

ABRAR CORPORATION BERHAD
(Special Administrators Appointed)
2457 - P
(Incorporated in Malaysia)

ACCOUNTS AS AT 31 MARCH, 2000
TOGETHER WITH DIRECTORS' AND AUDITORS' REPORTS

ABRAR CORPORATION BERHAD
(Special Administrators Appointed)
2457 - P
(Incorporated in Malaysia)

CONTENTS

	<u>PAGE</u>
DIRECTORS' REPORT	1 - 5
STATEMENT BY DIRECTORS	6
STATUTORY DECLARATION	6
AUDITORS' REPORT	7 - 8
CONSOLIDATED BALANCE SHEET	9
CONSOLIDATED PROFIT AND LOSS ACCOUNT	10
CONSOLIDATED CASH FLOW STATEMENT	11 - 13
BALANCE SHEET	14
PROFIT AND LOSS ACCOUNT	15
NOTES TO THE ACCOUNTS	16 - 38

ABRAR CORPORATION BERHAD
(Special Administrators Appointed)
(Incorporated in Malaysia)

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 March, 2000.

PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding and provision of management services to its subsidiaries. The principal activities of the subsidiaries are described in Note 9 to the accounts.

There have been no significant changes in these principal activities.

RESULTS

	<u>Group</u> RM	<u>Company</u> RM
Loss for the year	(39,498,300)	(30,552,469)
Accumulated losses brought forward	<u>(148,677,858)</u>	<u>(166,469,579)</u>
Accumulated losses carried forward	<u>(188,176,158)</u>	<u>(197,022,048)</u>

DIVIDENDS

No dividends have been paid or declared by the Company since the end of the previous financial year.

RESERVES AND PROVISIONS

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

BAD AND DOUBTFUL DEBTS

Before the profit and loss accounts and balance sheets of the Group and of the Company were made out, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts.

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

CURRENT ASSETS

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

VALUATION METHODS

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

CONTINGENT AND OTHER LIABILITIES

At the date of this report there does not exist:

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

Other than the disclosure made in Note 24 to the accounts, 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 its obligations when they fall due.

CHANGE OF CIRCUMSTANCES

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

ITEMS OF AN UNUSUAL NATURE

Except as disclosed in Note 21 to the accounts:

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

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

SIGNIFICANT AND SUBSEQUENT EVENTS

- (a) During the financial year,
 - (i) on 14 September, 1999, the Kuala Lumpur High Court wound up the Company's wholly owned subsidiary, Abrar Construction Sdn. Bhd. The winding up process is still on-going at the financial year end; and
 - (ii) on 8 October, 1999, the Company entered into an Agreement with Hua Yang Development Sdn. Bhd. in respect of a proposed restructuring scheme ("Master Agreement");

On 2 June, 2000, the Company announced that the Master Agreement has been terminated due to the fact that no conclusive and legally binding agreement had been reached with the creditors within the time limit stipulated in the Master Agreement.
- (b) Subsequent to the financial year end,
 - (i) on 24 April, 2000, the Kuala Lumpur High Court ruled in connection with a writ of summons served on a subsidiary, Bangsar Properties Sdn. Bhd. ("BPSB") in the previous year, that the lease agreement between BPSB and the registered owner is deemed terminated and that the vacant possession of the property be given to the registered owner. BPSB is currently appealing against the court decision;
 - (ii) on 23 May, 2000, the Company entered into a conditional Shares Sale and Purchase Agreement ("SSPA") with TH Technologies Sdn Bhd to dispose its entire holdings of 5,200,000 ordinary shares (the Sale Shares) of RM1.00 each in Express Rail Link Sdn Bhd ("ERLSB") representing 20% of ERLSB's issued and paid-up share capital for a total cash consideration of RM5.2 million. The SSPA is conditional upon and subject to the approval of the shareholders of the Company in a general meeting; and
 - (iii) on 27 May, 2000, Pengurusan Danaharta Nasional Berhad ("Danaharta") appointed Special Administrators to the Company pursuant to Section 24 of the Pengurusan Danaharta Nasional Berhad Act, 1998 to take control of the assets and affairs of the Company. The Special Administrators will carry out an assessment on the viability of the operations and business of the Company and the Special Administrators will thereafter prepare a workout proposal.

DIRECTORS

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

Abdullah bin Ali
 Surja Sugandi
 Nor Aminudin Nor Rahmat
 Ahmed M. O. Basodan (appointed on 9 February, 2000)
 Tengku Makram bin Tengku Ariff (resigned on 6 July, 2000)
 Mohd Shahrom bin Mohamad (resigned on 6 July, 2000)
 Dr. Wan Muhamad Hasni Wan Sulaiman (resigned on 1 November, 1999)

In accordance with the Company's Articles of Association, Abdullah bin Ali and Ahmed M. O. Basodan retire at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

DIRECTORS' BENEFITS

Other than any deemed benefits, if any arising from transactions disclosed in Notes 6, 8, 20 and 26 to the accounts:

- (i) during and at the end of the financial year, no arrangements subsisted to which the Company is a party with the object of enabling directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate; and
- (ii) since the end of the previous financial year, no director has received or become entitled to receive a benefit 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, none of the directors holding office at the end of the financial year had any interest in shares in the Company or its related corporations during the financial year other than as follows:

	<u>Number of Ordinary Shares of RM1 Each</u>			
	<u>1.4.1999</u>	<u>Bought</u>	<u>Sold</u>	<u>31.3.2000</u>
<u>Abrar Corporation Berhad</u>				
Nor Aminudin Nor Rahmat				
- Direct	927,000	-	-	927,000
- Indirect	2,718,000	-	-	2,718,000

2457 - P

AUDITORS

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

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

NOR AMINUDIN NOR RAHMAT

ABDULLAH BIN ALI

Kuala Lumpur
Dated: 28 Jul 2000

ABRAR CORPORATION BERHAD
(Special Administrators Appointed)
(Incorporated in Malaysia)

STATEMENT BY DIRECTORS

We, NOR AMINUDIN NOR RAHMAT and ABDULLAH BIN ALI, being two of the directors of ABRAR CORPORATION BERHAD, do hereby state that, in the opinion of the directors, the accompanying balance sheets of the Group and of the Company as at 31 March, 2000 and the related profit and loss accounts of the Group and of the Company and the cash flow statement of the Group for the year then ended, together with the notes thereto, give a true and fair view of the state of affairs of the Group and of the Company as at 31 March, 2000 and of the results of the Group and of the Company and cash flows of the Group for the year then ended, and have been properly drawn up in accordance with applicable approved accounting standards in Malaysia.

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

NOR AMINUDIN NOR RAHMAT

ABDULLAH BIN ALI

Kuala Lumpur
Dated : 28 Jul 2000

STATUTORY DECLARATION

I, NOR AMINUDIN NOR RAHMAT, the director primarily responsible for the financial management of ABRAR CORPORATION BERHAD, do solemnly and sincerely declare that the accompanying balance sheets of the Group and of the Company as at 31 March, 2000 and the related profit and loss accounts of the Group and of the Company and the cash flow statement of the Group for the year then ended, together with the notes thereto are, to the best of my knowledge and belief correct, and I make this solemn declaration conscientiously believing the same to be true and fair and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the)
abovenamed NOR AMINUDIN NOR)
RAHMAT at Kuala Lumpur in Wilayah)
Persekutuan on 28 Jul 2000) NOR AMINUDIN NOR RAHMAT

Before me:

Commissioner for Oaths

AUDITORS' REPORT

To the Shareholders of
ABRAR CORPORATION BERHAD
(Special Administrators Appointed)

We have audited the accounts of ABRAR CORPORATION BERHAD (“the Company”) and the consolidated accounts of ABRAR CORPORATION BERHAD AND ITS SUBSIDIARIES (“the Group”) as at 31 March, 2000. 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 have conducted our audit in accordance with approved Standards on Auditing in Malaysia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the accounts are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the accounts. An audit also includes assessing the accounting principles used and significant estimates made by the directors, as well as evaluating the overall accounts presentation. We believe that our audit provides a reasonable basis for our opinion.

The accompanying accounts have been prepared on a going concern basis, which contemplates the realisation of assets and liquidation of liabilities in the normal course of business. The appropriateness of the going concern assumption may be affected by the uncertainties disclosed in Note 28 to the accounts.

In view of the significance of the matter discussed in the preceding paragraph, we are unable to form an opinion as to whether the accounts give a true and fair view of the state of affairs of the Company and of the Group as at 31 March, 2000 and of the results of the Company and of the Group and cash flows of the Group for the year then ended.

In our opinion, the accounts have been properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia and the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries have been properly kept in accordance with the provisions of the Act.

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

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

Arthur Andersen & Co.
No. AF 0103
Public Accountants

George Koshy
No. 1846/7/01(J)
Partner of the Firm

Dated: 28 Jul 2000

ABRAR CORPORATION BERHAD
(Special Administrators Appointed)
(Incorporated in Malaysia)

CONSOLIDATED BALANCE SHEET - 31 MARCH, 2000

	<u>Note</u>	<u>2000</u> RM	<u>1999</u> RM
CURRENT ASSETS			
Cash and bank balances		1,400,627	2,022,570
Short term deposits	3	1,112,144	6,500,154
Stocks	4	14,145,092	8,199,674
Trade debtors	5	23,752,755	35,325,298
Other debtors	6	5,750,960	6,702,299
Investment held for disposal	10	5,200,000	-
		<u>51,361,578</u>	<u>58,749,995</u>
CURRENT LIABILITIES			
Short term borrowings	7	71,699,406	64,287,191
Trade creditors		10,443,850	21,435,859
Other creditors	8	126,680,749	107,701,189
Provision for taxation		282,670	592,562
		<u>209,106,675</u>	<u>194,016,801</u>
NET CURRENT LIABILITIES		(157,745,097)	(135,266,806)
INVESTMENTS IN UNQUOTED SHARES		1,000	1,000
ASSOCIATED COMPANIES	10	-	5,235,100
FIXED ASSETS	11	5,808,156	20,635,762
INTANGIBLE ASSETS	12	10,372	112,923
HIRE PURCHASE CREDITORS	13	(88,841)	(1,241,883)
TERM LOANS	14	(60,413)	(1,855,380)
DEFERRED TAXATION	15	(216,000)	(125,000)
MINORITY INTERESTS	16	(2,593,499)	(2,892,714)
		<u>(154,884,322)</u>	<u>(115,396,998)</u>
SHAREHOLDERS' DEFICIT			
Share capital	17	32,000,000	32,000,000
Reserves	18	(186,884,322)	(147,396,998)
		<u>(154,884,322)</u>	<u>(115,396,998)</u>

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

ABRAR CORPORATION BERHAD
(Special Administrators Appointed)
(Incorporated in Malaysia)

CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH, 2000

	<u>Note</u>	<u>2000</u> RM	<u>1999</u> RM
Turnover	19	<u>49,490,456</u>	<u>114,889,728</u>
Operating loss	20	(19,587,952)	(19,431,237)
Exceptional items	21	<u>(20,257,823)</u>	<u>(40,888,807)</u>
Loss before taxation		(39,845,775)	(60,320,044)
Taxation	22	<u>48,260</u>	<u>206,000</u>
Loss after taxation		(39,797,515)	(60,114,044)
Minority interests	16	<u>299,215</u>	<u>(924,764)</u>
Loss for the year		(39,498,300)	(61,038,808)
Accumulated losses brought forward		<u>(148,677,858)</u>	<u>(87,682,392)</u>
Loss attributable to shareholders		(188,176,158)	(148,721,200)
Transfer from reserve	18	<u>-</u>	<u>43,342</u>
Accumulated losses carried forward		<u>(188,176,158)</u>	<u>(148,677,858)</u>
Accumulated by:			
The Company		(197,022,048)	(166,469,579)
Subsidiaries		<u>8,845,890</u>	<u>17,791,721</u>
		<u>(188,176,158)</u>	<u>(148,677,858)</u>
Loss per share (sen)	23	<u>123</u>	<u>191</u>

The accompanying notes are an integral part of this account.

ABRAR CORPORATION BERHAD
(Special Administrators Appointed)
(Incorporated in Malaysia)

CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH, 2000

	<u>2000</u>	<u>1999</u>
	RM	RM
CASH FLOW FROM OPERATING ACTIVITIES		
Loss before taxation	(39,845,775)	(60,320,044)
Adjustment for:		
Amortisation of intangible assets	2,443	29,694
Depreciation	3,929,732	4,522,171
Fixed assets written off	8,710,016	555,274
Realisation of reserve on deconsolidation **	(3,123,038)	40,703,548
Bad and doubtful debts	2,088,233	1,234,152
Capital distribution	-	(62,461,384)
Provision for guarantees	15,650,061	70,000,000
Provision for diminution in investment of associated company	19,500	-
Write off of investment	15,600	-
Development expenditure written off	-	286,461
Loss on disposal of fixed assets	359,467	17,013
Gain on disposal of land and buildings	-	(3,381,622)
Goodwill written off	-	1,740,623
Loss on disposal of subsidiaries	-	48,248
Interest expense waived by a subsidiary under liquidation	-	(5,760,606)
Interest expense	10,011,877	9,519,414
Interest income	(140,977)	(222,050)
Net cash flow (used in)/generated from operations before working capital changes	(2,322,861)	(3,489,108)
Decrease in debtors	10,435,649	17,995,458
(Increase)/decrease in stocks	(5,945,418)	8,458,325
(Decrease)/increase in creditors	(9,289,737)	5,863,577
Decrease in intangible assets	100,108	-
Interest paid	(2,170,382)	(3,758,808)
Income tax paid	(170,632)	(746,164)
Dividends paid to minority interest	-	(1,508,341)
Payment of intangible assets	-	(85,934)
Net cash flow (used in)/generated from operating activities	<u>(9,363,273)</u>	<u>22,729,005</u>

	<u>2000</u>	<u>1999</u>
	RM	RM
CASH FLOW FROM INVESTING ACTIVITIES		
Net assets of subsidiary disposed *	-	(53,246)
Net assets of subsidiary under liquidation **	3,137,891	(85,973,792)
Purchase of fixed assets	(230,642)	(471,067)
Interest received	140,977	222,050
Drawdown/(placement) of short term deposits	5,388,010	(4,813,644)
Proceeds from sale of fixed assets	2,059,033	7,904,171
Proceeds from disposal of subsidiaries *	-	5,000
Proceeds from liquidation of a subsidiary **	-	62,461,384
Net cash flow generated from/(used in) investing activities	<u>10,495,269</u>	<u>(20,719,144)</u>
CASHFLOW FROM FINANCING ACTIVITIES		
Foreign exchange reserve	10,976	(10,976)
Proceeds from borrowings	-	5,765,150
Repayment of term loan	(18,000)	(7,497,973)
Payment of hire purchase creditors	<u>(2,486,896)</u>	<u>(1,734,388)</u>
Net cash flow used in investing activities	<u>(2,493,920)</u>	<u>(3,478,187)</u>
CASH AND CASH EQUIVALENTS		
Net decrease	(1,361,924)	(1,468,326)
At the beginning of the year	(10,229,905)	(8,750,624)
Net cash of subsidiary under liquidation	(14,853)	(10,953)
Net cash of subsidiary disposed	-	(2)
At the end of the year	<u>(11,606,682)</u>	<u>(10,229,905)</u>
CASH AND CASH EQUIVALENTS COMPRISE:		
Cash and bank balances	1,400,627	2,022,570
Bank overdraft	<u>(13,007,309)</u>	<u>(12,252,475)</u>
	<u>(11,606,682)</u>	<u>(10,229,905)</u>
* Analysis of disposal of subsidiary		
Net assets	-	53,246
Cash and cash equivalents	-	2
Loss on disposal of subsidiaries	-	(48,248)
Cash consideration	<u>-</u>	<u>5,000</u>

	<u>2000</u> RM	<u>1999</u> RM
** Analysis of liquidation of subsidiary		
Net (liabilities)/assets	(3,137,891)	85,973,792
Cash and cash equivalents	14,853	10,953
Minority interest	-	(45,040,667)
Realisation of reserve on deconsolidation	3,123,038	(40,703,548)
Reversal of reserve arising on consolidation	-	(240,530)
Profit on capital distribution	-	62,461,384
Net proceeds from liquidation of subsidiary	<u>-</u>	<u>62,461,384</u>

The accompanying notes are an integral part of this statement.

ABRAR CORPORATION BERHAD
(Special Administrators Appointed)
(Incorporated in Malaysia)

BALANCE SHEET - 31 MARCH, 2000

	<u>Note</u>	<u>2000</u> RM	<u>1999</u> RM
CURRENT ASSETS			
Cash and bank balances		707,487	336,564
Short term deposits	3	84,147	1,087,377
Other debtors	6	3,395,936	3,764,221
Investment held for disposal	10	5,200,000	-
		<u>9,387,570</u>	<u>5,188,162</u>
CURRENT LIABILITIES			
Short term borrowings	7	56,357,057	51,297,373
Other creditors	8	125,066,378	106,228,264
		<u>181,423,435</u>	<u>157,525,637</u>
NET CURRENT LIABILITIES		(172,035,865)	(152,337,475)
INVESTMENTS IN UNQUOTED SHARES		1,000	1,000
INTEREST IN SUBSIDIARIES ASSOCIATED COMPANIES	9	6,813,504	10,049,046
	10	-	5,235,100
FIXED ASSETS	11	483,105	3,172,670
HIRE PURCHASE CREDITORS	13	(55,533)	(361,661)
		<u>(164,793,789)</u>	<u>(134,241,320)</u>
SHAREHOLDERS' DEFICIT			
Share capital	17	32,000,000	32,000,000
Reserves	18	(196,793,789)	(166,241,320)
		<u>(164,793,789)</u>	<u>(134,241,320)</u>

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

ABRAR CORPORATION BERHAD
(Special Administrators Appointed)
(Incorporated in Malaysia)

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH, 2000

	<u>Note</u>	<u>2000</u> RM	<u>1999</u> RM
Turnover	19	-	2,498,082
Operating loss	20	(11,534,921)	(10,666,300)
Exceptional items	21	(19,016,590)	(39,672,129)
Loss before taxation		(30,551,511)	(50,338,429)
Taxation	22	(958)	(111,449)
Loss for the year		(30,552,469)	(50,449,878)
Accumulated losses brought forward		(166,469,579)	(116,063,043)
Loss attributable to shareholders		(197,022,048)	(166,512,921)
Transfer from reserve	18	-	43,342
Accumulated losses carried forward		(197,022,048)	(166,469,579)

The accompanying notes are an integral part of this account.