation Berhad Employees' Share Option Scheme.

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive any benefit (other than those disclosed as Directors' remuneration and benefits in Note 5 to the accounts) 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 interest of Directors in office at the end of the financial year in shares in the Company were as follows:

	Number of ordinary shares of RM1.00 each			
	Balance as at 1.9.1998/ date of appointment	Acquired	Sold	Balance as at 31.8.1999
Deemed interest in the Company				
Y. Bhg. Dato' Abdul Rahman Maidin	317,152,156	-	(3,000,000)	314,152,156
Y. Bhg. Datuk Abdul Kadir Jasin	317,152,156	-	(3,000,000)	314,152,156

Y. Bhg. Dato' Abdul Rahman Maidin and Y. Bhg. Datuk Abdul Kadir Jasin are deemed to have an interest in shares of the Company by virtue of their substantial interest in Realmild (M) Sdn. Bhd. which in turn has a substantial interest in the Company.

By virtue of their interest in shares of the Company, the abovementioned Directors are also deemed to have a substantial interest in shares in the subsidiary companies and associated companies of the Company to the extent the Company has an interest.

The other Directors in office at the end of the financial year did not hold any interest in shares in or debentures of the Company and its related corporations.

STATUTORY INFORMATION ON THE ACCOUNTS

Before the profit and loss accounts and balance sheets of the Group and of the Company were made out, the Directors took reasonable steps:

- (a) 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 all known bad debts had been written off and that adequate provision had been made for doubtful debts; and

DIRECTORS' REPORT (CONTINUED)

- (b) to ensure that any current assets, other than debts, which were unlikely to realise in the ordinary course of business their value as shown in the accounting records of the Group and of the Company 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 the amounts written off for bad debts or the amount of the provision for doubtful debts in the accounts of the Group and of the Company inadequate to any substantial extent; or
- (b) which would render the values attributed to current assets in the accounts of the Group and of the Company misleading; or
- (c) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

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 Group or of the Company to meet their obligations when they fall due.

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

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

OTHER STATUTORY INFORMATION

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

In the opinion of the Directors:

- (a) the results of the Group's and of the Company's operations during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature except for the exceptional items disclosed in Note 6 to the accounts; and
- (b) 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 to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made except for the significant subsequent events disclosed in Note 38 to the accounts.

DIRECTORS' REPORT (CONTINUED)

AUDITORS

The auditors, PricewaterhouseCoopers, have expressed their willingness to continue in office.

On behalf of the Board

DATO' ABDUL RAHMAN MAIDIN
President

DATUK ZAHARI OMAR
Executive Vice President

Shah Alam
28 December 1999

PROFIT AND LOSS ACCOUNTS

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 1999

	Note	Group		Company	
		1999 RM'000	1998 RM'000	1999 RM'000	1998 RM'000
TURNOVER	4	228,991	680,415	46,783	108,527
LOSS BEFORE EXCEPTIONAL ITEMS AND TAXATION	5	(288,872)	(321,208)	(74,137)	(105,186)
SHARE OF RESULTS OF ASSOCIATED COMPANIES		89,734	(36,070)	-	-
EXCEPTIONAL ITEMS	6	(1,207,662)	153,816	(1,467,166)	511,925
(LOSS)/PROFIT BEFORE TAXATION		(1,406,800)	(203,462)	(1,541,303)	406,739
TAXATION	7	(41,717)	(49,157)	-	(28,820)
(LOSS)/PROFIT AFTER TAXATION		(1,448,517)	(252,619)	(1,541,303)	377,919
MINORITY INTERESTS		14,932	(52,695)	-	-
(LOSS)/PROFIT FOR THE FINANCIAL YEAR		(1,433,585)	(305,314)	(1,541,303)	377,919
SHARE IN THE TRANSFER TO STATUTORY RESERVES BY ASSOCIATED COMPANIES	24	(14,805)	(3,914)	-	-
RETAINED PROFITS BROUGHT FORWARD		498,897	808,125	777,841	399,922
(ACCUMULATED LOSSES)/ RETAINED PROFITS CARRIED FORWARD	24	(949,493)	498,897	(763,462)	777,841
LOSS PER SHARE	8	(148.6 sen)	(31.7 sen)		

The notes on pages 45 to 83 form part of these accounts.

BALANCE SHEETS AS AT 31 AUGUST 1999

		Group		Company	
	Note	1999 RM'000	1998 RM'000	1999 RM'000	1998 RM'000
FIXED ASSETS					
Operational fixed assets	9a	102,398	102,465	2,508	2,885
Investment properties	9b	53,714	55,068	-	-
		156,112	157,533	2,508	2,885
DEVELOPMENT PROPERTIES	10	500,922	468,164	3,870	3,860
EXPRESSWAY DEVELOPMENT EXPENDITURE		11,128	8,148	-	-
SUBSIDIARY COMPANIES	11	-	-	72,858	190,005
ASSOCIATED COMPANIES	12	1,888,568	3,078,749	1,636,067	3,005,463
OTHER INVESTMENTS	13	2,677	11,893	1,110	5,910
DEFERRED EXPENDITURE	14	4,808	5,362	-	-
GOODWILL ON CONSOLIDATION		30,168	27,764	-	-
UNREALISED LOSS ON VARIATION OF CURRENCY EXCHANGE RATES	15	-	129,846	-	-
CURRENT ASSETS					
Development properties - current portion	10	236,728	204,603	-	-
Contract work-in-progress	16	100,329	66,244	-	-
Stocks	17	143,090	142,599	-	-
Debtors	18	411,524	719,825	485,122	665,743
Bank balances and deposits	19	37,854	407,393	385	244,794
		929,525	1,540,664	485,507	910,537

BALANCE SHEETS AS AT 31 AUGUST 1999 (CONTINUED)

	Note	Group		Company	
		1999 RM'000	1998 RM'000	1999 RM'000	1998 RM'000
CURRENT LIABILITIES					
Creditors	20	506,713	404,227	305,078	663,312
Short term borrowings	22	923,227	1,188,155	534,575	269,307
Taxation		31,822	66,474	-	-
		<u>1,461,762</u>	<u>1,658,856</u>	<u>839,653</u>	<u>932,619</u>
NET CURRENT LIABILITIES					
		<u>(532,237)</u>	<u>(118,192)</u>	<u>(354,146)</u>	<u>(22,082)</u>
		<u>2,062,146</u>	<u>3,769,267</u>	<u>1,362,267</u>	<u>3,186,041</u>
SHARE CAPITAL					
	23	969,781	963,129	969,781	963,129
RESERVES					
	24	109,751	1,542,776	243,263	1,784,006
SHAREHOLDERS' FUNDS					
		<u>1,079,532</u>	<u>2,505,905</u>	<u>1,213,044</u>	<u>2,747,135</u>
MINORITY INTERESTS					
		192,875	208,702	-	-
LONG TERM LIABILITIES					
	25	801,852	1,065,234	149,223	438,906
DEFERRED TAXATION					
	28	(12,113)	(10,574)	-	-
		<u>2,062,146</u>	<u>3,769,267</u>	<u>1,362,267</u>	<u>3,186,041</u>
NET TANGIBLE ASSET PER SHARE					
	29	<u>(33.5 sen)</u>	<u>(6.4 sen)</u>		

The notes on pages 45 to 83 form part of these accounts.

CONSOLIDATED CASH FLOW STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 1999

	Note	1999 RM'000	1998 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before taxation		(1,406,800)	(203,462)
Adjustments for:			
Interest expenses		117,807	150,709
Loss on foreign exchange		69,799	101,638
Depreciation of fixed assets		9,832	9,726
Depreciation of investment properties		1,354	1,318
Amortisation of deferred expenditure		42	1,512
Fixed assets written off		50	14
Net loss/(gain) on disposal of fixed assets		229	(16)
Net provision for doubtful debts		58,943	22,955
Interest income		(24,372)	(45,818)
Share in results of associated companies		(89,734)	36,070
Gain on disposal of other investments		(3,039)	-
Exceptional items		1,207,662	(153,816)
		(58,227)	(79,170)
Increase in development properties		(53,481)	(67,541)
Increase in expressway development expenditure		(2,980)	(3,009)
Increase in contract work-in-progress		(32,181)	(49,645)
Decrease in stocks		338	4,416
Decrease/(increase) in debtors		218,766	(149,620)
Decrease/(increase) in amount due from associated companies		27,718	(40,764)
Increase in creditors		77,454	121,129
Decrease in deferred liabilities		(72,374)	(54,697)
Net cash generated from/(absorbed by) operations		105,033	(318,901)
Interest received		24,372	45,818
Dividends received from associated companies		13,983	10,314
Taxation paid		(35,249)	(80,167)
Interest paid		(130,178)	(159,197)
Net cash outflow from operating activities		(22,039)	(502,133)

CONSOLIDATED CASH FLOW STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 1999 (CONTINUED)

	Note	1999 RM'000	1998 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposal of shares in associated companies		53,054	477,875
Proceeds from disposal of other investments		4,121	10,532
Proceeds from disposal of fixed assets		3,562	4,956
Decrease/(increase) in deferred expenditure		512	(32,011)
Net cash from disposal of subsidiary companies	A	(833)	174,348
Purchase of other investment		(407)	-
Purchase of a subsidiary company	B	(2,619)	(11,410)
Purchase of fixed assets		(6,015)	(18,470)
Purchase of investment in associated companies		(14,040)	(362,097)
Net cash inflow from investing activities		37,335	243,723
CASH FLOWS FROM FINANCING ACTIVITIES			
Fixed deposits released/(held) as security value		124,723	(35,060)
Proceeds from long term loans		118,698	1,027
Proceeds from short term borrowings		20,205	260,988
Proceeds from issue of shares		7,212	161
Dividend paid to shareholders		-	(6,935)
Dividend paid to minority shareholders		-	(38,484)
Repayment of short term borrowings		(97,325)	-
Repayment of long term loans		(423,343)	(24,090)
Net cash (outflow)/inflow from financing activities		(249,830)	157,607
NET DECREASE IN CASH AND CASH EQUIVALENTS		(234,534)	(100,803)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		151,691	252,494
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	30	(82,843)	151,691

The notes on pages 45 to 83 form part of these accounts.

CONSOLIDATED CASH FLOW STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 1999 (CONTINUED)

(A) DISPOSAL AND DILUTION OF INTEREST

Summary of the effects of the disposal and dilution of interest in the subsidiary companies at the date of disposal during the financial year:

	1999 RM'000	1998 RM'000
Net assets disposed:		
Fixed assets	588	1,769
Deferred expenditure	-	30,789
Investment in a subsidiary company	-	6
Other investments	-	106,413
Current assets	2,364	26,024
Cash and bank balances	192	552
Deposits with licensed banks	2,122	75,100
Current liabilities	(2,855)	(94,850)
Taxation	(211)	-
Deferred taxation	(122)	(8,750)
Minority interests	(955)	(67,156)
Net assets disposed	1,123	69,897
Exceptional (loss)/gain on disposal	(102)	180,529
Goodwill/(reserves) on consolidation	460	(426)
Total consideration received from disposal	1,481	250,000
Less: Cash and bank balances disposed	(192)	(552)
Deposits with licensed banks disposed	(2,122)	(75,100)
Net cash from disposal and dilution of interest in subsidiary companies	(833)	174,348

- (i) On 25 November 1998, the Group entered into a sale and purchase agreement for the disposal of its subsidiary company, Babcock K-W Sdn. Bhd. ("BK-W"). The disposal was completed on 10 March 1999 (Note 37(f)).

The turnover and loss after taxation of BK-W for the current period to the date of disposal were as follows:

	Period from 1.9.1998 to 10.3.1999 RM'000	12 months to 31.8.1998 RM'000
Turnover	3,023	12,289
(Loss)/profit after taxation	(72)	467

CONSOLIDATED CASH FLOW STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 1999 (CONTINUED)

(A) DISPOSAL AND DILUTION OF INTEREST (CONTINUED)

The assets and liabilities of BK-W were as follows:

	As at 10.3.1999 RM'000	As at 31.8.1998 RM'000
Fixed assets	570	795
Current assets	4,440	5,516
Current liabilities	(3,057)	(4,366)
Long term liabilities	(122)	(43)
Minority interest	(955)	(932)
Net assets	876	970

- (ii) On 1 April 1999, the Group diluted its equity interest in MRCB Multimedia Consortium Sdn. Bhd. ("MMC") from 100% to 23.33% pursuant to a joint venture agreement with 17 consortium members for the joint execution of the Human Resources Management Information System ("HRMIS") contract (Note 37(k)).

The turnover and loss after taxation of MMC for the current period to the date of the dilution in the Group's equity interest were as follows:

	Period from 1.9.1998 to 1.4.1999 RM'000	12 months to 31.8.1998 RM'000
Turnover	-	-
Loss after taxation	(602)	(351)

The assets and liabilities of MMC were as follows:

	As at 1.4.1999 RM'000	As at 31.8.1998 RM'000
Fixed assets	18	19
Current assets	238	1
Current liabilities	(9)	(221)
Net assets/(liabilities)	247	(201)

CONSOLIDATED CASH FLOW STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 1999 (CONTINUED)

(B) ACQUISITION

Summary of the effects of the acquisition of subsidiary company during the financial year:

	1999 RM'000	1998 RM'000
Net assets acquired:		
Fixed assets	23,321	1,236
Other investments	22	-
Goodwill	210	-
Current assets	4,704	6,027
Deposits with finance companies	755	-
Cash and bank balances	94	1,068
Current liabilities	(26,062)	(4,425)
Bank overdraft	(1,812)	(478)
Short term borrowings	-	(500)
Taxation	(300)	-
Long term liabilities	(1,930)	-
Net assets acquired	(998)	2,928
Goodwill on acquisition	2,654	9,072
Purchase consideration	1,656	12,000
Less : Deposits with finance companies acquired	(755)	-
Cash and bank balances acquired	(94)	(1,068)
Bank overdraft	1,812	478
Net cash used for acquisition of subsidiary company	2,619	11,410

- (i) On 21 December 1998, the Group entered into a sale and purchase agreement to acquire a 80% equity interest in Region Resources Sdn. Bhd. ("RRSB"), a trading company in the quarry business. The acquisition was completed on 10 February 1999 (Note 37(h)).

The turnover and loss after taxation generated by RRSB from the date of acquisition to 31 August 1999 is as follows:

	RM'000
Turnover	4,038
Loss after taxation	(8,618)

The assets and liabilities arising from the acquisition of RRSB included in the Group's results is as follows:

	As at 31.8.1999 RM'000
Fixed assets	20,903
Other investments	22
Goodwill	210
Current assets	3,934
Current liabilities	(18,670)
Long term liabilities	(14,540)
Net liabilities	(8,141)

NOTES TO THE ACCOUNTS - 31 AUGUST 1999

1 PRINCIPAL ACTIVITIES

The Company is principally an investment holding company. The Company also engages in trading activities and provides management services to its subsidiary companies.

The Group is principally engaged in power generation, operations and maintenance services to power plants, publishing and broadcasting, financial services, property development, quarry operations, construction and engineering services.

The principal activities of the subsidiary companies and associated companies are described in Note 35 to the accounts.

2 BASIS OF ACCOUNTING

The accounts of the Group and of the Company are prepared under the historical cost convention modified to include the revaluation of certain investment properties and development properties in accordance with the applicable approved Accounting Standards in Malaysia and comply with the Companies Act, 1965.

3 SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of consolidation

The consolidated profit and loss accounts and balance sheet include the accounts of the Company and its subsidiary companies made up to the end of the financial year.

The results of subsidiary companies are included in the Group profit and loss accounts. The proportion of the profit or loss applicable to minority shareholders is deducted in arriving at the profit attributable to the shareholders of the Company.

The results of all subsidiary companies are consolidated on the acquisition method of accounting. Under the acquisition method of accounting, the results of subsidiary companies acquired or disposed of during the financial year are included in the consolidated profit and loss accounts from the effective date of their acquisition or up to the date of their disposal.

The assets and liabilities of subsidiary companies are included in the Group balance sheet whilst the interests of minority shareholders in the net assets employed are stated separately. All significant inter-company transactions and balances are eliminated on consolidation.

The consolidated profit and loss accounts also includes the Group's share of profits and losses of associated companies accounted for using the equity method, based on the latest audited accounts of the companies concerned. In the consolidated balance sheet, the Group's interests in associated companies are stated at cost less amounts provided for any permanent diminution in value plus the Group's share of post acquisition retained profits and reserves.

(b) Goodwill on consolidation

Goodwill arising on consolidation represents the excess of the fair value of the purchase consideration over the fair value of the net assets of subsidiary companies at the date of acquisition. Goodwill is stated at cost except where it is written off if, in the opinion of the Directors, it is permanently impaired. Goodwill written off by the associated companies are restated in the Group's accounts to be consistent with the Group's policy.

NOTES TO THE ACCOUNTS

- 31 AUGUST 1999 (CONTINUED)

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Subsidiary companies

A subsidiary company is a company in which the Group has a long term equity investment of more than 50% and where the Group controls the composition of its board of directors or more than half of its voting powers.

Investments in subsidiary companies are stated at cost except where the Directors are of the opinion that there is a permanent diminution in the value of an investment, in which case provision is made for the diminution in value.

(d) Associated companies

An associated company is a company, other than a subsidiary company, in which the Group has a long term equity investment of 20% to 50% and where the Group has representation on the board and is in a position to exercise significant influence over its financial and operating policy decisions.

Investments in associated companies are stated at cost except where the Directors are of the opinion that there is a permanent diminution in the value of an investment, in which case provision is made for the diminution in value.

(e) Joint ventures

The Group's interests in jointly controlled entities, which are entities in which the Group have joint control over their financial and operating policy decisions and where they are not subsidiary companies or associated companies, are accounted for by proportionate consolidation. Under this method, the Group includes its share of the joint ventures' individual income and expenses, assets and liabilities in the relevant components of the financial statements.

(f) Investments

Long term investments are stated at cost and provision for diminution in value of investments is only made when the Directors consider that there has been a permanent impairment in their values. Short term investments are stated at the lower of cost and net realisable value.

Income from long term investments is credited to the profit and loss accounts to the extent that the dividends have been declared.

(g) Fixed assets and depreciation

Operational fixed assets are stated at cost less accumulated depreciation except for freehold land and construction-in-progress which are not depreciated. Leasehold land is amortised on a straight line basis over the period of the lease of 99 years.

Other operational fixed assets are depreciated on a straight line basis to write off the cost of the assets over their estimated useful lives.

The principal annual rates of depreciation are as follows:

Buildings	2%
Plant and machinery	5% - 20%
Furniture, fittings and office equipment	5% - 33 1/3%
Computer equipment and software	20% - 33 1/3%
Motor vehicles	20% - 33 1/3%

NOTES TO THE ACCOUNTS

- 31 AUGUST 1999 (CONTINUED)

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investment properties held as fixed assets are stated at cost or Directors' valuation which is based on a valuation by professional valuers in 1989 using the open market value basis, less accumulated depreciation. The leasehold land and buildings of the Group have not been revalued since the last valuation exercise as the Directors have not adopted a policy of regular revaluations of such assets.

Accordingly, the valuation of the revalued assets has not been updated and they continue to be stated at their last revalued amounts less depreciation as allowed under the transitional provisions issued by Malaysian Accounting Standards Board on adoption of International Accounting Standard No. 16 (revised).

Leasehold land is amortised over the period of the respective leases which range from 66 years to 99 years. Depreciation is computed on the straight line method to write off the cost of each asset over its estimated useful live. The principal annual depreciation rate for investment building is 2%.

(h) Finance lease and hire purchase

Leases where substantially all risk and rewards of ownership of assets are transferred to the Group and the Company are accounted for as finance leases.

Fixed assets acquired under finance lease and hire purchase are capitalised in the accounts and are depreciated in accordance with the policy set out in Note 3(g) above. The corresponding outstanding obligations due under the finance lease and hire purchase after deducting finance expenses are included as liabilities in the accounts. Finance charges are allocated to the profit and loss accounts over the periods of the respective agreements.

(i) Deferred expenditure

Deferred expenditure comprises expenditure incurred prior to the date of commencement of commercial operation which is capitalised and amortised over a period of not more than ten years when operation commences.

(j) Foreign currency transaction

Transactions in foreign currencies are converted into Ringgit Malaysia at the exchange rates ruling at the transaction dates. Monetary assets and liabilities in foreign currencies at the balance sheet date are converted into Ringgit Malaysia at the rates of exchange ruling on that date. All foreign exchange differences, with the exception of unrealised exchange differences on long term loans, are taken to the profit and loss accounts.

Unrealised foreign exchange differences on translation of long term foreign currency denominated loans at the balance sheet date are amortised over the period of the loans except that exchange gains are amortised only to the extent to which they are matched by amortised exchange losses. Net unamortised exchange differences are carried forward and shown in the balance sheet as 'Unrealised gain/(loss) on variation of currency exchange rates.

(k) Development properties

Development properties are stated at cost or Directors' valuation which is based on valuation by professional valuers in 1989 and 1995 in the respective subsidiary companies concerned, using the open market value basis plus attributable profits less progress billings and provision for foreseeable losses. Those freehold and leasehold land of the Group which are stated at valuation have not been revalued since the last valuation exercise as the Directors have not adopted a policy of regular revaluations of such assets.

NOTES TO THE ACCOUNTS

- 31 AUGUST 1999 (CONTINUED)

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cost comprises land cost and development expenditure which includes borrowing cost relating to the financing of the development up until the properties are ready for their intended use.

The Company considers as current asset that portion of development properties where significant development work has been undertaken and is expected to be completed within the normal operating cycle of two to three years.

(l) Income recognition on development properties

Profit on the sale of development properties is recognised on the percentage of completion method. Anticipated losses are immediately recognised in the profit and loss accounts.

No profit is recognised where development is in its initial stage or has not reached a stage of completion where it is possible to determine the financial outcome of the development with reasonable accuracy.

(m) Expressway development expenditure

Expressway development expenditure represents cost incurred, which includes borrowing cost relating to the financing of the development, in connection with the Ipoh-Lumut Expressway Project.

The total development expenditure incurred for the project will be amortised upon completion of the construction of the expressway and commencement of collection of toll revenues.

(n) Contract work-in-progress

Contract work-in-progress is stated at cost plus attributable profits less applicable progress billings and provision for foreseeable losses. Cost of materials and consumables are determined on a first-in first-out method.

(o) Income recognition on contracts

Income from contract works is accounted for on the percentage of completion method. Anticipated losses are immediately recognised in the profit and loss accounts.

No profit is recognised where contract works is in its initial stage or has not reached a stage of completion where it is possible to determine the financial outcome of the contract with reasonable accuracy.

(p) Stocks

Stocks are stated at the lower of cost and net realisable value. Cost includes where relevant, appropriate proportions of overheads and is determined using the weighted average, first-in first-out and specific identification method where applicable after providing for all items considered obsolete or slow moving.

(q) Receivables

Receivables are carried at anticipated realisable value. An estimate is made for doubtful receivables based on a review of all outstanding amounts at the financial year end. Bad debts are written off during the financial year in which they are identified.

NOTES TO THE ACCOUNTS

- 31 AUGUST 1999 (CONTINUED)

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(r) Deferred taxation

Deferred taxation is provided for using the liability method in respect of all material timing differences between accounting income and taxable income except that no future income tax benefit is recognised in respect of unutilised tax losses and timing differences that result in a net debit unless it can be demonstrated that these benefits can be realised in the foreseeable future.

(s) Interest capitalisation

Interest incurred on borrowings relating to the purchase of fixed assets is capitalised until the assets are ready for their intended use. Interest relating to development properties is capitalised during the periods in which the activities to prepare and develop the properties are carried out.

(t) Cash and cash equivalents

Cash and cash equivalents consist of cash in hand, bank balances and demand deposits and short term, highly liquid investments in money instruments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(u) Other revenue/income recognition

Revenue is recognised upon sale of goods or services rendered to customers. Interest and rental income are recognised on an accrual basis. Dividend income is recognised when the shareholder's right to receive payment is established.

4 TURNOVER

Turnover of the Group represents the aggregate of:

- contract value recognised in proportion to the stage of contract works performed
- invoiced value for services rendered
- sales value of development properties sold in proportion to the stage of completion
- invoiced value of goods sold less discounts and returns
- rental income from letting of investment properties
- sale of marketable securities
- trade in quarry products

Turnover of the Company represents the aggregate of:

- gross dividend and interest income from investments
- fees earned from management services rendered
- invoiced value of goods sold from trading activities

NOTES TO THE ACCOUNTS

- 31 AUGUST 1999 (CONTINUED)

5 LOSS BEFORE EXCEPTIONAL ITEMS AND TAXATION

	Group		Company	
	1999	1998	1999	1998
	RM'000	RM'000	RM'000	RM'000
Loss before exceptional items and taxation is arrived at after charging/(crediting):				
Auditors' remuneration:				
Current	270	342	42	42
(Over)/under provision in prior financial years	(11)	13	-	-
Directors' remuneration paid to:				
Directors of the Company:				
Fees	20	24	20	24
Other emoluments	889	547	889	547
Directors of subsidiary companies:				
Fees	24	386	-	-
Other emoluments	1,264	1,163	-	-
Depreciation of fixed assets	9,832	9,726	1,265	2,021
Depreciation of investment properties	1,354	1,318	-	-
Interest expense on:				
Term loans	98,738	131,099	40,877	42,984
Guaranteed bonds	-	3,122	-	3,122
Bank overdraft, trust receipts and bills payable	14,454	15,430	9,607	10,911
Hire purchase	3,944	806	12	8
Loan stock	671	252	-	-
Inter-company advances	-	-	8,567	15,651
Net loss on foreign exchange:				
Foreign currency loan	69,799	273,910	-	-
Trade	499	406	544	186
Net provision for doubtful debts	58,943	22,955	56,640	20,939
Provision for foreseeable losses on contracts	39,780	9,000	-	-
Rental of premises	6,764	6,390	2,967	1,978
Voluntary retrenchment scheme	1,250	-	-	-
Net loss/(gain) on disposal of fixed assets	229	(16)	1	(1)
Amortisation of deferred expenditure	42	1,512	-	-
Rental of office equipment	81	583	6	6
Bad debts written off	-	275	-	135
Fixed assets written off	50	14	-	9
Interest income from:				
Subsidiary companies	-	-	(18,771)	(15,537)
Loan stock	(5,388)	(5,749)	(6,601)	(6,192)
Fixed deposits	(11,339)	(30,263)	(211)	(7,644)
Others	(7,645)	(9,806)	(7,645)	(9,806)
Rental income	(7,953)	(7,631)	(1,167)	-
Gain on disposal of other investments	(3,039)	-	-	-
Gross dividend income from:				
Subsidiary companies, unquoted in Malaysia	-	-	-	(61,670)
Associated companies, quoted in Malaysia	-	-	(16,889)	(14,016)
Other investment, quoted in Malaysia	(52)	-	(49)	-
Management fees from subsidiary companies	-	-	(9,548)	(2,775)

NOTES TO THE ACCOUNTS

- 31 AUGUST 1999 (CONTINUED)

5 LOSS BEFORE EXCEPTIONAL ITEMS AND TAXATION (CONTINUED)

The cost of sales of the Group and the Company recognised as an expense for the financial year amounted to RM190,865,179 (1998: RM444,614,978) and RM13,258,189 (1998: RM22,792,113) respectively.

The estimated monetary value of benefits provided to the Directors of the Group and of the Company by way of usage of the Group's and of the Company's assets and the provision of other benefits amounted to RM152,605 (1998: RM135,475) and RM64,090 (1998: RM32,200) respectively.

6 EXCEPTIONAL ITEMS

	Group		Company	
	1999	1998	1999	1998
	RM'000	RM'000	RM'000	RM'000
Net (loss)/gain on disposal/dilution of investments in:				
- subsidiary companies	(102)	185,984	(160)	249,490
- associated companies	(8,981)	236,627	1,308	262,435
Provision for diminution in value of investments in:				
- subsidiary companies	-	-	(117,932)	-
- associated company	(999,545)	-	(1,345,382)	-
- other investments	(8,563)	(3,562)	(5,000)	-
Fixed assets written off and loss on disposal of fixed assets arising from the suspension of business operations of a subsidiary company	(14,645)	-	-	-
Share of exceptional items of associated companies:				
- loss on winding down of certain business segments	(100,375)	(306,442)	-	-
- effects on the change of accounting estimates of programme rights	(61,793)	-	-	-
- provision for doubtful debts	(16,393)	-	-	-
- net loss on disposal of investments in associated companies	(13,228)	-	-	-
- net gain on disposal of investments in subsidiary companies	15,963	41,209	-	-
	<u>(1,207,662)</u>	<u>153,816</u>	<u>(1,467,166)</u>	<u>511,925</u>

NOTES TO THE ACCOUNTS

- 31 AUGUST 1999 (CONTINUED)

6 EXCEPTIONAL ITEMS (CONTINUED)

The tax effects on the above exceptional items are as follows:

	Group		Company	
	1999	1998	1999	1998
	RM'000	RM'000	RM'000	RM'000
Fixed assets written off and loss on disposal of fixed assets arising from the suspension of business operations of a subsidiary company	4,101	-	-	-
Share of exceptional items of associated companies:				
- loss on winding down of certain business segments	28,105	85,804	-	-
- effects on the change of accounting estimates of programme rights	17,302	-	-	-
- provision for doubtful debts	4,590	-	-	-

The other exceptional items of the Group and of the Company have no tax effects as they are capital in nature.

7 TAXATION

	Group		Company	
	1999	1998	1999	1998
	RM'000	RM'000	RM'000	RM'000
The taxation charge for the financial year comprises:				
In Malaysia:				
Current taxation	(82)	(42,208)	-	(13,484)
Under provision in prior financial years	(426)	(24,740)	-	(15,336)
Deferred taxation (Note 28)	1,417	(6,822)	-	-
Share of taxation of associated companies	(42,626)	24,613	-	-
	(41,717)	(49,157)	-	(28,820)

In accordance with the Income Tax (Amendment) Act, 1999, the tax assessment system based on income derived in the preceding financial year will be changed to the current financial year beginning from the year 2000, and tax on income, except for dividend income, derived in 1999 will be waived. Accordingly, the Group and the Company has not made any tax provision in respect of its income, except for dividend income, for the financial year ended 31 August 1999. The income tax waived for the Group amounts to approximately RM3,984,000. There is no current taxation charge for the Company as there is no chargeable income for the financial year.

Subject to agreement by the tax authorities, the Group and the Company has unabsorbed tax losses amounting to approximately RM212,022,000 (1998: RM156,067,000) and RM49,324,000 (1998: RM20,976,000) respectively available to be carried forward for set off against future chargeable income, for which the related tax effects have not been recognised in the accounts. The benefits will only be obtained when the Group and the Company derive future assessable income of a nature and an amount sufficient for the tax losses to be utilised.

NOTES TO THE ACCOUNTS

- 31 AUGUST 1999 (CONTINUED)

8 LOSS PER SHARE

The basic loss per share is calculated by dividing the Group's loss after taxation and minority interests of RM1,433,585,483 (1998: RM305,314,702) by the weighted average number of ordinary shares in issue during the financial year of 964,502,846 (1998: 963,122,816) shares.

In accordance with Malaysian Accounting Standard No. 1, the fully diluted loss per share for the financial year ended 31 August 1999 is not shown as the basic earnings per share is a negative figure.

9 FIXED ASSETS

	Group		Company	
	1999	1998	1999	1998
	RM'000	RM'000	RM'000	RM'000
Net book value				
Operational fixed assets (Note 9(a))	102,398	102,465	2,508	2,885
Investment properties (Note 9(b))	53,714	55,068	-	-
	<u>156,112</u>	<u>157,533</u>	<u>2,508</u>	<u>2,885</u>

9a OPERATIONAL FIXED ASSETS

	At 1.9.1998	Additions	Disposals	Acquisition of subsidiary company	Disposal of subsidiary companies	At 31.8.1999
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Group 1999						
Cost						
Freehold land	10,616	1,159	-	-	-	11,775
Long leasehold land	17,052	-	-	-	-	17,052
Buildings	25,872	2,120	(1,900)	3,358	-	29,450
Plant and machinery	50,131	1,545	(20,086)	25,263	-	56,853
Furniture, fittings and office equipment	12,892	157	(827)	311	(378)	12,155
Computer equipment and software	4,390	96	(1)	116	(1,210)	3,391
Motor vehicles	14,851	1,274	(2,266)	344	(171)	14,032
Construction-in - progress	-	103	-	-	-	103
	<u>135,804</u>	<u>6,454</u>	<u>(25,080)</u>	<u>29,392</u>	<u>(1,759)</u>	<u>144,811</u>

NOTES TO THE ACCOUNTS

- 31 AUGUST 1999 (CONTINUED)

9a OPERATIONAL FIXED ASSETS (CONTINUED)

	At 1.9.1998 RM'000	Charge for the financial year RM'000	Released on disposals RM'000	Acquisition of subsidiary company RM'000	Disposal of subsidiary companies RM'000	At 31.8.1999 RM'000
Accumulated depreciation						
Freehold land	-	-	-	-	-	-
Long leasehold land	557	257	-	-	-	814
Buildings	909	351	-	74	-	1,334
Plant and machinery	13,942	5,154	(4,854)	5,687	-	19,929
Furniture, fittings and office equipment	7,109	1,586	(369)	188	(315)	8,199
Computer equipment and software	2,644	752	(1)	36	(745)	2,686
Motor vehicles	8,178	2,667	(1,370)	86	(110)	9,451
Construction-in -progress	-	-	-	-	-	-
	33,339	10,767	(6,594)	6,071	(1,170)	42,413

	At 1.9.1997 RM'000	Additions RM'000	Disposals RM'000	Acquisition of subsidiary company RM'000	Disposal of subsidiary companies RM'000	At 31.8.1998 RM'000
Group						
1998						
Cost						
Freehold land	4,476	6,140	-	-	-	10,616
Long leasehold land	17,052	-	-	-	-	17,052
Buildings	22,042	8,113	(4,283)	-	-	25,872
Plant and machinery	48,745	245	(12)	1,153	-	50,131
Furniture, fittings and office equipment	12,397	1,883	(104)	62	(1,346)	12,892
Computer equipment and software	4,298	883	(26)	7	(772)	4,390
Motor vehicles	15,261	1,530	(921)	271	(1,290)	14,851
Construction-in -progress	64	-	(64)	-	-	-
	124,335	18,794	(5,410)	1,493	(3,408)	135,804

NOTES TO THE ACCOUNTS

- 31 AUGUST 1999 (CONTINUED)

9a OPERATIONAL FIXED ASSETS (CONTINUED)

	At 1.9.1997 RM'000	Charge for the financial year RM'000	Released on disposals RM'000	Acquisition of subsidiary company RM'000	Disposal of subsidiary companies RM'000	At 31.8.1998 RM'000
Accumulated depreciation						
Freehold land	-	-	-	-	-	-
Long leasehold land	300	257	-	-	-	557
Buildings	642	267	-	-	-	909
Plant and machinery	8,309	5,438	(6)	201	-	13,942
Furniture, fittings and office equipment	4,692	2,800	(42)	3	(344)	7,109
Computer equipment and software	1,959	1,212	(10)	3	(520)	2,644
Motor vehicles	5,911	3,390	(398)	50	(775)	8,178
Construction-in- -progress	-	-	-	-	-	-
	<u>21,813</u>	<u>13,364</u>	<u>(456)</u>	<u>257</u>	<u>(1,639)</u>	<u>33,339</u>

	At 31.8.1999 RM'000	At 31.8.1998 RM'000
Net book value		
Freehold land	11,775	10,616
Long leasehold land	16,238	16,495
Buildings	28,116	24,963
Plant and machinery	36,924	36,189
Furniture, fittings and office equipment	3,956	5,783
Computer equipment and software	705	1,746
Motor vehicles	4,581	6,673
Construction-in-progress	103	-
	<u>102,398</u>	<u>102,465</u>

NOTES TO THE ACCOUNTS

- 31 AUGUST 1999 (CONTINUED)

9a OPERATIONAL FIXED ASSETS (CONTINUED)

	At 1.9.1998 RM'000	Additions RM'000	Disposals RM'000	Net transfer from inter- company RM'000	At 31.8.1999 RM'000
Company					
1999					
Cost					
Furniture, fittings and office equipment	3,968	6	(161)	-	3,813
Computer equipment and software	1,207	47	-	-	1,254
Motor vehicles	3,863	835	-	-	4,698
	<u>9,038</u>	<u>888</u>	<u>(161)</u>	<u>-</u>	<u>9,765</u>
	At 1.9.1998 RM'000	Charge for the financial year RM'000	Released on disposals RM'000	Net transfer from inter- company RM'000	At 31.8.1999 RM'000
Accumulated depreciation					
Furniture, fittings and office equipment	3,055	266	(161)	-	3,160
Computer equipment and software	900	148	-	-	1,048
Motor vehicles	2,198	851	-	-	3,049
	<u>6,153</u>	<u>1,265</u>	<u>(161)</u>	<u>-</u>	<u>7,257</u>

NOTES TO THE ACCOUNTS

- 31 AUGUST 1999 (CONTINUED)

9a OPERATIONAL FIXED ASSETS (CONTINUED)

	At 1.9.1997 RM'000	Additions RM'000	Disposals RM'000	Net transfer from inter- company RM'000	At 31.8.1998 RM'000
Company					
1998					
Cost					
Furniture, fittings and office equipment	3,576	395	(3)	-	3,968
Computer equipment and software	1,104	100	(6)	9	1,207
Motor vehicles	3,758	303	(245)	47	3,863
	<u>8,438</u>	<u>798</u>	<u>(254)</u>	<u>56</u>	<u>9,038</u>

	At 1.9.1997 RM'000	Charge for the financial year RM'000	Released on disposals RM'000	Net transfer from inter- company RM'000	At 31.8.1998 RM'000
Accumulated depreciation					
Furniture, fittings and office equipment	2,038	1,019	(2)	-	3,055
Computer equipment and software	682	216	(3)	5	900
Motor vehicles	1,474	786	(77)	15	2,198
	<u>4,194</u>	<u>2,021</u>	<u>(82)</u>	<u>20</u>	<u>6,153</u>

	At 31.8.1999 RM'000	At 31.8.1998 RM'000
Net book value		
Furniture, fittings and office equipment	653	913
Computer equipment and software	206	307
Motor vehicles	1,649	1,665
	<u>2,508</u>	<u>2,885</u>

NOTES TO THE ACCOUNTS

- 31 AUGUST 1999 (CONTINUED)

9a OPERATIONAL FIXED ASSETS (CONTINUED)

Operational fixed assets with net book value amounting to RM46,389,131 (1998: RM61,544,594) of certain subsidiary companies have been charged as security for their borrowings and term loan facilities (Notes 22 and 26).

Included in operational fixed assets of the Group and of the Company are the net book values of the following assets acquired under finance lease agreements and hire purchase terms:

	Net book value	
	1999 RM'000	1998 RM'000
Group		
Plant and machinery	26,005	8,755
Furniture, fittings and office equipment	26	-
Motor vehicles	1,910	2,093
	<u>27,941</u>	<u>10,848</u>
Company		
Motor vehicles	<u>459</u>	<u>66</u>

Included in operational fixed assets of the Group are assets with a total net book value of RM198,528 (1998: RM454,568) representing the Group's proportionate share of the joint ventures' fixed assets.

9b INVESTMENT PROPERTIES

Investment properties of the Group comprise:

	At 1.9.1998 RM'000	Additions RM'000	Disposals RM'000	At 31.8.1999 RM'000
1999				
At cost/valuation				
Long leasehold land:				
At 1989 valuation	1,133	-	-	1,133
At cost	10,938	-	-	10,938
Buildings and improvements:				
At 1989 valuation	3,485	-	-	3,485
At cost	55,811	-	-	55,811
	<u>71,367</u>	<u>-</u>	<u>-</u>	<u>71,367</u>

NOTES TO THE ACCOUNTS

- 31 AUGUST 1999 (CONTINUED)

9b INVESTMENT PROPERTIES (CONTINUED)

	At 1.9.1998 RM'000	Charge for the financial year RM'000	Released on disposals RM'000	At 31.8.1999 RM'000
Accumulated depreciation				
Long leasehold land:				
At 1989 valuation	248	14	-	262
At cost	2,244	188	-	2,432
Buildings and improvements:				
At 1989 valuation	942	42	-	984
At cost	12,865	1,110	-	13,975
	<u>16,299</u>	<u>1,354</u>	<u>-</u>	<u>17,653</u>
	At 1.9.1997 RM'000	Additions RM'000	Disposals RM'000	At 31.8.1998 RM'000
1998				
At cost/valuation				
Long leasehold land:				
At 1989 valuation	1,133	-	-	1,133
At cost	10,938	-	-	10,938
Buildings and improvements:				
At 1989 valuation	3,485	-	-	3,485
At cost	55,811	-	-	55,811
	<u>71,367</u>	<u>-</u>	<u>-</u>	<u>71,367</u>

NOTES TO THE ACCOUNTS

- 31 AUGUST 1999 (CONTINUED)

9b INVESTMENT PROPERTIES (CONTINUED)

	At 1.9.1997 RM'000	Charge for the financial year RM'000	Released on disposals RM'000	At 31.8.1998 RM'000
Accumulated depreciation				
Long leasehold land:				
At 1989 valuation	241	7	-	248
At cost	2,056	188	-	2,244
Buildings and improvements:				
At 1989 valuation	929	13	-	942
At cost	11,755	1,110	-	12,865
	<u>14,981</u>	<u>1,318</u>	<u>-</u>	<u>16,299</u>
Net book value				
Long leasehold land:			At 31.8.1999 RM'000	At 31.8.1998 RM'000
At 1989 valuation			871	885
At cost			8,506	8,694
Buildings and improvements:				
At 1989 valuation			2,501	2,543
At cost			41,836	42,946
			<u>53,714</u>	<u>55,068</u>

The leasehold land and building of a subsidiary company is stated at Directors' valuation which is based on a valuation by professional valuers in 1989 using the open market value basis.

The leasehold investment properties consist of two leasehold land and buildings each with unexpired periods of 45 years and 66 years respectively.

NOTES TO THE ACCOUNTS

- 31 AUGUST 1999 (CONTINUED)

10 DEVELOPMENT PROPERTIES

	Group		Company	
	1999 RM'000	1998 RM'000	1999 RM'000	1998 RM'000
At valuation:				
Freehold land	27,664	27,664	3,786	3,786
Leasehold land	42,000	42,000	-	-
	69,664	69,664	3,786	3,786
At cost:				
Freehold land	435,884	435,884	-	-
Development expenditure	525,981	400,603	84	74
	1,031,529	906,151	3,870	3,860
Less: Non-current portion	(500,922)	(468,164)	(3,870)	(3,860)
	530,607	437,987	-	-
Add: Attributable profits	121,303	114,554	-	-
	651,910	552,541	-	-
Less: Provision for foreseeable losses	(29,780)	-	-	-
	622,130	552,541	-	-
Less: Progress billings	(385,402)	(347,938)	-	-
	236,728	204,603	-	-

Title to freehold land of a subsidiary company is in the process of being registered in its name.

The leasehold land amounting to RM42,000,000 (1998: RM42,000,000) of a subsidiary company has been charged as security for its term loan (Note 26).

Included in development expenditure are the following charges made during the financial year:

	Group	
	1999 RM'000	1998 RM'000
Interest capitalised	11,402	6,742
Professional fees paid and payable to a firm in which a Director of a subsidiary company is a member	-	72

NOTES TO THE ACCOUNTS

- 31 AUGUST 1999 (CONTINUED)

11 SUBSIDIARY COMPANIES

	Company	
	1999 RM'000	1998 RM'000
Unquoted shares at cost:		
- in Malaysia	293,505	292,720
- outside Malaysia	3	3
	<u>293,508</u>	<u>292,723</u>
Loan stock at cost	17,333	17,333
Less: Provision for diminution in value of investments	(237,983)	(120,051)
	<u>72,858</u>	<u>190,005</u>

The loan stocks are unconvertible, unsecured and redeemable at par at any date determined by the Directors of the subsidiary company no later than 1 January 2002.

The Group's effective equity interest in the subsidiary companies, their respective principal activities and country of incorporation are set out in Note 35.

12 ASSOCIATED COMPANIES

	Group		Company	
	1999 RM'000	1998 RM'000	1999 RM'000	1998 RM'000
In Malaysia:				
Unquoted investments at cost	7,495	7,214	325	45
Share of post-acquisition retained profits	71,304	54,777	-	-
	<u>78,799</u>	<u>61,991</u>	<u>325</u>	<u>45</u>
Preference shares at cost	3,845	45	3,845	45
Loan stock at cost	45,455	45,455	45,455	45,455
	<u>128,099</u>	<u>107,491</u>	<u>49,625</u>	<u>45,545</u>
Quoted investments at cost	3,013,423	3,054,126	2,931,824	2,959,918
Less: Provision for diminution in value	(999,545)	-	(1,345,382)	-
	<u>2,013,878</u>	<u>3,054,126</u>	<u>1,586,442</u>	<u>2,959,918</u>
Share of post-acquisition accumulated losses	(253,409)	(82,868)	-	-
	<u>1,760,469</u>	<u>2,971,258</u>	<u>1,586,442</u>	<u>2,959,918</u>
	<u>1,888,568</u>	<u>3,078,749</u>	<u>1,636,067</u>	<u>3,005,463</u>
Market value of quoted investments	<u>1,990,302</u>	<u>549,118</u>	<u>1,801,753</u>	<u>483,036</u>

NOTES TO THE ACCOUNTS

- 31 AUGUST 1999 (CONTINUED)

12 ASSOCIATED COMPANIES (CONTINUED)

Analysis of associated companies is as follows:

	1999 RM'000	1998 RM'000
Group's share of tangible assets	519,315	674,267
Group's share of intangible assets	591,499	601,920
Group's share of net assets	1,110,814	1,276,187
Premium on acquisition	777,754	1,802,562
	1,888,568	3,078,749

The loans stocks are unconvertible, unsecured and redeemable at par at any date determined by the Directors of the associated company no later than 31 December 2023.

The Group's effective equity interest in the associated companies, their respective principal activities and country of incorporation are set out in Note 35.

13 OTHER INVESTMENTS

	Group		Company	
	1999 RM'000	1998 RM'000	1999 RM'000	1998 RM'000
Quoted investments at cost:				
- in Malaysia	1,270	2,145	-	-
- outside Malaysia	910	910	910	910
	2,180	3,055	910	910
Unquoted investments	12,622	12,400	5,200	5,000
Less: Provision for diminution in value	(12,125)	(3,562)	(5,000)	-
	497	8,838	200	5,000
	2,677	11,893	1,110	5,910
Market value of quoted investments:				
- in Malaysia	3,735	2,086	-	-
- outside Malaysia	3,263	1,012	3,263	1,012

NOTES TO THE ACCOUNTS

- 31 AUGUST 1999 (CONTINUED)

14 DEFERRED EXPENDITURE

	Group	
	1999 RM'000	1998 RM'000
Deferred expenditure	6,362	6,874
Less: Accumulated amortisation	(1,554)	(1,512)
	<u>4,808</u>	<u>5,362</u>

Deferred expenditure includes the following charges made during the financial year:

Auditors' remuneration	<u>6</u>	<u>5</u>
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15 UNREALISED LOSS ON VARIATION OF CURRENCY EXCHANGE RATES

In view of the negotiations undertaken by the Company and two of its subsidiary companies, MR Investments (Cayman) Pte. Ltd. and MRC Mangement (BVI) Ltd., with the bankers as described in Note 38(b), the balance of the unrealised loss on variation of currency exchange rates amounting to RM32,763,700 has been taken to the profit and loss accounts.

16 CONTRACT WORK-IN-PROGRESS

	Group	
	1999 RM'000	1998 RM'000
Cost incurred	2,298,215	2,142,433
Portion of profits attributable to contract works performed to date	335,991	310,802
	<u>2,634,206</u>	<u>2,453,235</u>
Less: Progress billings	(2,533,877)	(2,386,991)
	<u>100,329</u>	<u>66,244</u>

Contract work-in-progress includes the following charges made during the financial year:

Hire of plant and machinery	2,616	4,681
Depreciation of fixed assets	935	3,638
Interest expense on:		
Bank overdraft	-	6
Hire purchase	146	416
Others	823	1,324
Rental of premises	63	107

NOTES TO THE ACCOUNTS

- 31 AUGUST 1999 (CONTINUED)

17 STOCKS

	Group	
	1999 RM'000	1998 RM'000
Completed properties for sale	140,382	140,415
Raw materials and consumables	2,630	1,558
Finished goods	258	626
	143,270	142,599
Less: Provision for stock obsolescence	(180)	-
	143,090	142,599

18 DEBTORS

	Group		Company	
	1999 RM'000	1998 RM'000	1999 RM'000	1998 RM'000
Trade debtors	234,389	240,536	30,100	25,132
Less: Provision for doubtful debts	(29,247)	(15,004)	(24,265)	(10,689)
	205,142	225,532	5,835	14,443
Progress billings	34,119	27,754	-	-
Amount due from subsidiary companies	-	-	379,258	310,045
Amount due from associated companies	24,740	56,923	7,006	-
Amount due from joint venture partners	547	6,552	-	-
Other debtors, prepayments and deposits	203,478	415,843	148,281	353,601
Less: Provision for doubtful debts	(56,502)	(12,779)	(55,258)	(12,346)
	411,524	719,825	485,122	665,743

NOTES TO THE ACCOUNTS

- 31 AUGUST 1999 (CONTINUED)

19 BANK BALANCES AND DEPOSITS

	Group		Company	
	1999 RM'000	1998 RM'000	1999 RM'000	1998 RM'000
Deposits with licensed banks	13,477	125,712	-	250
Deposits with finance companies	7,813	268,280	74	244,338
Cash held under Housing Development Accounts	13,685	7,604	-	-
Cash and bank balances	2,879	5,797	311	206
	37,854	407,393	385	244,794

Included in deposits with licensed banks and finance companies of the Group are restricted deposits amounting to RM2,099,641 (1998: RM126,822,095) representing:

- collateral pledged with licensed financial institutions by subsidiary companies for credit facilities granted and bank guarantee facilities issued to third parties.
- receipts amounting to nil (1998: RM118.6 million) from the sale of commercial land by a subsidiary company where it is restricted from utilisation of the funds pending the transfer of the land title to the purchasers. The restriction was lifted during the financial year.
- a first and second Memorandum of Deposit of fixed deposits of a subsidiary company held as security for the Term Loan facility and Guarantee facility (Notes 26 and 33).

Cash held under Housing Development Accounts represent receipts from purchasers of residential properties less payments or withdrawals provided under the Housing Developers (Control and Licensing) Act, 1966.

20 CREDITORS

	Group		Company	
	1999 RM'000	1998 RM'000	1999 RM'000	1998 RM'000
Trade creditors	320,513	286,950	5,794	4,684
Other creditors, accruals and provisions	177,080	108,872	29,818	15,091
Amount due to subsidiary companies	-	-	269,410	640,295
Amount due to associated companies	137	4,602	-	3,208
Amount due to joint venture partners	79	-	-	-
Hire purchase and lease creditors due within 12 months (Note 21)	8,904	3,803	56	34
	506,713	404,227	305,078	663,312

The amounts due to subsidiary and associated companies and joint venture partners are unsecured, interest free and have no fixed terms of repayment.

NOTES TO THE ACCOUNTS

- 31 AUGUST 1999 (CONTINUED)

21 HIRE PURCHASE AND LEASE CREDITORS

	Group		Company	
	1999	1998	1999	1998
	RM'000	RM'000	RM'000	RM'000
Analysis of hire purchase and lease commitments:				
Payable within one year	9,535	4,738	72	42
Payable between one and two years	3,637	3,120	168	-
Payable between two and five years	8,910	883	324	-
	22,082	8,741	564	42
Less: Finance charges	(1,002)	(1,781)	(191)	(8)
	21,080	6,960	373	34
Representing hire purchase and lease liabilities:				
Due within 12 months (Note 20)	8,904	3,803	56	34
Due after 12 months (Note 25)	12,176	3,157	317	-
	21,080	6,960	373	34

22 SHORT TERM BORROWINGS

	Group		Company	
	1999	1998	1999	1998
	RM'000	RM'000	RM'000	RM'000
Secured:				
Bank overdrafts (Note 30)	17,273	29,061	-	-
Bankers' acceptance	368	1,405	-	-
Short term borrowings and other credit facilities	1,200	51,500	-	-
Long term loans due within 12 months (Note 26)	15,690	32,159	-	-
	34,531	114,125	-	-

NOTES TO THE ACCOUNTS

- 31 AUGUST 1999 (CONTINUED)

22 SHORT TERM BORROWINGS (CONTINUED)

	Group		Company	
	1999	1998	1999	1998
	RM'000	RM'000	RM'000	RM'000
Unsecured:				
Bank overdrafts (Note 30)	101,325	99,819	101,325	99,819
Bankers' acceptance	-	3,488	-	3,488
Short term borrowings and other credit facilities	230,226	270,073	133,250	166,000
Long term loans due within 12 months (Note 26)	557,145	700,650	300,000	-
	<u>888,696</u>	<u>1,074,030</u>	<u>534,575</u>	<u>269,307</u>
Total	<u>923,227</u>	<u>1,188,155</u>	<u>534,575</u>	<u>269,307</u>

The short term borrowings of the Group carry interest at rates ranging from 4.75% to 16.15% (1998: 6.62% to 19.00%) per annum during the financial year.

The secured short term borrowings of the Group are secured by legal charges over certain assets of subsidiary companies (Note 9a).

23 SHARE CAPITAL

	Company	
	1999	1998
	RM'000	RM'000
Authorised:		
2,000,000,000 ordinary shares of RM1.00 each	<u>2,000,000</u>	<u>2,000,000</u>

NOTES TO THE ACCOUNTS

- 31 AUGUST 1999 (CONTINUED)

23 SHARE CAPITAL (CONTINUED)

	Company	
	1999	1998
	RM'000	RM'000
Issued and fully paid:		
Ordinary shares of RM1.00 each		
As at 1 September	963,129	722,320
Issued during the financial year:		
Exercise of Options under the ESOS	6,652	36
Bonus issue of one (1) share for every three (3) shares held	-	240,773
As at 31 August	<u>969,781</u>	<u>963,129</u>

The details of the ESOS are contained in the By-Laws and the salient features thereof are as follows:

- Eligible employees are those who have been in the service of the Group for a continuous period of at least one (1) year for Malaysian employees (including full-time Executive Directors who are involved in the day-to-day management and on the payroll of the Company) and five (5) years of continuous service with the Group for non-Malaysian employees.
- The ESOS shall continue to be in force for a duration of five (5) years commencing from 4 April 1996 and expiring on 3 April 2001.
- An Option granted under the ESOS shall be capable of being exercised by the grantee by notice in writing to the Company during the year commencing from the date of the offer and expiring on 3 April 2001. The Option granted shall be exercisable by the grantee in the following manner:

Year of exercising the Options	% to be exercised (cumulative) Options offered on the implementation of the ESOS	% to be exercised in equal proportion over the remaining life of the ESOS		
		Options offered in the 2nd year of the ESOS	Options offered in the 3rd year of the ESOS	Options offered in the 4th year of the ESOS
Year 1	15	-	-	-
Year 2	30	25	-	-
Year 3	60	50	33	-
Year 4	80	75	66	50
Year 5	100	100	100	100

Options granted for each year may be exercised in full or in such lesser number of shares provided that the number shall be in multiples of and not less than 1,000 shares.

NOTES TO THE ACCOUNTS

- 31 AUGUST 1999 (CONTINUED)

23 SHARE CAPITAL (CONTINUED)

- (d) The price at which the eligible employees are entitled to take up shares under the ESOS is the average of the mean market quotations of the shares of the Company (as quoted and shown in the Daily Diary of the Kuala Lumpur Stock Exchange) for the five (5) market days preceding the respective dates of offer of the Options, or the nominal value of the share, whichever is higher.

During the financial year ended 31 August 1999, a total of 6,652,000 shares were issued by virtue of the exercise of the Options at prices ranging from RM1.00 to RM1.73 per share.

At 31 August 1999, there were 43,588,334 (1998: 68,102,334) unissued ordinary shares under Options granted pursuant to the ESOS.

24 RESERVES

	Group		Company	
	1999	1998	1999	1998
	RM'000	RM'000	RM'000	RM'000
NON-DISTRIBUTABLE				
Share premium:				
As at 1 September	1,006,165	1,246,813	1,006,165	1,246,813
Premium on shares issued	560	125	560	125
Capitalisation for bonus issue	-	(240,773)	-	(240,773)
As at 31 August	1,006,725	1,006,165	1,006,725	1,006,165
Statutory reserves:				
As at 1 September	37,714	33,800	-	-
Transfer from net profit for the financial year	14,805	3,914	-	-
As at 31 August	52,519	37,714	-	-
DISTRIBUTABLE				
Retained profits/(accumulated losses):				
As at 1 September	498,897	808,125	777,841	399,922
Net (loss)/profit for the financial year	(1,448,390)	(309,228)	(1,541,303)	377,919
As at 31 August	(949,493)	498,897	(763,462)	777,841
Total	109,751	1,542,776	243,263	1,784,006

Statutory reserves represent the Group's share of the statutory reserves of associated companies which is maintained in accordance with the Banking and Financial Institutions Act, 1989.

NOTES TO THE ACCOUNTS

- 31 AUGUST 1999 (CONTINUED)

25 LONG TERM LIABILITIES

	Group		Company	
	1999	1998	1999	1998
	RM'000	RM'000	RM'000	RM'000
Long term loans due after 12 months (Note 26)	464,112	659,348	-	300,000
Deferred liabilities (Note 27)	261,664	334,038	138,906	138,906
Retention sum payable	53,900	68,691	-	-
Unsecured revolving loan	10,000	-	10,000	-
Hire purchase and lease creditors due after 12 months (Note 21)	12,176	3,157	317	-
	801,852	1,065,234	149,223	438,906

The unsecured revolving loan of the Group and of the Company carry interest at rates ranging from 8.00% to 15.25% (1998 : Nil) per annum during the financial year and is repayable upon maturity in March 2002.

26 LONG TERM LOANS

	Group		Company	
	1999	1998	1999	1998
	RM'000	RM'000	RM'000	RM'000
Secured:				
Due within 12 months (Note 22)	15,690	32,159	-	-
Due after 12 months	213,930	82,291	-	-
	229,620	114,450	-	-
Unsecured:				
Due within 12 months (Note 22)	557,145	700,650	300,000	-
Due after 12 months	250,182	577,057	-	300,000
	807,327	1,277,707	300,000	300,000
Total:				
Due within 12 months	572,835	732,809	300,000	-
Due after 12 months (Note 25)	464,112	659,348	-	300,000
	1,036,947	1,392,157	300,000	300,000

The long term loans of the Group carry interest at rates ranging from 6.80% to 16.15% (1998: 8.86% to 16.50%) per annum during the financial year and are repayable by fixed instalments which vary from monthly, quarterly and half yearly basis.

NOTES TO THE ACCOUNTS

- 31 AUGUST 1999 (CONTINUED)

26 LONG TERM LOANS (CONTINUED)

The secured long term loans are secured by:

- a charge over the entire share capital of a subsidiary company
- first fixed charge over properties of certain subsidiary companies (Notes 9a and 10)
- debenture incorporating first fixed and floating charges over all present and future assets of certain subsidiary companies
- assignment of the Privatisation Agreement, Contractors' Performance Bond and insurance policies of a subsidiary company
- a first and second Memorandum of Deposit of fixed deposits of a subsidiary company (Note 19)

The long term loans are repayable over the following periods:

	Group		Company	
	1999 RM'000	1998 RM'000	1999 RM'000	1998 RM'000
Within one year	572,835	732,809	300,000	-
Between one and two years	308,544	351,353	-	300,000
Between two and five years	151,363	303,620	-	-
After five years	4,205	4,375	-	-
	<u>1,036,947</u>	<u>1,392,157</u>	<u>300,000</u>	<u>300,000</u>

27 DEFERRED LIABILITIES

- (a) In 1996, a subsidiary company of the Company, entered into a concession agreement with the Government of Malaysia and Syarikat Tanah dan Harta Sdn. Bhd. to carry out the design and construction works on the new Kuala Lumpur central railway station in consideration for which the subsidiary company is given the right to develop and/or sell certain commercial development land in the vicinity of the proposed central railway station. The subsidiary company capitalised the commercial land alienated to them by the Federal Government at RM420 million under development properties and provided for its cost as a deferred liability representing the estimated cost of the design and construction of the abovementioned central railway station. This deferred liability is reduced progressively as and when the cost is incurred in respect of the central railway station.

Pursuant to the Supplementary Agreement to the Concession Agreement with the Government of Malaysia and Syarikat Harta dan Tanah Sdn. Bhd., the transfer of title of the sub-divided plot of land within the commercial development land to the subsidiary company shall be effected in stages based on the actual physical progress of the construction works on the central railway station.

- (b) In 1992, another subsidiary company of the Company entered into a privatisation agreement with the State Government of Selangor to construct and complete a Government Office Block ("GOB") in consideration for which the subsidiary company is given the rights to develop and construct on an area of commercial land in Shah Alam known as the "Alam Sentral" (formerly known as "Selbourne Square"), adjacent to the GOB, a shopping and commercial complex, an office tower block, a service apartment block and a hotel.

NOTES TO THE ACCOUNTS

- 31 AUGUST 1999 (CONTINUED)

27 DEFERRED LIABILITIES (CONTINUED)

The subsidiary company capitalised the commercial land alienated to them by the State Government of Selangor at an amount equivalent to the estimated construction cost of the GOB under development properties at approximately RM60 million and correspondingly, provided for its abovementioned cost as a deferred liability. This deferred liability is reduced progressively as and when the cost is incurred in respect of the GOB.

Included as a charge against the deferred liability during the financial year are provision for foreseeable losses of RM10,000,000 (1998: RM9,000,000), interest paid to a third party of RM934,500 (1998: Nil) and professional fees of nil (1998: RM184,570) paid to a firm in which a Director of the subsidiary company is also a member.

The subsidiary company has obtained a performance guarantee of RM60 million to guarantee its obligations under the privatisation agreement. In the event that the subsidiary company fails to complete the GOB within the stipulated time frame, the State Government of Selangor shall be entitled to enforce this guarantee against the Guarantor for the abovementioned sum.

- (c) Also included under deferred liabilities of the Company is an amount of RM138,906,000 (1998: RM138,906,000) representing a gain on the sale of an investment by the Company to a subsidiary company which is being deferred.

28 DEFERRED TAXATION

	Group	
	1999	1998
	RM'000	RM'000
As at 1 September	(10,574)	(8,646)
Amount arising from a subsidiary company disposed of during the financial year	(122)	(8,750)
Net transfers (to)/from profit and loss account (Note 7)	(1,417)	6,822
	<hr/>	<hr/>
As at 31 August	(12,113)	(10,574)
	<hr/>	<hr/>
Representing the tax effects of:		
Timing difference relating to the recognition of property development income	(12,113)	(12,113)
Excess of capital allowances over depreciation	-	1,539
	<hr/>	<hr/>
	(12,113)	(10,574)
	<hr/>	<hr/>

Deferred taxation not provided for in the accounts:

	Group	
	1999	1998
	RM'000	RM'000
Arising from revaluation of investment properties held for long term purpose	614	614
Arising from revaluation of certain development properties with unrealised balances	3,800	3,800
	<hr/>	<hr/>

NOTES TO THE ACCOUNTS

- 31 AUGUST 1999 (CONTINUED)

29 NET TANGIBLE ASSET PER SHARE

The net tangible asset per share is calculated based on the Group's negative net tangible assets of RM324,696,913 (1998: RM61,525,246) and the number of issued ordinary shares of 969,780,832 shares as at 31 August 1999 (1998: 963,128,832 shares).

30 CASH AND CASH EQUIVALENTS

	Group	
	1999	1998
	RM'000	RM'000
Bank balances and deposits (Note 19)	37,854	407,393
Bank overdrafts (Note 22)	(118,598)	(128,880)
	(80,744)	278,513
Less: Fixed deposits held as security value (Note 19)	(2,099)	(126,822)
	(82,843)	151,691

31 INTEREST IN JOINT VENTURES

The Group has interest in joint ventures through a subsidiary company to undertake various construction projects.

The following amounts represent the Group's proportionate share of the assets and liabilities and income and expenses of the joint ventures which are included in the balance sheet and profit and loss account of the Group.

	Group	
	1999	1998
	RM'000	RM'000
Fixed assets	198	455
Current assets	8,430	12,555
Current liabilities	2,079	5,353
Turnover	2,876	13,909
(Loss)/profit before taxation	(1,013)	2,153
Taxation	-	-
(Loss)/profit after taxation	(1,013)	2,153

There are no contingent liabilities relating to the Group's interest in the joint ventures.

NOTES TO THE ACCOUNTS

- 31 AUGUST 1999 (CONTINUED)

32 SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES

Related parties and relationship

The related parties of the Group and of the Company comprise the following:

- related companies being members of the Malaysian Resources Corporation Berhad Group of companies.
- other related parties being associated companies of the Malaysian Resources Corporation Berhad Group of companies.

Significant related party transactions

In the normal course of business, the Company undertakes on agreed terms and prices, transactions with its related companies and other related parties.

The significant related party transactions undertaken by the Company with its related parties during the financial year are as follows:

	Company	
	1999	1998
	RM'000	RM'000
Sales of goods/services to:		
- related companies	1,763	6,187
- other related parties	1,325	7,659
Management fees received and receivable from:		
- related companies	9,548	2,775
Gross dividend income received and receivable from:		
- related companies	-	61,670
- other related parties	16,889	14,016
Interest income received and receivable from:		
- related companies	19,984	16,340
- other related parties	13,033	7,824
Interest expense paid and payable to:		
- related companies	8,567	15,651
Rental income received and receivable from:		
- other related parties	1,167	-
Rental expense paid and payable to:		
- related companies	990	-

Related party balances

The related party balances which arose from related party transactions and remained outstanding at the financial year end are disclosed in the balance sheet.

NOTES TO THE ACCOUNTS

- 31 AUGUST 1999 (CONTINUED)

33 CONTINGENT LIABILITIES

	Group		Company	
	1999 RM'000	1998 RM'000	1999 RM'000	1998 RM'000
Secured performance guarantees extended to third party	60,800	61,079	-	-
Unsecured corporate guarantees given to financial institutions for:				
- credit facilities granted to:				
- subsidiary companies	-	-	618,301	1,162,907
- third parties	222	-	222	-
	222	-	618,523	1,162,907
- trade and performance guarantees extended to:				
- subsidiary companies	-	-	24,078	131,377
- associated company	4,995	67,580	4,995	67,580
- third parties	38,130	72,080	19,880	7,080
	43,125	139,660	48,953	206,037

The performance guarantees are secured as follows:

- On RM60,000,000, a debenture creating a fixed charge over a subsidiary company's development properties, book or other debts and a floating charge over all the Company's undertaking and other assets of the subsidiary company. It is also secured by a first legal assignment on all the subsidiary company's present and future rights, title and interest in and to, all benefits accrued and to be accrued under the Privatisation Agreement (Note 27(a)).
- On RM800,000, a deposit of a similar amount with interest thereon pledged to and deposited with the Guarantor Bank pursuant to the Memorandum of Deposit (Note 19).

34 CAPITAL COMMITMENTS

	Group		Company	
	1999 RM'000	1998 RM'000	1999 RM'000	1998 RM'000
Authorised capital expenditure for fixed assets not provided for in the accounts:				
- contracted for	170,821	-	385	-
- not contracted for	-	2,300	-	2,300
	170,821	2,300	385	2,300

NOTES TO THE ACCOUNTS

- 31 AUGUST 1999 (CONTINUED)

35 COMPANIES IN THE GROUP

The Group's effective equity interest in the subsidiary companies and associated companies as at 31 August 1999, their respective principal activities and country of incorporation are as follows:

Name of company	Principal activities	Country of incorporation	Effective equity interest	
			1999 %	1998 %
SUBSIDIARY COMPANIES:				
Cahaya Mutiara Properties Sdn. Bhd.*	Property investment and management	Malaysia	100.00	100.00
Klebang Development Sdn. Bhd.*	Property development	Malaysia	100.00	100.00
Kajang Utama Sdn. Bhd.	Property development	Malaysia	100.00	100.00
Held through 100% ownership by Kajang Utama Sdn. Bhd.				
- Country Annexe Sdn. Bhd.	Pre-operating	Malaysia	100.00	100.00
Kuala Lumpur Sentral Sdn. Bhd.	Property development	Malaysia	64.38	64.38
Held through 100% ownership by Kuala Lumpur Sentral Sdn Bhd				
- Unity Portfolio Sdn. Bhd.	Pre-operating	Malaysia	64.38	64.38
MRCB Power Sdn. Bhd.*	Property development	Malaysia	100.00	100.00
MRCB Project Management Sdn. Bhd.	Property development	Malaysia	100.00	100.00
MRCB Selborn Corporation Sdn. Bhd.	Property development	Malaysia	60.00	60.00
MRCB (Terengganu) Sdn. Bhd.	Property development	Malaysia	100.00	100.00
Onesentral Park Sdn. Bhd.	Property development	Malaysia	51.00	51.00
Selima Properties Sdn. Bhd.*	Property development	Malaysia	100.00	100.00
Superview Development Sdn. Bhd.	Property development and shares trading	Malaysia	100.00	100.00
S.P.K.T Binaan Sdn. Bhd.	Civil and infrastructure building contractor	Malaysia	100.00	100.00
Teras Cemara Sdn. Bhd.	Property development and investment holding	Malaysia	100.00	100.00

NOTES TO THE ACCOUNTS

- 31 AUGUST 1999 (CONTINUED)

35 COMPANIES IN THE GROUP (CONTINUED)

Name of company	Principal activities	Country of incorporation	Effective equity interest	
			1999 %	1998 %
Held through 100% ownership by Teras Cemara Sdn. Bhd.				
- Bitar Enterprises Sdn. Bhd.*	Property development	Malaysia	100.00	100.00
- Golden East Corporation Sdn. Bhd.*	Property development	Malaysia	100.00	100.00
- MR Properties Sdn. Bhd.*	Property development	Malaysia	100.00	100.00
- Slim Indah Sdn. Bhd.*	Property development	Malaysia	100.00	100.00
- Seri Iskandar Utilities Corporation Sdn. Bhd.	Pre-operating	Malaysia	100.00	100.00
- Sunrise Properties Sdn. Bhd.*	Property development	Malaysia	100.00	100.00
- Taiyee Development Sdn. Bhd.*	Property development	Malaysia	100.00	100.00
Held through 70% ownership by Teras Cemara Sdn. Bhd.				
- Seri Iskandar Development Corporation Sdn. Bhd.	Property development	Malaysia	70.00	70.00
- Seri Ipoh-Lumut Expressway Sdn. Bhd.	Pre-operating	Malaysia	70.00	70.00
MR Construction Sdn. Bhd.*	Construction	Malaysia	51.00	51.00
MR Enterprises Sdn. Bhd.*	Construction	Malaysia	100.00	100.00
MR-H Piling and Civil Engineering (M) Sdn. Bhd.*	Piling and civil engineering	Malaysia	51.00	51.00
Babcock K-W Sdn. Bhd.#	Engineering services	Malaysia	-	51.00
MRCB Engineering Sdn. Bhd.	Engineering services	Malaysia	100.00	100.00
Held through 49.99% ownership by MRCB Engineering Sdn. Bhd.				
- Janaurus PDP Sdn. Bhd.	Operations and maintenance services to a power plant	Malaysia	49.99	49.99
Zelleco (M) Sendirian Berhad	Investment holding and contractor of civil and structural works	Malaysia	70.00	70.00

NOTES TO THE ACCOUNTS

- 31 AUGUST 1999 (CONTINUED)

35 COMPANIES IN THE GROUP (CONTINUED)

Name of company	Principal activities	Country of incorporation	Effective equity interest	
			1999 %	1998 %
Held through 100% ownership by Zelleco (M) Sendirian Berhad				
- Zelleco Engineering Sdn. Bhd.	Fabrication of structural steel works	Malaysia	70.00	70.00
Held through 75% ownership by Zelleco (M) Sendirian Berhad				
- Zelleco Construction Sdn. Bhd.	Contractor of civil and structural works	Malaysia	52.50	52.50
Held through 65% ownership by Zelleco (M) Sendirian Berhad				
- Zelleco Metal Galvanising Sdn. Bhd.	Hot dip galvanising on metal products	Malaysia	45.50	45.50
Held through 50% ownership by Zelleco Construction Sdn. Bhd.				
- Pembangunan Sulaiman-Zelleco JV Sdn. Bhd.	Contractor of civil and structural works	Malaysia	26.25	26.25
Transmission Technology Sdn. Bhd.	Engineering, construction and commissioning services to a power transmission system	Malaysia	55.00	55.00
MRCB Ceramics Sdn. Bhd.*	Manufacturing, distribution and sale of ceramic tiles	Malaysia	75.00	75.00
Region Resources Sdn. Bhd.+ **	Quarry operations	Malaysia	80.00	-
MR Investments (Cayman) Pte. Ltd. ##	Investment holding	Cayman Island	100.00	100.00
MR Management Sdn. Bhd.	Investment holding and management services	Malaysia	100.00	100.00
MRC Management (BVI) Ltd.##	Investment trading	British Virgin Island	100.00	100.00
Mafira Holdings Sdn. Bhd.	Investment holding	Malaysia	100.00	100.00
Held through 38.6% ownership by Mafira Holdings Sdn. Bhd.				
- Zen Concrete Industries Sdn. Bhd.**	Manufacturing and sale of pre-stressed spun concrete poles	Malaysia	38.60	38.60

NOTES TO THE ACCOUNTS

- 31 AUGUST 1999 (CONTINUED)

35 COMPANIES IN THE GROUP (CONTINUED)

Name of company	Principal activities	Country of incorporation	Effective equity interest	
			1999 %	1998 %
MR Securities Sdn. Bhd.*	Nominee services	Malaysia	100.00	100.00
Cheq Point (M) Sdn. Bhd. *	Charge card services	Malaysia	75.00	75.00
Held through 100% ownership by Cheq Point (M) Sdn. Bhd.				
- Cheq Point Aero Leisure Sdn. Bhd.	Pre-operating	Malaysia	75.00	75.00
- Cheq Point Global Travel Sdn. Bhd.	Pre-operating	Malaysia	75.00	75.00
- Cheq Point (Sabah) Sdn. Bhd.	Pre-operating	Malaysia	75.00	75.00
- Cheq Point (Sarawak) Sdn. Bhd.	Pre-operating	Malaysia	75.00	75.00
- Cheq Point Travel & Tours Sdn. Bhd.	Pre-operating	Malaysia	75.00	75.00
- CP Postal Marketing (M) Sdn. Bhd.	Pre-operating	Malaysia	75.00	75.00
- General Data Management Services Sdn. Bhd.	Pre-operating	Malaysia	75.00	75.00
MR Manufacturing Sdn. Bhd.	Pre-operating	Malaysia	100.00	100.00
MR Marketing Sdn. Bhd.	Pre-operating	Malaysia	100.00	100.00
MR Plantations Sdn. Bhd.	Pre-operating	Malaysia	100.00	100.00
MRCB Energy Ventures Sdn. Bhd.	Pre-operating	Malaysia	100.00	100.00
MRCB IT Consortium Sdn. Bhd.	Pre-operating	Malaysia	100.00	100.00
MRCB Technologies Consortium Sdn. Bhd.	Pre-operating	Malaysia	100.00	100.00
Malaysian Resources International Sdn. Bhd.	Pre-operating	Malaysia	100.00	100.00
Malaysian Resources Technology Sdn. Bhd.	Pre-operating	Malaysia	100.00	100.00

NOTES TO THE ACCOUNTS

- 31 AUGUST 1999 (CONTINUED)

35 COMPANIES IN THE GROUP (CONTINUED)

Name of company	Principal activities	Country of incorporation	Effective equity interest	
			1999 %	1998 %
Sumbangan Bangsawan Sdn. Bhd.	Pre-operating	Malaysia	100.00	100.00
Tricodex Sdn. Bhd.	Pre-operating	Malaysia	100.00	100.00
ASSOCIATED COMPANIES:				
Harmonic Fairway Sdn. Bhd.**	Investment holding	Malaysia	50.00	50.00
Kota Francais (M) Sdn. Bhd.^	Franchising property management and consultancy	Malaysia	20.00	-
Malakoff Berhad**	Investment holding and plantation	Malaysia	24.97	25.54
MRCB Multimedia Consortium Sdn. Bhd. ++	Designing, developing and implementing various applications to information and technologies	Malaysia	23.33	100.00
Port Dickson Power Berhad	Independent power producer	Malaysia	30.00	30.00
Rashid Hussain Berhad	Financial services	Malaysia	22.69	27.25
Sistem Televisyen Malaysia Berhad	Commercial television broadcasting	Malaysia	49.65	49.71
The New Straits Times Press (Malaysia) Berhad	Publishing and sale of newspapers, investment holding and property development	Malaysia	44.33	49.51

* Presently dormant

+ Subsidiary companies acquired during the financial year

++ The Group diluted its equity interest in the subsidiary company from 100% to 23.33% during the financial year

Subsidiary company disposed of during the financial year

Subsidiary companies incorporated outside Malaysia having their accounting records prepared and maintained in Ringgit Malaysia

^ Associated company acquired during the financial year

** Companies not audited by PricewaterhouseCoopers, Malaysia

NOTES TO THE ACCOUNTS

- 31 AUGUST 1999 (CONTINUED)

36 SEGMENT INFORMATION

Analysis of the Group's results and total assets employed by the various activities of the Group are:

	Turnover		Profit/(loss) before taxation		Total assets employed	
	1999 RM'000	1998 RM'000	1999 RM'000	1998 RM'000	1999 RM'000	1998 RM'000
By activity						
Power	46,793	375,596	15,042	162,300	187,216	205,592
Construction and engineering	117,678	195,835	(25,378)	(18,074)	173,467	168,529
Property development	47,038	80,700	(53,286)	(9,959)	1,124,184	1,158,759
Investment holding	17,382	23,330	(1,070,864)	379,896	125,427	775,632
Manufacturing	100	4,954	(16,440)	(9,588)	25,046	40,863
Investment in associated companies:						
Media	403,439	541,721	(113,365)	(110,233)	901,876	1,057,742
Power	412,990	379,890	148,511	93,025	625,405	533,699
Construction	29,932	19,551	148	55	190	42
Manufacturing	7,943	13,700	(1,800)	(911)	5,557	6,952
Financial services	883,545	1,376,094	(119,355)	(283,239)	351,914	1,480,313
Multimedia	-	-	(232)	-	3,626	-
	1,966,840	3,011,371	(1,237,019)	203,272	3,523,908	5,428,123
Less : Group's share of turnover of associated companies	(1,737,849)	(2,330,956)	-	-	-	-
Less : Financing cost of investment in segments	-	-	(169,781)	(406,734)	-	-
	228,991	680,415	(1,406,800)	(203,462)	3,523,908	5,428,123

The above transactions are undertaken on agreed terms and prices in the normal course of business.

37 SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

- (a) On 1 September 1998, the Company entered into a memorandum of understanding ("MOU") with the consortium of 19 members for the joint collaboration and participation in cooperative development venture for property related development project ("Cooperative Development Ventures").

Pursuant to the Cooperative Development Venture, the Company also entered into an MOU with Bukit Rimau Development Sdn. Bhd. for the construction of Phase 1 of the Bukit Rimau mixed development project.

- (b) On 2 and 9 September 1998, the Group made total loan repayments of USD100 million to reduce its US Dollar facility.

NOTES TO THE ACCOUNTS

- 31 AUGUST 1999 (CONTINUED)

37 SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR (CONTINUED)

- (c) On 23 September 1998, a Government support loan amounting to RM336 million was granted to Kuala Lumpur Sentral Sdn. Bhd., a subsidiary company, to finance the completion of the new Kuala Lumpur central railway station.
- (d) On 9 November 1998, the Company signed a shareholders' agreement with the existing shareholders of Kota Francais (M) Sdn. Bhd. ("KFSB") for the subscription of 200,000 ordinary shares of RM1.00 each at par for a total cash consideration of RM200,000 representing 20% equity interest in the enlarged paid-up share capital of KFSB.
- (e) On 16 November 1998, the Company entered into a heads of agreement with Globe Facility Services Incorporated, a company based in the United States of America, to undertake the joint development of Arena Sentral, a multi-purpose convention centre offering the latest in technology and facilities for a proposed sum of RM208 million.
- (f) On 25 November 1998, the Company entered into a sales and purchase agreement ("SPA") with Ranhill Corporation Sdn. Bhd. for the disposal of its entire 51% equity interest in Babcock K-W Sdn. Bhd. for a total cash consideration of RM561,000. This disposal was completed on 10 March 1999.
- (g) On 15 December 1998, the Company entered into a cooperative development venture agreement with a consortium of 19 members for the joint collaboration and participation in a cooperative development venture in property development projects.

Pursuant to the cooperative development venture agreement, the Company also entered into a heads of agreement with Titian Hartanah (M) Sdn. Bhd. for the development and construction of Phase 2A and 2B of the Seremban 3 Project.

- (h) On 21 December 1998, the Company entered into a sales and purchase agreement for the acquisition of 80% equity interest in Region Resources Sdn. Bhd. for a total consideration of RM1.6 million satisfied by cash and in kind.
- (i) On 16 January 1999, Kuala Lumpur Sentral Sdn. Bhd., a subsidiary company, entered into an agreement with Express Rail Link Sdn. Bhd. relating to the construction of the Express Rail Link facility within the Kuala Lumpur Sentral Development.
- (j) On 12 February 1999, the Company entered into a heads of agreement with Gymtech Development Sdn. Bhd. for the construction of bungalows and condominiums at A' Formosa Resort in Malacca under the 'cooperative development venture' concept.
- (k) On 1 April 1999, the Company entered into a joint venture agreement with 17 consortium members for the joint execution of the Human Resources Management Information System (HRMIS) contract worth RM99.8 million awarded by the Government of Malaysia to MRCB Multimedia Consortium Sdn. Bhd., an associated company.

38 SIGNIFICANT EVENTS SUBSEQUENT TO BALANCE SHEET DATE

- (a) On 22 October 1999, the Company and MRCB Engineering Sdn. Bhd., a subsidiary company, entered into a conditional agreement with Sime Darby Berhad and Tenaga Nasional Berhad for the proposed disposal of their 30% and approximately 49.99% equity interests in Port Dickson Power Berhad and Janaurus PDP Sdn. Bhd. respectively for a total cash consideration of RM204.0 million.
- (b) The Company is in the process of entering into a debt restructuring scheme with the bankers of the Company and two of its subsidiary companies ie. MR Investments (Cayman) Pte. Ltd. and MRC Management (BVI) Ltd. for the extension of the credit facilities of approximately RM1,142.8 million on a six (6) months plus six (6) months basis. The credit facilities are repayable on 31 January 2000 or, if extended, on maturity of the extension period on 31 July 2000.

STATEMENT BY DIRECTORS

PURSUANT TO SECTION 169(15) OF THE COMPANIES ACT, 1965

We, DATO' ABDUL RAHMAN MAIDIN and DATUK ZAHARI OMAR, two of the Directors of MALAYSIAN RESOURCES CORPORATION BERHAD, state that, in the opinion of the Directors, the accounts set out on pages 37 to 83 are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company at 31 August 1999 and of the results of the Group and of the Company and the cash flows of the Group for the financial year ended on that date in accordance with the applicable approved Accounting Standards in Malaysia, and comply with Companies Act, 1965.

On behalf of the Board

DATO' ABDUL RAHMAN MAIDIN
President

DATUK ZAHARI OMAR
Executive Vice President

Shah Alam
28 December 1999

STATUTORY DECLARATION

PURSUANT TO SECTION 169(16) OF THE COMPANIES ACT, 1965

I, LEE TEU LUAN, the Officer primarily responsible for the financial management of MALAYSIAN RESOURCES CORPORATION BERHAD, do solemnly and sincerely declare that the accounts set out on pages 37 to 83 are, in my opinion, 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.

LEE TEU LUAN

Subscribed and solemnly declared by the abovenamed LEE TEU LUAN at SHAH ALAM, Malaysia on 28 December 1999.

Before me,

A.T. LIM JO SEN A.M.N.
70 M (Mezz Fl.) Jalan Putra
50350 Kuala Lumpur

COMMISSIONER FOR OATHS

REPORT OF THE AUDITORS

TO THE MEMBERS OF MALAYSIAN RESOURCES CORPORATION BERHAD

We have audited the accounts set out on pages 37 to 83. 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 auditing standards 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 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 Group and of the Company as at 31 August 1999 and of the results of the Group and of the Company and the cash flows of the Group for the financial year ended on that date in accordance with the applicable approved Accounting Standards in Malaysia, and comply with the Companies Act, 1965; and
- (b) the accounting and other records and the registers required by the Act to be kept by the Company and by the subsidiary companies of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

The name of the subsidiary companies of which we have not acted as auditors are indicated in Note 35 to the accounts. We have considered the accounts of the subsidiary companies and the auditors' report thereon.

We are satisfied that the accounts of the subsidiary companies 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 those purposes.

The auditors' reports on the accounts of the subsidiary companies were not subject to any qualification and did not include any comment made under subsection (3) of Section 174 of the Act.

PRICEWATERHOUSECOOPERS

(No. AF: 1146)

Public Accountants

RAJA DATUK ARSHAD BIN RAJA TUN UDA

(No. 383/3/00 (J/PH))

Partner of the firm

Kuala Lumpur

28 December 1999

ANALYSIS OF SHAREHOLDINGS

AS AT 31 DECEMBER 1999

Authorised Share Capital	:	2,000,000,000
Paid-up Share Capital	:	970,772,832
Type of Shares	:	Ordinary Share of RM1.00 each
No. of Shareholders	:	41,262
Voting Rights	:	One vote for every share

Size of Shareholdings	No. of Shareholders	Percentage of Shareholders (%)	No. of Shares	Percentage of Share Capital (%)
1-499	5,765	13.97	1,104,677	0.11
500-5,000	27,864	67.53	60,413,845	6.22
5,001-10,000	3,939	9.55	33,185,350	3.42
10,001-100,000	3,368	8.16	94,418,497	9.73
100,001-1,000,000	287	0.70	76,518,532	7.88
MORE THAN 1,000,000	39	0.09	705,131,931	72.64
TOTAL	41,262	100.00	970,772,832	100.00

LIST OF SUBSTANTIAL SHAREHOLDERS

Name	No. of Shares	Percentage of Share Capital (%)
1. Realmild (M) Sdn Bhd	294,857,156 *	30.37
2. Dato' Abdul Rahman Maidin	294,857,156 **	30.37
3. Datuk Abdul Kadir Jasin	294,857,156 **	30.37
4. The Central Depository (Pte) Limited	177,248,041	18.26
5. Employees Provident Fund Board	100,414,333	10.34
6. Fernset Holdings Sdn Bhd	27,947,570	2.88

* held through nominee company

** held through Realmild (M) Sdn Bhd

TOP 20 SHAREHOLDERS

AS AT 31 DECEMBER 1999

Name	No. of Shares Held	Percentage of Share Capital (%)
1. Realmild (M) Sdn Bhd	294,857,156	30.37
2. The Central Depository (Pte) Limited	177,248,041	18.26
3. Employees Provident Fund Board	100,414,333	10.34
4. Fernset Holdings Sdn Bhd	27,947,570	2.88
5. Dr. Poh Soon Sim	18,666,666	1.92
6. HLG Capital Markets Sdn Bhd	10,000,000	1.03
7. Syed Mustaffa Bin Syed Abdullah Shahabudin	9,500,000	0.98
8. Abu Dhabi Investment Authority	6,000,000	0.62
9. Hong Leong Equities (HK) Ltd	5,260,000	0.54
10. Cempaka Erat Sdn Bhd	4,150,000	0.43
11. Hong Leong Assurance Berhad	4,100,000	0.42
12. Kosipetto Management Limited	3,578,334	0.37
13. JA Asset Management Sdn Bhd	3,150,333	0.32
14. RHB Dynamic Fund	3,000,333	0.31
15. Malakoff Berhad	2,742,000	0.28
16. The Great Eastern Life Assurance Company Limited	2,518,000	0.26
17. IFC Emerging Markets Fund-Malaysia	2,510,345	0.26
18. RG Zelfselect Fund	2,310,000	0.24
19. Callard Corporation	2,047,333	0.21
20. Khazanah Nasional Berhad	2,000,000	0.21
TOTAL	682,000,444	70.25

PROPERTIES OF THE GROUP

DESCRIPTION/ EXISTING USE	LOCATION	AREA	NET BOOK VALUE AS AT 31/8/99 (RM'000)	TENURE	APPROXIMATE AGE OF BUILDING	EMCUMBRANCE
Resource Complex - 6 storey industrial buildings/flatted factories and warehouse	33, Jalan Segambut Atas, Segambut, 51200 Kuala Lumpur, Wilayah Persekutuan.	72,098 sq. metres	50,342	Leasehold 66 years expiring on 2 February 2044	14 years	NIL
Resource Industrial Centre - 6 storey industrial factory/educational institution	10, Jalan 1/137-B, Jalan Kelang Lama, 58100 Kuala Lumpur, Wilayah Persekutuan.	5,037 sq. metres	3,372	Leasehold 99 years expiring on 29 March 2065	15 years	NIL
Land for proposed mixed housing development	PT 6748 (part) and 6754, Mukim Kajang, District of Hulu Langat, Selangor Darul Ehsan.	8.51 hectares	24,113	Freehold	-	NIL
Land for proposed mixed housing development	Lot 6061 (part) and 69 (part), Mukim Ulu Kelang, District of Gombak, Selangor Darul Ehsan.	7.06 hectares	14,183	Freehold	-	NIL
Land for proposed condominium development	Country Lease No. 015146120, Municipality and District of Kota Kinabalu, Sabah.	1.10 hectares	500	Leasehold 999 years expiring on 4 July 2918	-	NIL
Land for proposed industrial development	Lot 10836 to 10868, 10870 to 10981, 10984 to 11015, Mukim Rantau, District of Seremban, Negeri Sembilan Darul Khusus.	5.20 hectares	3,869	Freehold	-	NIL
Land for proposed mixed commercial development	H.S. (D) 79956 P.T. No. 12, Section 14, Bandar Shah Alam, Selangor Darul Ehsan.	1.21 hectares	31,846	Leasehold 99 years expiring on 15 September 2092	-	YES
Plaza Alam Sentral - 7 level shopping complex	H.S. (D) 79956 P.T. No. 12, Seksyen 14, Bandar Shah Alam, Selangor Darul Ehsan.	68,233 sq. metres	145,132	Leasehold 99 years expiring on 15 September 2092	< 1 years	YES

PROPERTIES OF THE GROUP (CONTINUED)

DESCRIPTION/ EXISTING USE	LOCATION	AREA	NET BOOK VALUE AS AT 31/8/99 (RM'000)	TENURE	APPROXIMATE AGE OF BUILDING	EMCUMBRANCE
Menara MRCB - 23 level office blocks	H.S. (D) 79956 P.T. No. 12, Seksyen 14, Bandar Shah Alam. Selangor Darul Ehsan.	25,641 sq. metres	74,438	Leasehold 99 years expiring on 15 September 2092	< 1 years	YES
4 storey shoplot/office	63, Jalan SS 25/2, Taman Bukit Emas, Petaling Jaya, Selangor Darul Ehsan.	612 sq. metres	401	Freehold	7 years	NIL
Sentral Plaza Corporate Office Suite under construction	CS/3B/11-3 and C3/3A/11, Lot 16, Section 70, Mukim Kuala Lumpur, Wilayah Persekutuan.	956 sq. metres	1,816	Freehold	Construction in progress, expected completion in 2001	YES
Industrial land with factory building	Lot 49 & 50, Rawang Integrated Industrial Park, 48000 Rawang, Selangor Darul Ehsan.	3.41 hectares	15,697	Freehold	5 years	YES
Business Office	Level 22, No. 1, Jalan 2/106, Bandar Tun Razak, 56000 Kuala Lumpur, Wilayah Persekutuan.	1,812 sq. metres	4,183	Leasehold 99 years expiring on 22 July 2090	2 years	YES
Land and factory building	Lot A, Selangor Industrial Estate, Batu 13, Jalan Klang, 47100 Puchong, Selangor Darul Ehsan.	6.07 hectares	23,240	Leasehold 99 years expiring on 8 February 2090	9 years	YES
Sentral Station Complex, related infrastructure and railway facilities with commercial buildings and landed properties	Lot 12, 16, 19 Sek. 70, Lot 203 and 238, Sek. 72, Mukim Bandar Kuala Lumpur, Daerah Kuala Lumpur, Jalan Damansara, Kuala Lumpur, Wilayah Persekutuan.	20.45 hectares	430,536	Freehold	-	YES

PROPERTIES OF THE GROUP (CONTINUED)

DESCRIPTION/ EXISTING USE	LOCATION	AREA	NET BOOK VALUE AS AT 31/8/99 (RM'000)	TENURE	APPROXIMATE AGE OF BUILDING	EMCUMBRANCE
3 storey shop/office	10, Jalan 7/155, Bukit Jalil Integrated Business Park, Selangor Darul Ehsan.	461 sq. metres	557	Freehold	4 years	YES
1 1/2 storey light industrial building	Plot No. 5A, Perusahaan Ringan, Tingkat 1 1/2 Kawasan Industri Ringan Perai 4, Lot No. 1839, Suratan Hakmilik Sementara No. H.S. (M) 355, Mukim 12, Seberang Perai Tengah.	429 sq. metres	614	Leasehold	1 year	YES
4 storey shop, office & apartment	26-1 & 28-1, Jalan PJS 5/4, Taman Desaria, 46000 Petaling Jaya, Selangor Darul Ehsan.	312 sq. metres	218	Leasehold	6 years	YES
Industrial land	Plot No. 143 & 145, Rawang Industrial Park, 48000 Rawang, Selangor Darul Ehsan.	1,692 sq. metres	6,269	Freehold	-	NIL
Light industrial factory/office building	Unit No. AI/TF/011B & AI/TF/012B at 44-2, Jalan 13/34A, and Unit No. AI/TF/015B at 36-2, Jalan 13/34A, Kepong Entrepreneurs' Park, Kepong, 52100 Kuala Lumpur, Wilayah Persekutuan.	462 sq. metres	285	Freehold	3 years	NIL
1 1/2 storey link factory	23, 25 and 27, Jalan Anggerik Mokara, 31/51, Kota Kemuning, Seksyen 31, 40460 Shah Alam, Selangor Darul Ehsan.	1,086 sq. metres	1,137	Freehold	1 year	YES
Double storey semi - detached	4, Jalan Anggerik Oncidium, 31/71B, Kota Kemuning, Seksyen 31, 40460 Shah Alam, Selangor Darul Ehsan.	416 sq. metres	678	Freehold	1 year	NIL
Vacant industrial land	Lot No. IL-1946, Bukit Beruntung, Mukim Serendah, Daerah Hulu Selangor, P.T. No. 1939, H.S.D. No. 8651, Selangor Darul Ehsan.	5,913 sq. metres	1,030	Freehold	-	NIL