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5. Subsidiary and Associated Companies

The subsidiary companies of Glomac (all incorporated in Malaysia), upon completion of the abovementioned exercise, are as follows:

Name of Company	Date of Incorporation	Effective Equity Interest (%)	Principal Activities
<i>Direct Subsidiary Companies</i>			
Berapit Development Sdn. Bhd. (BDSB)	15.11.1988	100	Property development and investment
Glomac Realty Sdn. Bhd. (GRSB)	08.04.1991	100	Property development and investment
Glomac Sutera Sdn. Bhd. (GSSB)	17.08.1989	100	Property development and investment
Glomac Land Sdn. Bhd.(GLSB)	26.09.1991	100	Property development and investment
Regency Land Sdn. Bhd.(RLSB)	08.05.1995	100	Property development and investment
Glomac Utama Sdn. Bhd. (GUSB)	11.02.1988	60	Investment holding
Elmina Equestrian Centre (Malaysia) Sdn. Bhd. (EEC)	29.05.1991	100	Ownership and management of the equestrian and recreational club
Glomac Bina Sdn. Bhd. (GBSB)	07.07.1990	51	Building contractor
Glomac Group Management Services Sdn. Bhd. (formerly known as Glomac-Goodyear Sdn. Bhd.) (GGSB)	07.07.1990	100	Property development and investment holding

16. ACCOUNTANTS' REPORT*(Cont'd)*

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Name of Company	Date of Incorporation	Effective Equity Interest (%)	Principal Activities
<i>Direct Subsidiary Companies</i>			
Glomac Jaya Sdn. Bhd. (GJSB)	07.08.1995	51	Property development and investment
Glomac Hotels & Resorts Sdn. Bhd. (GHR SB)	23.02.1991	100	Property development and investment
Glomac Power Sdn. Bhd. (GPSB)	27.05.1991	85.7	Investment holding
Glomac Real Estate Sdn. Bhd. (GRE)	07.07.1990	100	Investment holding
Dunia Heights Sdn. Bhd. (DHSB)	26.06.1995	100	Property development and investment
Glomac Consolidated Sdn. Bhd.(GCSB)	30.08.1995	100	Property development and investment
Glomac Vantage Sdn. Bhd. (GVSB)	10.07.1995	100	Property development
<i>Indirect Subsidiary Companies</i>			
Kelana Centre Point Sdn. Bhd. (KCPSB) (held through GGSB)	27.07.1994	100	Property development and investment
Prima Sixteen Sdn. Bhd. (P16) (held through GGSB)	08.09.1987	100	Property development
Magic Season Sdn. Bhd. (MSSB) (held through GGSB)	03.06.1997	100	Pre-operating

16. ACCOUNTANTS' REPORT *(Cont'd)*

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Name of Company	Date of Incorporation	Effective Equity Interest (%)	Principal Activities
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Indirect Subsidiary Companies

Bangi Integrated Corporation Sdn. Bhd. (BIC) (held through GRE)	09.12.1987	100	Investment holding
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The associated companies of the Company (all incorporated in Malaysia) are as follows:

Name of Company	Date of Incorporation	Effective Equity Interest (%)	Principal Activities
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Direct Associated Companies

Glomac Enterprise Sdn. Bhd. (GESB)	04.09.1991	50	Property development and investment holding
PTB Glomac Development Sdn. Bhd.	18.01.1996	24	Property development

Indirect Associated Companies

Prisma Legacy Sdn. Bhd. (held through GESB)	30.08.1995	50	Building contractor
Worldwide Glomac Development Sdn. Bhd. (held through GUSB)	27.05.1991	29.4	Property development
PPC Glomac Sdn. Bhd. (held through GPSB)	23.12.1994	30	Turnkey contractor

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C. AUDITORS' REPORTS

We have acted as the auditors of the Company and its subsidiaries, GUSB, GRE, P16 and BIC since the financial year ended 30 April 1995. We are also the auditors of GJSB and GVSB since its incorporation. The accounts of all the other subsidiaries for the period under review were audited by other firm of auditors.

The accounts of the Company and all its subsidiaries for the respective financial years under review were reported on by the auditors without any reservations except for the comments on the accounts of the following companies for the respective financial years/period:

i) Glomac

Financial year ended 30 April, 1998

Financial year ended 30 April, 1999

Six months ended 31 October, 1999

“Without qualifying our opinion, we draw attention to Note 2 to the Accounts which mentions that the current economic slowdown conditions which have affected and will continue to affect, in the foreseeable future, the property market in the country. In view of these economic conditions, there are significant uncertainties that may affect future operations. The accounts of the Group and Company do not include any unforeseen adjustments that might result from these uncertainties.”

ii) GVSB

Financial year ended 30 June, 1998

Financial year ended 30 June, 1999

Four months ended 31 October, 1999

“Without qualifying our opinion, we draw attention to Note 2 to the Accounts which mentions that the current economic slowdown conditions which have affected and will continue to affect, in the foreseeable future, the property market in the country. In view of these economic conditions, there are significant uncertainties that may affect future operations. The accounts of the Company do not include any unforeseen adjustments that might result from these uncertainties.”

“Also, without qualifying our opinion, we draw attention to Notes 3 and 8 to the Accounts which mention that the Company is currently negotiating with its lender to reschedule the repayment terms of its term loan of RM13,000,000, which is payable in July 1998.”

As of the date of this Report, an understanding has been reached with Pengurusan Danaharta Nasional Berhad (Danaharta) which now owns the loan. The understanding requires part repayment of the said loan from the proceeds of the Public Issue upon the listing of Glomac on the Main Board of the KLSE with the balance being converted into a new term loan. The revised terms and conditions for the term loan are currently being discussed. The Company is of the opinion that the matter will be settled amicably with Danaharta and GVSB will be able to continue as a going concern upon the listing of Glomac on the Main Board of the KLSE.

16. ACCOUNTANTS' REPORT(Cont'd)

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D. DIVIDENDS

Details of dividends paid by the Company for the five financial years ended 30 April 1999 and the period ended 31 October 1999 are as follows:

Year Ended	Issued and Paid-up capital (RM'000)	Dividend Rate (Gross) %	Net Dividend (RM'000)
30 April 1995	20,000	-	-
30 April 1996	20,000	-	-
30 April 1997	20,000	-	-
30 April 1998	20,000	-	-
30 April 1999	20,000	92.4	13,300
6 months ended 31 October 1999	20,000	-	-

No dividends have been paid by the subsidiary companies other than as stated below. Details of dividends paid by the following subsidiary companies for the five financial years ended 30 April 1999 and the period ended 31 October 1999 are as follows:

Year Ended	Issued and Paid-up capital (RM'000)	Dividend Rate (Gross) %	Net Dividend (RM'000)
BDSB			
30 April 1995	2,000	-	-
30 April 1996	2,000	1,430	20,020
30 April 1997	2,000	990	13,860
30 April 1998	2,000	-	-
30 April 1999	2,000	-	-
6 months ended 31 October 1999	2,000	-	-
GRSB			
30 April 1995	1,000	78	546
30 April 1996	1,000	500	3,500
30 April 1997	1,000	150	1,050
30 April 1998	1,000	-	-
30 April 1999	1,000	-	-
6 months ended 31 October 1999	1,000	-	-
GUSB			
30 April 1995	800	-	-
30 April 1996	2,025	-	-
30 April 1997	2,025	-	-
30 April 1998	2,025	-	-
30 April 1999	2,025	-	-
6 months ended 31 October 1999	2,025	139.75	2,038

16. ACCOUNTANTS' REPORT (Cont'd)

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Year Ended	Issued and Paid-up capital (RM'000)	Dividend Rate (Gross) %	Net Dividend (RM'000)
GRE			
30 April 1995	6,100	-	-
30 April 1996	6,100	60	2,562
30 April 1997	6,100	-	-
30 April 1998	6,100	-	-
30 April 1999	6,100	-	-
6 months ended 31 October 1999	6,100	-	-
P16			
30 April 1995	3,675	120	3,087
30 April 1996	3,675	50	1,286
30 April 1997	3,675	-	-
30 April 1998	3,675	-	-
30 April 1999	3,675	94	2,500
6 months ended 31 October 1999	3,675	-	-
GGSB			
<i>Ordinary shares</i>			
31 December 1995	10,000	-	-
14 months ended 30 April 1997	10,000	-	-
30 April 1998	10,000	170	12,124
30 April 1999	9,000	617	40,000
6 months ended 31 October 1999	9,000	-	-
<i>Preference shares</i>			
31 December 1995	-	-	-
14 months ended 30 April 1997	-	-	-
30 April 1998	-	-	-
30 April 1999	5,000	389	14,000
6 months ended 31 October 1999	5,000	-	-
KCPSB			
31 December 1995	2,500	-	-
16 months ended 30 April 1997	2,500	110	1,925
30 April 1998	2,500	-	-
30 April 1999	2,500	2,194	39,500
6 months ended 31 October 1999	2,500	-	-

16. ACCOUNTANTS' REPORT(Cont'd)

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E. SUMMARISED PROFIT AND LOSS ACCOUNTS

1. The Group

The summarised consolidated profit and loss accounts of the Group for the five financial years ended 30 April 1999 and period ended 31 October 1999 are set out below:

	← Financial year ended 30 April →					Six months ended 31 October 1999
	1995* RM'000	1996* RM'000	1997 RM'000	1998 RM'000	1999 RM'000	RM'000
Turnover	54,191	78,911	146,072	165,270	120,840	53,050
Profit before exceptional item, depreciation and interest expense	16,514	25,579	50,920	26,335	50,336	20,131
Exceptional item	-	-	-	-	(13,907)	(7,670)
Depreciation	(332)	(666)	(1,092)	(1,697)	(1,336)	(760)
Interest expense	(791)	(1,851)	(4,528)	(6,995)	(10,898)	(4,696)
Profit before share in results of associated companies	15,391	23,062	45,300	17,643	24,195	7,005
Share in results of associated companies	1,383	5,925	14,888	7,880	4,723	2,698
Profit before taxation	16,774	28,987	60,188	25,523	28,918	9,703
Taxation	(5,483)	(9,831)	(18,854)	(9,641)	(3,430)	(5,242)
Profit after taxation	11,291	19,156	41,334	15,882	25,488	4,461
Minority interests	(76)	(5,181)	(12,574)	(11,536)	(3,804)	(145)
Net profit	11,215	13,975	28,760	4,346	21,684	4,316
Weighted average number of ordinary shares of RM1.00 each in issue ('000)	20,000	20,000	20,000	20,000	20,000	20,000
Net earnings per ordinary share (sen)	56	70	144	22	108	43**

* The summarised proforma consolidated profit and loss accounts of the Group for the years ended 30 April 1995 and 1996 have been prepared based on the audited accounts of the Company and its subsidiary and associated companies after exclusion of the non-core activities of certain subsidiary companies. These subsidiary companies were disposed in 1996.

** Annualised

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Notes:

- a) The summarised profit and loss accounts of Glomac and all its subsidiary and associated companies for the five financial years ended 30 April 1999 and the period ended 31 October 1999 are based on the audited accounts of Glomac and all its subsidiary and associated companies made up to the end of the financial year/period to the extent of the Group's attributable share in those respective financial years/period.
- b) There were no extraordinary items during the period under review. The exceptional item for the period ended 31 October 1999 represents provision for diminution in value of the investment properties arising from the revaluation of Group's investment properties. The exceptional item for the year ended 30 April 1999 represents the reversal of post-acquisition profits of a subsidiary company upon the conversion of the Group's interest in a subsidiary company from ordinary shares to preference shares.
- c) Turnover of the Group consists of the proportion of aggregate sales value of property development project sold attributable to the percentage of development works performed, proportion of the total contract value attributable to the percentage of construction works performed, provision of property management and sales services, rental income from investment properties.

Turnover and profit before taxation of the Group increased consecutively in 1996 and 1997 mainly due to the recognition of the attributable profit of certain property development projects as well as the launch of new projects during the respective years. The Group's operations in 1998 were affected by the economic crisis resulting in a lower profit margin on certain projects undertaken as well as losses incurred by its subsidiary companies.
- d) The effective tax rates for the financial years ended 30 April 1995 to 1998 and the period ended 31 October 1999 were higher than the statutory tax rates due mainly to reported losses of certain companies within the Group which cannot be offsetted against the profits of other companies. Provision for taxation for the financial year ended 30 April 1999 is in respect of dividend income. Other than as stated, no provision for taxation has been made in the financial year ended 30 April 1999 as tax payable on chargeable income of the Group and of the Company is to be waived under the Income Tax (Amendment) Act, 1999 to facilitate the transition of the income tax assessment from a preceding year system to a current year system.
- e) The net earnings per ordinary share is calculated based on the profit after taxation and before extraordinary items divided by the weighted average number of ordinary shares in issue during those financial years/period.

16. ACCOUNTANTS' REPORT (Cont'd)

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2. The Company

The summarised profit and loss accounts of the Company based on the audited accounts for the five financial years ended 30 April, 1999 and period ended October 31 1999 are as follows:

	← Financial year ended 30 April →					Six months ended 31 October 1999
	1995 RM'000	1996 RM'000	1997 RM'000	1998 RM'000	1999 RM'000	RM'000
Turnover	850	37,777	22,832	8,419	55,556	1,698
Profit before exceptional item, depreciation and interest expense	905	36,287	22,040	3,478	57,326	3,433
Exceptional item	-	-	-	-	-	(8,535)
Depreciation	(328)	(513)	(596)	(799)	(519)	(307)
Interest expense	(344)	(1,096)	(2,333)	(2,844)	(3,381)	(1,497)
Profit/(Loss) before taxation	233	34,678	19,111	(165)	53,426	(6,906)
Taxation	(215)	(10,573)	(5,941)	(1,348)	(15,555)	-
Net profit	18	24,105	13,170	(1,513)	37,871	(6,906)
Weighted average number of ordinary shares of RM1.00 each in issue ('000)	20,000	20,000	20,000	20,000	20,000	20,000
Net earnings/(loss) per ordinary share (sen)	-	121	66	(8)	189	(69)*

* Annualised

Notes:

- a) The summarised profit and loss accounts of the Company for the five financial years ended 30 April 1999 and the period ended 31 October 1999 are based on the audited accounts of the Company made up to the end of the financial year/period.
- b) There were no extraordinary items during the period under review. The exceptional item for the period ended 31 October 1999 represents provision for diminution in value of the investment in subsidiary companies.
- c) Turnover of the Company represents the proportion of aggregate sales value of property development projects attributable to the percentage of development work performed during the year and gross dividend income receivable from subsidiary and associated companies.

16. ACCOUNTANTS' REPORT *(Cont'd)*

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The significant increase in turnover and profit before tax for the financial years ended 30 April 1996 and 1999 as compared to the respective prior years is due mainly to gross dividend receivable from subsidiary companies. The lower turnover and profit before tax for the financial year ended 30 April 1998 and the six months ended 31 October 1999 is due mainly to lower dividend income receivable from subsidiary companies.

- d) The effective tax rates in 1995, 1996 and 1997 were higher than the statutory tax rates due mainly to certain expenses which were non-deductible for tax purposes. Taxation has been provided in 1998, notwithstanding the operating loss, due mainly to certain expenses which are not deductible for tax purposes. Provision for taxation in the financial year ended 30 April 1999 is in respect of dividend income. No provision for taxation was made for the period ended 31 October 1999 as the Company made an operating loss.
- e) The net earnings/(loss) per ordinary share is calculated based on the profit/(loss) after taxation and before extraordinary items divided by the weighted average number of ordinary shares in issue during those financial years/period.

16. ACCOUNTANTS' REPORT (Cont'd)

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3. GVSBS

The summarised profit and loss accounts of GVSBS based on the audited accounts for the period July 10, 1995 (date of incorporation) to June 30, 1996, three financial years ended 30 June, 1999 and period ended October 31 1999 are as follows:

	Eleven months ended 30 June 1996 RM'000	← Financial year ended 30 June →			Four months ended 31 October 1999 RM'000
		1997 RM'000	1998 RM'000	1999 RM'000	
Turnover	-	-	-	-	-
Profit/(Loss) before depreciation and interest expense	3	(16)	(173)	(23)	(28)
Depreciation	-	-	(19)	-	-
Interest expense	-	-	(5)	-	-
Profit/(Loss) before taxation	3	(16)	(197)	(23)	(28)
Taxation	(1)	-	-	-	-
Net profit/(loss)	2	(16)	(197)	(23)	(28)
Weighted average number of ordinary shares of RM1.00 each in issue ('000)	-*	2,246	2,500	2,500	2,500
Net earnings/(loss) per ordinary share (sen)	32	(0.71)	(8)	(0.92)	(3)**

GVSBS was incorporated on 10 July, 1995 and the accounts of GVSBS were prepared for the first time for the financial period 10 July, 1995 (date of incorporation) to 30 June, 1996.

* This represents weighted average number of ordinary shares of RM1.00 each in issue of 78 ordinary shares of RM1.00 each.

** Annualised

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Notes:

- a) The summarised profit and loss accounts of GVSBS for the period ended 30 June, 1996, three financial years ended 30 April 1999 and the period ended 31 October 1999 are based on the audited accounts of GVSBS made up to the end of the financial year/period.
- b) There were no extraordinary or exceptional items during the period under review.
- c) The loss before taxation in 1998 is due mainly to the increased activity level as a result of the intended commencement of development and promotional activities on GVSBS's property development project. The loss before taxation substantially reduced in 1999 as GVSBS deferred its development activities as a result of the economic slowdown in the property sector.
- d) Provision for taxation in 1996 is in respect of interest income from short-term deposits.
- e) The net earnings/(loss) per ordinary share is calculated based on the profit/(loss) after taxation and before extraordinary items divided by the weighted average number of ordinary shares in issue during those financial periods/years.

16. ACCOUNTANTS' REPORT(Cont'd)

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4. GSSB

The summarised profit and loss accounts of GSSB based on the audited accounts for the five financial years ended 30 April, 1999 and period ended October 31 1999 are as follows:

	←———— Financial year ended 30 April —————→					Six months ended 31 October 1999
	1995 RM'000	1996 RM'000	1997 RM'000	1998 RM'000	1999 RM'000	RM'000
Turnover	-	-	-	-	-	-
Loss before depreciation and interest expense	(2)	(4)	(144)	(360)	(136)	(47)
Depreciation	-	(8)	(32)	(91)	(55)	(40)
Interest expense	-	(1)	(7)	(20)	(14)	(45)
Loss before taxation	(2)	(13)	(183)	(471)	(205)	(132)
Taxation	-	-	-	-	-	-
Net loss	(2)	(13)	(183)	(471)	(205)	(132)
Weighted average number of ordinary shares of RM1.00 each in issue ('000)	-*	775	1,000	1,000	1,000	1,000
Net loss per ordinary share (sen)	(1,034)	(2)	(18)	(47)	(21)	(26)**

* This represents RM2 comprising 2 ordinary shares of RM1.00 each.

** Annualised

Notes:

- a) The summarised profit and loss accounts of the Company for the five financial years ended 30 April 1999 and the period ended 31 October 1999 are based on the audited accounts of the Company made up to the end of the financial year/period.
- b) There were no extraordinary or exceptional items during the period under review.
- c) The significant increase in the loss before taxation in 1997 and 1998 is due to the increased activity level as a result of the intended commencement of development and promotional activities on GSSB's property development project. The loss before taxation substantially reduced in 1999 as GSSB deferred its development activities as a result of the economic slowdown in the property sector.
- d) The net loss per ordinary share is calculated based on the loss after taxation and before extraordinary items divided by the weighted average number of ordinary shares in issue during those financial periods/years.

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F. SUMMARISED BALANCE SHEETS**1. The Group**

The summarised consolidated balance sheets of the Group as of 30 April for the six financial years ended 30 April 1999 and as of 31 October 1999 are set out below:

	←-----As of 30 April-----→						As of 31 October
	1994*	1995*	1996*	1997	1998	1999	1999
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Fixed assets	645	2,108	6,785	8,577	9,294	7,524	7,563
Investment properties	18,621	31,996	41,719	72,727	93,451	132,677	119,064
Investment in associated companies	7,955	12,573	18,396	28,700	25,202	37,249	31,653
Other investment	-	75	-	-	-	4,000	4,000
Intangible assets	90	409	355	397	419	428	428
Goodwill arising on consolidation	46	7	1,676	1,859	912	-	-
Property development projects	494	18,001	76,078	97,483	90,670	77,697	83,060
Current assets	16,445	33,012	68,595	92,711	124,090	145,877	114,994
Current liabilities	(18,254)	(43,168)	(58,443)	(90,588)	(113,346)	(148,603)	(95,631)
Net current assets/ (liabilities)	(1,809)	(10,156)	10,152	2,123	10,744	(2,726)	19,363
Hire-purchase and lease creditors - non-current portion	(228)	(281)	(741)	(1,347)	(1,079)	(122)	(64)
Bank borrowings - non-current portion	(5,400)	(17,191)	(92,756)	(107,157)	(115,628)	(112,017)	(122,640)
Deferred taxation	-	(37)	(306)	(623)	(679)	(55)	(78)
	<u>20,414</u>	<u>37,504</u>	<u>61,358</u>	<u>102,739</u>	<u>113,306</u>	<u>144,655</u>	<u>142,349</u>
Represented by:							
Share capital	15,000	20,000	20,000	20,000	20,000	20,000	20,000
Reserve on consolidation	-	-	-	-	-	5,855	5,735
Unappropriated profit	4,291	15,506	29,431	58,191	62,538	70,922	75,237
Revaluation surplus	-	-	-	-	-	34,575	28,744
Shareholders' equity	<u>19,291</u>	<u>35,506</u>	<u>49,431</u>	<u>78,191</u>	<u>82,538</u>	<u>131,352</u>	<u>129,716</u>
Minority interest	<u>1,123</u>	<u>1,998</u>	<u>11,927</u>	<u>24,548</u>	<u>30,768</u>	<u>13,303</u>	<u>12,633</u>
	<u>20,414</u>	<u>37,504</u>	<u>61,358</u>	<u>102,739</u>	<u>113,306</u>	<u>144,655</u>	<u>142,349</u>
Net tangible assets per share based on issued share capital at balance sheet date (RM)	<u>1.28</u>	<u>1.75</u>	<u>2.37</u>	<u>3.80</u>	<u>4.06</u>	<u>6.55</u>	<u>6.46</u>

* The summarised balance sheets of the Glomac Group as of 30 April for the years ended 30 April 1994 and 1995 have been prepared based on the audited accounts of the Group after exclusion of the non-core activities of certain subsidiary companies. These subsidiary companies were disposed in 1996.

16. ACCOUNTANTS' REPORT (Cont'd)

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2. The Company

The summarised balance sheets of the Company based on the audited accounts as of 30 April for the six financial years ended 30 April 1999 and as of 31 October 1999 are as follows:

	← As of 30 April →						As of 31 October 1999
	1994 RM'000	1995 RM'000	1996 RM'000	1997 RM'000	1998 RM'000	1999 RM'000	RM'000
Fixed assets	636	1,307	1,957	1,808	2,024	1,408	1,101
Investment in subsidiary companies	20,695	28,254	36,494	37,576	33,958	72,533	65,829
Investment in associated companies	682	3,182	2,540	3,500	3,700	3,700	3,700
Other investment	-	75	-	-	-	-	-
Current assets	2,273	13,603	37,655	58,718	75,028	101,639	104,012
Current liabilities	(8,847)	(24,219)	(30,991)	(41,195)	(55,827)	(61,995)	(62,643)
Net current assets/ (liabilities)	(6,574)	(10,616)	6,664	17,523	19,201	39,644	41,369
Hire-purchase and lease creditors							
- non-current portion	(228)	(236)	(358)	(440)	(429)	(36)	-
Bank borrowings							
- non-current portion	-	(1,700)	(2,963)	(2,463)	(2,463)	(2,112)	(1,937)
Deferred taxation	-	(37)	-	-	-	-	-
	<u>15,211</u>	<u>20,229</u>	<u>44,334</u>	<u>57,504</u>	<u>55,991</u>	<u>115,137</u>	<u>110,062</u>
Represented by:							
Share capital	15,000	20,000	20,000	20,000	20,000	20,000	20,000
Unappropriated profit	211	229	24,334	37,504	35,991	60,562	53,656
Revaluation surplus	-	-	-	-	-	34,575	36,406
Shareholders' equity	<u>15,211</u>	<u>20,229</u>	<u>44,334</u>	<u>57,504</u>	<u>55,991</u>	<u>115,137</u>	<u>110,062</u>
Net tangible assets per share based on issued share capital at balance sheet date (RM)	<u>1.01</u>	<u>1.01</u>	<u>2.22</u>	<u>2.88</u>	<u>2.80</u>	<u>5.76</u>	<u>5.50</u>

16. ACCOUNTANTS' REPORT(Cont'd)

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3. GVS B

The summarised balance sheets of GVS B based on the audited accounts as of June 30 for the period July 10, 1995 (date of incorporation) to June 30, 1996, three financial years ended 30 June, 1999 and as of October 31 1999 are as follows:

	← As of 30 June →				As of 31 October 1999
	1996 RM'000	1997 RM'000	1998 RM'000	1999 RM'000	RM'000
Fixed assets	-	-	69	-	-
Property development project	75	16,084	18,119	19,860	20,362
Current assets	3,087	691	5	11	27
Current liabilities	(3,160)	(1,289)	(15,875)	(17,605)	(18,151)
Net current liabilities	(73)	(598)	(15,870)	(17,594)	(18,124)
Hire-purchase creditor - non- current portion	-	-	(29)	-	-
Term loan	-	(13,000)	-	-	-
	<u>2</u>	<u>2,486</u>	<u>2,289</u>	<u>2,266</u>	<u>2,238</u>
Represented by:					
Share capital	*	2,500	2,500	2,500	2,500
Unappropriated profit/(Accumulated loss)	2	(14)	(211)	(234)	(262)
Shareholders' equity	<u>2</u>	<u>2,486</u>	<u>2,289</u>	<u>2,266</u>	<u>2,238</u>
Net tangible assets per share based on issued share capital at balance sheet date (RM)	<u>24.20</u>	<u>0.99</u>	<u>0.92</u>	<u>0.91</u>	<u>0.90</u>

GVS B was incorporated on 10 July, 1995 and the accounts of GVS B were prepared for the first time for the financial period 10 July, 1995(date of incorporation) to 30 June, 1996.

* This represents RM100 comprising 100 ordinary shares of RM1.00 each.

16. ACCOUNTANTS' REPORT (Cont'd)

Kassim Chan & Co

4. GSSB

The summarised balance sheets of GSSB based on the audited accounts as of 30 April for the six financial years ended 30 April 1999 and as of 31 October 1999 are as follows:

	← As of 30 April →						As of 31
	1994	1995	1996	1997	1998	1999	October
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	1999
							RM'000
Fixed assets	-	-	134	272	407	217	780
Land and development expenditure	-	-	39,995	44,949	53,167	59,297	64,437
Current assets	25	22	333	139	218	44	2,541
Current liabilities	(1)	-	(11,387)	(16,039)	(22,241)	(22,654)	(25,590)
Net current assets/(liabilities)	24	22	(11,054)	(15,900)	(22,023)	(22,610)	(23,049)
Hire-purchase creditors- non-current portion	-	-	(66)	(95)	(109)	(35)	(11)
Term loans	-	-	(28,000)	(28,400)	(31,086)	(36,719)	(42,139)
	<u>24</u>	<u>22</u>	<u>1,009</u>	<u>826</u>	<u>356</u>	<u>150</u>	<u>18</u>
Represented by:							
Share capital	.*	.*	1,000	1,000	1,000	1,000	1,000
Unappropriated profit/(Accumulated loss)	<u>24</u>	<u>22</u>	<u>9</u>	<u>(174)</u>	<u>(644)</u>	<u>(850)</u>	<u>(982)</u>
Shareholders' equity	<u>24</u>	<u>22</u>	<u>1,009</u>	<u>826</u>	<u>356</u>	<u>150</u>	<u>18</u>
Net tangible assets per share based on issued share capital at balance sheet date (RM)	<u>11.897</u>	<u>10.863</u>	<u>1.01</u>	<u>0.83</u>	<u>0.36</u>	<u>0.15</u>	<u>0.02</u>

* This represents RM2 comprising 2 ordinary shares of RM1.00 each.

16. ACCOUNTANTS' REPORT (Cont'd)

Kassim Chan & Co

G. STATEMENT OF ASSETS AND LIABILITIES

The statement of assets and liabilities of the Group and the Company as of 31 October, 1999 based on the audited accounts as of that date are as follows:

	Note	The Group RM	The Company RM
FIXED ASSETS	H3	7,563,162	1,101,232
INVESTMENT PROPERTIES	H4	119,063,655	-
INVESTMENT IN SUBSIDIARY COMPANIES	H5	-	65,829,101
INVESTMENT IN ASSOCIATED COMPANIES	H6	31,653,479	3,700,000
OTHER INVESTMENT INTANGIBLE ASSETS	H7	4,000,000	-
PROPERTY DEVELOPMENT PROJECTS	H8	427,599	-
		83,060,717	-
CURRENT ASSETS			
Stocks		15,911,082	-
Property development projects	H8	33,849,048	-
Contract work-in-progress	H9	4,902,601	-
Trade debtors	H10	8,757,831	670,362
Other debtors, deposits and prepayments	H11	18,249,571	7,608,189
Amount due from subsidiary companies	H12	-	87,994,135
Amount due from associated companies	H12	5,632,213	1,287,280
Amount due from directors	H13	3,838,325	3,838,325
Fixed deposits	H14	6,049,829	1,930,927
Cash and bank balances		17,803,707	682,643
		<u>114,994,207</u>	<u>104,011,861</u>
CURRENT LIABILITIES			
Trade creditors		14,740,617	48,379
Other creditors and accrued expenses	H11	24,773,954	3,045,576
Amount due to subsidiary companies	H12	-	34,425,630
Amount due to directors	H13	7,158	-
Hire-purchase creditors – current portion	H15	639,964	218,028
Bank borrowings - current portion	H16	44,522,818	24,905,095
Provision for taxation		10,946,613	-
		<u>95,631,124</u>	<u>62,642,708</u>
NET CURRENT ASSETS		19,363,083	41,369,153
(Forward)			

16. ACCOUNTANTS' REPORT *(Cont'd)*

Kassim Chan & Co

	Note	The Group RM	The Company RM
HIRE-PURCHASE CREDITORS -			
non-current portion	H15	(64,264)	-
BANK BORROWINGS			
- non-current portion	H16	(122,640,160)	(1,937,500)
DEFERRED TAXATION		<u>(77,800)</u>	<u>-</u>
		<u>142,349,471</u>	<u>110,061,986</u>
Financed by:			
SHARE CAPITAL	H17	20,000,000	20,000,000
UNAPPROPRIATED PROFIT	H18	75,237,366	53,656,176
RESERVE ARISING ON CONSOLIDATION	H19	5,735,019	-
REVALUATION SURPLUS	H20	<u>28,744,114</u>	<u>36,405,810</u>
SHAREHOLDERS' EQUITY		129,716,499	110,061,986
MINORITY INTERESTS		<u>12,632,972</u>	<u>-</u>
		<u>142,349,471</u>	<u>110,061,986</u>
Net tangible assets per share based on issued share capital at balance sheet date (RM)		<u>6.46</u>	<u>5.50</u>

The above statement of assets and liabilities should be read in conjunction with the notes set out in section H of this Report.

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H. NOTES TO THE STATEMENT OF ASSETS AND LIABILITIES

1. BASIS OF PREPARATION OF STATEMENT OF ASSETS AND LIABILITIES

The statement of assets and liabilities has been prepared in accordance with the provisions of the Companies Act, 1965 and the applicable approved accounting standards of Malaysian Accounting Standards Board and using the same accounting principles and procedures as were used in the preparation of the statutory accounts as of April 30, 1999.

The current economic slowdown conditions have affected and will continue to affect, in the foreseeable future, the property market in the country. In view of these economic conditions, there are significant uncertainties that may affect future operations. The accounts of the Group and of the Company do not include any unforeseeable adjustments that might result from these uncertainties.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accounts have been prepared under the historical cost convention except that certain investments in subsidiary companies and investment properties are carried at directors' revaluation.

Basis of Consolidation

The consolidated accounts include the accounts of the Company and all its subsidiary companies made up to the end of the financial period. The results of the subsidiary companies acquired or disposed of during the year are included in the consolidated profit and loss account from the effective date of acquisition or to the effective date of disposal, as applicable. The details of the subsidiary companies are shown in Note 23.

All significant inter-company transactions and balances have been eliminated on consolidation.

Goodwill arising on consolidation which arose from the acquisition of the subsidiary companies represents the difference between the purchase consideration given and the aggregate of the fair values of the identifiable net assets acquired at the effective date of acquisition.

The excess of the fair value of the net tangible assets of subsidiary companies at the effective date of acquisition over the purchase consideration is included in the consolidated balance sheet as reserve arising on consolidation.

Goodwill/Reserve arising on consolidation, is amortised systematically over the period over which the benefits are expected to be derived not exceeding twenty five years.

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Fixed Assets and Depreciation

Fixed assets are stated at cost less accumulated depreciation.

Depreciation of other fixed assets, except for construction work-in-progress which is not depreciated, is calculated on the straight-line method at the following annual rates based on the estimated useful lives of the various assets:

Building and improvements	Over 30 years
Furniture and fittings	10% - 20%
Office equipment	10% - 20%
Computers	20% - 33 1/2%
Motor vehicles	20%
Maintenance equipment	15% - 20%
Plant and machinery	20%
Livestock	Over 8 years
Equestrian stables and improvements	Over 30 years

Investment Properties

Investment properties, which are not depreciated, are stated at cost or at directors' valuation. These are properties held for long-term purpose for investment potential and rental income in future. Directors' valuation recognises the value of the investment property of a subsidiary company based on latest valuation report by independent firm of professional valuers using the open market value basis. The investment properties will be revalued at least once at regular intervals of 5 years.

Development expenditure includes capitalised interest costs incurred on the development of investment properties.

Investments

Investments in subsidiary companies, which are eliminated on consolidation, are stated at directors' valuation in the Company's accounts. Directors' valuation recognises the value of the underlying net tangible assets based on latest audited accounts of the respective subsidiary companies. The investment in subsidiary companies will be revalued at least once at regular intervals of 5 years. Where market conditions indicate that the carrying values of the revalued investments materially differ from the value of the underlying net tangible assets of the subsidiary companies, the directors will consider revaluation in those intervening years.

Investments in associated companies are stated at cost in the Company's accounts.

Other investment consisting of unquoted shares is held for long-term purposes and is stated at cost.

Provision for diminution in value is made when in the opinion of the directors, there is a permanent diminution in the value of the investments.

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Associated Companies

An associated company is a non-subsidiary company in which the Group holds as long-term investment not less than 20% of the equity voting rights and in which the Group is in a position to exercise significant influence in its management.

The Group's investments in associated companies are accounted for by the equity method of accounting based on the audited accounts of the associated companies made up generally to the end of the financial period.

Intangible Assets

Preliminary and pre-operating expenses, stated at cost, are amortised over a period of five years commencing from the date of incurrence.

Recognition of Income and Costs on Property Development Projects

Property development projects are stated at cost and consist of land under development, development expenditure and portion of profit attributable to development work performed to date, less progress billings.

Development expenditure includes capitalised interest costs incurred on the development of the property development projects.

Provision for foreseeable loss is made based on the loss estimated to arise over the duration of the projects.

Income from property development projects is recognised using the percentage of completion method.

The Group considers as current asset that portion of property development project on which development work has commenced and is expected to be completed within the normal operating cycle of one to two years.

Recognition of Income and Costs on Contract Work-in-Progress

Contract work-in-progress includes cost of contract works and profit attributable to contract works performed to date, less progress billings. Cost of contract works includes all cost incurred directly on the contract jobs.

Income from contract works is recognised generally on the basis of actual work accomplishment. Recognition of income starts when work accomplishment reaches a material level.

Stocks

Stocks consists of completed property unit for sale and , as valued at the lower of cost and net realisable value. Cost is determined using 'specific identification' method.

16. ACCOUNTANTS' REPORT *(Cont'd)*

Kassim Chan & Co

Debtors

Debts considered to be uncollectible are written off while provision is made based on estimated possible losses which may arise from non-collection of certain debtor accounts.

Taxation

The tax effects of transactions are recognised, using the 'liability' method, when such transactions enter into the determination of net income regardless of when they are recognised for tax purposes. However, where timing differences would give rise to net future tax benefits, the tax benefits are recognised on actual realisation.

Turnover

Turnover of the Group consists of the proportion of aggregate sales value of property development project sold attributable to the percentage of development works performed, proportion of the total contract value attributable to the percentage of construction works performed, provision of property management and sales services, rental income from investment properties and gross membership fees received and receivable and income derived from other facilities of the club.

Turnover of the Company represents the proportion of aggregate sales value of property development project attributable to the percentage of development works performed and gross dividend income receivable from subsidiary and associated companies.

3. FIXED ASSETS**The Group**

Cost	At beginning of period RM	Additions RM	Disposals RM	At end of period RM
Building and improvements	648,309	485,931	-	1,134,240
Furniture and fittings	363,006	4,558	-	367,564
Office equipment	546,691	28,763	-	575,454
Computers	443,340	119,600	-	562,940
Motor vehicles	2,124,180	45,949	-	2,170,129
Motor vehicles under hire-purchase	2,041,606	75,579	-	2,117,185
Plant and machinery	251,137	-	-	251,137
Plant and machinery under hire-purchase	1,424,737	-	-	1,424,737
Livestock	49,654	-	-	49,654
Equestrian stables and improvements	3,776,947	-	-	3,776,947
Total	11,669,607	760,380	-	12,429,987

16. ACCOUNTANTS' REPORT (Cont'd)

Kassim Chan & Co

The Group				
Accumulated Depreciation	At beginning of period RM	Charge for the period RM	Disposals RM	At end of period RM
Building and improvements	273,750	50,477	-	324,227
Furniture and fittings	193,341	23,007	-	216,348
Office equipment	289,913	39,435	-	329,348
Computers	343,544	48,353	-	391,897
Motor vehicles	1,138,243	131,973	-	1,270,216
Motor vehicles under hire-purchase	1,086,327	259,536	-	1,345,863
Plant and machinery	65,883	26,492	-	92,375
Plant and machinery under hire-purchase	731,366	139,277	-	870,643
Livestock	22,805	3,103	-	25,908
Equestrian stables and improvements	-	-	-	-
Total	4,145,172	721,653	-	4,866,825

Net Book Value	At end of period RM
Building and Improvements	810,013
Furniture and fittings	151,216
Office equipment	246,106
Computers	171,043
Motor vehicles	899,913
Motor vehicles under hire-purchase	771,322
Plant and machinery	158,762
Plant and machinery under hire-purchase	554,094
Livestock	23,746
Equestrian stables and improvements	3,776,947
Total	7,563,162

16. ACCOUNTANTS' REPORT (Cont'd)

Kassim Chan & Co

The Company

Cost	At beginning of period RM	Additions RM	Disposals RM	At end of period RM
Building and improvements	220,931	-	-	220,931
Furniture and fittings	110,265	-	-	110,265
Office equipment	205,182	-	-	205,182
Computers	239,160	-	-	239,160
Motor vehicles	824,214	-	-	824,214
Motor vehicles under hire-purchase	1,903,865	-	-	1,903,865
Total	3,503,617	-	-	3,503,617

Accumulated Depreciation	At beginning of period RM	Charge for the period RM	Disposals RM	At end of period RM
Building and improvements	156,329	16,570	-	172,899
Furniture and fittings	104,121	6,143	-	110,264
Office equipment	164,044	15,389	-	179,433
Computers	167,919	23,917	-	191,836
Motor vehicles	769,594	54,619	-	824,213
Motor vehicles under hire-purchase	733,354	190,386	-	923,740
Total	2,095,361	307,024	-	2,402,385

The Company

Net Book Value	At end of period RM
Building and improvements	48,032
Furniture and fittings	1
Office equipment	25,749
Computers	47,324
Motor vehicles	1
Motor vehicles under hire-purchase	980,125
Total	1,101,232

16. ACCOUNTANTS' REPORT *(Cont'd)*

Kassim Chan & Co

4. INVESTMENT PROPERTIES

The investment properties, which pertain to subsidiary companies, are held for long-term purpose for investment potential and rental income.

	The Group RM
Freehold land and building - at 1999 valuation	16,500,000
Leasehold land and buildings - at 1999 valuation	<u>102,563,655</u>
	<u>119,063,655</u>

Certain investment properties are pledged as securities for banking facilities granted to the Company and certain subsidiary companies as mentioned in Note 16.

In compliance with the directive from a regulatory authority in connection with the public issue and flotation of the Company's shares, the revaluation of the Group's investment properties by the directors (based on valuations made by a firm of professional valuers) was taken up in the accounts as of October 31, 1999.

5. INVESTMENT IN SUBSIDIARY COMPANIES

	The Company RM
Unquoted shares: At 1999 directors' valuation	78,481,902
Less: Provision for diminution in value	<u>(12,652,801)</u>
	<u>65,829,101</u>

6. INVESTMENT IN ASSOCIATED COMPANIES

	The Group RM	The Company RM
Unquoted shares, at cost	9,278,047	3,700,000
Share in post-acquisition retained profits	<u>22,375,432</u>	<u>-</u>
	<u>31,653,479</u>	<u>3,700,000</u>

16. ACCOUNTANTS' REPORT *(Cont'd)*

Kassim Chan & Co

Analysis of Group carrying value of investment in associated companies is as follows:

	The Group RM
Group's share of net tangible assets	30,835,429
Group's share of intangible assets	-
	<hr/>
Group's share of net assets	30,835,429
Premium on acquisition	818,047
	<hr/>
	31,653,476

7. INTANGIBLE ASSETS

Intangible assets, which pertain to subsidiary companies, consist of:

	The Group RM
Preliminary expenses	10,900
Pre-operating expenses	593,437
	<hr/>
	604,337
Cumulative amortisation at beginning of period	(156,894)
Current amortisation	(19,844)
	<hr/>
Cumulative amortisation at end of period	(176,738)
Amount written off	-
	<hr/>
	427,599

Current charges to intangible assets include the following:

	The Group RM
Audit fee	1,700
	<hr/>

16. ACCOUNTANTS' REPORT (Cont'd)

Kassim Chan & Co

8. PROPERTY DEVELOPMENT PROJECTS

Property development projects, which pertain to subsidiary companies, consist of:

	The Group RM
Freehold land - at cost	38,046,000
Leasehold land - at cost	45,581,977
Development expenditure - at cost	<u>177,285,734</u>
	260,913,711
Portion of profit attributable to development work performed to date	<u>72,355,500</u>
	333,269,211
Progress billings	<u>(216,359,446)</u>
	116,909,765
Current portion	<u>(33,849,048)</u>
Non-current portion	<u>83,060,717</u>

Current charges to development expenditure include the following:

	The Group RM
Interest on term loan	<u>5,947,037</u>

Certain development properties and land banks of certain subsidiary companies are pledged as securities for banking facilities granted to the said subsidiary companies as mentioned in Note 16.

9. CONTRACT WORK-IN-PROGRESS

	The Group RM
Contract cost	155,609,075
Portion of profit attributable to work to date Performed	<u>5,646,123</u>
	161,255,198
Progress billings	<u>(156,352,597)</u>
Contract work-in-progress	<u>4,902,601</u>

16. ACCOUNTANTS' REPORT *(Cont'd)*

Kassim Chan & Co

10. TRADE DEBTORS

	The Group RM	The Company RM
Trade debtors	8,757,831	670,362
Less: Provision for doubtful debts	-	-
	<u>8,757,831</u>	<u>670,362</u>

11. RELATED PARTY TRANSACTIONS

Included in the following accounts are amounts due from/to related parties and companies in which certain directors of the Company have financial interests:

	The Group RM	The Company RM
Other debtors, deposits and prepayments	3,675,208	3,625,478
Other creditors and accrued expenses	<u>2,581,364</u>	<u>2,277,529</u>

Included in other creditors and accrued expenses is an amount of RM6890,431 owing to corporate shareholders of subsidiary companies. This amount arose from unsecured interest-free advances with no fixed terms of repayment.

12. INTER-COMPANY TRANSACTIONS

The amount due from/to subsidiary and associated companies represent mainly unsecured interest-free advances and payments on behalf.

13. AMOUNT DUE FROM/TO DIRECTORS

These amounts represent unsecured interest-free advances from/to directors with no fixed terms of repayment. The amount due from directors were fully settled subsequent to 31 October, 1999.

14. FIXED DEPOSITS

	The Group RM	The Company RM
Licensed banks	5,988,380	1,930,927
Licensed finance companies	<u>61,449</u>	<u>-</u>
	<u>6,049,829</u>	<u>1,930,927</u>

Certain fixed deposits of the Company and certain subsidiary companies amounting to RM4,905,853 are pledged to secure bank guarantee facilities.

16. ACCOUNTANTS' REPORT(Cont'd)

Kassim Chan & Co

15. HIRE-PURCHASE CREDITORS

	The Group RM	The Company RM
Principal outstanding:	704,228	218,028
Less: Portion due within one year, included under current liabilities	<u>639,964</u>	<u>-</u>
Non-current portion	<u>64,264</u>	<u>218,028</u>

16. BANK BORROWINGS (SECURED)

	The Group RM	The Company RM'000
Bank overdrafts	13,417,931	8,567,595
Short-term loans	15,000,000	15,000,000
Long-terms loans	<u>138,745,047</u>	<u>3,275,000</u>
	167,162,978	26,842,595
Less: Portion due within one year, included under current liabilities	<u>44,522,818</u>	<u>24,905,095</u>
Non-current portion	<u>122,640,160</u>	<u>1,937,500</u>

The bank overdrafts, short-term loans and long-term loans of the Company are secured by a first fixed and floating charge over all the assets of the Company, second and third legal charges over certain investment properties belonging to a subsidiary company and third party first legal charge over a subsidiary company's landed properties and are also jointly and severally guaranteed by certain directors of the Company. The short-term loans are also secured by corporate guarantee by a subsidiary company.

The bank overdraft of a subsidiary company is secured by corporate guarantee by the Company and jointly and severally guaranteed by certain directors of the Company.

The term loans of the subsidiary companies are secured by:

- charges over certain investment properties of a subsidiary company;
- charges over certain property development projects of subsidiary companies;
- fixed and floating charges over the assets of certain subsidiary companies;
- debenture over all the assets of certain subsidiary companies;
- assignment of rental proceeds from investment properties of a subsidiary company; and
- assignment of all sales proceeds arising from sale of development properties of a subsidiary company.

All the term loans of subsidiary companies are guaranteed by the Company and are also jointly and severally guaranteed by certain directors of the Company.

16. ACCOUNTANTS' REPORT*(Cont'd)*

Kassim Chan & Co

The bank borrowings bear interest at rates which vary according to the respective financial institutions' prevailing lending rates.

The non-current portion of long-term loans is due as follows:

	The Group RM	The Company RM
Repayable as follows:		
Within 1 - 2 years	28,212,115	350,000
Within 2 - 3 years	25,214,000	350,000
Within 3 - 4 years	19,087,090	350,000
After the next 4 years	50,126,955	887,500
	<u>122,640,160</u>	<u>1,937,500</u>

17. SHARE CAPITAL

	The Group and The Company RM
Authorised:	
Ordinary shares of RM1 each	<u>200,000,000</u>
Issued and fully paid:	
Ordinary shares of RM1 each	<u>20,000,000</u>

18. UNAPPROPRIATED PROFIT

Based on the estimated tax credits available and the prevailing tax rate applicable to dividends, the entire unappropriated profit of the Company as of 31 October, 1999 is available to distribute by way of cash dividends without additional tax liability being incurred.

16. ACCOUNTANTS' REPORT(Cont'd)

Kassim Chan & Co

19. RESERVE ARISING ON CONSOLIDATION

	The Group RM
Reserve Arising on Consolidation	
Balance at beginning of period	6,738,165
Current period amortisation	<u>(140,378)</u>
Balance at end of period	<u>6,597,787</u>
Goodwill Arising on Consolidation	
Balance at beginning of period	882,615
Current year amortisation	<u>(19,847)</u>
Balance at end of period	<u>862,768</u>
Reserve arising on consolidation - net	<u>5,735,019</u>

20. REVALUATION SURPLUS

	The Group RM	The Company RM
Revaluation of investment in subsidiary companies	-	36,405,810
Revaluation of investment properties	<u>28,744,114</u>	<u>-</u>
	<u>28,744,114</u>	<u>36,405,810</u>

21. TAXATION

As explained in Note 2, the tax effects of timing differences which would give rise to net future tax benefits are recognised generally on actual realisation. As of 31 October, 1999, the amount of deferred taxation, calculated at current tax rate which is not recognised in the accounts, are as follows:

	The Group RM	The Company RM
Tax effects of timing differences in respect of:		
Excess of tax capital allowances over book depreciation of fixed assets	(94,000)	(60,000)
Carryforward tax losses and unabsorbed capital allowances	2,299,000	845,000
Others	<u>(32,000)</u>	<u>-</u>
	<u>2,173,000</u>	<u>785,000</u>

The carryforward tax losses and unabsorbed capital allowances are subject to agreement by the tax authorities.

The tax effects relating to the revaluation surplus have not been recognised and disclosed in the accounts as the directors have no intention to dispose these assets in the foreseeable future.

16. ACCOUNTANTS' REPORT*(Cont'd)*

Kassim Chan & Co

22. CONTINGENT LIABILITIES - UNSECURED

Contingent liabilities in respect of guarantees given by the Group and the Company for credit facilities are as follows:

	The Group RM	The Company RM
Subsidiary companies	-	169,680,000
Associated company	<u>49,500,000</u>	<u>49,500,000</u>
	<u>49,500,000</u>	<u>219,180,000</u>

23. DETAILS OF SUBSIDIARY AND ASSOCIATED COMPANIES

The subsidiary companies of the Company (all incorporated in Malaysia) are as follows:

Name of Company	Effective Percentage of ownership %	Principal Activities
<i>Direct Subsidiary Companies</i> (held through Glomac unless otherwise indicated)		
Glomac Real Estate Sdn. Bhd. (GRE)	100	Investment holding
Glomac Utama Sdn. Bhd. (GUSB)	60	Investment holding
* Glomac Realty Sdn. Bhd.	100	Property development and investment
* Glomac Bina Sdn. Bhd.	51	Building contractor
* Berapit Development Sdn. Bhd.	100	Property development and investment
* Glomac Sutera Sdn. Bhd.	60	Property development and investment
* Glomac Land Sdn. Bhd.	100	Property development and investment
* Glomac Power Sdn. Bhd. (GPSB)	85.7	Investment holding
* Elmina Equestrian Centre (Malaysia) Sdn. Bhd.	100	Ownership and management of the equestrian and recreational club

(Forward)