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MRCB

MALAYSIAN RESOURCES CORPORATION BERHAD

(Company No: 7994-D)
(Incorporated in Malaysia)

**CIRCULAR TO SHAREHOLDERS OF MRCB IN RELATION TO THE PROPOSED
CORPORATE RESTRUCTURING SCHEME (AS DEFINED HEREIN)**

Adviser



AmMerchant Bank Berhad

(Formerly known as Arab-Malaysian Merchant Bank Berhad) (23742-V)
A member of the AmBank Group

AND

NOTICE OF EXTRAORDINARY GENERAL MEETING

The Notice of Extraordinary General Meeting ("EGM") of MRCB to be held is sent to you together with this document. Shareholders are advised to refer to the Notice of the EGM and the Form of Proxy which are enclosed. The Form of Proxy must be lodged at the Share Registrar of the Company, Malaysian Share Registration Services Sdn Bhd, 7th Floor, Exchange Square, Bukit Kewangan, 50200 Kuala Lumpur, not less than 48 hours before the time stipulated for holding the meeting. The lodging of the Form of Proxy will not preclude you from attending and voting in person at the meeting should you subsequently decide to do so.

Date and time of the EGM Tuesday, 25 February 2003 at 10.30 a.m. or immediately following the conclusion or adjournment of the Company's 32nd Annual General Meeting to be held on the same day at 10.00 a.m.

Place of the EGM Dewan Perdana, Aras 2, Hotel Grand Bluewave, Persiaran Perbandaran, Seksyen 14, 40000 Shah Alam, Selangor Darul Ehsan

This Circular is dated 31 January 2003

CIRCULAR TO SHAREHOLDERS

in relation to:-

- I. Proposed restructuring scheme of Sistem Televisyen Malaysia Berhad ("TV3") involving:-
 - Proposed capital reconstruction of TV3 involving a capital reduction of 60 sen for every existing ordinary share of RM1.00 each followed by a capital consolidation of five(5) ordinary shares of RM0.40 each into one(1) ordinary share of RM2.00 each and thereafter divided into two(2) ordinary shares of RM1.00 each, resulting in a reduction of the share capital of TV3 from RM170.3 million comprising 170,318,012 ordinary shares of RM1.00 each to RM68.1 million comprising 68,127,204 ordinary shares of RM1.00 each, as well as a proposed share premium account reduction of RM2.3 million; and
 - The proposed debt settlement of an aggregate debt of RM644.9 million via a scheme of arrangement pursuant to Section 176 of the Act between TV3 and scheme creditors of TV3, which includes scheme creditors of six (6) of TV3's subsidiaries;
- II. Proposed reorganisation of the MRCB Group which comprises:-
 - Proposed acquisition of 100% equity interest in TV3 from MRCB, TV3 Minority (as defined herein) and TV3 Scheme Creditors (as defined herein) by Media Prima Berhad (formerly known as Profitune Berhad) (532975-A) ("Newco"), a wholly owned subsidiary of MRCB, for a total consideration of RM291,738,629 to be satisfied by the issuance of rights to allotment of 265,216,935 new ordinary shares of RM1.00 each in Newco at an issue price of RM1.10 per ordinary share; and
 - Proposed acquisition of rights to allotment of 234,464,026 ordinary shares of Newco (representing all rights to allotment of Newco shares not already owned by MRCB) from TV3 Minority (as defined herein) and TV3 Scheme Creditors (as defined herein) by MRCB for a total consideration of RM257,910,429 to be satisfied by the issuance of 177,869,261 new ordinary shares of RM1.00 each in MRCB (representing 15.4% of the enlarged issued and paid-up share capital of MRCB) at an issue price of RM1.45 per ordinary share;
- III. Proposed transfer of MRCB's entire 43.5% stake in The New Straits Times Press (Malaysia) Berhad (4485-H) ("NSTP") to Newco for a total consideration of RM399,651,045 to be satisfied by the issuance of 199,682,768 new ordinary shares of RM1.00 each in Newco at an issue price of RM1.10 per ordinary share, RM180,000,000 nominal amount of new Newco 2% 5-year Irredeemable Convertible Unsecured Loan Stocks ("ICULS") convertible commencing from the 2nd anniversary from the date of issue and an undertaking by Newco to provide a put option to lenders of MRCB ("Proposed Transfer of NSTP");
- IV. Proposed fund raising which comprises:-
 - Proposed restricted issue of 77,300,000 new ordinary shares of Newco of RM1.00 each to MRCB at an issue price of RM1.10 per share for a total cash consideration of RM85,030,000; and
 - Proposed issuance of RM125,000,000 nominal amount of 4.5% 5-year Bonds with 115,000,000 detachable 5-year Warrants at an issue price of 70% of the nominal amount of Bonds and RM0.10 per Warrant by Newco to Gabungan Kesturi Sdn Bhd (563868-A) as placee ("Placee");
- V. Proposed transfer of TV3's listing status to Newco;
- VI. Proposed demerger of MRCB and Newco, to be effected by a distribution in specie of up to 542,499,703 ordinary shares of RM1.00 each in Newco (representing the entire share capital of Newco) on the basis of one point three (1.3) Newco shares for every three (3) then existing MRCB share, which will be fully satisfied by a proposed capital reduction of 33½ sen for each of the then existing ordinary share of RM1.00 each in the capital of MRCB, to be followed by a capital consolidation of three(3) ordinary shares of RM0.66⅔ each into one(1) ordinary share of RM2.00 each and thereafter divided into two(2) ordinary shares of RM1.00 each in MRCB as well as a cancellation of the entire share premium account;

- VII. Proposed put and call options of up to 63,411,575 Option Shares, as defined herein (representing 11.7% of the share capital of Newco after the Proposed Demerger, as defined herein) between Realmild (M) Sdn Bhd (a direct major shareholder of MRCB as well as an indirect major shareholder of NSTP and TV3) and Option Creditors (as defined herein);
- VIII. Proposed restricted offers for sale of:-
- RM10,250,277 nominal amount of ICULS by MRCB and 10,250,277 Warrants by the Placee to the TV3 Minority (as defined herein) on the basis of RM1.00 nominal amount of ICULS and one(1) Warrant for every one(1) ordinary share held in Newco after the Proposed Demerger (as defined herein) at offer prices to be determined of not less than the intended issue prices for the ICULS (RM1.00) and Warrants (RM0.10) with an additional RM4,750,000 ICULS and 4,750,000 Warrants to be made available for excess applications; and
 - Up to RM137,964,928 nominal amount of ICULS by MRCB to all other shareholders of Newco other than the TV3 Minority and Realmild (M) Sdn Bhd on the basis of RM1.00 nominal amount of ICULS for every three(3) ordinary shares of Newco held after the Proposed Demerger at an offer price to be determined of not less than the intended issue price for the ICULS (RM1.00);
- IX. Proposed exemption for Newco from having to undertake a mandatory offer in respect of the remaining ordinary shares in NSTP not owned by Newco following the Proposed Transfer of NSTP, which as at 31 December 2002 amounts to 122,123,964, representing 56.5% of the issued and paid-up share capital of NSTP.

(Collectively "Proposed Corporate Restructuring Scheme" or "Corporate Proposals")

DEFINITIONS

Except where the context otherwise requires, the following definitions shall apply throughout this Circular:-

Act	: Companies Act, 1965.
AmMerchant Bank	: AmMerchant Bank Berhad (<i>formerly known as Arab-Malaysian Merchant Bank Berhad</i>) (23742-V).
BNP	: BNP Paribas Peregrine (Singapore) Ltd and its affiliates.
BSPSB	: Booty Studio Productions Sdn Bhd (202063-H), a subsidiary of TV3.
Business Day	: A day on which the KLSE is open for the trading of securities.
CESB	: Cineart Enterprises Sdn Bhd (272025-V), a wholly-owned subsidiary of TV3.
CFSB	: Cosmo Focus Sdn Bhd (324037-W), a wholly-owned subsidiary of TV3.
Code	: The Malaysian Code on Take-overs and Mergers, 1998.
Directors	: Board of Directors.
DSSAJ	: Dato' Seri Syed Anwar Jamalullail.
EGM	: Extraordinary General Meeting.
EPF	: Employees Provident Fund Board.
EPS	: Earnings per share.
ESOS	: The employees' share option scheme of up to 10% of the issued and paid-up share capital of MRCB, approved by members of MRCB on 12 August 2002. The maximum number of shares to be issued pursuant to the employees' share option scheme is 97,654,949 ordinary shares in MRCB. The number of options granted but unexercised are 36,520,000 as at 31 December 2002.
FIC	: Foreign Investment Committee.
GAMA	: Gama Media International (BVI) Ltd (Incorporated in the British Virgin Islands), a wholly-owned subsidiary of TV3.
GBSB	: Grand Brilliance Sdn Bhd (283764-W), a wholly-owned subsidiary of TV3.
High Court or Court	: The High Court of Malaya.
ICULS	: Irredeemable Convertible Unsecured Loan Stocks (RM180.0 million nominal amount of ICULS will be issued by Newco at a coupon rate of 2% per annum for a tenure of 5 years from the date of issue of the ICULS, conversion of which may take place from 2nd anniversary from the date of issue).

DEFINITIONS (Cont'd)

KLSE	:	Kuala Lumpur Stock Exchange.
MESB	:	Mercury Entertainment (M) Sdn Bhd (290179-K), a subsidiary of TV3.
MRCB	:	Malaysian Resources Corporation Berhad (7994-D).
MRCB Consideration Shares	:	Ordinary shares of RM1.00 each issued by MRCB at an issue price of RM1.45 per share as purchase consideration pursuant to the Proposed Acquisition of Newco. A total of 177,869,261 MRCB Consideration Shares will be issued.
MRCB Debt Settlement	:	The proposed debt settlement of RM465 million in extended facilities between MRCB and MRCB Lenders which was completed on 31 December 2002.
MRCB Existing Shares	:	MRCB ordinary shares in issue prior to the MRCB Voting Record Time, which as at 31 December 2002 amounts to 976,549,499 ordinary shares of RM1.00 each.
MRCB Group	:	MRCB and its subsidiaries.
MRCB Hearing Record Time	:	5.00 p.m. on the date which is the fourth Business Day immediately preceding the day on which the order of the High Court confirming the Proposed Demerger under section 64 of the Companies Act 1965 is made.
MRCB Lenders	:	Lenders of MRCB that participated in the MRCB Debt Settlement, the aggregate debt of which was RM 465 million which was secured on MRCB's holding of RHB, NSTP and TV3 shares. The Lenders were Bayerische Landesbank Girozentrale, Public Bank Berhad, Southern Bank Berhad, Bumiputra-Commerce Bank Berhad, EON Bank Berhad, Overseas Chinese Banking Corporation Limited (Labuan Branch), Bank Kerjasama Rakyat Malaysia Berhad and Bumiputra-Commerce Bank (Labuan) Limited.
MRCB Minority	:	Shareholders of MRCB collectively excluding Realmild.

DEFINITIONS (Cont'd)

MRCB Specified Shares	: Collectively: <ul style="list-style-type: none">(i) MRCB Existing Shares;(ii) MRCB Consideration Shares;(iii) the placement shares, namely all the ordinary shares in the capital of MRCB to be allotted and issued on or after the MRCB Voting Record Time and prior to the MRCB Hearing Record Time pursuant to the Proposed Private Placement, including all amendments, variations and extensions thereof; and(iv) the ESOS shares, namely all the ordinary shares in the capital of MRCB to be allotted and issued on or after the MRCB Voting Record Time and prior to the MRCB Hearing Record Time pursuant to the exercise of any option granted pursuant to the ESOS. <p>For illustrative purposes, assuming a maximum of 60,000,000 ordinary MRCB shares issued pursuant to the Proposed Private Placement and exercise of ESOS 36,520,000 options undertaken prior to the Proposed Acquisition of Newco, MRCB's enlarged share capital will be RM1,250.9 million comprising 1,250,938,760 ordinary shares of RM1.00 each.</p> <p>The maximum number of MRCB shares that can be issued pursuant to the Proposed Private Placement is 97,654,949 MRCB ordinary shares. Currently, the number of options granted but unexercised is 36,520,000. The Directors of MRCB will not grant any further ESOS options prior to the Proposed Demerger, hence the maximum number of ESOS options that could be exercised would be 36,520,000. Further, the Directors of MRCB have undertaken not to issue more than 60,000,000 ordinary MRCB shares (should the Proposed Private Placement be implemented prior to the Proposed Demerger) notwithstanding SC's approval for up to 97,654,949 ordinary MRCB shares pursuant to the Proposed Private Placement.</p>
MRCB Voting Record Time	: 5.00 p.m. on the fourth Business Day immediately preceding the date of the EGM of MRCB which approves the Proposed Demerger.
Newco	: Media Prima Berhad (formerly known as Profitune Berhad) (532975-A).
Novated Unsecured Lenders	: Financial institutions being lenders to TV3 Scheme Subsidiaries that have been granted corporate guarantees by TV3 of which the debts of approximately RM141.1 million (as at 31 August 2000) owing to them will be novated to TV3.
NSTP	: The New Straits Times Press (Malaysia) Berhad (4485-H), an associated company of MRCB of which MRCB holds 94,035,540 ordinary shares of RM1.00 each representing 43.5% equity interest.
NTA	: Net tangible assets.
Option Creditors	: TV3 Scheme Creditors with outstanding debts owing to them of RM2,000,000 or more each.

DEFINITIONS (Cont'd)

Option Shares	: Ordinary shares in Newco received by Option Creditors pursuant to the Proposed Demerger which are the subject of the Proposed Realmild Put and Call Option, the exact number of which shall be determined following the proof of debt exercise which is expected to be completed by March 2003. The Option Shares are estimated to be up to 63,411,575 ordinary shares in Newco.
Ordinary Share	: Ordinary share with a par value of RM1.00 each unless otherwise stated.
P&L	: Profit and Loss.
Placee	: Gabungan Kesturi Sdn Bhd (553868-A).
Proposed Private Placement	: Proposed private placement of up to 10% of the existing issued and paid-up share capital of MRCB to prospective investors for cash, approved by the Securities Commission by letter dated 9 August 2002. The issue price has not yet been determined.
Proposed Transfer of IT Companies	: Proposed transfer of MRCB's entire shareholdings in MRCB Multimedia Consortium Sdn Bhd (443715 A) and MRCB Software Vision Sdn Bhd (531914 T), to Newco. The Proposed Transfer of IT Companies was originally part of the Corporate Proposals as announced on 8 October 2001 but was subsequently removed on 26 November 2002.
RHB Disposal	: Disposal by MRCB of 105,127,000 ordinary shares of RM1.00 each, representing 22.68% equity interest in Rashid Hussain Berhad ("RHB") to Utama Banking Group Berhad ("UBG") for a total cash consideration of RM504.6 million. The disposal was completed on 31 December 2002.
Realmild	: Realmild (M) Sdn Bhd (219269-W).
RHB	: Rashid Hussain Berhad (163211-V).
ROS	: Restricted Offer(s) for Sale.
RULS	: Redeemable Unsecured Loan Stocks (Up to RM89.4 million nominal amount of RULS will be issued by TV3 at a coupon rate of 4.5% per annum. The RULS shall be redeemed at the end of the 3 rd , 4 th and 5 th year from the date of issue).
SC	: Securities Commission.
Share Subscription Agreement	: The agreement dated 22 October 2001 entered into between MRCB and Newco, pursuant to the Proposed Restricted Issue, on the subscription of 77,300,000 new Newco ordinary shares by MRCB at an issue price of RM1.10. The consideration amounting to RM85,030,000 will be satisfied by cash.
Share Sale Agreement	: The agreement dated 22 October 2001 entered into between Newco and MRCB on the transfer of all NSTP shares held by MRCB to Newco pursuant to the Proposed Transfer of NSTP. The agreement was amended by supplemental agreements dated 21 January 2002 and 26 November 2002.

DEFINITIONS (Cont'd)

Telekom	: Telekom Malaysia Berhad (128740-P).
TV3	: Sistem Televisyen Malaysia Berhad (T-106645), an associated company (84,570,500 ordinary shares of RM1.00 each, representing 49.65% equity interest) of MRCB.
TV3 Effective Date	: The day on which the Proposed TV3 Scheme of Arrangement becomes effective i.e., the day when all the conditions precedent for the Proposed TV3 Scheme of Arrangement is fulfilled. Details are set out in Appendix XIV.
TV3 Group	: TV3 and its subsidiaries.
TV3 Minority	: All shareholders of TV3 excluding MRCB and TV3 Scheme Creditors as at TV3 Effective Date.
TV3 Scheme Creditors	: TV3 Unsecured Lenders, Novated Unsecured Lenders, TV3 Unsecured Creditors.
TV3 Scheme Shares	: 68,127,204 ordinary shares of TV3 held by MRCB and TV3 Minority (after the Proposed TV3 Capital Reconstruction) and the rights to allotment of 223,611,425 TV3 shares to TV3 Scheme Creditors pursuant to the Proposed TV3 Restructuring Scheme.
TV3 Scheme Subsidiaries	: Subsidiaries of TV3 that participate in the Proposed TV3 Scheme of Arrangement namely BSPSB, CESB, CFSB, GAMA, GBSB and MESB.
TV3 Unsecured Creditors	: Trade creditors and other creditors of TV3 excluding secured lenders, hire purchase/lease creditors, preferential creditors as defined under Section 292 of the Act and creditors of TV3 with outstanding debt owing to each of them of RM50,000 and less.
TV3 Unsecured Lenders	: Financial institutions being lenders to TV3 but not secured with any security.

CORPORATE PROPOSALS

Proposed Acquisition of TV3	: The proposed acquisition of 100% equity interest in TV3 by Newco from MRCB, TV3 Minority and TV3 Scheme Creditors for a total consideration of RM291,738,629 to be satisfied by the issuance of the rights to allotment of 265,216,935 new ordinary shares of RM1.00 each in Newco at an issue price of RM1.10 per ordinary share, pursuant to the Proposed TV3 Scheme of Arrangement.
Proposed Acquisition of Newco	: Proposed acquisition of rights to allotment of 234,464,026 ordinary shares of Newco (representing all rights to allotment of Newco shares not already owned by MRCB) from TV3 Minority and TV3 Scheme Creditors by MRCB for a total consideration of RM257,910,429 to be satisfied by the issuance of 177,869,261 new ordinary shares of RM1.00 each in MRCB at an issue price of RM1.45 per ordinary share, pursuant to the Proposed TV3 Scheme of Arrangement.

DEFINITIONS (Cont'd)

Proposed Bonds with Warrants Issue : Proposed issuance of RM125,000,000 nominal amount of bonds at the issue price of RM87,500,000 or 70% of the nominal amount of bonds ("Bonds") with 115,000,000 detachable warrants at an issue price of RM0.10 per warrant ("Warrant") by Newco to the Placee.

Proposed Corporate Restructuring Scheme / Corporate Proposals : Collectively, the Proposed TV3 Scheme of Arrangement, Proposed Transfer of NSTP, Proposed Fund Raising, Proposed Demerger, Proposed Transfer of Listing, Proposed Realmild Put and Call Options, Proposed ROS and Proposed Exemption from Mandatory Offer.

Where the context requires, reference to the Proposed Corporate Restructuring Scheme or the Corporate Proposals is a reference to the same as announced on 8 October 2001, which had included the Proposed Transfer of IT Companies (removed on 26 November 2002) and MRCB Debt Settlement (completed on 31 December 2002).

Proposed Demerger : Proposed demerger of MRCB and Newco, to be effected by a distribution in specie of up to 542,499,703 ordinary shares of RM1.00 each in Newco (representing the entire share capital of Newco) on the basis of one point three (1.3) Newco shares for every three (3) then existing MRCB share, which will be fully satisfied by a proposed capital reduction of 33½ sen for each of the then existing ordinary share of RM1.00 each in the capital of MRCB to be followed by a capital consolidation of three(3) ordinary shares of RM0.66½ each into one(1) ordinary share of RM2.00 each and thereafter divided into two(2) ordinary shares of RM1.00 each in MRCB as well as the cancellation of the entire share premium account.

For illustration purposes, assuming no ordinary shares of MRCB issued pursuant to the Proposed Private Placement and exercise of ESOS options, MRCB's enlarged share capital (prior to the Proposed Demerger) will be RM1,154.4 million comprising 1,154,418,760 ordinary shares of RM1.00 each. The resultant issued and paid-up share capital of MRCB after the Proposed Demerger would be RM769.6 million comprising 769,612,506 ordinary shares of RM1.00 each.

Proposed Exemption from Mandatory Offer : Proposed exemption for Newco from having to undertake a mandatory offer in respect of the remaining 122,123,964 ordinary shares in NSTP not owned by Newco following the Proposed Transfer of NSTP, representing 56.5% of the issued and paid-up share capital of NSTP as at 31 December 2002. Pursuant to the ongoing employees' share option scheme of NSTP, the number of options granted but unexercised are 1,009,000 with an exercise price of RM2.88 and 374,000 with an exercise price of RM6.95.

The SC has, vide its letter dated 9 October 2002, has approved the Proposed Exemption from Mandatory Offer.

Proposed Fund Raising : Proposed Restricted Issue and Proposed Bonds with Warrants Issue collectively.

DEFINITIONS (Cont'd)

Proposed Put Option	: The put option proposed to be written by Newco in favour of lenders of MRCB whereby the ICULS may be put to Newco at RM1.00 per RM1.00 nominal amount of the ICULS. The Proposed Put Option forms part of the consideration for the Proposed Transfer of NSTP. Following the MRCB Debt Settlement, MRCB will not require Newco to grant put option(s) to the lenders of MRCB.
Proposed Restricted Issue	: Proposed restricted issue of 77,300,000 new ordinary shares of Newco of RM1.00 each to MRCB at an issue price of RM1.10 per share for a total cash consideration of RM85,030,000.
Proposed Realmild Put and Call Options	<p>: A proposal by Realmild to enter into a put and a call option with each of the Option Creditors in respect of up to 63,411,575 Option Shares (representing 11.7% of the share capital of Newco after the Proposed Demerger, as defined herein) received by the Option Creditors pursuant to the Proposed Demerger at RM1.12 per Option Share, the exact number of which shall be determined following the final proof of debt exercise which is expected to be completed by March 2003.</p> <p>The Proposed Realmild Put and Call Options shall have a tenure of two (2) years from the date of issue of the Option Shares.</p>
Proposed Reorganisation	: Collectively, the Proposed Acquisition of TV3 and Proposed Acquisition of Newco.
Proposed ROS	<p>: Proposed restricted offers for sale of:-</p> <p>(i) RM10,250,277 nominal amount of ICULS by MRCB and 10,250,277 Warrants by the Placee to TV3 Minority on the basis of RM1.00 nominal amount of ICULS and one(1) Warrant for every one(1) ordinary share held in Newco after the Proposed Demerger an offer price to be determined of not less than the intended issue prices for the ICULS of RM1.00 and Warrants RM0.10 respectively, with an additional RM4,750,000 ICULS and 4,750,000 Warrants to be made available for excess applications; and</p> <p>(ii) Up to RM137,964,928 nominal amount of ICULS by MRCB to all other shareholders of Newco other than the TV3 Minority and Realmild on the basis of RM1.00 nominal amount of ICULS for every three(3) ordinary shares of Newco held after the Proposed Demerger of MRCB and Newco an offer price to be determined of not less than the intended issue prices for the ICULS of RM1.00.</p>
Proposed Transfer of Listing	: The proposed transfer of TV3's listing status to Newco.
Proposed Transfer of NSTP	: The proposed transfer of MRCB's entire 43.5% stake in NSTP to Newco for a total consideration of RM399,651,045 to be satisfied by the issuance of 199,682,768 new ordinary shares of RM1.00 each in Newco at an issue price of RM1.10 per ordinary share, RM180,000,000 nominal amount of new Newco ICULS and an undertaking to provide the Proposed Put Option.

DEFINITIONS (Cont'd)

Proposed TV3 Capital Consolidation	:	Following the Proposed TV3 Capital Reduction, the proposed consolidation of the issued and paid-up share capital of TV3 comprising 170,318,012 ordinary shares of RM0.40 each into 68,127,204 ordinary shares of RM1.00 each on the basis of five (5) ordinary shares of RM0.40 each into one (1) ordinary share of RM2.00 each and thereafter divided into two (2) ordinary shares of RM1.00 each.
Proposed TV3 Capital Reconstruction	:	The Proposed TV3 Capital Reduction, Proposed TV3 Capital Consolidation and Proposed TV3 Share Premium Account Reduction collectively, via a scheme of arrangement pursuant to Section 176 of the Act between TV3 and its shareholders.
Proposed TV3 Capital Reduction	:	The proposed reduction of TV3's existing issued and fully paid up share capital from RM170,318,012 comprising 170,318,012 ordinary shares of RM1.00 each to 170,318,012 ordinary shares of 40 sen each representing a capital reduction of 60 sen for every existing ordinary share of RM1.00 each pursuant to Section 64 of the Act.
Proposed TV3 Restructuring Scheme	:	The proposed restructuring scheme of TV3 involving the Proposed TV3 Capital Reconstruction and Proposed TV3 Debt Settlement.
Proposed TV3 Debt Settlement	:	The proposed debt settlement via a scheme of arrangement pursuant to Section 176 of the Act between TV3 and TV3 Scheme Creditors.
Proposed TV3 Scheme of Arrangement	:	<p>A scheme of arrangement which comprises 2 parts as follows:-</p> <p>The proposed scheme of arrangement pursuant to Section 176 of the Act between TV3 and its shareholders which comprises the Proposed TV3 Capital Reconstruction, Proposed Acquisition of TV3 and Proposed Acquisition of Newco); and</p> <p>The proposed scheme of arrangement pursuant to Section 176 of the Act between TV3 and TV3 Scheme Creditors which comprises the Proposed TV3 Debt Settlement, Proposed Acquisition of TV3 and Proposed Acquisition of Newco).</p>
Proposed TV3 Share Premium Account Reduction	:	The proposed reduction of the entire share premium account of TV3, which as at 31 August 2002 amounted to RM2.3 million.

TABLE OF CONTENTS

1.	INTRODUCTION.....	1
2.	CORPORATE PROPOSALS.....	4
2.1.	PROPOSED TV3 RESTRUCTURING SCHEME	4
2.1.1.	Proposed TV3 Capital Reconstruction.....	4
2.1.2.	Proposed TV3 Debt Settlement	5
2.1.2.1.	<i>Summary of Settlement.....</i>	6
2.1.2.2.	<i>Status of the New TV3 Ordinary Shares.....</i>	7
2.1.2.3.	<i>Fractional Entitlement of TV3 share.....</i>	7
2.1.2.4.	<i>Proposed RULS Issue.....</i>	8
2.1.2.5.	<i>Fractional Entitlement of RULS.....</i>	9
2.2.	PROPOSED REORGANISATION	9
2.2.1.	Proposed Acquisition of TV3.....	9
2.2.1.1.	<i>Exchange Ratio.....</i>	9
2.2.1.2.	<i>Fractional Entitlement of Newco share.....</i>	10
2.2.1.3.	<i>Basis for Issue Price of new Newco ordinary shares.....</i>	10
2.2.1.4.	<i>Basis for Exchange Ratio.....</i>	10
2.2.1.5.	<i>Status of new Newco ordinary shares.....</i>	10
2.2.1.6.	<i>Rights attached to TV3 ordinary shares transferred</i>	10
2.2.2.	Proposed Acquisition of Newco	10
2.2.2.1.	<i>Exchange Ratio.....</i>	11
2.2.2.2.	<i>Fractional Entitlement of MRCB share.....</i>	11
2.2.2.3.	<i>Basis for Issue Price of new MRCB ordinary shares</i>	11
2.2.2.4.	<i>Basis for Exchange Ratio.....</i>	11
2.2.2.5.	<i>Status of new MRCB ordinary shares.....</i>	12
2.2.2.6.	<i>Rights attached to Newco ordinary shares acquired</i>	12
2.3.	PROPOSED TRANSFER OF NSTP.....	12
2.3.1.	Basis for Transfer Consideration.....	12
2.3.2.	Gain/Loss On Disposal	13
2.3.3.	Salient Features of the Share Sale Agreement	13
2.3.4.	Status of new Newco ordinary shares.....	14
2.3.5.	Salient Terms of ICULS	15
2.3.6.	Rights attached to NSTP ordinary shares transferred	16
2.4.	PROPOSED FUND RAISING	16
2.4.1.	Proposed Restricted Issue	16
2.4.1.1.	<i>Salient Features of the Share Subscription Agreement.....</i>	17
2.4.1.2.	<i>Status of new Newco ordinary shares.....</i>	17
2.4.2.	Proposed Bonds with Warrants Issue	17
2.4.2.1.	<i>Salient Terms of the Bonds.....</i>	18
2.4.2.2.	<i>Salient Terms of the Warrants.....</i>	19
2.4.2.3.	<i>Information on the Placee</i>	20
2.5.	PROPOSED DEMERGER	20
2.5.1.	Fractional Entitlement pursuant to the Proposed Demerger.....	21
2.5.2.	Fractional Entitlement of Newco shares	21
2.6.	PROPOSED TRANSFER OF LISTING	21

TABLE OF CONTENTS (Cont'd)

2.7.	PROPOSED REALMILD PUT AND CALL OPTIONS.....	22
2.7.1.	Salient Features of the Realmild Put Option.....	22
2.7.2.	Salient Features of the Realmild Call Option.....	23
2.8.	PROPOSED ROS.....	23
2.8.1.	Newco ICULS and Warrants to TV3 Minority.....	23
2.8.2.	Newco ICULS to other shareholders of Newco.....	23
2.8.3.	Utilisation of Proceeds from the Proposed ROS.....	24
2.9.	PROPOSED EXEMPTION FROM MANDATORY OFFER.....	24
2.10.	SUMMARY OF THE CORPORATE PROPOSALS.....	24
2.10.1.	MRCB Shareholders.....	24
2.10.2.	TV3 Minority.....	25
2.10.3.	TV3 Scheme Creditors.....	25
2.10.4.	Other Parties.....	25
2.10.5.	Changes to the Corporate Structure.....	25
2.11.	OTHER INFORMATION.....	27
2.11.1.	Previous revisions to the Corporate Proposals.....	27
2.11.2.	Developments.....	27
2.11.3.	Adjustments.....	28
3.	CONDITIONS AND INTER-CONDITIONALITY.....	29
3.1.	CONDITIONS.....	29
3.2.	INTER-CONDITIONALITY.....	30
4.	RATIONALE FOR THE CORPORATE PROPOSALS.....	31
5.	UTILISATION OF PROCEEDS.....	32
6.	EFFECTS OF THE CORPORATE PROPOSALS.....	32
6.1.	SHARE CAPITAL.....	32
6.2.	SHAREHOLDING STRUCTURE.....	34
6.3.	NTA.....	38
6.4.	EARNINGS.....	41
6.5.	DIVIDEND.....	41
6.6.	GEARING.....	42
7.	DIRECTORS' AND MAJOR SHAREHOLDERS' INTERESTS.....	43
7.1.	MRCB.....	43
7.2.	TV3.....	44

TABLE OF CONTENTS (Cont'd)

8.	INDUSTRY REVIEW AND FUTURE PROSPECTS.....	46
8.1.	MRCB GROUP.....	46
8.1.1.	Industry Outlook.....	46
8.1.2.	Business Outlook.....	47
8.1.3.	Financial Outlook.....	48
8.2.	NEWCO.....	50
8.2.1.	Industry Outlook.....	50
8.2.2.	Business Outlook.....	50
8.2.3.	Financial Outlook.....	51
9.	RISK FACTORS AND QUALIFICATIONS.....	52
9.1.	GENERAL RISKS.....	52
9.2.	SPECIFIC RISKS.....	53
10.	ESTIMATED TIME FRAME FOR COMPLETION.....	55
11.	DIRECTORS' RECOMMENDATION.....	56
12.	INDEPENDENT ADVISERS.....	56
13.	EGM.....	56
14.	FURTHER INFORMATION.....	56

APPENDICES

I.	INFORMATION ON MRCB.....	57
II.	INFORMATION ON TV3.....	68
III.	INFORMATION ON NSTP.....	74
IV.	INFORMATION ON NEWCO.....	81
V.	EXTRACTS OF THE LATEST AUDITED ACCOUNTS OF MRCB TOGETHER WITH THE AUDITOR'S REPORT THEREON.....	84
VI.	EXTRACTS OF THE LATEST AUDITED ACCOUNTS OF TV3 TOGETHER WITH THE AUDITOR'S REPORT THEREON.....	153
VII.	EXTRACTS OF THE LATEST AUDITED ACCOUNTS OF NSTP TOGETHER WITH THE AUDITOR'S REPORT THEREON.....	193
VIII.	THE LATEST AUDITED ACCOUNTS OF NEWCO TOGETHER WITH THE AUDITOR'S REPORT THEREON.....	245
IX.	PROFORMA CONSOLIDATED BALANCE SHEET OF MRCB AS AT 31 AUGUST 2002 TOGETHER WITH THE REPORTING ACCOUNTANT'S LETTER THEREON.....	252

TABLE OF CONTENTS (Cont'd)

X.	PROFORMA CONSOLIDATED BALANCE SHEET OF NEWCO AS AT 31 AUGUST 2002 TOGETHER WITH THE REPORTING ACCOUNTANT'S LETTER THEREON.....	261
XI.	PROFORMA CONSOLIDATED BALANCE SHEET OF TV3 AS AT 31 AUGUST 2002 TOGETHER WITH THE REPORTING ACCOUNTANT'S LETTER THEREON.....	269
XII.	CONSOLIDATED PROFIT FORECAST OF MRCB AND THE BASES AND ASSUMPTIONS THEREOF FOR THE FINANCIAL YEAR ENDING 31 AUGUST 2003 TOGETHER WITH THE REPORTING ACCOUNTANT'S LETTER THEREON.....	278
XIII.	CONSOLIDATED PROFIT FORECAST OF TV3/NEWCO AND THE BASES AND ASSUMPTIONS THEREOF FOR THE FINANCIAL YEAR ENDING 31 AUGUST 2003 TOGETHER WITH THE REPORTING ACCOUNTANT'S LETTER THEREON.....	287
XIV.	DRAFT TV3 SCHEME OF ARRANGEMENT	298
XV.	FURTHER INFORMATION.....	323
NOTICE OF EGM.....		ATTACHED
FORM OF PROXY.....		ATTACHED



MALAYSIAN RESOURCES CORPORATION BERHAD

(Company No: 7994-D)
(Incorporated in Malaysia)

Registered Office

Aras 10, Menara MRCB
No.2 Jalan Majlis 14/10
Seksyen 14
40000 Shah Alam
Selangor Darul Ehsan

31 January 2003

Directors of MRCB

YAM. Dato' Seri Syed Anwar Jamalullail (Chairman)
Abdul Rahman bin Ahmad (Group Managing Director / Chief Executive Officer)
Shahril Ridza bin Ridzuan (Executive Director)
YBhg. Datuk Zahari bin Omar (Executive Vice President)
YBhg. Dato' Ahmad bin Hj. Ibnihajar
YBhg. Dato' Zainol Abidin bin Dato' Hj. Salleh
YBhg. Dato' Dr. Mohd Shahari bin Ahmad Jabar

To : The Shareholders of MRCB

Dear Sir / Madam,

CORPORATE PROPOSALS

1. INTRODUCTION

On 8 October 2001, the Corporate Proposals were jointly announced by MRCB and TV3. The Corporate Proposals put forward steps to resolve TV3's financial position as well as its position as an affected listed issuer (pursuant to the requirements Practice Note 4 ("PN4") of the Listing Requirements of the KLSE) position, address MRCB's gearing level and restructure MRCB's Group activities through a demerger exercise which will create two (2) separate entities, with each focused on their respective sets of synergistic core activities. In this regard, AmMerchant Bank and BNP have been appointed as advisers to MRCB in respect of the Corporate Proposals.

This was followed by a requisite announcement from TV3 on 22 October 2001 in accordance with the requirements of PN4 of the Listing Requirements of the KLSE.

The Corporate Proposals envisage the rescue of MRCB's key associate, TV3, the restructuring of its debts to a level that can be supported by the operations of TV3 and the rationalisation of MRCB's key businesses. Clear repayment sources are also identified for the settlement of TV3 Scheme Creditors as well as MRCB Lenders' debts.

On 21 January 2002 and 16 August 2002, revisions to the Corporate Proposals were announced by MRCB and TV3, details of which are set out in Section 2.11.1.

On 22 January 2002, the Corporate Proposals were submitted to the SC and the FIC for their respective approvals. The FIC has, vide its fax dated 12 July 2002, informed AmMerchant Bank that the FIC has given its approval on 25 March 2002 in respect of the Corporate Proposals. Further, the FIC has vide its letter dated 18 November 2002 (received 21 November 2002) approved the revisions to the Corporate Proposals which were announced on 16 August 2002.

The SC has, vide their letter dated 9 October 2002 (received 14 October 2002) approved the Corporate Proposals, including the revisions to the Corporate Proposals which were announced on 16 August 2002.

On 26 November 2002, MRCB and TV3 announced that the Proposed Transfer of IT Companies has been removed from the Corporate Proposals and on 31 December 2002, MRCB announced that the MRCB Debt Settlement has been completed, details of which are set out in Section 2.11.2.

The following agreements have been signed in relation to the Corporate Proposals:-

1. a share sale agreement dated 22 October 2001, followed by supplemental agreements dated 21 January 2002 and 26 November 2002 in relation to the Proposed Transfer of NSTP, details of which are set out in Section 2.3.3;
2. a share subscription agreement dated 22 October 2001 in relation to the Proposed Restricted Issue, details of which are set out in Section 2.4.1.1;
3. an agreement dated 22 October 2001 between MRCB, TV3 and Newco in relation to the Corporate Proposals to document the agreement of the parties to use their respective endeavours to implement the Corporate Proposals; and
4. a letter of intent dated 4 January 2002 in relation to the subscription of the Proposed Bonds with Warrants Issue has been executed between Newco and the Placee.

The Proposed TV3 Scheme of Arrangement was approved by the TV3 Scheme Creditors at the TV3 Scheme Creditors' Court convened meeting held on 28 February 2002.

The corporate exercises/schemes which have been announced but yet to be completed by MRCB are as follows:-

1. On 16 August 2002, MRCB had announced the Proposed Private Placement of up to 97,654,949 new ordinary shares in MRCB. The SC's approval for the Proposed Private Placement has been received on 13 August 2002. Approval has been obtained from the shareholders of MRCB at an Annual General Meeting ("AGM") convened on 26 February 2002, authorising the directors of MRCB to issue shares in the Company of up to ten percent (10%) of its existing issued and paid up share capital, as provided under Section 132D of the Companies Act, 1965 which is valid until the next AGM of the Company. The Proposed Private Placement has not yet been implemented. The implementation of the Proposed Private Placement is dependent on market conditions and thus may be implemented before or after the implementation of the Corporate Proposals;
2. As announced on 29 August 2002, Zelleco (M) Sdn Bhd ("ZMSB"), a 70% owned subsidiary of MRCB, has entered into a conditional sale and purchase of share agreement with Sasaran Bahagia Sdn Bhd ("SBSB") for the disposal of ZMSB's 70% stake in Zelleco Engineering Sdn Bhd ("ZESB") comprising 11,983,300 ordinary shares of RM1.00 each ("Proposed Zelleco Disposal"). As announced on 27 November 2002, the Ministry of International Trade and Industry, Malaysia ("MITI") through its letter dated 14 November 2002 which was received on 25 November 2002 had approved the Proposed Zelleco Disposal to SBSB. In addition, the FIC vide its letter dated 20 November 2002, which was received on 27 November 2002 has indicated that the Proposed Zelleco Disposal does not require the FIC's approval;

3. As announced on 10 September 2002, MRCB's 60% owned subsidiary, MRCB Selborn Corporation Sdn. Bhd. ("MRCB Selborn") has entered into a sale and purchase agreement with Idaman Unggul Sdn. Bhd. ("Idaman") for the disposal of its office block known as Menara MRCB for a cash consideration of RM55 million; and
4. On 15 January 2003, MRCB announced the proposed acquisition of 320,000 ordinary shares in Landas Utama Sdn Bhd ("LUSB"), representing the entire issued and paid-up share capital of LUSB for a cash consideration of RM88,000,591 and the procurement of the unconditional release of the guarantee given by the vendors of LUSB in relation to a bank facility granted to LUSB by Bumiputra-Commerce Bank Berhad.

No other corporate exercises/schemes have been announced by TV3 which are pending completion as at the date of this Circular.

THE PURPOSE OF THIS CIRCULAR IS TO EXPLAIN TO YOU, BEING THE SHAREHOLDERS OF MRCB, THE CORPORATE PROPOSALS, DETAILS OF WHICH ARE SET OUT IN THIS DOCUMENT, AND TO INFORM YOU OF THE DATE AND TIME FIXED FOR THE FORTHCOMING EGM WHEREIN YOUR APPROVAL IS SOUGHT FOR THE RESOLUTIONS TO BE TABLED THEN.

2. CORPORATE PROPOSALS

The Corporate Proposals will involve the corporate and debt restructuring of TV3 and MRCB, as well as a demerger of the MRCB Group and its associates into two separate entities, namely MRCB and Newco. The demerger will result in MRCB focusing on its core businesses, namely engineering, construction and property, while Newco will assume the media businesses currently under MRCB i.e., TV3 and NSTP. Newco will also assume the listing status of TV3. Further details of the Corporate Proposals are set out in the ensuing sections.

2.1. PROPOSED TV3 RESTRUCTURING SCHEME

2.1.1. Proposed TV3 Capital Reconstruction

As at 31 August 2002, the audited issued and paid-up share capital of TV3 was RM170,318,012 comprising 170,318,012 ordinary shares of RM1.00 each. Pursuant to Section 64 of the Act, TV3 is proposing a capital reduction of its issued and paid-up share capital from RM170,318,012 comprising 170,318,012 ordinary shares of RM1.00 each to 170,318,012 ordinary shares of 40 sen each representing a capital reduction of 60 sen for every existing ordinary share of RM1.00 each. The Proposed TV3 Capital Reduction will give rise to a credit of RM102.2 million which will reduce the accumulated losses of TV3 as at 31 August 2002 from RM530.9 million to RM428.7 million.

Following the Proposed TV3 Capital Reduction, the issued and paid-up share capital of TV3 comprising 170,318,012 ordinary shares of RM0.40 each is proposed to be consolidated, pursuant to Section 62 of the Act, on the basis of five (5) ordinary shares of RM0.40 each into one (1) ordinary share of RM2.00 each and thereafter divided into two (2) ordinary shares of RM1.00 each (Proposed TV3 Capital Consolidation). Upon completion of the Proposed TV3 Capital Reduction and Proposed TV3 Capital Consolidation, the issued and paid-up share capital of TV3 will be RM68,127,204 comprising 68,127,204 ordinary shares of RM1.00 each.

Fractions of a TV3 Share will not be allotted to the relevant holder but will be dealt with by the directors of TV3 in such manner as they may in their discretion deem fit.

As at the financial year ended 31 August 2002, the audited share premium account of TV3 amounted to RM2.3 million. The share premium account, which represents the cumulative premium generated from the issuance of new ordinary shares above par, can be treated as if it were paid-up share capital of the Company for the purpose of the reduction of share capital pursuant to Section 60(2) of the Act.

Pursuant to Section 60(2) of the Act, the share premium account of TV3 is proposed to be reduced in full and the credit of RM2.3 million arising therefrom be set off against the accumulated losses of TV3 as at 31 August 2002, reducing further the accumulated losses from RM428.7 million to RM426.4 million.

2.1.2. Proposed TV3 Debt Settlement

The Proposed TV3 Debt Settlement under Section 176 of the Act will involve TV3 and six (6) of its subsidiaries and is to be implemented under one (1) scheme of arrangement and compromise repayment in respect of amounts owing to TV3 Unsecured Lenders, Novated Unsecured Lenders and TV3 Unsecured Creditors (collectively known as TV3 Scheme Creditors) based on the cut-off date of 31 August 2000, which will cover an aggregate debt of RM644.9 million, details of which are set as follows:-

TV3 Scheme Creditors	Borrower	Total Outstanding RM'million	Total Outstanding RM'million
Unsecured Lenders	TV3		357.1
Novated Unsecured Lenders	GBSB	40.0	
	CFSB	0.4	
	MESB	29.4	
	BSPSB~	0.2	
	CESB	24.4	
	GAMA^	46.7	141.1
Unsecured Creditors*	TV3		#146.7
			644.9

^ converted from USD12,294,833 based on the exchange rate of RM3.80:USD1.00

* excluding secured lenders, preferential creditors, hire purchase/lease creditors of TV3 and creditors of TV3 with amount outstanding of RM50,000 and below

~ The total debt outstanding represents 100% of the debt owed by BSPSB, as the entire sum is secured by a corporate guarantee from TV3

includes amounts owed in foreign currencies converted into RM based on the exchange rate of RM3.80:USD1.00

The aggregate debt of RM644.9 million represents the amount of indebtedness of TV3 owing to the TV3 Scheme Creditors adjusted from the sum of RM714.4 million (based on audited accounts as at 31 August 2000) as announced on 8 October 2001. Details of adjustments are set out in Section 2.11.1 herein.

The total amount of outstanding debts of TV3 Group excluded from the Proposed TV3 Debt Settlement is approximately RM126.6 million based on the audited results for the financial year ended 31 August 2000 comprising secured lenders (RM32.3 million), preferential creditors (RM9.9 million), hire purchase/lease creditors of TV3 (RM5.4 million), creditors of TV3 with amount outstanding of RM50,000 (RM3.4 million) and below, taxation (RM32.7 million) as well as all creditors and lenders of TV3 subsidiaries save for the Novated Unsecured Lenders (RM42.9 million) (collectively "Non-Scheme Debts"). The Non-Scheme Debts (including debts incurred after the cut-off date of 31 August 2000) will be settled in full via internally generated cash as and when the outstanding debts fall due.

The debts owing to Novated Unsecured Lenders based on the audited results for the financial year ended 31 August 2000 is RM141.1 million. Thus, the total amount which was guaranteed by TV3 and to be novated is RM141.1 million and will be treated in the same manner as the TV3 Unsecured Lenders and TV3 Unsecured Creditors. The corporate guarantee was given by TV3 in consideration for the respective lenders granting credit facilities to the TV3 Scheme Subsidiaries. The settlement of the RM141.1 million novated debts will be treated as shareholder's advance from TV3 to the Scheme Subsidiaries, for which the terms of repayment has yet to be determined. In the event the Scheme Subsidiaries are unable to repay the shareholder's advance, it will be written off by TV3.

The first RM50,000 of outstanding debts to each of the TV3 Scheme Creditors, amounting to RM6.0 million will be settled in full via cash upon implementation of the Proposed TV3 Debt Settlement via proceeds from the Proposed Restricted Issue and the Proposed Bonds with Warrants Issue.

Thereafter, TV3 proposes a debt waiver of 30% on the total debts outstanding, amounting to RM191.7 million, to all TV3 Scheme Creditors ("Proposed Debt Waiver"). After the debt waiver, the remaining debt of RM447.2 million is proposed to be settled as follows:-

- (i) 30% or RM134.2 million in cash via proceeds from the Proposed Restricted Issue and the Proposed Bonds with Warrants Issue ("Proposed Cash Settlement");
- (ii) 20% or RM89.4 million via the issuance of up to RM89.4 million nominal amount of TV3 RULS on the basis of RM1.00 nominal amount of TV3 RULS for every RM1.00 of the RM89.4 million remaining debt ("Proposed RULS Issue"); and
- (iii) 50% or RM223.6 million via the granting of rights to allotment of new TV3 ordinary shares of RM1.00 each at an issue price of RM1.00 each, on the basis of one(1) ordinary share for every RM1.00 of the RM223.6 million remaining debt ("Proposed Debt-Equity Swap"). The rights to allotment of a total of 223,611,425 new ordinary shares will be granted pursuant to the Proposed Debt-Equity Swap. The issue price of RM1.00 each was arrived at based on the par value of the TV3 ordinary shares and as agreed by the TV3 Scheme Creditors.

The cut off date for determination of the principal amount outstanding to the TV3 Scheme Creditors for the purpose of settlement under the Proposed TV3 Debt Settlement is 31 August 2000, being the date agreed upon with the TV3 Scheme Creditors for the purposes of the Proposed TV3 Debt Settlement. All interests accrued and serviced by TV3 and the TV3 Scheme Subsidiaries from 1 September 2000 until 30 June 2001, which amounts to RM26.8 million and other payments which have been paid by TV3 will not be clawed back from the TV3 Scheme Creditors. All interests accrued/ accruing on the principal amount of the debts owed to:-

- (a) TV3 Unsecured Lenders and Novated Unsecured Lenders commencing from 1 July 2001 onwards are proposed to be waived; and
- (b) TV3 Unsecured Creditors commencing from 1 September 2000 onwards are proposed to be waived. TV3 has not accrued/serviced any interest to TV3 Unsecured Creditors since 1 September 2000.

The total interest waived may only be ascertained following the proof of debt exercise which is ongoing and is expected to be completed by March 2003 and would depend on the timing of completion of the Corporate Proposals. The total interest accrued up to 31 August 2002 which will be waived upon completion of the Corporate Proposals is RM42.3 million. Annual interest savings as a result of the interest waiver upon completion of the Corporate Proposals are estimated at approximately RM36.4 million per annum.

2.1.2.1. Summary of Settlement

The settlement for the TV3 Scheme Creditors is summarised as follows:-

	Amount owing to TV3 Scheme Creditors RM'million	Payment of first RM50,000 RM'million	Proposed Debt Waiver RM'million	Outstanding amount after Proposed Debt Waiver RM'million	Proposed Cash Settlement RM'million	Proposed RULS Issue RM'million	Proposed Debt- Equity Swap RM'million
Unsecured Lenders / Novated Unsecured Lenders	498.2	0.6	149.3	348.3	104.5	69.6	174.2
Unsecured Creditors	146.7	5.4	42.4	98.9	29.7	19.8	49.4
Total	644.9	6.0	191.7	447.2	134.2	89.4	223.6

The issued and paid-up share capital of TV3 after the Proposed TV3 Debt Settlement will (upon issue of the shares from the rights to allotment of TV3 ordinary shares pursuant to the Proposed Debt-Equity Swap) increase from RM68,127,204 comprising 68,127,204 ordinary shares of RM1.00 each to RM291,738,629 comprising 291,738,629 ordinary shares of RM1.00 each. The Proposed Debt Waiver will give rise to a credit of RM191.7 million, which will further reduce the accumulated losses of TV3 as at 31 August 2002 from RM426.4 million to RM246.8 million (including an estimated RM12.1 million tax payable on the debt waiver).

2.1.2.2. Status of the New TV3 Ordinary Shares

The 223,611,425 new ordinary shares of TV3 arising from the Proposed Debt-Equity Swap shall upon allotment and issue, rank pari passu in all respects with the existing shares of TV3 after the Proposed TV3 Capital Reconstruction except that they will not be entitled to any dividends, rights, allotments or other form of distribution that may be declared, made or paid prior to the date of allotment and issue of the new shares. The rights to allotment of the new ordinary shares of TV3 arising from the Proposed Debt-Equity Swap shall participate in the rest of the Corporate Proposals.

2.1.2.3. Fractional Entitlement of TV3 share

Fractions of a TV3 share will not be allotted to the relevant TV3 Scheme Creditors but will be dealt with by the directors of TV3 in such manner as they may in their discretion deem fit.

2.1.2.4. Proposed RULS Issue

The RULS will be issued at 100% of its nominal amount of up to RM89.45 million, with a tenure of 5 years and a coupon rate of 4.5% per annum payable semi-annually in arrears. The salient features of the RULS are detailed below:-

Issuer	: TV3
Issue Size	: Up to RM89.45 million nominal amount of RULS
Issue Price	: At 100% nominal amount
Mode of Issue	: Non-tender basis. Direct placement to TV3 Scheme Creditors on the basis of RM1.00 nominal amount of RULS for every RM1.00 of up to RM89.45 million of remaining debt
Form and Denomination	: The RULS will be issued in registered form and in multiples of RM1.00 at the time of issuance. The RULS shall be represented by a Global Certificate to be deposited with BNM and is exchanged for definitive bearer form only in certain limited circumstances
Tenure	: Five (5) years from the date of issue thereof
Coupon Rate	: 4.5% per annum payable semi-annually in arrears
Coupon Payment	: The coupon rate shall be payable semi-annually in arrears and calculated on the basis of the actual number of days elapsed in a year of 365 days (actual/365) with the last payment of interest to be made on maturity date of the RULS
Utilisation of Proceeds	: Repayment to TV3 Scheme Creditors as part of debt settlement pursuant to the Proposed TV3 Debt Settlement
Conversion	: The RULS will not be convertible
Redemption	: 30% of the nominal amount at the end of the 3 rd year 35% of the nominal amount at the end of the 4 th year 35% of the nominal amount at the end of the 5 th year
Ranking	: The RULS shall constitute unsecured obligations/securities of TV3 and rank pari passu in all respects without priority amongst themselves but shall be unsubordinated to all other present and future unsecured and unsubordinated obligations/securities of TV3 outstanding from time to time outstanding excluding all obligations and liabilities which have priority solely by Malaysian law including in an event of liquidation
Rating	: The rating requirement in respect of the RULS has been repealed vide the SC's letter to the Association of Merchant Banks of Malaysia dated 30 April 2002
Covenant	: Negative pledge on all existing assets of TV3 as at 31 August 2000 excluding contra assets (assets of TV3 which have been acquired using or through exchange of TV3's airtime as consideration), details of which shall be set out in the trust deed constituting the RULS
Trust Deed	: The RULS will be constituted under a trust deed (substantially in the form of the draft available for inspection at the registered office of TV3), to be executed between TV3 and the Trustee who will act for the benefit of the holders of the RULS. The RULS will be issued on the terms and conditions of the trust deed. Changes may be made to the draft trust deed by mutual agreement between TV3 and the Trustee
Trustee	: AmTrustee Berhad (formerly known as Arab-Malaysian Trustee Berhad) ("AmTrustee")
Selling Restriction	: The RULS cannot be offered, sold, transferred or otherwise disposed directly or indirectly
Listing	: The RULS will not be listed on any stock exchange. The RULS will be prescribed under The Real Time Electronic Transfer of Funds And Securities ("RENTAS") which is maintained by BNM

2.1.2.5. Fractional Entitlement of RULS

Fractions of a RULS will not be allotted to the relevant TV3 Scheme Creditors but will be disregarded.

2.2. PROPOSED REORGANISATION

2.2.1. Proposed Acquisition of TV3

Newco proposes to acquire 100% of the enlarged equity interest in TV3 after the Proposed TV3 Restructuring Scheme (comprising 291,738,629 ordinary shares of RM1.00 each in TV3 including 223,611,425 rights to allotment) from the following parties:-

- (a) MRCB, who will hold 33,828,200 ordinary shares of TV3 representing approximately 11.6% of the enlarged share capital of TV3 after the Proposed TV3 Restructuring Scheme;
- (b) TV3 Minority, who will hold in aggregate 34,299,004 ordinary shares of TV3 representing approximately 11.8% of the enlarged share capital of TV3 after the Proposed TV3 Restructuring Scheme; and
- (c) TV3 Scheme Creditors, who will be entitled to the rights to allotment of 223,611,425 ordinary shares of TV3 representing approximately 76.6% of the enlarged share capital of TV3 after the Proposed TV3 Restructuring Scheme.

in exchange for the rights to allotment of 265,216,935 new ordinary shares of RM1.00 each in Newco at an issue price of RM1.10 per ordinary share, credited as fully paid-up. This would amount to a total purchase consideration of RM291.7 million.

All the TV3 Scheme Shares held by MRCB and TV3 Minority (after the Proposed TV3 Capital Reconstruction) and the TV3 Scheme Shares to be allotted to the TV3 Scheme Creditors pursuant to the Proposed TV3 Debt Settlement as stated in paragraph 2.1.1 and paragraph 2.1.2 above will be transferred in favour of Newco to facilitate the Proposed Acquisition of TV3.

No liabilities of TV3 will be assumed by Newco as a result of the Proposed Acquisition of TV3.

The issued and paid-up share capital of Newco after the Proposed Acquisition of TV3 will (upon the issue of the ordinary shares from the rights to allotment of TV3 ordinary shares pursuant to the Proposed Debt-Equity Swap) increase from RM300,000 comprising 300,000 ordinary shares of RM1.00 each to RM265,516,935 comprising 265,516,935 Newco ordinary shares of RM1.00 each.

Information on TV3 and Newco is set out in **Appendix II and Appendix IV respectively**.

2.2.1.1. Exchange Ratio

In consideration of the transfer of the TV3 Scheme Shares to Newco, Newco shall allot to and amongst the relevant holders of the TV3 Scheme Shares new Newco ordinary shares at an issue price of RM 1.10, credited as fully paid up, at the following exchange ratio:

For every 1.1 TV3 Scheme Shares transferred	One new Newco share
--	----------------------------

2.2.1.2. Fractional Entitlement of Newco share

Fractions of a Newco Share will not be allotted to the relevant holders of TV3 Scheme Shares but will be dealt with by the directors of Newco in such manner as they may in their discretion deem fit.

2.2.1.3. Basis for Issue Price of new Newco ordinary shares

The proposed issue price of new Newco ordinary shares of RM1.10 was arrived at after taking into account the par value of Newco shares of RM1.00 and a premium of RM0.10. The premium of RM0.10 is has been determined by the Board of MRCB after taking into consideration the creation of a reserve for Newco which may be utilised as permitted under Section 60 of the Companies Act, 1965, e.g. charging expenses incurred in relation to the issuance of Newco shares.

2.2.1.4. Basis for Exchange Ratio

The exchange ratio was arrived at after taking into account the issue price of the new TV3 ordinary shares of RM1.00 and the issue price of the new Newco ordinary shares of RM1.10.

2.2.1.5. Status of new Newco ordinary shares

The new ordinary shares of Newco arising from the Proposed Acquisition of TV3 shall upon allotment and issue, rank *pari passu* in all respects with the existing shares of Newco except that they will not be entitled to any dividends, rights, allotments or other forms of distribution that may be declared, made or paid prior to the date of allotment and issue of the new shares. The new ordinary shares of Newco arising from the Proposed Acquisition of TV3 shall participate in the Proposed Acquisition of Newco.

The listing of and quotation on the Main Board of the KLSE will be sought for the new ordinary shares of Newco arising from the Proposed Acquisition of TV3 pursuant to the Proposed Transfer of Listing.

2.2.1.6. Rights attached to TV3 ordinary shares transferred

All TV3 Scheme Shares shall be transferred to Newco free from all claims, charges, liens, encumbrances and equities whatsoever together with all rights attached thereto excluding all dividends, rights and distribution declared, paid or made in respect thereof on or before the TV3 Effective Date.

2.2.2. Proposed Acquisition of Newco

Subsequent to the Proposed Acquisition of TV3, MRCB will (apart from the 300,000 Newco ordinary share it already holds) be entitled to the rights to allotment of 30,752,909 new ordinary shares in Newco representing approximately 11.6% of the enlarged capital of Newco of 265,516,935 ordinary shares. The remaining rights to allotment of 234,464,026 ordinary shares representing 88.3% of the enlarged capital of Newco will be held by TV3 Minority (11.7%) and TV3 Scheme Creditors (76.6%).

MRCB proposes to acquire all rights to allotment of Newco ordinary shares not held by MRCB (totaling 234,464,026 new ordinary shares representing 88.3% of the enlarged capital of Newco at RM1.10 per Newco ordinary shares, amounting to a total consideration of RM257.9 million) in exchange for 177,869,261 new ordinary shares of RM1.00 each in MRCB (23,654,486 shares to TV3 Minority and 154,214,775 shares to TV3 Scheme Creditors), representing 15.4% of the enlarged issued and paid-up capital of MRCB at an issue price of RM1.45 per share credited as fully paid-up.

The issued and paid-up share capital of MRCB after the Proposed Acquisition of Newco will increase from RM976,549,499 comprising 976,549,499 ordinary shares of RM1.00 each as at 31 August 2002 to RM1,154,418,760 comprising 1,154,418,760 ordinary shares of RM1.00 each.

No liabilities of Newco will be assumed by MRCB as a result of the Proposed Acquisition of Newco.

Information on MRCB is set out in **Appendix I**.

2.2.2.1. Exchange Ratio

The entitlement of the relevant holders of TV3 Scheme Shares (other than MRCB) to any Newco ordinary shares to be allotted and issued pursuant to the Proposed Acquisition of TV3 shall be renounced in favour of MRCB in consideration of MRCB allotting to and amongst the relevant holders of the TV3 Scheme Shares new MRCB Shares at an issue price of RM1.45, credited as fully paid up, on the following basis:

For the renouncement of the right to allotment of every 1.45 Newco shares	1.1 new MRCB shares
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2.2.2.2. Fractional Entitlement of MRCB share

Fractions of a MRCB share will not be allotted to the relevant holders of TV3 Scheme Shares but will be dealt with by the directors of MRCB in such manner as they may in their discretion deem fit.

2.2.2.3. Basis for Issue Price of new MRCB ordinary shares

The proposed issue price by MRCB of RM1.45 per new MRCB ordinary share was arrived at after taking into consideration the 5-day weighted average price of MRCB as traded on the KLSE ended 5 October 2001 (being the last day preceding the date of suspension of MRCB's shares prior to the announcement of the Corporate Proposals on 8 October 2001) of RM1.24. The proposed issue price of RM1.45 per share represents a premium of RM0.21 or 17% to the aforesaid market price.

2.2.2.4. Basis for Exchange Ratio

The exchange ratio was arrived at after taking into account the issue price of the new MRCB ordinary shares of RM1.45 and the issue price of the new Newco ordinary shares of RM1.10.

2.2.2.5. Status of new MRCB ordinary shares

The new ordinary shares of MRCB arising from the Proposed Acquisition of Newco shall upon allotment and issue, rank *pari passu* in all respects with the existing shares of MRCB except that they will not be entitled to any dividends, rights, allotments or other form of distribution that may be declared, made or paid prior to the date of allotment and issue of the new shares. The new ordinary shares of MRCB arising from the Proposed Acquisition of Newco shall participate in the Proposed Demerger.

The listing of and quotation on the Main Board of the KLSE will be sought for the new ordinary shares of MRCB to be issued pursuant to the Proposed Acquisition of Newco.

2.2.2.6. Rights attached to Newco ordinary shares acquired

The rights to allotment of new ordinary shares of Newco shall be transferred to MRCB free from all claims, charges, liens, encumbrances and equities whatsoever together with all rights attached thereto.

2.3. PROPOSED TRANSFER OF NSTP

Pursuant to the Proposed Transfer of NSTP, MRCB will transfer its entire shareholding of 94,035,540 ordinary shares of RM1.00 each representing 43.5% equity interest in NSTP for a transfer consideration of RM399,651,045 or RM4.25 per share to Newco to be satisfied by:-

- (a) the issuance of 199,682,768 new ordinary shares of RM1.00 each in Newco at an issue price of RM1.10 per ordinary share;
- (b) the issuance of RM180,000,000 nominal amount of new Newco ICULS; and
- (c) an undertaking from Newco to provide a put option for up to RM180,000,000 nominal amount of new Newco ICULS to lenders of MRCB.

Upon completion of the Proposed Transfer of NSTP, the issued and paid-up share capital of Newco will further increase from RM265,516,935 comprising 265,516,935 ordinary shares of RM1.00 each to RM465,199,703 comprising 465,199,703 ordinary shares of RM1.00 each.

Information on NSTP is set out in **Appendix III**.

2.3.1. Basis for Transfer Consideration

The original cost of investment of MRCB in NSTP is RM711.3 million, which shares were acquired between 25 June 1993 and 10 June 1998. Based on the audited consolidated balance sheet of MRCB as at 31 August 2002, the net book value of MRCB's investment in NSTP is RM551.8 million or RM5.86 per NSTP share.

The transfer consideration of RM4.25 per NSTP share was arrived after taking into consideration the aforementioned net book value of MRCB's investment in NSTP and the 5-day weighted average market price of NSTP ended 11 July 2002 (being the date prior to the submission of the revision to the transfer price of NSTP share to the SC) of RM5.98 per NSTP share.

Based on the above, the transfer consideration of RM4.25 per NSTP share represents a discount of 0.7% and 28.9% from the net book value and 5-day weighted average market price of NSTP ended 11 July 2002 respectively.

2.3.2. Gain/Loss On Disposal

On a consolidated MRCB Group level, there is no expected accounting gain or loss on disposal as a result of the Proposed Transfer of NSTP, which is effectively an internal reorganisation involving the transfer of NSTP from MRCB to Newco (a wholly owned subsidiary of MRCB). Subsequently, pursuant to the Proposed Demerger, there will also be no accounting gain or loss recognised as the assets of Newco (including NSTP) are being distributed to shareholders at carrying value.

On company level, based on the carrying value of RM402.5 million as at 31 August 2002, the loss on disposal would approximately be RM2.8 million.

2.3.3. Salient Features of the Share Sale Agreement

As announced on 22 October 2001, on even date, MRCB as the vendor, entered into a Share Sale Agreement ("SSA") with Newco as the purchaser for the proposed transfer of the entire equity interest in NSTP held by MRCB i.e., 94,035,540 ordinary shares of RM1.00 each representing approximately 43.5% of the issued and paid up capital of NSTP ("Sale Shares") to Newco. The consideration for the sale, purchase and transfer of the Sale Shares was the aggregate of RM338,200,000 or approximately RM3.60 per share based on a willing buyer-willing seller basis and to be satisfied as follows:-

- a. the issuance of RM182.7 million nominal amount of Newco ICULS;
- b. the issue at an issue price of RM1.10 per share of 141,300,000 new ordinary shares of RM1.00 each in Newco; and
- c. the grant of the put option(s) (as defined in Section 1.1 of the SSA) by Newco to all holders of RM216.0 million redeemable secured loan stocks (issued by Digiwill Sdn Bhd, a special purpose company to be used to issue the loan stocks and to hold the Newco ICULS) to sell to Newco any of the remaining redeemable secured loan stocks not redeemed by Digiwill Sdn Bhd. The loan stocks were to be issued as part of settlement to MRCB Lenders.*

Subsequent to the SSA, as announced on 21 January 2002, MRCB had on even date entered into a Supplemental Share Sale Agreement ("Supplemental SSA") with Newco for the proposed transfer of the Sale Shares to Newco. The consideration for the sale, purchase and transfer of the Sale Shares was revised to the aggregate of RM357,335,052 or RM3.80 per share on a willing buyer-willing seller basis, to be satisfied as follows:-

- a. the issuance of RM180.0 million nominal amount of Newco ICULS;
- b. the issuance at an issue price of RM1.10 per share of 161,213,684 new ordinary shares of RM1.00 each in Newco; and
- c. the grant of the put option(s) (as defined in Section 1.1 of the SSA) by Newco to all holders of RM216.0 million redeemable secured loan stocks (issued by Digiwill Sdn Bhd, a special purpose company to be used to issue the loan stocks and to hold the Newco ICULS) to sell to Newco any of the remaining redeemable secured loan stocks not redeemed by Digiwill Sdn Bhd. The loan stocks were to be issued as part of settlement to MRCB Lenders.*

* Under the Corporate Proposals as announced on 8 October 2001, the Proposed MRCB Debt Settlement covered RM 567 million of scheme debt, of which RM 351 million would be settled in cash from the proceeds of the RHB disposal, and the remaining RM 216 million would be settled by way of the redeemable secured loan stocks. The redeemable secured loan stocks would be issued to MRCB's scheme lenders by Digiwill Sdn Bhd, the special purpose company in consideration for the transfer of the Newco ICULS from MRCB to Digiwill. It was then intended that Digiwill would undertake a coordinated disposal of the Newco ICULS and utilise the proceeds towards settlement of the redeemable secured loan stocks over a 2 year period. This arrangement has since been aborted.

Subsequent to the Supplemental SSA, as announced on 26 November 2002, MRCB had on even date entered into a second supplemental share sale agreement ("Second Supplemental SSA") with Newco for the proposed transfer of the Sale Shares to Newco. The consideration for the sale, purchase and transfer of the Sale Shares was revised to the aggregate of RM399,651,045 or RM4.25 per share on a willing buyer-willing seller basis, to be satisfied as follows:-

- a. the issuance of RM180.0 million nominal amount of Newco ICULS in accordance with the terms and conditions as summarised in Section 2.3.5 below;
- b. the issuance at an issue price of RM1.10 per share of 199,682,768 new ordinary shares of RM1.00 each in Newco ranking *pari passu* in all respects with the existing issued shares in Newco as at the date of issue and allotment and credited as fully paid-up and free from encumbrances to MRCB; and
- c. at the request of MRCB, the granting of the put option(s) of Newco ICULS by Newco to the lenders of MRCB.**

** It was anticipated that an arrangement would be entered into with the MRCB Lenders for the extension of their facilities, pending completion of the RHB Disposal, whereby to facilitate implementation of the Corporate Proposals, the MRCB Lenders would release the charge on NSTP shares in exchange for additional security. MRCB intended to charge the Newco ICULS (received by MRCB as consideration pursuant to the Proposed Transfer of NSTP) as additional security to the MRCB Lenders as well as the granting of the put option(s) of Newco ICULS by Newco to the MRCB Lenders. In the event that the MRCB Lenders call upon the security, the Newco ICULS will be transferred to the MRCB Lenders. The MRCB Lenders will then have the option of exercising the put option.

The completion of the Proposed Transfer of NSTP is conditional upon the fulfillment of the following conditions precedent:-

- approval from the SC, which was received on 14 October 2002. No specific conditions were imposed by the SC in respect of the Proposed Transfer of NSTP. The conditions imposed by the SC are set out in Section 3.1;
- approval from the KLSE, details of which are set out in Section 3.1 below;
- approval from the shareholders of Newco;
- approval from the shareholders of MRCB;
- consent from lenders of MRCB (where required);
- all conditions precedent of the Corporate Proposals; and
- execution of documents, which include the trust deed for the ICULS, and if required, the agreements for the put-option granted to lenders of MRCB as well as the pledge/charge over the NSTP shares to secure the put-option.

With the settlement of the MRCB Lenders on 31 December 2002 via the MRCB Debt Settlement (please refer to Section 2.11.2), MRCB will not require Newco to grant put option(s) of Newco ICULS to the MRCB Lenders (as stated in section (c) of the Second Supplemental SSA above).

2.3.4. Status of new Newco ordinary shares

The new ordinary shares of Newco arising from the Proposed Transfer of NSTP shall upon allotment and issue, rank *pari passu* in all respects with the existing shares of Newco except that they will not be entitled to any dividends, rights, allotments or other form of distribution that may be declared, made or paid prior to the date of allotment and issue of the new shares.

The listing of and quotation on the Main Board of the KLSE will be sought for the new ordinary shares of Newco arising from the Proposed Transfer of NSTP pursuant to the Proposed Transfer of Listing.

2.3.5. Salient Terms of ICULS

Issuer	: Newco
Issue Size	: RM180,000,000 nominal amount of ICULS
Issue Price	: At 100% of nominal amount of the ICULS
Form and Denomination	: The ICULS will be issued in registered form and in multiples of RM1.00
Coupon Rate	: 2.0% per annum payable semi-annually in arrears and calculated on the basis of the actual number of days elapsed
Tenure	: Five (5) years from the date of issue thereof
Conversion Period	: The conversion of the ICULS into Newco ordinary shares may take place from the 2 nd anniversary from the date of issue
Conversion Ratio	: The conversion ratio for the ICULS is proposed to be fixed at RM3.00 nominal value of ICULS for two (2) Newco ordinary shares, arbitrarily determined by the Directors of MRCB
Purpose	: Issued as part of transfer consideration pursuant to the Proposed Transfer of NSTP
Mode of Transfer	: The ICULS shall be transferable in any usual form or such other form as may be approved by the KLSE and Newco in amounts of RM1.00 or multiples thereof with each board lot of RM1,000 each
Redemption	: There will not be any redemption of the ICULS. Any remaining ICULS at the end of the tenure shall be automatically converted into Newco ordinary shares at the Conversion Ratio
Ranking	: The ICULS shall constitute unsecured obligations of Newco and rank pari passu in all respects without priority amongst themselves but shall be unsubordinated to all other present and future unsecured and unsubordinated obligations of Newco from time to time outstanding excluding all obligations and liabilities which have priority solely by Malaysian law, including in an event of liquidation
Rating	: Not Applicable
Status of new Newco ordinary shares upon conversion of ICULS	: The new ordinary shares of Newco arising from the conversion of the ICULS shall upon allotment and issue, rank pari passu in all respects with the existing shares of Newco except that they will not be entitled to any dividends, rights, allotments or other form of distribution that may be declared, made or paid prior to the date of allotment and issue of the new shares
Adjustments of Conversion Ratio and Number of ICULS	: Should there be an adjustment in the Conversion Ratio and/or number of ICULS in the event of alteration of the share capital of Newco, the said adjustment shall be adjusted in accordance with the provisions as contained in the Trust Deed, which will be standard provisions as typically applied for alterations of share capital such as bonus issues, rights issues and capital reductions.
Trust Deed	: The ICULS will be constituted by a trust deed to be executed by Newco and the Trustee, who will act for the benefit of the holders of the ICULS
Trustee	: AmTrustee Berhad (formerly known as Arab-Malaysian Trustee Berhad)
Participating Rights	: Notwithstanding any other provisions of the Trust Deed, the ICULS holders shall have no participating rights whatsoever in any distributions and/or offers of securities made by Newco

CDS	: The ICULS will be prescribed securities under the Central Depository System (CDS). Accordingly, any dealing in the ICULS arising from the Proposed ROS will be subject to the Securities Industry (Central Depositories) Act 1991 and Rules of the Malaysian Central Depository (MCD) The ICULS will be credited into the CDS accounts of the entitled holders and no physical ICULS certificates will be issued. However, notices of allotment will be despatched to the depositors. Jumbo certificates for the ICULS will be issued to and deposited with MCD
Listing	: The ICULS will be listed on the KLSE after the Proposed ROS Application will be made to the KLSE for the admission to the Official List and the listing of and quotation for the ICULS and the Newco ordinary shares to be issued arising from the subsequent conversion of the ICULS (120,000,000 Newco ordinary shares)
Repurchase and Cancellation	: The ICULS may be repurchased from the open market and cancelled by Newco at any point in time during the tenure of the ICULS, subject to the approval of the SC at that point in time (The SC's approval will only be sought in the event of a repurchase and cancellation, which if happen, will only be in the future). Further, any ICULS acquired by Newco pursuant to the exercise of the put option in relation to the Proposed Put Option will be cancelled as well

2.3.6. Rights attached to NSTP ordinary shares transferred

The NSTP ordinary shares transferred to Newco pursuant to the Proposed Transfer of NSTP shall be acquired free from all claims, charges, liens, encumbrances and equities whatsoever together with all rights attached thereto excluding all dividends, rights and distribution declared, paid or made in respect thereof on or before the completion date of the Proposed Transfer of NSTP.

2.4. PROPOSED FUND RAISING

2.4.1. Proposed Restricted Issue

To facilitate the Proposed Cash Settlement (as defined in Section 2.1.2) pursuant to the Proposed TV3 Restructuring Scheme, Newco proposes to undertake a restricted issue of 77,300,000 new Newco ordinary shares of RM1.00 each at an issue price of RM1.10 per share to MRCB, which will raise total cash proceeds of RM85,030,000 for Newco. Further details on the utilisation of the Proposed Restricted Issue proceeds is set out in Section 5.

MRCB proposes to subscribe for the Proposed Restricted Issue using internally generated funds and/or borrowings (the apportionment of which will be determined closer to the implementation of the Proposed Restricted Issue).

The issued and paid-up share capital of Newco after the Proposed Reorganisation, Proposed Transfer of NSTP and Proposed Restricted Issue will increase from RM465,199,703 comprising 465,199,703 ordinary shares of RM1.00 each to RM542,499,703 comprising 542,499,703 ordinary shares of RM1.00 each.

2.4.1.1. Salient Features of the Share Subscription Agreement

As announced on 22 October 2001 MRCB had on even date entered into a Share Subscription Agreement with Newco to subscribe for 77,300,000 new Newco ordinary shares ("Subscription Shares") to be allotted and issued by Newco. The total consideration payable in cash for the Subscription Shares will amount to RM85,030,000 based on the issue price of RM1.10 per Subscription Share, which is consistent with the issue price of RM1.10 per new ordinary Newco share which has been proposed for the Proposed Acquisition of TV3 and Proposed Transfer of NSTP.

The completion of the Proposed Restricted Issue is conditional upon the fulfillment of the following conditions precedent:-

- approval from the SC, which was obtained on 14 October 2002. No specific conditions were imposed by the SC in respect of the Proposed Restricted Issue. The conditions imposed by the SC are set out in Section 3.1;
- approval in principle from the KLSE, details of which are as set out in Section 3.1 below;
- approval from the FIC, which was obtained on 15 July 2002. No conditions were imposed by the FIC in respect of the Proposed Restricted Issue;
- approval from the shareholders of Newco;
- approval from the Board of Directors of Newco which was obtained on 22 October 2001 and MRCB, which was obtained on 2 October 2001;
- approval from the shareholders of MRCB; and
- all conditions precedent to the Corporate Proposals.

2.4.1.2. Status of new Newco ordinary shares

The new ordinary shares of Newco arising from the Proposed Restricted Issue shall upon allotment and issue, rank *pari passu* in all respects with the existing shares of Newco except that they will not be entitled to any dividends, rights, allotments or other form of distribution that may be declared, made or paid prior to the date of allotment and issue of the new shares.

The listing of and quotation on the Main Board of the KLSE will be sought for the new ordinary shares of Newco arising from the Proposed Restricted Issue pursuant to the Proposed Transfer of Listing.

2.4.2. Proposed Bonds with Warrants Issue

Newco proposes to issue RM125,000,000 nominal amount of Bonds with 115,000,000 detachable Warrants to the Placee. The Bonds shall be issued at an issue price of 70% of the nominal amount of Bonds i.e. RM87,500,000 at a cumulative coupon rate of 4.5% per annum payable semi-annually in arrears and a tenure of five (5) years from the issue date of the Bonds. The above terms had been arrived at on a willing-buyer-willing-seller basis.

The 115,000,000 detachable Warrants will be issued at a price of RM0.10 per Warrant (arrived at on a willing-buyer-willing-seller basis after taking the Warrant exercise price of RM1.10 into account) and will raise gross proceeds of RM11,500,000. The Warrants shall have a tenure of five (5) years from the date of issue, exercisable into equivalent number of new ordinary shares of RM1.00 each in Newco at an exercise price of RM1.10, being the issue price of new ordinary shares of Newco as set out in Section 2.2.1.3. The Warrants shall be listed on the KLSE.

The Proposed Bonds with Warrants Issue will raise total gross proceeds of RM99.0 million for Newco, the utilisation of which is set out in Section 5.

2.4.2.1. Salient Terms of the Bonds

Issuer	: Newco
Issue Size	: RM125,000,000 nominal amount of Bonds
Issue Price	: RM87,500,000 (equivalent to 70% of the nominal amount of Bonds or a discount of 30% from the Issue Size)
Form and Denomination	: The Bonds will be denominated in an amount not less than RM1,000 and in multiples of RM1,000 at the time of issuance. The Bonds shall be represented by a Global Certificate to be deposited with BNM and is exchanged for definitive bearer form only in certain limited circumstances
Tenure	: Five (5) years from the date of issue of the Bonds
Coupon Rate	: The Bonds carry a cumulative fixed rate of 4.5% per annum based on the principal amount from the date of issue and shall be payable semi-annually in arrears and calculated on the basis of the actual number of days elapsed in a year of 365 days (actual/365) with the last payment of interest to be made on maturity date of the Bonds
Rating	: Waiver on the rating of the Bonds has been obtained from the SC, vide their letter dated 15 May 2002
Purpose	: As per Section 5
Security	: The Bonds will be secured against 100% of the unlisted shares of TV3 amounting up to 291,738,629 shares, representing the entire share capital of TV3 following the Proposed TV3 Debt Settlement and after the Proposed Transfer of Listing
Redemption and Purchase	: Unless previously purchased and cancelled, all the outstanding Bonds will be fully redeemed at 100% of its nominal value in cash on the maturity date. The Bonds will not be convertible but redemption can take the form of payment for the Exercise Price of the Warrants. Newco, at any time, may purchase the Bonds. The Bonds so purchased shall be surrendered for cancellation and may not be reissued or resold
Title and Delivery	: Title to the Bonds will pass by delivery. The Bonds will be deposited with BNM in the Central Depository and will be delivered into the RENTAS system on the issue date
Covenants	: Customary covenants as conventionally provided for in connection with bonds with detachable warrants
Events of Default	: Newco's failure to satisfy any of its commitments under its undertakings and such other events of default as conventionally provided for in connection with the issuance of bonds with detachable warrants but not limited to cross default
Listing Status	: The Bonds will not be listed on any stock exchange. The Bonds will be prescribed under RENTAS which is maintained by BNM
Ranking	: The Bonds shall constitute direct, secured, unconditional and unsubordinated obligations of the Issuer and shall at all times rank pari passu without discrimination, preference or priority amongst themselves including in an event of liquidation. In the event the security is insufficient, the outstanding claim will rank pari passu with other unsecured obligations
Application towards the exercise of the Warrants	: To the extent that a Bondholder also holds the Warrants, the Bonds held by the Bondholder may be used towards payment for the Exercise Price of the Warrants
Selling Restriction	: The Bonds will not be transferable in full nor in part without the consent of the SC save and except to the financier of the Placee
Deed Poll	: The Bonds will be constituted under a deed poll, to be executed between Newco and the placee of the Bonds
Trustee	: Not applicable

2.4.2.2. Salient Terms of the Warrants

Issue Size	: 115,000,000 Warrants to subscribe for 115,000,000 new Newco ordinary shares of RM1.00 each. Each Warrant carries the right to subscribe for one (1) new ordinary share in Newco
Issue Price	: RM0.10 per Warrant
Form	: The Warrants will be immediately detached from the Bonds and separately traded upon issue
Warrants' Entitlement	: Each Warrant entitles the holder to subscribe for one (1) new ordinary share of RM1.00 each in Newco during the Exercise Period at the Exercise Price, subject to adjustments under the terms and conditions to be set out in the Deed Poll governing the Warrants
Exercise Price	: The exercise price of the Warrant is fixed at RM1.10 per Warrant
Exercise Period	: The Warrants may be exercised at any time on or before the maturity date falling five (5) years from the date of issue of the Warrants. Warrants not exercised after the Exercise Period will thereafter lapse and cease to be valid
Exercise Mode	: The holder of the Warrant who is not a Bond holder shall pay cash for the Exercise Price when subscribing for new ordinary shares in Newco. The holder of the Warrant who is also a Bond holder may choose to pay for the Exercise Price when subscribing for new ordinary shares in Newco with cash and/or the Bonds (in whichever combination) i.e., the Bond holder can tender the Bonds at book value to Newco as payment for the Exercise Price of the Warrants
Utilisation of Proceeds	: The proceeds from the exercise of the Warrants will be utilized for working capital as well as for the repurchase and cancellation of the bonds, as set out in Section 2.4.2.1. Newco will receive up to RM126.5 million in proceeds assuming full exercise of the Warrants
Adjustments of Exercise Price and Number of Warrants	: Should there be an adjustment in the Exercise Price and/or number of Warrants in the event of alteration of the share capital of Newco, the said adjustment shall be adjusted in accordance with the provisions as contained in the Deed Poll, which will be standard provisions as typically applied for alterations of share capital such as bonus issues, rights issues and capital reductions.
Participating Rights	: Notwithstanding any other provisions of the Deed Poll, the Warrant holders shall have no participating rights whatsoever in any distributions and/or offers of securities made by the listed issuer
Rights in event of liquidation	: Subject to the provisions of the Deed Poll, all Warrants which have not been exercised on commencement of liquidation of Newco shall lapse and cease to be valid for any purpose
Deed Poll	: The Warrants will be constituted by a deed poll to be executed by Newco
Listing	: The Warrants will be listed on the KLSE after the Proposed Restricted Offer for Sale of Warrants. Application will be made to the KLSE for admission to the Official List as well as the listing of and quotation for the Warrants and the new ordinary shares arising from the exercise of the Warrants
Status of new Newco ordinary shares	: The new Newco ordinary shares to be issued pursuant to the exercise of the Warrants shall upon allotment and issue, rank pari passu in all respects with the existing shares in Newco in issue except that they will not be entitled to any dividends which may be declared or paid in respect of any financial year immediately preceding the date of allotment and issue of the new shares

2.4.2.3. Information on the Placee

Gabungan Kesturi Sdn Bhd, the Placee for the Proposed Bonds with Warrants Issue, was incorporated on 8 November 2001. Currently, it has an authorised share capital of RM100,000 comprising 100,000 ordinary shares of RM1.00 each, of which two (2) shares have been issued and fully paid-up. The shareholders of the Placee are Jeneral (B) Tan Sri Dato' Mohd Ghazali bin Hj. Che Mat and Dato' Che Lodin bin Wok Kamaruddin, holding one (1) share each, who are also the only directors of the Placee. Jeneral (B) Tan Sri Dato' Mohd Ghazali bin Hj. Che Mat is currently the Chairman and Director of NSTP. As announced on 21 January 2002, the Placee had, on 4 January 2002, executed a letter of intent in relation to the subscription of the Proposed Bonds with Warrants Issue.

2.5. PROPOSED DEMERGER

As a final step to rationalise and separate MRCB's media businesses (i.e. NSTP and TV3) from its existing non-media businesses, MRCB will demerge Newco from the MRCB Group by undertaking a capital repayment exercise pursuant to Section 64 of the Act, details of which are set out below.

Following the Proposed Acquisition of Newco and assuming that 70,000,000 new ordinary shares of MRCB are issued pursuant to the Proposed Private Placement and/or exercise of ESOS options (for illustrative purposes only), MRCB's enlarged share capital will be RM1,224.4 million comprising 1,224,418,760 ordinary shares of RM1.00 each. Pursuant to Section 64 of the Act, it is proposed that the amount paid-up on every MRCB Specified Share of RM1.00 each will be reduced by RM0.33% to RM0.66% each. Based on the above enlarged share capital, the issued and paid-up share capital of MRCB after the capital repayment exercise will be RM816.3 million comprising 1,224,418,760 ordinary shares of RM0.66% each. The amount cancelled from the share capital of MRCB would be RM408,139,586.

Following the proposed capital reduction pursuant to the Proposed Demerger, the 1,224,418,760 MRCB ordinary shares of RM0.66% each is proposed to be consolidated, pursuant to Section 62 of the Act, on the basis of three (3) ordinary shares of RM0.66% each into one (1) ordinary share of RM2.00 each, which will in turn be divided into two (2) ordinary shares of RM1.00 each. Upon completion of the capital consolidation and division, the issued and paid-up share capital of MRCB will be RM816.3 million comprising 816,279,174 ordinary shares of RM1.00 each.

Pursuant to the Proposed Demerger, the ordinary shares in Newco held by MRCB will be distributed in specie to the relevant holders of the MRCB Specified Shares in the following ratio:

For every three (3) MRCB Specified Shares held before the proposed capital reduction	1.3 Newco shares
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Based on the proforma enlarged share capital of MRCB of RM1,224,418,760 and the demerger ratio above, 530,581,463 Newco shares will be demerged while 11,918,241 Newco ordinary shares will continue to be held by MRCB.

Based on the proforma consolidated balance sheet of MRCB as at 31 August 2002, the abovementioned demerger of Newco from MRCB will result in a reduction in net assets of RM708.4 million, represented by the book value of Newco in MRCB Group's proforma consolidated balance sheet (RM721.5 million) less the value of Newco shares which MRCB continues to hold (RM13.1 million), effected through the cancellation of RM408,139,586 (as stated above) of the share capital account of MRCB, representing 1/3 of its share capital as well as a reduction in its share premium account of RM300.3 million.

Based on the audited results for the financial year ended 31 August 2002, the share premium account of MRCB amounted to RM1,008.5 million. Based on the proforma consolidated balance sheet of MRCB as at 31 August 2002, the remaining balance of the share premium account of RM708.2 million after the demerger of Newco from MRCB and the additional premium arising from the issue of new MRCB shares pursuant to the Proposed Acquisition of Newco (RM80.0 million, arising from the issuance of 177,869,261 new ordinary shares of MRCB at an issue price of RM1.45) as well as the Proposed Private Placement and/or exercise of ESOS options (approximately RM4.7 million assuming that 70,000,000 new ordinary shares of MRCB are issued), which in total will give rise to a balance share premium account of approximately RM792.9 million, is proposed to be cancelled and set off against the accumulated losses.

The accumulated losses of MRCB of RM1,416.2 million (based on the audited results for the financial year ended 31 August 2002) is expected to reduce on a proforma basis to approximately RM272.7 million after accounting for the profit and loss impact arising from the completion of the RHB Disposal (RM330.8 million gain in disposal) and estimated expenses of the Corporate Proposals (RM5.0 million), as well as the abovementioned set off from the share premium account of (RM792.9 million) and Newco related reserves movement on demerger (RM24.8 million).

2.5.1. Fractional Entitlement pursuant to the Proposed Demerger

Any fractional entitlement as a result of Proposed Demerger shall not be allocated to the relevant shareholders but will be dealt with by the directors of MRCB in such manner as they may in their discretion deem fit.

2.5.2. Fractional Entitlement of Newco shares

Fractions of a Newco share will not be distributed to the relevant holders of MRCB Specified Shares but will be dealt with by the directors of MRCB in such manner as they may in their discretion deem fit.

2.6. PROPOSED TRANSFER OF LISTING

Upon completion of the Proposed TV3 Scheme of Arrangement, Proposed Transfer of NSTP, Proposed Fund Raising, MRCB Debt Settlement and Proposed Demerger, it is proposed that the listing status of TV3 on the Main Board of the KLSE be transferred to Newco. Hence, TV3 will be delisted from the Official List of the Main Board of the KLSE and Newco will apply to the KLSE for the admission to the Official List in place of TV3 and the listing and quotation of the entire and paid-up share capital of Newco on the Main Board of the KLSE.

Pursuant to Paragraph 10.10(b)(ii) of the SC's Policies and Guidelines on Issue/Offer of Securities and Paragraph 3.05 of the KLSE Listing Requirements, Newco is required to have at least 25% of its issued and paid-up share capital in the hands of a minimum of 1,250 public shareholders holding not less than 1,000 shares each. The said public spread requirement is expected to be met upon the Proposed Demerger.

2.7. PROPOSED REALMILD PUT AND CALL OPTIONS

Realmild is presently the single largest shareholder of MRCB, and thereafter Newco subsequent to the Proposed Demerger, holding 106,104,768 ordinary shares in Newco, representing 19.6% equity interest in Newco. Realmild proposes to enter into put and call option agreements with the Option Creditors (expected implementation in the 2nd quarter of 2003 subject to acceptance(s) from the Option Creditors) in respect of up to 63,411,575 Option Shares (representing 11.7% of the share capital of Newco after the Proposed Demerger), the exact number of which will be determined following the final proof of debt exercise of TV3 which is expected to be completed by March 2003.

The Option Creditors will have the option to accept the Proposed Realmild Put and Call Options extended by Realmild on the following terms.

Pursuant to the Proposed Realmild Put and Call Options:-

- (a) Realmild shall grant the Option Creditors a put option exercisable on a staggered basis in four (4) equal tranches of Option Shares per tranche over a period of two (2) years from the date of issue of the Option Shares at the option of the Option Creditors to dispose to Realmild the Option Shares upon completion of the Corporate Proposals at the put exercise price of RM1.12 per Option Share as proposed by Realmild (representing a premium of RM0.02 or 1.8% over the issue price of the Newco share); and
- (b) the Option Creditors shall grant to Realmild a call option exercisable on a staggered basis in four (4) equal tranches of Option Shares per tranche over a period of two (2) years from the date of issue of the Option Shares at the option of Realmild to acquire the Option Shares upon completion of the Corporate Proposals at the call exercise price of RM1.12 and holding cost at the interest rate of 6.0% per annum per Option Share as proposed by Realmild (representing a premium of RM0.02 or 1.8% over the issue price of the Newco share).

The put and call exercise price of RM1.12 per Option Share was proposed by Realmild after taking into consideration the issue price of the Newco ordinary shares of RM1.10 each.

2.7.1. Salient Features of the Realmild Put Option

Writer / Grantor	: Realmild
Beneficiary	: Option Creditors
Tenure	: Two (2) years from the date of issue of the Option Shares
Exercise Rights	: The put option can be exercised <i>at the end</i> of every 6 months in respect of up to 25% of the Option Shares. However, the exercise rights are not cumulative i.e., any unexercised portion may not be carried forward to the remaining periods
Put Exercise Price	: RM1.12 per Newco ordinary share
Put Option Exercise Notice	: The Option Creditors must give not less than 14 days' prior notice of exercise of the put option
Other Terms	: 1. The Option Shares will be deposited with an authorised nominee company, appointed upon actual exercise of the put or call option. 2. Option Creditors who choose to accept the option must do so in respect of not less than 50% of their Option Shares

2.7.2. Salient Features of the Realmild Call Option

Writer / Grantor	: Option Creditors
Beneficiary	: Realmild
Tenure	: Two (2) years from the date of issue of the Option Shares
Exercise Rights	: The call option may be exercised anytime over its tenure. Up to 100% of the call option can be exercised in the first 6 months, reducing by 25% of the Option Shares every 6 months. The call option is exercisable at any time within each 6-month period
Call Exercise Price	: RM1.12 per Newco ordinary shares and holding cost at the interest rate of 6.0% per annum
Other Terms	: If Newco shares trade for 14 consecutive Business Days at 25% above the Call Exercise Price and the call option remains unexercised, Realmild's unexercised call rights for the relevant 6-month period will lapse. The Option Creditors will then be free to dispose of a maximum of 25% of the Option Shares in that particular period

Assuming the exercise of call options for the entire 63,411,575 Option Shares by Realmild pursuant to the Proposed Realmild Put and Call Options, Realmild's shareholding in Newco after the Proposed Demerger is expected to increase from 19.6% to 31.2%. Please refer to **Section 6.2** for details of the proforma effects of the Proposed Realmild Put and Call Options on the shareholding structure of Newco.

2.8. PROPOSED ROS

2.8.1. Newco ICULS and Warrants to TV3 Minority

MRCB will hold RM180,000,000 nominal amount of Newco ICULS pursuant to the Proposed Transfer of NSTP and the Placee will hold 115,000,000 detachable Warrants pursuant to the Proposed Bonds with Warrants Issue. It is proposed that MRCB and the Placee jointly undertake a restricted offer for sale of RM10,250,277 nominal amount of ICULS and 10,250,277 Warrants respectively to TV3 Minority on the basis of RM1.00 nominal amount of ICULS and one (1) Warrant for every one (1) ordinary share held in Newco after the Proposed Demerger at an offer price not less than the intended issue prices for the ICULS (RM1.00) and Warrants (RM0.10) respectively, to be determined after the Proposed Demerger. An additional of RM4,750,000 ICULS and 4,750,000 Warrants will be made available by the respective parties for excess applications to minimise the incident of odd-lots for the TV3 Minority. The Proposed ROS of Newco ICULS and Warrants to TV3 Minority is on a renounceable basis but will not be underwritten.

2.8.2. Newco ICULS to other shareholders of Newco

MRCB will also undertake a restricted offer for sale of RM137,964,928 nominal amount of Newco ICULS to other shareholders of Newco after the Proposed Demerger except TV3 Minority (who would have been offered the ICULS pursuant to the Proposed ROS of Newco ICULS and Warrants to TV3 Minority) and Realmild on the basis of RM1.00 nominal amount of ICULS for every three (3) ordinary shares of Newco held after the Proposed Demerger at the same offer price as the offer price as determined under Section 2.8.1. The Proposed ROS of Newco ICULS to other shareholders of Newco after the Proposed Demerger (except TV3 Minority and Realmild) is on a renounceable basis but will not be underwritten. There will be no undertaking to accept the ROS in relation to the Proposed ROS.

2.8.3. Utilisation of Proceeds from the Proposed ROS

Assuming full acceptance for the Newco ICULS and Warrants, MRCB and Placee will have residual holdings of 31,674,250 Newco ICULS and 104,749,723 Warrants respectively (without taking into account the additional RM4,750,000 ICULS and 4,750,000 Warrants for excess applications to minimise the incident of odd-lots for TV3 Minority). All Newco ICULS and Warrants not accepted will be retained by MRCB and the Placee respectively.

The proceeds from the Proposed ROS of the Newco ICULS will be utilised for MRCB Group's working capital and/or for the repayment of borrowings. The allocation between working capital and repayment has not yet determined. The proceeds from the ROS of the Warrants will be retained by the Placee.

Any remaining Newco ICULS after the Proposed ROS will be dealt with at MRCB's discretion. Any remaining Warrants will be retained and dealt with by the Placee at its discretion.

2.9. PROPOSED EXEMPTION FROM MANDATORY OFFER

Upon completion of the Proposed Transfer of NSTP, Newco will own 94,035,540 ordinary shares of RM1.00 each in NSTP. Pursuant to the Code, Newco is obliged to extend a mandatory offer ("MO") to the rest of the shareholders of NSTP to acquire the remaining ordinary shares in NSTP not owned by Newco following the Proposed Transfer of NSTP which amounts to 122,123,964, representing 56.5% of the issued and paid-up share capital of NSTP as at 31 December 2002, at the same price of RM4.25 per share.

In view of the above, Newco has on 14 February 2002 applied to the SC for a waiver from having to undertake an MO pursuant to Practice Note 2.9.7 of the Code. Approval for the waiver was obtained from the SC on 14 October 2002. No specific conditions were imposed by SC in respect of the Proposed Exemption from Mandatory Offer. The conditions imposed by the SC are set out in Section 3.1.

Pursuant to the ongoing employees' share option scheme of NSTP, as at 31 December 2002, the number of options granted but unexercised are 1,009,000 with exercise price of RM2.88 and 374,000 with exercise price of RM6.95.

2.10. SUMMARY OF THE CORPORATE PROPOSALS

In summary, for illustrative purposes, the Corporate Proposals will result in the following:-

2.10.1. MRCB Shareholders

For every 3,000 ordinary shares of MRCB held by MRCB shareholders (including Realmild) before the Corporate Proposals, they will receive 2,000 ordinary shares of MRCB and 1,300 ordinary shares of Newco and be entitled to subscribe for RM433 nominal amount of Newco ICULS (pursuant to the Proposed ROS of Newco ICULS to shareholders of Newco after the Proposed Demerger) pursuant to the Corporate Proposals.

2.10.2. TV3 Minority

For every 10,000 ordinary shares of TV3 held by TV3 Minority before the Corporate Proposals they will be subjected to a capital reduction of 6,000 ordinary shares and will receive 1,839 ordinary shares of MRCB and 1,195 ordinary shares of Newco and be entitled to subscribe for RM1,195 nominal amount of ICULS and 1,195 Warrants (pursuant to the Proposed ROS of Newco ICULS and Warrants to TV3 Minority) pursuant to the Corporate Proposals.

2.10.3. TV3 Scheme Creditors

For every RM10.0 million debt owing to a TV3 Scheme Creditor remaining after the first RM50,000 cash payment, the creditor will be subjected to a debt waiver of RM3.0 million, receive approximately RM2.1 million in cash, approximately RM1.4 million nominal amount of RULS and approximately 1.6 million ordinary shares of MRCB and 1.0 million ordinary shares of Newco and be entitled to subscribe for RM1.0 million nominal amount of ICULS (pursuant to the Proposed ROS of Newco ICULS to shareholders of Newco after the Proposed Demerger) pursuant to the Corporate Proposals.

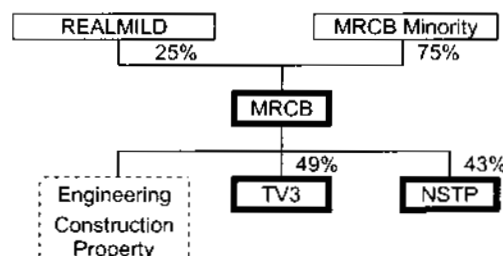
2.10.4. Other Parties

The Placee will receive 125,000,000 nominal amount of Bonds and 115,000,000 detachable Warrants, of which up to 10,250,277 will be offered to the TV3 Minority pursuant to the Proposed ROS of Newco Warrants to the TV3 Minority.

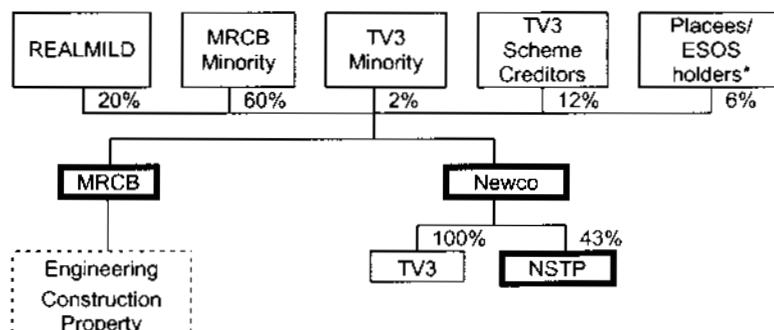
2.10.5. Changes to the Corporate Structure

The corporate structures before and after the Corporate Proposals are set out below.

CORPORATE STRUCTURE BEFORE CORPORATE PROPOSALS

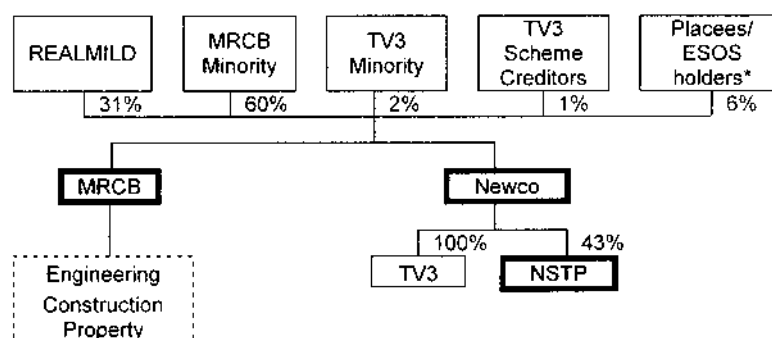


CORPORATE STRUCTURE AFTER CORPORATE PROPOSALS (Before conversion of ICULS and exercise of Warrants)



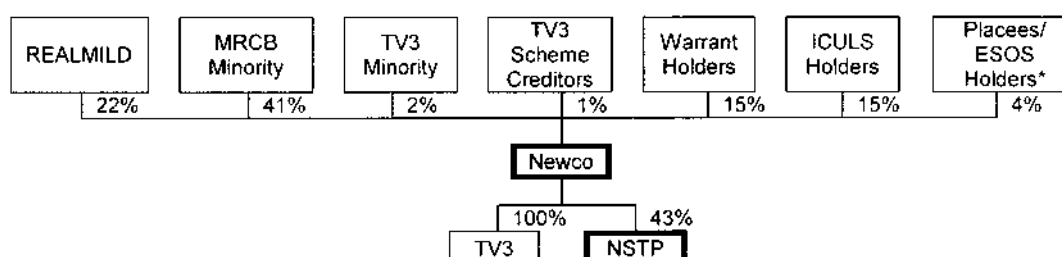
CORPORATE STRUCTURE AFTER CORPORATE PROPOSALS**

(Before conversion of ICULS and exercise of Warrants)



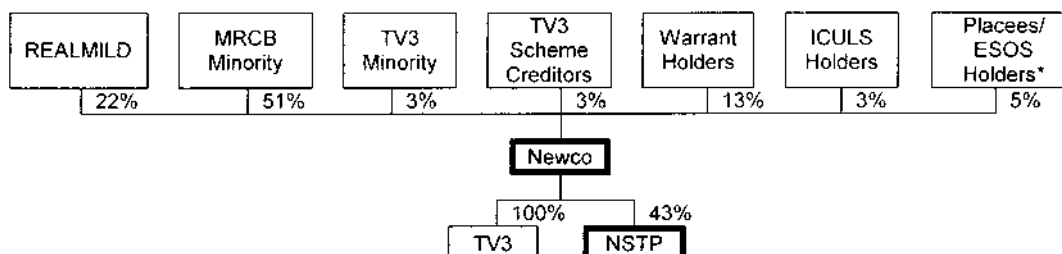
CORPORATE STRUCTURE AFTER CORPORATE PROPOSALS**

(After conversion of ICULS and exercise of Warrants, assuming no acceptance of the ICULS and Warrants pursuant to the Proposed ROS)



CORPORATE STRUCTURE AFTER CORPORATE PROPOSALS**

(After conversion of ICULS and exercise of Warrants, assuming full acceptance of the ICULS and Warrants pursuant to the Proposed ROS)



* for illustration purposes only, assuming 70,000,000 ordinary shares of MRCB issued pursuant to the Proposed Private Placement/ESOS

** assuming full exercise of put and call options of up to 63,411,575 Option Shares pursuant to the Proposed Realmild Put and Call Option

 Listed Companies

2.11. OTHER INFORMATION

2.11.1. Previous revisions to the Corporate Proposals

On 21 January 2002, MRCB and TV3 announced revisions to the purchase consideration for the Proposed Transfer of NSTP from RM3.60 per ordinary share of NSTP to RM3.80 per ordinary share of NSTP. Further, the basis and number of ICULS to be offered pursuant to the Proposed ROS of ICULS to shareholders of Newco were also revised, from a basis of RM1.00 nominal amount of ICULS for every five (5) ordinary shares of Newco held after the Proposed Demerger (a total of RM99.6 million nominal amount of ICULS) to a basis of RM1.00 nominal amount of ICULS for every three (3) ordinary shares of Newco held after the Proposed Demerger (a total of RM127.9 million nominal amount of ICULS). As announced, the aforesaid revisions were made in order to maintain the same proportion of settlement and the basis for the distribution-in-specie (which had been announced on 8 October 2001), due to the corresponding impact on the number of TV3 shares arising from the Proposed Debt-Equity Swap following adjustments (as set out below) to TV3's indebtedness in respect of the Proposed TV3 Debt Settlement.

The amount of indebtedness of TV3 owing to the TV3 Scheme Creditors (based on audited accounts as at 31 August 2000) was reduced from RM714.4 million (which was announced on 8 October 2001) to RM644.9 million (based on the information available to TV3 as at the date of the submission to the SC on 22 January 2002), owing to an adjustment of RM69.5 million, which was made due to the following reasons:

- (a) RM9.6 million debts have been reclassified and therefore no longer represent debts owed by TV3 for the purpose of the Proposed TV3 Debt Settlement;
- (b) a reconciliation of RM3.4 million total debt outstanding with the proof of debt exercise undertaken by TV3 in May 2001; and
- (c) RM56.5 million representing payments to essential creditors to ensure that TV3 can continue its broadcasting operation which constitutes its core business. The payments were made via internally generated funds.

However, the amount of indebtedness of TV3 as stated above may differ following the ongoing proof of debt exercise being carried out, which is expected to be completed by March 2003.

On 16 August 2002, MRCB and TV3 announced revisions to the terms to the MRCB Debt Settlement (from a settlement of outstanding debts of RM567.0 million to RM465.0 million, to be satisfied fully in cash instead of via cash and private debt securities) and the transfer consideration for the Proposed Transfer of NSTP from RM3.80 per ordinary share of NSTP to RM4.25 per ordinary share of NSTP. The revisions were made as a result of changes resulting from negotiations with MRCB Lenders and to facilitate other proposals which have been announced by MRCB pending implementation, such as the ESOS and the Proposed Private Placement. Further developments relating to the MRCB Debt Settlement is set out in Section 2.11.2.

2.11.2. Developments

As announced on 8 October 2001, the Corporate Proposals included the Proposed Transfer of IT Companies as well as the MRCB Debt Settlement. Following the developments as set out below, the Proposed Transfer of IT Companies no longer forms part of the Corporate Proposals while the Proposed MRCB Debt Settlement has been completed.

On 26 November 2002, MRCB and TV3 announced that the Proposed Transfer of IT Companies has been removed from the Corporate Proposals. The factors which were taken into consideration in deciding not to proceed with the Proposed Transfer of IT Companies include the non-fulfilment of conditions precedent and requirements for the Proposed Transfer of IT Companies, including inter-alia contractual and minority shareholders' approvals, which were not expected to be fulfilled in the immediate future; the Proposed Transfer of IT Companies not being inter-conditional upon the rest of the proposals within the Corporate Proposals. The IT Companies represented an immaterial part of the net tangible assets of MRCB as well as the enlarged Newco post restructuring.

On 31 December 2002, MRCB announced that the RHB Disposal has been completed. Further to that, the MRCB Debt Settlement (which was not conditional upon the Corporate Proposals) for the settlement of outstanding debt of RM465 million owing to MRCB Lenders was completed, with the MRCB Lenders having been fully repaid via proceeds from the RHB Disposal (RM454 million) and internally generated funds (RM11 million). The MRCB Lenders were secured by way of a pledge/charge over ordinary shares in RHB (105,127,000 ordinary shares), NSTP (94,035,540 ordinary shares) and TV3 (84,570,500 ordinary shares) ("Charge") which has been released. The interest savings as a result from the completion of the MRCB Debt Settlement is expected to be approximately RM29 million per annum.

2.11.3. Adjustments

The Corporate Proposals as detailed above has been formulated based on the indebtedness of TV3 owing to the TV3 Scheme Creditors of RM644.9 million. As such, for implementation and settlement purposes, should the amount of indebtedness of TV3 pursuant to the proof of debt exercise be higher/lower than RM644.9 million the value of the instruments or securities to be issued pursuant to the Corporate Proposals may correspondingly be higher/lower than that which is detailed above. However the settlement ratio for every RM1.00 debt owed as set out in Section 2.1.2 remains unchanged. The Proposed TV3 Debt Settlement will be implemented after final verification via the aforementioned proof of debt exercise.

Should the amount of indebtedness of TV3 owing to the TV3 Scheme Creditors after the proof of debt exercise be higher from the aforementioned RM644.9 million, the settlement of the differential amount shall be dealt with by the Board of Directors of TV3 as they may deem fit and in the interest of all parties, which will be decided only in the event the aforementioned happens. In this regard, the Board of Directors of TV3 is of the opinion that such indebtedness amount pursuant to the proof of debt exercise is not expected to differ significantly, if any at all, from the said RM644.9 million.

3. CONDITIONS AND INTER-CONDITIONALITY

3.1. Conditions

The Corporate Proposals are subject to the approvals/ sanctions as the case may be of the following:-

- (i) the SC, which was obtained on 14 October 2002, subject to the following conditions for the following disclosures to be made in this Circular:-
 - (a) By MRCB:-
 - rationale of the proposed restructuring scheme of MRCB, including the Proposed Transfer of NSTP as well as the implication of the proposal towards the shareholding structure of MRCB (as set out in Section 4);
 - details about the outstanding debt of RM1,263.6 million that is not within the proposed debt restructuring of MRCB and the ways in which MRCB proposes to manage the said debts (as set out in Section 8.1.3);
 - details of the profit forecast of MRCB Group and comments on the financial forecast and projection of the MRCB Group (as set out in Section 8.1.3);
 - information on how the cashflow forecast and projection of MRCB Group will be achieved (as set out in Section 8.1.3); and
 - outlook of the MRCB Group including its core businesses (as set out in Section 8.1).
 - (b) By Newco/TV3:-
 - rationale of the proposed restructuring scheme of TV3 as well as the implication of the proposal towards the shareholding structure of MRCB (as set out in Section 4);
 - rationale of the proposed acquisition of NSTP by Newco as well as the implication of the proposal (as set out in Section 4);
 - details of the profit forecast as well as debt status of NSTP. In connection with this, Newco is required to also comment on the financial forecast and projection of NSTP, including the ability of NSTP to fulfil its financing requirements (as set out in Section 8.2.3); and
 - outlook of TV3 and NSTP, including their respective core businesses (as set out in Section 8.2).
- (ii) the FIC, which was obtained on 16 July 2002 and 21 November 2002 for the revisions to the Corporate Proposals which were announced on 16 August 2002. No conditions were imposed by the FIC in respect of the Corporate Proposals;
- (iii) the KLSE for:-
 - the listing of and quotation for up to 177,869,261 new ordinary shares of MRCB pursuant to the Proposed Acquisition of Newco and up to 542,499,703 new ordinary shares of Newco (pursuant to the Proposed Demerger), the exact number of which can only be determined after the Proposed Demerger;
 - admission to the official list and listing of and quotation for:-
 - up to 542,499,703 new ordinary shares of Newco, the exact number of which can only be determined after the Proposed Demerger;
 - 180,000,000 nominal amount of Newco ICULS; and
 - 115,000,000 nominal amount of Newco Warrants;
 - the listing and quotation of:-
 - 120,000,000 new ordinary shares in Newco arising from the conversion of the Newco ICULS; and
 - 115,000,000 new ordinary shares in Newco arising from the exercise of the Newco Warrants;

- (iv) the TV3 Scheme Creditors for the Proposed TV3 Scheme of Arrangement, which was obtained on 28 February 2002;
- (v) the shareholders of TV3 for the Proposed TV3 Scheme of Arrangement, Proposed Demerger and Proposed Transfer of Listing;
- (vi) the shareholders of MRCB for the Proposed TV3 Scheme of Arrangement Proposed Acquisition of Newco, Proposed Transfer of NSTP, Proposed Restricted Issue, Proposed Demerger, Proposed ROS of Newco ICULS; and
- (vii) the High Court for the Proposed TV3 Scheme of Arrangement and the Proposed Demerger.

3.2. Inter-conditionality

All the proposals under the Corporate Proposals are inter-conditional upon each other save for the following:

- (i) the Proposed TV3 Scheme of Arrangement, the Proposed Transfer of NSTP and the Proposed Fund Raising are not conditional upon the approval of the High Court pursuant to Section 64 of the Act in respect of the Proposed Demerger but the approval of the High Court pursuant to Section 64 of the Act in respect of the Proposed Demerger is conditional upon the Proposed TV3 Scheme of Arrangement, the Proposed Transfer of NSTP and the Proposed Fund Raising. However, the Proposed TV3 Scheme of Arrangement, the Proposed Transfer of NSTP and the Proposed Fund Raising are conditional upon the other conditions of the Proposed Demerger;
- (ii) the Corporate Proposals (excluding the Proposed Realmild Put and Call Options) are not conditional upon the Proposed Realmild Put and Call Options but the Proposed Realmild Put and Call Options is conditional upon the Corporate Proposals (excluding the Proposed Realmild Put and Call Options); and
- (iii) the Corporate Proposals (excluding the Proposed ROS) are not conditional upon the Proposed ROS but the Proposed ROS is conditional upon the Corporate Proposals (excluding the Proposed ROS).

Given that the Proposed TV3 Scheme of Arrangement is a pre-requisite to the Proposed Demerger, in the event that the Proposed TV3 Scheme of Arrangement becomes effective *but* the Proposed Demerger is not approved by the High Court, all former shareholders of TV3 (including TV3 Scheme Creditors) will continue to hold MRCB ordinary shares by virtue of the Proposed Acquisition of Newco. Since Newco remains a wholly-owned subsidiary of MRCB, the Proposed Transfer of Listing and the Proposed ROS could not be implemented. The Proposed Realmild Put and Call Options would be of no effect because MRCB will continue to hold all issued Newco Shares. Furthermore, TV3 will not meet the public spread requirement pursuant to Paragraph 10.10(b)(ii) of the SC's Policies and Guidelines on Issue/Offer of Securities and Paragraph 3.05 of the KLSE Listing Requirements and the Proposed Transfer of Listing cannot be implemented, TV3 would be de-listed pursuant to Paragraph 16.09 of the KLSE Listing Requirements.

4. RATIONALE FOR THE CORPORATE PROPOSALS

The Corporate Proposals put forward steps to resolve the weak financial position of MRCB's key associate, TV3, and involves the corporate and debt restructurings at both MRCB and TV3.

Clear repayment sources are identified for the settlement of TV3's Scheme Creditors under the Corporate Proposals while MRCB has substantially addressed its corporate debt through the RHB Disposal, leaving mainly projects related debt at operating subsidiary levels, which are expected to be self sustainable. MRCB will also rationalize and streamline its diversified group activities in the process.

As the controlling shareholder of TV3, MRCB currently holds 49.7% or 84.6 million of TV3 shares. As TV3 is presently an affected listed issuer pursuant to PN4 of the Listing Requirements of the KLSE and is under the impending threat of de-listing as well as liquidation if its weak financial position and heavy debt burden are not addressed. In a liquidation scenario, no recovery is expected for its shareholders including MRCB due to its existing high gearing.

Pursuant to the Corporate Proposals, the Proposed TV3 Scheme of Arrangement which will involve inter-alia the restructuring of up to RM644.9 million of TV3's debt, is expected to substantially reduce and alleviate TV3's heavy debt burden and return it to a positive net tangible assets position. Focusing on its core business, TV3 is expected to be profitable going forward. The Proposed Fund Raising is necessary to facilitate the Proposed TV3 Debt Settlement.

Following the Proposed TV3 Scheme of Arrangement (after which Newco, wholly owned by MRCB, emerges as the sole shareholder of TV3) and following the Proposed Transfer of NSTP involving the injection of MRCB's 43.5% interest in NSTP into Newco, Newco will be transformed into a fully integrated media company, comprising both print and broadcast media.

The Proposed Transfer of NSTP is integral to Newco's strategy as an integrated media company to exploit cross synergies between the print and broadcast mediums. Notwithstanding the said transfer, the substantial shareholders and shareholding structure of Newco and MRCB are effectively the same. Given this circumstance, MRCB has sought and obtained SC's approval for the Proposed Exemption from Mandatory Offer in respect of the injection of NSTP into Newco.

The Corporate Proposals will culminate in the aforesaid Newco shares being distributed to MRCB's shareholders via the Proposed Demerger, enabling MRCB shareholders to gain direct shareholdings in Newco as well. The Proposed ROS gives shareholders the option to increase their participation in Newco via subscription for its ICULS and Warrants, as well as creates the necessary shareholder and public spread to facilitate the listing of the said securities.

Upon the demerger, MRCB will be involved in the complementary businesses of engineering, construction and property, while Newco will take over the listing status of TV3 and be focused mainly on the media businesses.

The management teams of MRCB and Newco would be able to concentrate their respective efforts on more focused, complementary and synergistic businesses. Clarity of investment is also provided to shareholders, investors and the markets, which is expected to remove the conglomerate discount normally associated with companies which hold disparate investments.

The existing TV3 shareholders (other than MRCB) and the TV3 Scheme Creditors will together be issued approximately 14.5% of the share capital of MRCB (assuming 70 million new MRCB shares are also issued pursuant to the Proposed Private Placement and exercise of ESOS options). The dilution to existing MRCB shareholders of the share capital of MRCB is in return for a share of TV3's future earnings stream post restructuring as well as the opportunity to directly hold shares in two listed companies as explained above.

5. UTILISATION OF PROCEEDS

The Proposed Restricted Issue will raise proceeds of RM85,030,000 and the Proposed Bonds with Warrants Issue will raise proceeds of RM99,000,000 thus, raising total proceeds of RM184,030,000 for Newco group. The proceeds will be utilised as follows:-

	<u>RM'000</u>	<u>RM'000</u>
Proceeds		
1. Proposed Bonds with Warrants Issue	99,000	
2. Proposed Restricted Issue	85,030	
Utilisation		
1. Repayment to TV3 Scheme Creditors		**140,215
2. Estimated expenses of the Corporate Proposals for Newco and TV3		5,000
3. Working Capital for Newco and TV3		38,815
	<u>184,030</u>	<u>184,030</u>

* The entire proceeds from the Proposed Bonds with Warrants Issue will be used for the repayment to TV3 Scheme Creditors

** Payment of first RM50,000 totalling RM6.0 million and Proposed Cash Settlement totalling RM134.2 million

In the event that the Proposed Demerger is not approved by the Court, MRCB does not expect any change in the utilisation of proceeds.

6. EFFECTS OF THE CORPORATE PROPOSALS

6.1. SHARE CAPITAL

The effects of the Corporate Proposals on the share capital of MRCB are as follows:-

	<u>No. of Shares</u>
As at 31 August 2002	976,549,499
Proposed Private Placement*	60,000,000
ESOS*	36,520,000
Proposed Acquisition of Newco by MRCB	<u>177,869,261</u>
	1,250,938,760
Proposed Demerger	<u>(416,979,586)</u>
	<u>833,959,174</u>

* For illustrative purposes only, assuming a maximum of 60,000,000 ordinary MRCB shares issued pursuant to the Proposed Private Placement and exercise of ESOS 36,520,000 options undertaken prior to the Proposed Acquisition of Newco. The maximum number of MRCB shares that can be issued pursuant to the Proposed Private Placement is 97,654,949 MRCB ordinary shares. Currently, the number of options granted but unexercised is 36,520,000. The Directors of MRCB will not grant any further ESOS options prior to the Proposed Demerger, hence the maximum number of ESOS options that could be exercised would be 36,520,000. Further, the Directors of MRCB have undertaken not to issue more than 60,000,000 ordinary MRCB shares (should the Proposed Private Placement be implemented prior to the Proposed Demerger) notwithstanding SC's approval for up to 97,654,949 ordinary MRCB shares pursuant to the Proposed Private Placement.

However, in the event that no MRCB shares have been issued pursuant to the Proposed Private Placement/ESOS by the time the Corporate Proposals are implemented, effects of the same on the share capital of MRCB are as follows:-

	No. of Shares
As at 31 August 2002	976,549,499
Proposed Acquisition of Newco by MRCB	177,869,261
	<u>1,154,418,760</u>
Proposed Demerger	(384,806,253)
	<u>769,612,507</u>
Proposed Private Placement*	97,654,949
ESOS*	97,654,949
	<u>964,922,405</u>

* for illustrative purposes only, assuming private placement and exercise of ESOS options of a maximum of 97,654,949 ordinary shares

The effects of the Corporate Proposals on the share capital of Newco are as follows:-

	No. of Shares
As at 31 August 2002	300,000
Proposed Acquisition of TV3	265,216,935
Proposed Transfer of NSTP	199,682,768
Proposed Restricted Issue	77,300,000
	<u>542,499,703</u>
Exercise of Warrants	115,000,000
Conversion of ICULS	120,000,000
	<u>777,499,703</u>

The effects of the Corporate Proposals on the share capital of TV3 are as follows:-

	No. of Shares
As at 31 August 2002	170,318,012
Proposed TV3 Capital Reconstruction	(102,190,808)
	<u>68,127,204</u>
Proposed TV3 Debt Settlement	223,611,425
	<u>291,738,629</u>

6.2.

SHAREHOLDING STRUCTURE

The proforma effects of the Corporate Proposals on the shareholding structure of MRCB are as follows:-

	As at 31 December 2002				(i) After Proposed Private Placement/ESOS				(ii) After (i) Proposed Acquisition of Newco			
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
Real mild	244,857,156	25.1	-	-	244,857,156	23.4	-	-	244,857,156	20.0	-	-
DSSAJ*	-	-	244,857,156	25.1	-	-	244,857,156	23.4	-	-	244,857,156	20.0
EPF	120,816,333	12.3	-	-	120,816,333	11.5	-	-	127,417,712	10.4	-	-
MRCB Minority**	610,876,010	62.6	-	-	610,876,010	58.4	-	-	610,876,010	49.9	-	-
TV3 Scheme Creditors	-	-	-	-	-	-	-	-	154,214,775	12.6	-	-
TV3 Minority**	-	-	-	-	-	-	-	-	17,053,107	1.4	-	-
Placees/ESOS Holders***	-	-	-	-	70,000,000	6.7	-	-	70,000,000	5.7	-	-
TOTAL	976,549,499	100.0	-	-	1,046,549,499	100.0	-	-	1,224,418,760	100.0	-	-

	After (ii) and after Proposed Demerger			
	Direct		Indirect	
	No.	%	No.	%
Real mild	163,238,104	20.0	-	-
DSSAJ*	-	-	163,238,104	20.0
EPF	84,945,142	10.4	-	-
MRCB Minority**	407,250,573	49.9	-	-
TV3 Scheme Creditors	102,809,850	12.6	-	-
TV3 Minority**	11,368,738	1.4	-	-
Placees/ESOS Holders	46,666,667	5.7	-	-
TOTAL	816,279,174	100.0	-	-

* By virtue of his direct major shareholding in Realmild (7,101,001 ordinary shares, representing 99.9% equity interest)

** Excluding EPF

*** for illustrative purposes only, assuming private placement/exercise of ESOS options of 70,000,000 shares, undertaken prior to the Proposed Acquisition of Newco

Note1: Save as disclosed above, none of the other stages of the Corporate Proposals has any effect on the shareholding structure of MRCB

Note2: None of the shareholders grouped under MRCB Minority, TV3 Scheme Creditors, Placees/ESOS holders above will individually hold more than 5% of the issue and paid-up share capital of MRCB after the Proposed Demerger

The proforma effects of the Corporate Proposals on the shareholding structure of Newco are as follows:-

	(I) As at 31 December 2002				(II) After Proposed Acquisition of TV3				(III) After (I) and after Proposed Acquisition of Newco			
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
MRCB	300,000	100.0	-	-	31,052,909	11.7	-	-	265,516,935	100.0	-	-
Realmlid*	-	-	300,000	100.0	-	-	31,052,909	11.7	-	-	265,516,935	100.0
DSSAJ**	-	-	300,000	100.0	-	-	31,052,909	11.7	-	-	265,516,935	100.0
EPF	-	-	-	-	8,701,818	3.3	-	-	-	-	-	-
MRCB Minority***	-	-	-	-	-	-	-	-	-	-	-	-
TV3 Scheme Creditors	-	-	-	-	203,283,113	76.6	-	-	-	-	-	-
TV3 Minority***	-	-	-	-	22,479,095	8.4	-	-	-	-	-	-
ICULS Holders	-	-	-	-	-	-	-	-	-	-	-	-
Warrant Holder	-	-	-	-	-	-	-	-	-	-	-	-
Placees/ ESOS holders	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL	300,000	100.0	-	-	265,516,935	100.0	-	-	265,516,935	100.0	-	-

	(III) After (II) and after Proposed Transfer of NSTP				(IV) After (III) and after Proposed Restricted Issue				(V) After (IV) and after Proposed Demerger			
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
MRCB	465,199,703	100.0	-	-	542,499,703	100.0	-	-	11,918,240	2.2	-	-
Realmlid*	-	-	465,199,703	100.0	-	-	542,499,703	100.0	106,104,768	19.6	11,918,240	2.2
DSSAJ**	-	-	465,199,703	100.0	-	-	542,499,703	100.0	-	-	118,023,008	21.8
EPF	-	-	-	-	-	-	-	-	55,214,342	10.2	-	-
MRCB Minority***	-	-	-	-	-	-	-	-	264,712,937	48.8	-	-
TV3 Scheme Creditors	-	-	-	-	-	-	-	-	66,826,403	12.3	-	-
TV3 Minority***	-	-	-	-	-	-	-	-	7,389,680	1.4	-	-
Warrant Holders	-	-	-	-	-	-	-	-	-	-	-	-
ICULS Holders	-	-	-	-	-	-	-	-	-	-	-	-
Placees/ ESOS holders*****	-	-	-	-	-	-	-	-	30,333,333	5.6	-	-
TOTAL	465,199,703	100.0	-	-	542,499,703	100.0	-	-	542,499,703	100.0	-	-

	(VI)****				(VII)*****				(VIII)*****			
	After (V) and after full acceptances of the Realmild put and call options		Indirect		After (VI) and after full exercise of Warrants		Indirect		After (VII) and after full conversion of ICULS		Indirect	
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
MRCB	11,918,240	2.2	-	-	11,918,240	1.8	-	-	11,918,240	1.5	-	-
Realmild*	169,516,343	31.2	11,918,240	2.2	169,516,343	25.8	11,918,240	1.8	169,516,343	21.8	11,918,240	1.5
DSSAJ**	-	-	181,434,583	33.4	-	-	181,434,583	27.6	-	-	181,434,583	23.3
EPF	55,214,342	10.1	-	-	58,074,940	8.8	-	-	71,616,170	9.2	-	-
MRCB Minority***	264,712,937	48.8	-	-	264,712,937	40.3	-	-	323,538,035	41.6	-	-
TV3 Scheme Creditors	3,414,828	0.7	-	-	3,414,828	0.5	-	-	18,191,443	2.4	-	-
TV3 Minority***	7,389,680	1.4	-	-	14,779,359	2.3	-	-	19,705,812	2.5	-	-
Warrant Holders	-	-	-	-	104,749,723	15.9	-	-	104,749,723	13.5	-	-
ICULS Holders	-	-	-	-	-	-	-	-	21,189,863	2.7	-	-
Placees/ ESOS holders*****	30,333,333	5.6	-	-	30,333,333	4.6	-	-	37,074,074	4.8	-	-
TOTAL	542,499,703	100.0	-	-	657,499,703	100.0	-	-	777,499,703	100.0	-	-

* By virtue of its direct major shareholding in MRCB (244,857,156 ordinary shares, representing 25.1% equity interest)

** By virtue of its direct major shareholding in Realmild (7,101,001 ordinary shares, representing 99.9% equity interest), which in turn is a direct major shareholder of MRCB

*** Excludes EPF

**** Assuming full exercise of put and call options of up to 63,411,575 Option Shares pursuant to the Proposed Realmild Put and Call Options

***** Assuming full acceptance of the ROS

***** For illustrative purposes only, assuming private placement/exercise of ESOS options of 70,000,000 shares, undertaken prior to the Proposed Acquisition of Newco

Note1: Save as disclosed above, none of the other stages of the Corporate Proposals has any effect on the shareholding structure of Newco

Note2: None of the shareholders grouped under MRCB Minority, TV3 Scheme Creditors, TV3 Minority, Warrant Holders above will individually hold more than 5% of the issue and paid-up share capital of Newco after the Proposed Demerger

The proforma effects of the Corporate Proposals on the shareholding structure of TV3 are as follows:-

	As at 31 December 2002				(i) After Proposed TV3 Capital Reduction				(ii) After (i) and after Proposed Debt-Equity Swap				(iii) After (ii) and after Proposed Acquisition of TV3			
	Direct		Indirect		Direct		Indirect		Direct		Indirect		Direct		Indirect	
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
Newco	-	-	-	-	-	-	-	-	-	-	-	-	291,738,629	100.0	-	-
MRCB	84,570,500	49.7	-	-	33,828,200	49.7	-	-	33,828,200	11.6	-	-	-	-	-	-
Real mild*	-	-	84,570,500	49.7	-	-	33,828,200	49.7	-	-	33,828,200	11.6	-	-	-	-
DSSAJ**	-	-	84,570,500	49.7	-	-	33,828,200	49.7	-	-	33,828,200	11.6	-	-	-	-
EPF	23,930,000	14.0	-	-	9,572,000	14.0	-	-	9,572,000	3.3	-	-	-	-	-	-
Telekom	9,999,000	5.9	-	-	3,999,600	5.9	-	-	3,999,600	1.4	-	-	-	-	-	-
TV3 Minority***	51,818,512	30.4	-	-	20,727,404	30.4	-	-	20,727,404	7.1	-	-	-	-	-	-
TV3 Scheme Creditors	-	-	-	-	-	-	-	-	223,611,425	76.6	-	-	-	-	-	-
TOTAL	170,318,012	100.0	-	-	68,127,204	100.0	-	-	291,738,629	100.0	-	-	291,738,629	100.0	-	-

* By virtue of its direct major shareholding in MRCB (244,857,156 ordinary shares, representing 25.1% equity interest)

** By virtue of his direct major shareholding in Real mild (7,101,001 ordinary shares, representing 99.9% equity interest), which in turn is a direct major shareholder of MRCB, which in turn is a direct major shareholder of TV3

*** Excludes EPF and Telekom

Note1: Save as disclosed above, none of the other stages of the Corporate Proposals has any effect on the shareholding structure of TV3

Note2: None of the shareholders grouped under TV3 Minority and TV3 Scheme Creditors above will individually hold more than 5% of the issue and paid-up share capital of TV3

6.3.

NTA

The proforma effects of the Corporate Proposals on the NTA of MRCB are as follows:-

	(I) As at 31.8.02 (audited)	(II) After (I) and RHB Disposal and MRCB Debt Settlement	(III) After (II) and Proposed Private Placement/ ESOS**	(IV) After (III) and Proposed Acquisition of Newco***	(V) After (IV) and Proposed bonds and warrants issue by Newco	(VI) After (V) and Proposed Demerger
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Share Capital	976,550	976,550	1,046,550	1,224,419	1,224,419	816,279
Share Premium	1,008,463	1,008,463	1,013,153	1,093,194	1,093,194	-
Warrants reserve	-	-	-	-	11,500	-
Other Reserves	79,065	21,132	21,132	21,132	21,132	2,859
Accumulated Loss	(1,416,218)	(1,085,373)	(1,085,373)	(1,090,373)	(1,095,373)	(272,703)
Shareholders' Funds	647,860	920,772	995,462	1,248,372	1,254,872	546,435
Less:						
Goodwill on consolidation	(2,061)	(2,061)	(2,061)	(175,952)	(175,952)	(2,061)
Intangible Assets	(1)	(1)	(1)	(39,459)	(39,459)	(1)
Premium on Acquisition of Associates	(133,178)	(80,955)	(80,955)	(80,955)	(80,955)	4,175
Share of intangibles in Associates	(233,183)	(1,985)	(1,985)	(1,985)	(1,985)	-
NTA	279,437	835,770	910,460	950,021	956,521	548,548
NTA per share (RM)	0.29	0.86	0.87	0.78	0.78	0.67

Note: Save as disclosed above, none of the other stages of the Corporate Proposals have any effect on the NTA of MRCB

* the RHB Disposal was completed in December 2002.

** for illustration purposes only, assuming the issuance of 70,000,000 new MRCB shares pursuant to the Proposed Private Placement/exercise of ESOS options

*** includes the deduction of RM 5 million expenses in relation to the Corporate Proposals at the MRCB level

The proforma effects of the Corporate Proposals on the NTA of Newco are as follows:-

	(I) As at 31.8.02 (audited)	(II) After (I) and Proposed Acquisition of TV3	(III) After (II) and Proposed Transfer of NSTP	(IV) After (III) and Proposed Restricted Issue*	(V) After (IV) and Bonds with Warrants Issue	(VI) After (V) and Full Conversion of ICULS**	(VII) After (VI) and Full Exercise of Warrants***
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Share Capital	300	265,517	465,200	542,500	542,500	662,500	777,500
Share Premium	-	-	19,988	27,698	27,698	87,698	110,698
Merger Relief	-	26,522	26,522	26,522	26,522	26,522	26,522
Warrants reserve	-	-	-	-	11,500	11,500	-
Other reserves	-	1,396	1,396	1,396	1,396	1,396	1,396
P&L Reserves	(7)	(209,122)	(209,122)	(214,122)	(214,122)	(214,122)	(214,122)
Shareholders' Funds	293	84,313	303,964	383,994	395,494	575,494	701,994
Less:							
Premium on associates	-	-	41,167	41,167	41,167	41,167	41,167
Intangible Assets	-	(39,458)	(39,458)	(39,458)	(39,458)	(39,458)	(39,458)
NTA	293	44,855	305,673	385,703	397,203	577,203	703,703
NTA per share (RM)	0.98	0.17	0.66	0.71	0.73	0.87	0.91

Note: Save as disclosed above, none of the other stages of the Corporate Proposals have any effect on the NTA of Newco

- * includes the deduction of RM 5 million expenses in relation to the Corporate Proposals at the Newco level
- ** assume all Newco ICULS are converted into new Newco shares at the proposed conversion price of RM1.50 per share
- *** assume all Warrants are exercised at the proposed exercise price of RM1.10 per share

The proforma effects of the Corporate Proposals on the NTA of TV3 are as follows:-

	(i) As at 31.8.02 (audited) RM'000	(ii) After Proposed TV3 Capital Reconstruction RM'000	(iii) After Proposed Debt Waiver RM'000	After (iii) and Proposed Debt-Equity Swap RM'000	Proposed cash settlement & RULS Issue RM'000	Proposed interest waiver RM'000
Share Capital	170,318	68,127	68,127	291,739	291,739	291,739
Share Premium	2,264	-	-	-	-	-
Other Reserves	1,396	1,396	1,396	1,396	1,396	1,396
P&L Reserves	(503,897)	(426,442)	(246,821)	(246,821)	(246,821)	(209,115)
Shareholders' Funds	(356,919)	(356,919)	(177,298)	46,314	46,314	84,020
Less:						
Intangible assets	(39,458)	(39,458)	(39,458)	(39,458)	(39,458)	(39,458)
NTA	(396,377)	(396,377)	(216,756)	6,856	6,856	44,562
NTA per share (RM)	(2.33)	(5.82)	(3.18)	0.02	0.02	0.15

Note: Save as disclosed above, none of the other stages of the Corporate Proposals have any effect on the NTA of TV3

6.4. EARNINGS

The Corporate Proposals did not have any impact on the earnings of MRCB and TV3 for the financial year ended 31 August 2002 as they are expected to be completed only in the financial year ending 31 August 2003. However, the Proposed TV3 Restructuring Scheme is expected to return TV3 to profitability and reduce a substantial part of its accumulated losses.

MRCB GROUP

	Audited accounts as at the financial year ended 31.8.2002	Forecast for the financial year ending (before Corporate Proposals) 31.8.2003	Forecast for the financial year ending (after Corporate Proposals) 31.8.2003
No. of shares in issue/ to be issued ('000)	976,550	976,550	816,279
Profit After Tax ("PAT") (RM'million)	172.7	220.7	219.1
Net EPS (sen)	18	23	27

TV3 / NEWCO GROUP

	TV3 Audited accounts as at the financial year ended 31.8.2002	TV3 Forecast for the financial year ending (before Corporate Proposals) 31.8.2003*	Newco Forecast for the financial year ending (after Corporate Proposals) 31.8.2003*
No. of shares in issue/ to be issued ('000)	170,318	170,318	542,500
PAT (RM'million)	(16.9)	(32.5)	216.6
Net EPS (sen)	(10)	(19)	40

* Newco group after Corporate Proposals. Newco is currently dormant.

The Corporate Proposals is envisaged to bring synergies into the media businesses of Newco and hence, is expected to improve the long term earnings potential of Newco.

The MRCB Debt Settlement will result in interests savings to the MRCB Group amounting to approximately RM29.0 million per annum and therefore is expected to improve the future earnings of MRCB. For TV3, the Corporate Proposals will result in interest savings to the TV3/Newco Group amounting to approximately RM18.4 million per annum.

Further details of the effect of the Corporate Proposals on earnings are set out in **Appendix XII** and **XIII**.

6.5. DIVIDEND

For the financial year ended 31 August 2002, no dividend was declared and paid by MRCB and TV3. MRCB and Newco (which will assume the listing status of TV3) do not expect to declare dividends for the financial year ending 31 August 2003. Subject to the performance and the availability of funds, MRCB and Newco may, barring unforeseen circumstances, declare dividends for the financial years after the financial year ending 31 August 2004.

6.6. GEARING

The proforma effects of the Corporate Proposals on the gearing of MRCB is as follows:-

	As at 31 August 2002 (audited) RM'million	After MRCB Debt Settlement RM'million	After Proposed Private Placement/ ESOS RM'million	After Proposed Acquisition of Newco RM'million	After Proposed Bonds and Warrants Issue RM'million	After Proposed Demerger RM'million
Total Borrowings	1,560.6	1,095.6	1,095.6	1,185.0	1,272.5	1,095.6
Shareholders' funds	647.9	920.8	995.5	1,248.4	1,254.9	546.4
Gearing (times)	2.41	1.19	1.10	0.95	1.01	2.01

Note: Going forward, MRCB shall mainly carry project related debts at operating subsidiary levels which are expected to be self sustaining.

The proforma effects of the Corporate Proposals on the gearing of TV3/Newco is as follows:-

	TV3 As at 31 August 2002 (audited) RM'million	TV3 After Proposed TV3 Scheme of Arrangement RM'million	Newco After Proposed Transfer of NSTP RM'million	Newco After Proposed Bonds with Warrants Issue RM'million
Total Borrowings	498.2	89.4	269.4	356.9
Shareholders' funds	-356.9	84.3	304.0	395.5
Gearing (times)	N.A.	1.06	0.89	0.90

7. DIRECTORS' AND MAJOR SHAREHOLDERS' INTERESTS

7.1. MRCB

EPF is a direct major shareholder of MRCB, NSTP and TV3. Hence EPF is deemed interested in the Corporate Proposals. The following table sets out EPF's shareholdings in MRCB, NSTP and TV3:

As at 31 December 2002	Direct		Indirect	
	No. of Shares	%	No. of Shares	%
MRCB	120,816,333	12.4	-	-
NSTP	23,492,500	10.8	-	-
TV3	23,930,000	14.0	-	-

Accordingly, EPF was to abstain from voting in the forthcoming EGM of MRCB to be convened for the Corporate Proposals.

On 6 May 2002, MRCB had, on behalf of EPF, applied to the KLSE to seek an exemption for EPF from having to abstain from voting at the EGM based on the following reasons ("Exemption Reasons"):-

- (i) EPF is not the single largest shareholder of MRCB, TV3 nor NSTP. It does not participate in the management and day-to-day operations of MRCB, TV3 nor NSTP. EPF did not initiate the Corporate Proposals nor has it been involved, directly or indirectly, in the negotiations and structuring of the terms of the Corporate Proposals;
- (ii) EPF, as an institutional investor, has in its portfolio, investments in quoted and unquoted companies as well as investments in mutual funds. Therefore, EPF's shareholding in MRCB, TV3 and NSTP simply forms part of its total investment portfolio and they are not directly involved in the respective companies in any other capacity;
- (iii) EPF has no nominated director on the Board of Directors of MRCB, TV3 nor NSTP; and
- (iv) EPF, being a shareholder of MRCB and TV3, is a participant of the Corporate Proposals. As a participant, EPF will not be treated differently from other shareholders of MRCB and TV3 in relation to the Corporate Proposals. Like other shareholders of MRCB and TV3, EPF will, pursuant to the Corporate Proposals, eventually become a shareholder of MRCB and Newco, holding approximately 7.2%(then) in both MRCB and Newco.

The KLSE has vide their letter dated 30 August 2002 approved the application to exempt EPF from having to abstain from voting at aforesaid meetings.

Save as disclosed above, none of the other directors, major shareholders of MRCB or persons connected with them has any interest, direct or indirect, in the Corporate Proposals.

7.2. TV3

The following are interested major shareholders/directors of TV3 in relation to the Corporate Proposals:

(a) MRCB is a direct major shareholder of TV3, NSTP and Newco:-

As at 31 December 2002	Direct		Indirect	
	No. of Shares	%	No. of Shares	%
NSTP	94,035,540	43.5	-	-
TV3	84,570,500	49.7	-	-
Newco	300,000	100.0	-	-

Realmild is a person connected to MRCB. Details of Realmild's interest is set out below. DSSAJ is a person connected to MRCB. Details of DSSAJ's interest is set out below.

Accordingly, MRCB will abstain from voting and has undertaken that it will ensure that the persons connected with itself will abstain from voting in the forthcoming EGM of TV3 to be convened for the Corporate Proposals.

(b) Realmild is a direct major shareholder of MRCB and an indirect major shareholder of NSTP, TV3 and Newco:-

As at 31 December 2002	Direct		Indirect	
	No. of Shares	%	No. of Shares	%
MRCB	244,857,156	25.1	-	-
NSTP	-	-	*94,035,540	43.5
TV3	-	-	**84,570,500	49.7
Newco	-	-	***300,000	100.0

- * by virtue of being a direct major shareholder of MRCB (25.1% equity interest), which in turn is a direct major shareholder of NSTP (43.5% equity interest)
- ** by virtue of being a direct major shareholder of MRCB (25.1% equity interest), which in turn is a direct major shareholder of TV3 (49.7% equity interest)
- *** by virtue of being a direct major shareholder of MRCB (25.1% equity interest), which in turn is a direct major shareholder of Newco (100.0% equity interest)

MRCB is a person connected to Realmild. Details of MRCB's interest is set out above. DSSAJ is a person connected to Realmild. Details of DSSAJ's interest is set out below.

Accordingly, Realmild will abstain from voting and has undertaken that it will ensure that the persons connected with Realmild will abstain from voting in the forthcoming EGM of TV3 to be convened for the Corporate Proposals.

(c) EPF is a direct major shareholder of MRCB NSTP and TV3:-

As at 31 December 2002	Direct		Indirect	
	No. of Shares	%	No. of Shares	%
MRCB	120,816,333	12.4	-	-
NSTP	23,492,500	10.8	-	-
TV3	23,930,000	14.0	-	-

Accordingly, EPF was to abstain from voting in the forthcoming EGM of TV3 to be convened for the Corporate Proposals.

On 6 May 2002, TV3 had, on behalf of EPF, applied to the KLSE to seek an exemption for EPF from having to abstain from voting at the EGM. The application was made to allow EPF to vote at the EGM, based on the Exemption Reasons, as set out in Section 8.1 above.

The KLSE has vide their letter dated 30 August 2002 approved the application to exempt EPF from having to abstain from voting at the EGM.

- (d) Telekom is a direct major shareholder (holding 9,999,000 ordinary shares of TV3, representing 5.9% of the share capital of TV3) as well as a creditor of TV3. Telekom is a direct shareholder of MRCB with 646,666 ordinary shares of MRCB, representing 0.04% of the share capital of MRCB. Telekom is a direct shareholder of NSTP with 238,000 ordinary shares of NSTP, representing 0.1% of the share capital of NSTP. Telekom is not an indirect shareholder of MRCB, TV3 nor NSTP.

Accordingly, Telekom will have to abstain from voting in the forthcoming EGM of TV3 to be convened for the Corporate Proposals.

On 6 May 2002, TV3 had, on behalf of Telekom, applied to the KLSE to seek an exemption for Telekom from having to abstain from voting at the EGM based on the following reasons:-

- i. Telekom is not the single largest shareholder of TV3. It does not participate in the management and day-to-day operations of MRCB, TV3 nor NSTP. Telekom did not initiate the Corporate Proposals nor has it been involved, directly or indirectly, in the negotiations and structuring of the terms of the Corporate Proposals;
- ii. Telekom has no nominated director on the Board of Directors of TV3; and
- iii. Telekom, being a shareholder as well as a creditor of TV3, is a participant of the Corporate Proposals. As a creditor, Telekom has voted in favour of the Corporate Proposals at the TV3 court convened meeting held on 28 February 2002. As a shareholder participating in the Corporate Proposals, Telekom will not be treated differently from other shareholders of TV3. Like other shareholders and creditors of TV3, Telekom will, pursuant to the Corporate Proposals, eventually become a shareholder of MRCB and Newco, holding approximately 1.6% in both MRCB and Newco.

The KLSE has vide their letter dated 30 August 2002 rejected the application to exempt Telekom from having to abstain from voting at the EGM.

Accordingly, Telekom will abstain from voting and has undertaken that it will ensure that the persons connected with itself will abstain from voting in the forthcoming EGM of TV3 to be convened for the Corporate Proposals.

- (e) DSSAJ was appointed as the Chairman/Director of MRCB, TV3 and Realmild on 24 January 2002. By virtue of his major shareholding in Realmild with effect from 24 January 2002, he is an indirect major shareholder of MRCB, NSTP, TV3 and Newco:-

As at 31 December 2002	Direct		Indirect	
	No. of Shares	%	No. of Shares	%
Realmild	7,101,001	99.9	-	-
MRCB	-	-	*244,857,156	25.1
NSTP	-	-	**94,035,540	43.5
TV3	-	-	***84,570,500	49.7
Newco	-	-	****300,000	100.0

- * by virtue of being a direct major shareholder of Realmild (99.9% equity interest), which in turn is a direct major shareholder of MRCB (25.1% equity interest)
- ** by virtue of being a direct major shareholder of Realmild (99.9% equity interest), which in turn is a direct major shareholder of MRCB (25.1% equity interest), which in turn is a direct major shareholder of NSTP (43.5% equity interest)
- *** by virtue of being a direct major shareholder of Realmild (99.9% equity interest), which in turn is a direct major shareholder of MRCB (25.1% equity interest), which in turn is a direct major shareholder of TV3 (49.7% equity interest)
- **** by virtue of being a direct major shareholder of Realmild (99.9% equity interest), which in turn is a direct major shareholder of MRCB (25.1% equity interest), which in turn is a direct major shareholder of Newco (100.0% equity interest)

MRCB is a person connected to DSSAJ. Details of MRCB's interest is set out above. Realmild is a person connected to DSSAJ. Details of Realmild's interest is set out above.

DSSAJ has and will abstain from deliberation and voting on the Corporate Proposals at the TV3 Board of Directors' meetings. DSSAJ will also have to abstain and has undertaken that it shall ensure that the persons connected with himself will abstain from voting in the forthcoming EGM of TV3 to be convened for the Corporate Proposals.

Save as disclosed above, none of the other directors, major shareholders of TV3 or persons connected with them has any interest, direct or indirect, in the Corporate Proposals.

8. INDUSTRY REVIEW AND FUTURE PROSPECTS

8.1. MRCB GROUP

8.1.1. Industry Outlook

Construction, Infrastructure and Civil Engineering

Growth in the construction sector continued to be bolstered by projects implemented under the fiscal stimulus programme and housing development, thus contributing to a strong growth of 3.8% in 2002 (2001:2.3%). At the same time, the Government reviewed procedures, rules and guidelines as well as established a special task force to ensure that the implementation of public and privatized projects are carried out as scheduled and therefore, produce the intended impact (*Economic Report 2002-2003*).

Under the 8th Malaysia Plan (2001-2005), the Government will continue to provide a substantial allocation for infrastructure and utilities development. A total of RM27 billion will be allocated by the Government; RM14.0 billion for roads, RM4.1 billion for rail and RM4.0 billion for water supply. Investments by the private sector amounting to RM3.5 billion on roads will further complement the Government's allocation for this sub-sector (*Eighth Malaysia Plan 2001-2005*).

Property Development

The Malaysian property market started the year armed with policy measures introduced through Budget 2001 to strengthen the industry. The measures included a lowering of the ceiling rate of ad-valorem stamp duty on property transfers from 4% to 3%. Housing loan eligibility for public sector employees was raised and upgrading to better and higher-priced properties was allowed. The EPF has also relaxed its policies to permit contributors to make withdrawals towards the purchase of a second house. These measures contributed positively to the residential sector of the market, which saw growth in the number of transactions by 3.1% over the previous year (*Property Market Report, 2001*).

Housing property development continued to remain strong, due mainly to the stable and low interest rate. At the same time, the Government's extension of the stamp duty exemptions for the purchase of houses for another six months from January to June 2002, has managed to stimulate demand further (*Economic Report 2002-2003*).

BNM has also lifted the restriction on the provision of bridging finance for the development of residential properties above RM250,000 per unit as well as for the development of shop houses exceeding RM250,000 per unit located within residential areas on 27 November 2001 (*Property Market Report 2001*). This is expected to assist MRCB, particularly in funding property development in the Klang Valley and Penang.

8.1.2. Business Outlook

Construction, Infrastructure and Civil Engineering

Over the years, MRCB's subsidiaries in the engineering and construction sector have established themselves with a reputable track record in construction projects involving residential and commercial buildings, power plants, interior works, infrastructure related activities and "design and build" projects. Recent projects include the construction of the Plaza Sentral office blocks at KL-Sentral, the Labuan Matriculation College, Tawau airport and the NSTP Shah Alam printing plant.

MRCB also has a track record in handling large-scale and technically demanding projects that require focused and specialised expertise. Zelleco Construction Sdn Bhd ("ZC"), a MRCB subsidiary has had extensive experience in power plant development, performing mainly civil and structural works e.g. power stations at Lumut (Segari), Kapar, Teluk Gong, Kuala Langat and Serdang. This is reflected in its success. Further, Transmission Technology Sdn Bhd ("TTSB"), a MRCB subsidiary, achieved the notable success as a turnkey contractor in power transmission and distribution projects. TTSB constructed the first 500 kilovolt (kV) transmission system development project for Tenaga Nasional Berhad (TNB). In 2000, TTSB completed 552km of 500kV and 82km of 275kV transmission lines worth RM1.1 billion together with the design and construction of two 500kV and four 275kV substations for a total value of RM538 million.

Going forward, MRCB will focus its engineering and construction activities towards government construction contracts relating to road infrastructure and buildings, erection of power transmission lines and power plant construction, and supporting MRCB's property development, particularly construction for KL Sentral.

Property Development

MRCB reaffirms itself as one of the nation's leading developers lending its expertise and experience to a few of the landmark developments in the country, from the visionary Kuala Lumpur Sentral development to integrated residential, commercial and industrial estates.

The flagship development of the Group is the Kuala Lumpur Sentral ("KL Sentral") project, which is set to become the nation's transportation hub and major international business centre. At the core of the 72-acre development is Stesen Sentral, which integrates all major rail transportation networks including, in April 2002, the Express Rail Link Sdn Bhd (ERL) services to Kuala Lumpur International Airport and Putrajaya. The full operation of the station will further enhance the demand and value of the overall development. Kuala Lumpur Sentral is being developed in phases until 2012. The commercial and residential units launched as part of the first phase have enjoyed good sales and have been successfully completed. This includes the Phase 1 of Plaza Sentral corporate suites and the Suasana Sentral condominium.

In addition, MRCB is currently undertaking the integrated development of the Seri Iskandar township in Perak; and completing projects at Taman Kajang Utama in Selangor and Taman Seri Serkam in Melaka.

Despite the overall property market experiencing an overhang, there is still good demand for selected property types in specific locations from established developers. The strong number of successful property launches on the market this year is testimony to this. MRCB's property development will therefore continue to focus on market demand, quality and delivery in implementing its developments to ensure strong take up of its property projects.

8.1.3. Financial Outlook

MRCB forecasts a consolidated profit after taxation and minority interests of RM 219.1 million for the financial year ending 31 August 2003 ("FYE2003"), assuming completion of the Corporate Proposals during the 2nd quarter of 2003. The profit forecast without the implementation of the Corporate Proposals is RM 220.7 million. The lower profit forecast assuming the Corporate Proposals are completed, is mainly due to NSTP ceasing to be equity accounted under the MRCB Group (having been transferred to Newco) with the implementation of the Proposed Demerger of Newco from the MRCB Group, which provides MRCB shareholders with direct shareholdings in Newco.

The profit forecast for FYE2003 of RM 219.1 million represents an improvement to the actual audited profits for the financial year ended 31 August 2002 ("FYE2002") of RM 176.4 million. It should be noted however that the results of both years include profits on disposal of non-core investments, which are non-recurrent in nature. The forecast profit on disposal for FYE2003 relates mainly to the assumed completion of the RHB Disposal, which will result in a gain on disposal of RM 284.7 million. In comparison, the FYE2002 profits include the RM 153.4 million gain on disposal of MRCB's stake in Sepang Power Sdn Bhd ("Disposal of Sepang Power") and RM 168.3 million being MRCB's share of NSTP's gain on disposal of NSTP's investment in Commerce Asset Holdings Berhad ("Disposal of CAHB").

MRCB's share of the results (excluding exceptional gain) of associated companies forecast in FYE2003 amounts to losses of RM 14 million compared to FYE2002 losses of RM 58 million. The said share of associates results is forecasted to improve in FYE2003, mainly due to the forecast disposal of RHB (which is lossmaking) and the forecast improvement in NSTP's operational results (due to, inter-alia, low newsprint prices and interest savings).

Forecast gross profits would be relatively lower at RM 55 million in FYE2003, reflecting the timing of construction projects and property development. Operational profits in FYE2002 were also enhanced by KL Sentral property sales and the construction and completion of the Labuan Matriculation College. Nevertheless, MRCB's results after adjusting for the effect of the gains on disposal of the investments (as described above) and the share of associates' results, are also forecasted to improve due to, inter-alia, an expected reduction in provisions, administrative expenses and interest costs.

Whilst MRCB is targeting to secure a construction and engineering contracts order book of RM 1 billion in FYE2003, these projects will remain largely in relatively early stages during FYE2003 and will translate to profits only by the financial years ending 31 August 2004 ("FYE2004") and 2005. Similarly for KL Sentral, the results of 2002 included revenues from land sales and sales of completed units of Plaza Sentral offices and Suasana Sentral condominiums. No significant land sales or completed products have been forecasted for FYE2003.

On a cashflow basis, MRCB operations are forecast to be self sustaining by FYE2003. Material cashflows assumed for FYE2003 include proceeds from the RHB Disposal, repayment of MRCB corporate borrowings of RM465 million, the restricted issue of Newco shares of RM 85 million, the issuance of 70 million new MRCB shares pursuant to the Proposed Private Placement and / or exercise of ESOS options, sale of 50% of the Newco ICULS from the Proposed ROS and through market transactions; repayment of principal on Tranche 1 of the KL Sentral bond of RM120 million (total bond size is RM920 million with 6 tranches, the last tranche of which matures in year 2011) and completion of the proposed disposal of Menara MRCB (refer to Section 1) for RM 55 million.

Based on the Board of MRCB's assumptions, profit after taxation and minority interests are projected to be lower in FYE2004 than in FYE2003 given the gains on disposal of assets in FYE2003, as described above. However, operational profits are expected to increase with the benefit of a full year's results on engineering and construction projects and sales from the next phase of the KL Sentral and Seri Iskandar property developments. Further, interest costs are expected to be lower with interest savings from the repayment of corporate borrowings estimated at RM 29 million per annum.

By FYE2004, MRCB's operations are expected to be generating cashflow surpluses and the disposal of MRCB's remaining non-core investments are expected to be completed, including any balance of Newco ICULS. Cashflows generated will be used to repay remaining loans secured on property investments and invest in new infrastructure and property development projects.

Total borrowings as at 31 August 2002 was RM 1,560.6 million. MRCB is focused on disposing non-core assets to reduce borrowings to non-project related debt.

The completion of the MRCB Debt Settlement has reduced MRCB Group borrowings to RM 1,095.6 million, which relates mainly to the RM 920 million KL Sentral bond and a further RM 150 million secured on properties. The balance of borrowings relate to construction and property development bridging finance, which will be repaid from operational cashflows.

MRCB intends to reduce the borrowings secured on properties via proceeds from the disposal of buildings such as Menara MRCB and via the disposal of Newco ICULS. The KL Sentral property development is planned in phases to generate the cashflow to meet the financial obligations of the bonds when they are due. The 1st tranche of the KL Sentral bond of RM 120 million is due on April 2003 with the remaining tranches due between 2006 and 2011.

8.2. NEWCO

8.2.1. Industry Outlook

Media and Broadcasting

Malaysia's television ADEX improved by 5.3% to RM756.9 million for the 10-month period ended 31 October 2002, compared to the same corresponding period last year (*NIELSEN Media Research*). Under the 8th Malaysia Plan (2001-2005), the Government will continue to upgrade radio and TV coverage in line with the development of information technology (IT) to provide quality transmission and greater access to the population. In addition, with the merging of computer and communication technologies, Malaysians will have access to a wide range of multi-media opportunities with a number of value-added services such as video-on-demand and interactive entertainment.

In order to meet the challenges in the broadcasting industry and to further improve effectiveness and efficiency in the delivery services, the corporatization of Radio Television Malaysia will be undertaken (*Eight Malaysia Plan, 2001-2005*).

Print

Given the flexibility of segmental advertising according to geographical and specific needs of the local community, newspaper advertising continued to account for the largest share of the ADEX pie (RM1,811.7 million or 64% of total ADEX of RM2,834.6 million for the 10-month period ended 31 October 2002). Newspaper reaches every level of the community and affords advertisers the option to change size, shape and colour. Most importantly, it is generally cheaper than television advertising. In addition, the competition among the print media is segmented to languages, which have helped to number down competitors. However, with the emerging trend of *k-economy*, the major publishers have been aggressively embracing the Internet as a tool to diversify and enhance future earnings. Newspaper ADEX improved by 14.4% to RM1,811.7 million for the 10-month period ended 31 October 2002, compared to the same corresponding period last year (*NIELSEN Media Research*).

8.2.2. Business Outlook

Media and Broadcasting

Out of the total television ADEX of RM756.9 million, TV3 garners 50.0% (approximately RM378.5 million). In addition, TV3 also leads the industry with a viewership base of 40% (*NIELSEN Media Research*). TV3 continues to improve its television content as well as programme base to cater for a wider range of television viewers. With its strong market position, TV3 hope to continue capturing a larger share of the television viewership market as well as the television ADEX.

TV3 continues to be the leading free to air TV station during 2002 commanding an audience share of 40 % and share of TV adex of 48 %. Further, ADEX in Malaysia is expected to register a growth of 8.3% comparing the calendar year of 2002 versus 2001 (Source: Nielsen Media Research).

The achievability of the forecast results depend on TV3 maintaining their market share and for TV ADEX achieving 7% growth in the coming year.

Print

In terms of circulation, NSTP continues to consolidate its position as the leading newspaper group. Based on Nielsen Media Research, comparing the years ended 30 June 2002 and 2001, Berita Harian maintained its position as the leading Malay daily with 1.5 million readers, New Straits Times readership grew by 19% to 469,000 readers and the newly introduced Harian Metro grew 62% with 597,000 readers in 2002.

ADEX in Malaysia is expected to increase by 8.3% in 2002 from 2001 (NIELSEN Media Research). As newspapers account for more than 60% of total ADEX, the continued growth of ADEX would be positive for NSTP.

8.2.3. Financial Outlook

TV3

By implementing the Corporate Proposals, the uncertainty surrounding TV3 as a going concern is addressed, given that it does not have the necessary internally generated funds or cashflows to address its current debt levels.

Without implementation of the Corporate Proposals, TV3 is forecast to make a loss after taxation and minority interests of RM 32.5 million for FYE2003, compared to audited losses of RM 16.9 million in FYE2002.

The higher losses forecast for FYE2003 are principally attributable to one-off financial and operational restructuring costs of about RM 8 million and conservative sales projections due to the uncertainty over the general economy and the impact of cigarette companies ceasing to advertise from September 2002 onwards. Further, the FYE2002 results included the benefit of heavy World Cup advertising and one off provision writebacks.

Following the implementation of the Corporate Proposals, TV3 will be a wholly owned subsidiary of Newco, which will also hold a 43.5% stake in NSTP. Newco will have in issue ordinary shares, ICULS, Bonds and warrants.

Going forward, with the implementation of the Corporate Proposals, TV3 is forecasted to be profitable mainly due to the interest savings (as described in Section 2.1.2).

NSTP

NSTP's audited profit after tax and minority interests for FYE2002 was RM 349.4 million, including RM 387.7 million profit on disposal of CAHB shares, which was completed in April 2002.

NSTP's forecasted profit after tax and minority interests for FYE2003 is RM 19.1 million, premised mainly on the maintenance of operational profits achieved in FYE2002, newsprint prices remaining low (on average US\$475 per metric tonne), continued growth in NSTP's insurance business and interest savings (estimated at RM52 million per annum) arising from the reduction in borrowings repaid from the proceeds of the Disposal of CAHB. These assumptions are based on prevailing business and economic outlooks. NSTP also maintains newsprint stock to hedge against fluctuations in newsprint prices.

NSTP's audited borrowings as at 31 August 2002 was RM 521 million, significantly lower than the audited 31 August 2001 borrowings of RM 1,496 million. The current level of debt is expected to be supportable by operations, particularly at the current average interest costs of less than 6% per annum. Going forward, NSTP plans to dispose other non-core assets to further reduce gearing.

Newco

The Newco group forecasts profit after taxation and minority interests of RM 216.6 million for FYE2003, assuming completion of the Corporate Proposals in the 2nd quarter of 2003.

A merger accounting approach has been adopted with respect to the Proposed Acquisition of TV3. Newco forecasts therefore includes TV3's results pre and post-implementation and only post-implementation results for the equity accounting of NSTP and interest on instruments issued under the Corporate Proposals.

The forecast profits of RM 216.6 million includes a one-off RM 239.6 million gain arising from the waiver of debt principal and interest pursuant to the terms of the Proposed TV3 Scheme of Arrangement. Discounting the effect of this one off gain, Newco's underlying result is better than TV3 (as forecast without the Corporate Proposals) given the benefit of equity accounting NSTP and interest savings, outweighs the interest cost on the new instruments issued.

Going forward, Newco results are expected to improve mainly due to projected operational improvements and interest savings from the settlement of its debts pursuant to the Proposed TV3 Restructuring Scheme, enabling TV3 to consolidate its market position after the Corporate Proposals.

Whilst under restructuring for the past few years, TV3's financial resources have been constrained, thus hindering TV3 from improving its programming, branding and equipment, hence weakening TV3's market share and position relative to competitors.

TV3's future performance is expected to improve as a result of cost saving initiatives and the disposal/ closure of non-viable and unprofitable operations, which are currently being implemented. Going forward, particularly following the completion of the Corporate Proposals, TV3 will be able to focus its resources on generating profits, re-establishing its position as the leading TV station and also exploit cross synergies with NSTP.

9. RISK FACTORS AND QUALIFICATIONS

9.1. General Risks

1. Financial Forecast

This document contains certain financial forecasts that have been prepared based on assumptions, which appear to be reasonable under the current operating environment, but which nevertheless are subject to uncertainties and contingencies. Because of the uncertainties of the said forecasts as events and circumstances frequently do not occur as expected, there can be no assurance that the forecasts contained herein will be realised and actual results may be materially different than those projected.

2. Economic and Political Risk

The changes in political, economic and regulatory conditions in Malaysia or even elsewhere is a realistic risk encountered by the Company. Examples of these changes, albeit non-exhaustive, include national policies and the business environment. The uncertainty and fluidity of these conditions could materially and adversely affect the financial and business prospects of the Company.

3. *Regulatory Considerations*

Any business operations, including that of MRCB, Newco, TV3 and NSTP, are subject to the jurisdiction of numerous governmental agencies or ministries which include, amongst others, the Malaysian Communications and Multimedia Commission and the Home Ministry. Under the said regime, changes made to acts, legislation, codes and licensing rules could present significant risks to the businesses of MRCB or Newco Group. The licenses of NSTP and TV3 are subject to periodic review and renewal, and provide for suspension in the event of a breach of the conditions.

4. *Capital Market Risks*

The performance of the local bourses is very much dependent on external factors such as the performance of the regional and world bourses and the inflow or outflow of foreign funds. Sentiments are also largely driven by internal factors such as the economic and political conditions of the country as well as the growth potential of the various sectors of the economy. These factors invariably contribute to the volatility of trading volumes witnessed on the KLSE, thus adding risk to the market price of the listed instruments of MRCB and Newco. Nevertheless, the profitability of MRCB and Newco is not dependent on the performance of the KLSE as the business activities of MRCB and Newco have no direct correlation with the performance of the KLSE.

9.2. **Specific Risks**

MRCB

1. *Engineering and Construction – Contract Award Risk*

The Engineering and Construction revenue for MRCB is made up mainly of a small number of large value contracts. These contracts are typically secured through open tender or through direct negotiations with the Government and large corporations. Therefore, future revenues are potentially subject to significant fluctuations depending on MRCB's success or otherwise in securing the award of contracts from open tenders.

The risk is mitigated to the extent of projects are secured through direct negotiations and through focusing management resources towards tenders where MRCB have proven technical expertise and track record e.g infrastructure, power plants and buildings.

2. *Engineering and Construction - Project Profitability Risk*

As a turnkey contractor, MRCB assumes all risks associated with the cost of subcontractors, labour and materials, the adequacy of the engineering design and all other costs of construction. Profitability on engineering and construction contracts will be subject to significant fluctuations between projects and from year to year. Given the typical duration and the scale of coordination for such projects, there is an inherent risk of unforeseen cost escalations.

Completion of a development project on time and at budgeted profit is dependent on many external factors which may fall beyond the control of MRCB, such as force majeure (e.g. flood, war, hostilities, invasions, etc.), obtaining approvals from various regulatory authorities as scheduled, sourcing materials on time and according to specifications and satisfactory and timely performance by sub-contractors. Historically, the Group has been able to manage these risks, given its experienced project management and execution construction teams. However, historical performance may not be indicative of future performance.

3. *Property Market Overhang*

The general market outlook for property may continued to be affected by the overhang of property particularly for commercial space. However, MRCB's flagship development at KL Sentral is a premier location and hence may result in a premium in terms of pricing and attract sufficient demand. Further, in terms of residential development, recent property launches in specific locations have been well subscribed. MRCB will continue to focus on matching its products to market demand to promote a strong take up.

4. *Timing of Cashflows*

There may be a timing gap between the receipt of proceeds from property sales and the date when financial obligations in relation to the property development become due, including MRCB's obligation under its financing arrangements to maintain Kuala Lumpur Sentral Sdn Bhd's ("KL Sentral") debt-equity ratio covenant and KL Sentral's financing obligations, which will depend on the financial performance of KL Sentral. If any such timing gap arises, MRCB may be required to seek the necessary indulgence from the relevant creditors or to draw on alternative funding sources. However, it is believed that such indulgence will be forthcoming and/or alternative funding sources will be available.

NEWCO

1. *Competition*

Competition in the free to air-TV market and the newsprint industry has intensified, especially following the introduction of Pay-TV and electronic media. Although the television as well as the newsprint industries have better prospect propelled by multimedia technology, competition is expected to be stiffer as there will be more participants clamouring for a share of viewership, readership and ADEX market. Target audience will thus become more fragmented. Hence, competition will remain a key factor in Newco's approach and performance within the industry.

To optimise operational synergy between TV3 and NSTP, there could be various recurrent related party transactions between them. But this could give rise to conflict of interests between TV3 and NSTP. There is no assurance that such conflict of interests can be resolved to the best interest of all parties.

2. *Availability of Resources*

TV3's operations depend on strategic ties with its business associates. However, should TV3 be without certain established close ties with its business associates, the Company would then be less competitive in terms of sourcing programmes for broadcasting. Multinationals like Buena Vista International, TSI International Ltd, Metropolis Television Inc. and Explore International Inc. are among the names of the Company's long list of programme suppliers whilst J Walter Thompson, Batey Ads, Ogilvy & Mather & Foote, Cones & Bending rank among others as the company's close advertising agencies. This does not however guarantee that the business associations will be without their risks e.g., risk of associates defaulting, the associates continual viability and the foreign business environment.

3. *Viewership/Readership Base*

TV3/NSTP have to a certain extent been retaining their positions both in terms of advertising revenue and viewership/readership over the years. It is important to have a large pool of quality viewership/readership as that will lead advertisers to them. However, consumer dynamics might have an adverse impact upon the businesses of TV3 and NSTP, hence there is no assurance that NSTP nor TV3 will retain their present market share.

4. *Advertising Expenditure (ADEX)*

The current soft economic condition is expected to reduce the growth of advertising expenditure (ADEX) as compared to the previous years. Concerted efforts have been made by NSTP and TV3 to cushion the impact. However, it must be noted that the impact of advertising is unpredictable, given the inherent uncertainty in consumer preferences and choices. There is also no assurance that advertisers presently advertising with NSTP and TV3 will continue to do so in the future.

5. *Technological Changes*

The multi-media technology has initiated a technological convergence between the media, broadcasting and newsprint industries with other industries like information and communication. This is expected to propel growth in the industry. However, technological advances especially in information technology industry are such that the obsolescence rates are very high. Therefore, the association of Newco in multimedia industry bears the inherent risk of the changing nature of the information technology and communication industry.

6. *Marketability of Newco Shares, Warrants and ICULS*

At present, there has been no public market for Newco shares, Warrants and ICULS. There can be no assurance that an active market for Newco shares, Warrants and ICULS will develop upon its listing on the Main Board of the KLSE. The indicative issue price of RM1.10 per ordinary share and RM1.00 nominal value per ICULS have been determined after taking into consideration a number of factors, including but not limited to, the future prospect of Newco Group (pursuant to the Corporate Proposals) and the industries in which the Group is involved, the Proforma NTA of the Group and the prevailing market condition at the time of application to the SC for the listing of the Newco shares, Warrants and ICULS.

There is no assurance that the respective issue prices will correspond to the price at which Newco shares and ICULS will trade on the Main Board of the KLSE upon or subsequent to its listing or that an active market for Newco shares, Warrants and ICULS will develop and continue upon or subsequent to their listing.

10. **ESTIMATED TIME FRAME FOR COMPLETION**

Barring unforeseen circumstances, the Corporate Proposals are expected to be completed in the 2nd quarter of 2003.

11. DIRECTORS' RECOMMENDATION

The Board of Directors of MRCB, having considered the rationale for the Corporate Proposals and after careful deliberation, is of the opinion that the Corporate Proposals are in the best interests of MRCB shareholders.

ACCORDINGLY, THE DIRECTORS OF MRCB RECOMMEND THAT SHAREHOLDERS VOTE IN FAVOUR OF THE CORPORATE PROPOSALS.

12. INDEPENDENT ADVISERS

The Corporate Proposals are deemed to be related party transactions as per Part E of Chapter 10 of the KLSE Listing Requirements and accordingly independent advisers were required to advise the minority shareholders of MRCB and TV3 on the Corporate Proposals. Consequently, Alliance Merchant Bank Berhad ("Alliance Merchant") has been appointed on 18 October 2001 to act as independent adviser to the minority shareholders of MRCB. Alliance Merchant had on 16 November 2001 and 28 November 2001 confirmed to the KLSE on its eligibility to act as independent adviser to the minority shareholders of MRCB.

13. EGM

An EGM, notice of which is enclosed herein, will be held at Dewan Perdana, Aras 2, Hotel Grand Bluewave, Persiaran Perbandaran, Seksyen 14, 40000 Shah Alam, Selangor Darul Ehsan on Tuesday, 25 February 2003 at 10.30 a.m. (or immediately following the conclusion or adjournment of the Company's 32nd Annual General Meeting to be held on the same day at 10.00 a.m.) for the purpose of considering and if thought fit, pass the relevant resolutions to give effect to the Corporate Proposals.

If you are unable to attend and vote in person at the EGM, please kindly complete and return the Form of Proxy in accordance with the instructions therein to the Share Registrar of the Company, Malaysian Share Registration Services Sdn Bhd, 7th Floor, Exchange Square, Bukit Kewangan, 50200 Kuala Lumpur no later than forty-eight (48) hours before the appointed time for the EGM. The lodging of the Form of Proxy will not, however, preclude you from attending and voting in person at the EGM should you subsequently wish to do so.

14. FURTHER INFORMATION

Please refer to the appendices for further information.

Yours faithfully

For and on behalf of the Board of Directors

MALAYSIAN RESOURCES CORPORATION BERHAD

ABDUL RAHMAN BIN AHMAD

Group Managing Director/ Chief Executive Officer

SHAHRL RIDZA BIN RIDZUAN

Executive Director

I. INFORMATION ON MRCB

1. Company Name

Malaysian Resources Corporation Berhad

2. Date and Place of Incorporation

MRCB was incorporated on 21 August 1968 in Malaysia as a private limited company under the Companies Act, 1965. The Company was converted to a public company on 28 June 1969.

3. Date of Listing

MRCB was listed on the Main Board of the KLSE on 22 March 1971.

4. Principal Activities

MRCB is principally an investment holding company. The MRCB and its subsidiaries are principally engaged in the business of engineering, construction and property. The associates of MRCB are principally engaged in publishing and broadcasting. The principal activities of the subsidiaries and associated companies of MRCB can be found in Section 7 of this appendix.

5. Issued and Paid-up Capital

	Number of Ordinary Shares	Par value (RM)	Total (RM)
Authorised	2,000,000,000	1.00	2,000,000,000
Issued and paid-up	976,549,499	1.00	976,549,499

6. Movements in Issued and Paid-up Capital

Date of allotment	No. of shares @RM1.00	Consideration	Total issued and paid-up Capital (RM)
Up to 31.12.1976			7,200,000
22.12.1980	1,350,000	Issued at RM1 per MRCB share for the acquisition of Jareen Sendirian Berhad (now known as MRCB Telecommunication Sdn Bhd)	8,550,000
	1,500,000	Issued at RM1 per MRCB share for the acquisition of Seri Teratai Properties Sdn Bhd (now known as Seri Iskandar Development Corporation Sdn Bhd)	10,050,000
	1,250,000	Issued at RM1 per MRCB share for the acquisition of Syarikat Pembangunan Jayabaru Sdn Bhd	11,300,000
	2,800,000	Issued at RM1 per MRCB share for the acquisition of Gilden Developments Sdn Bhd (now known as MRCB Prasarana Sdn Bhd)	14,100,000
06.07.1981	4,000,000	Issued at RM1.50 per MRCB share for the acquisition of Selima Properties Sdn Bhd (now known as MRCB Property Management Sdn Bhd)	18,100,000

Date of allotment	No. of shares @RM1.00	Consideration	Total issued and paid-up Capital (RM)
	1,435,000	Issued at RM1.50 per MRCB share for the acquisition of K.Y.W. Enterprises Sdn Bhd (now known as MRCB Property Development Sdn Bhd)	19,535,000
	4,208,000	Issued at RM1.50 per MRCB share for the acquisition of Gunung Petaling Sdn Bhd	23,743,000
	1,101,000	Issued at RM1.50 per MRCB share for the acquisition of Golden East Corporation Sdn Bhd	24,844,000
	2,000,000	Issued at RM1.50 per MRCB share for the purchase of Lot 15740 from Aun Seng Sdn Bhd	26,844,000
04.05.1982	16,000,000	Issued at RM2 per MRCB share for the acquisition of Insajaya Sdn Bhd (now known as Malaysian Resources Development Sdn Bhd)	42,844,000
	3,000,000	Issued at RM2 per MRCB share for the acquisition of Kison Holdings Sdn Bhd (now known as MRCB Project Management Sdn Bhd)	45,844,000
	2,000,000	Issued at RM2 per MRCB share for the purchase of Lots 3095 & 3096 from Lesco Sdn Bhd	47,844,000
05.07.1982	6,100,000	Special Bumiputera Issue at RM 1.50 per share	53,944,000
24.08.1982	1,000,000	Special Bumiputera Issue at RM 1.50 per share	54,944,000
10.09.1982	400,000	Special Bumiputera Issue at RM 1.50 per share	55,344,000
11.10.1983	13,997,633	Issue for the acquisition of Superview Development Sdn Bhd	69,341,633
09.11.1983	23,113,877	Bonus Issue on the basis of 1 new ordinary share for every 3 existing ordinary shares held	92,455,510
20.12.1983	23,113,877	Rights Issue on the basis of 1 new ordinary share for every 4 existing ordinary shares held at an issue price of RM1.50 per share	115,569,387
03.05.1984		Subdivision of every RM1.00 ordinary share into two (2) new ordinary shares of 50 sen each	115,569,387
02.10.1984 to 15.10.1984	23,400,000	Special Bumiputera Issue at RM 0.90 per share	127,269,387
31.10.1984	150,000	Special Bumiputera Issue at RM 0.90 per share	127,344,387
27.12.1984	2,662,000	Special Bumiputera Issue at RM 0.90 per share	128,675,387
07.07.1989		Reduction of 50 sen ordinary shares to 20 sen ordinary shares and consolidation of five (5) ordinary shares of 20 sen each into one (1) new ordinary share of RM1.00	51,470,155
07.07.1989	144,484,100	Issue of new ordinary shares of RM1.00 each valued at RM 1.00 per share to Group creditors pursuant to Composite Schemes of Arrangement under Section 176 of the Companies Act, 1965	195,954,255
21.02.1992		Reduction of RM1.00 ordinary shares to 60 sen ordinary shares and consolidation of five (5) ordinary shares of 60 sen each into three (3) new ordinary shares of RM1.00 each	117,572,553
20.03.1992	100,000,000	Issue of new ordinary shares at RM1 per MRCB share pursuant to Debt-Equity Conversion Scheme	217,572,553
18.05.1993	220,606,862	Issue of new ordinary shares of RM1.00 each valued at RM 1.60 per share to Realmild, entitled shareholders and new investors pursuant to the Restricted Offer for Sale	438,179,415

Date of allotment	No. of shares @RM1.00	Consideration	Total issued and paid-up Capital (RM)
12.06.1993	54,393,138	Issue of new ordinary shares of RM1.00 each valued at RM 1.60 per share to Realmild, entitled shareholders and new investors pursuant to the Restricted Offer for Sale	492,572,553
09.07.1993 to 28.08.1996	6,375,479	Issue of new ordinary shares at RM 2 per share pursuant to the exercise of the Transferable Subscription Rights	498,948,032
29.08.1996 to 31.08.1996	29,000	Issue of new ordinary shares pursuant to the exercise of the Employee Share Option Scheme	498,977,032
01.09.1996 to 01.08.1997	84,314,379	Issue of new ordinary shares pursuant of the Employee Share Option Scheme and Transferable Subscription Rights	583,291,411
05.05.1997	130,600,825	Issue of ordinary shares at RM 8 per share for the acquisition of Rashid Hussain Berhad	713,892,236
09.05.1997	8,427,389	Issue of new ordinary shares pursuant to the Employee Share Option Scheme and Transferable Subscription Rights	722,319,625
03.09.1997	240,773,207	Bonus Issue on the basis of 1 new ordinary share for every 3 existing ordinary shares held	963,092,832
01.11.1998 to 02.04.2001	13,456,667	Issue of new ordinary shares pursuant to the Employee Share Option Scheme	976,549,499

7. List of Subsidiaries and Associated Companies

Name	Date and Place of Incorporation	Issued and Paid-up Capital RM	% Effective Interest	Principal Activities
Milmix Sdn Bhd (formerly known as MRCB Construction Sdn Bhd)	17.12.91 Malaysia	8,000,000	100.00	Civil and infrastructure building contractor
Onesentral Park Sdn Bhd	13.02.96 Malaysia	500,000	51.00	Property development
MRCB Land Sdn. Bhd.	09.09.80 Malaysia	300,003	100.00	Dormant
Kuala Lumpur Sentral Sdn Bhd	07.11.94 Malaysia	50,000,001	64.38	Investment holding and Property development
Wholly-owned subsidiary of Kuala Lumpur Sentral Sdn Bhd • Unity Portfolio Sdn Bhd	14.03.1997 Malaysia	2	64.38	Property management
Mafira Holdings Sdn Bhd	30.09.81 Malaysia	3,000,000	100.00	Investment holding
38.6% associated company of Mafira Holdings Sdn Bhd • Zen Concrete Industries Sdn Bhd	08.03.82 Malaysia	7,000,000	38.60	Manufacturing and sale of prestressed spun concrete poles

Name	Date and Place of Incorporation	Issued and Paid-up Capital RM	% Effective Interest	Principal Activities
MR Enterprises Sdn Bhd	04.05.82 Malaysia	136,963,713 ord shares @ RM0.76 2 ord shares @ RM1.00	100.00	Dormant
MR Management Sdn Bhd	04.05.82 Malaysia	2	100.00	Dormant
MRCB Dotcom Sdn Bhd	22.02.82 Malaysia	200,000	100.00	Dormant
Semasa Sentral Sdn. Bhd.	04.05.82 Malaysia	5,000,000	100.00	Operation, management and maintenance of the Kuala Lumpur Sentral railway station
Malaysian Resources Sentral Sdn. Bhd.	15.08.00 Malaysia	2	100.00	Provision of facility management
MRCB Trading Sdn Bhd	07.06.82 Malaysia	500,002	100.00	Dormant
MR Securities Sdn Bhd	16.07.82 Malaysia	2	100.00	Investment holding
<i>Wholly-owned subsidiary MR Securities Sdn Bhd</i>				
• Bintara Guard Force Security Sdn Bhd	15.05.00 Malaysia	100,000	100.00	Security guard services
MRCB Ceramics Sdn Bhd	04.05.82 Malaysia	26,000,000	75.00	Dormant
MRCB Engineering Sdn Bhd	27.02.82 Malaysia	800,000	100.00	Engineering services and construction
MRCB Prasarana Sdn Bhd (formerly known as Sepang Energy Resources Sdn Bhd)	23.01.78 Malaysia	2,800,000	100.00	Dormant
MRCB Project Management Sdn Bhd	11.08.78 Malaysia	1,000,010	100.00	Project management and engineering related services
MRCB Selborn Corporation Sdn Bhd	14.11.90 Malaysia	22,000,000 (comprising 20,000,000 ordinary shares @RM1.00 each & 20,000,000 Redeemable Convertible Cumulative Preference Shares @10 sen each)	60.00 (of the ordinary shares) 64.00 (of the Redeemable Convertible Cumulative Preference Shares)	Property development
Malaysian Resources Technology Sdn Bhd	08.12.95 Malaysia	2	100.00	Pre-operation

Name	Date and Place of Incorporation	Issued and Paid-up Capital RM	% Effective Interest	Principal Activities
Region Resources Sdn Bhd	25.04.83 Malaysia	1,800,000	80.00	Dormant
Wholly owned subsidiary company of Region Resources Sdn Bhd • Syarikat Gemilang Quarry Sdn Bhd	26.10.94 Malaysia	100,004	80.00	Dormant
MRCB Property Management Sdn Bhd	03.07.73 Malaysia	1,775,900	100.00	Dormant
Trans Peninsula Crude Oil Transaction Sdn Bhd	28.11.95 Malaysia	2	100.00	Pre-operating
Superview Development Sdn Bhd	27.12.79 Malaysia	14,000,000	100.00	Property development, management and shares trading
Malaysian Resources Development Sdn Bhd	22.01.76 Malaysia	44,000,000	100.00	Property development and investment holding
Wholly-owned subsidiary company of Malaysian Resources Development Sdn Bhd				
• Bitar Enterprise Sdn Bhd	14.02.69 Malaysia	818,496	100.00	Dormant
• Golden East Corporation Sdn Bhd	27.09.77 Malaysia	681,284	100.00	Property development and management
• MR Properties Sdn Bhd	19.05.82 Malaysia	2	100.00	Dormant
• Seri Iskandar Utilities Corporation Sdn Bhd	06.12.95 Malaysia	2	100.00	Pre-operating
• Sunrise Properties Sdn Bhd	14.08.81 Malaysia	1,000,000	100.00	Dormant
• Taiyee Development Sdn Bhd	15.04.81 Malaysia	6,000,000	100.00	Property development
• MRCB Property Development Sdn Bhd	23.05.79 Malaysia	1,250,002	100.00	Property development
70% owned subsidiary company of Malaysian Resources Development Sdn Bhd				
• Seri Iskandar Development Corporation Sdn Bhd	03.04.78 Malaysia	5,000,000	70.00	Property development

Name	Date and Place of Incorporation	Issued and Paid-up Capital RM	% Effective Interest	Principal Activities
<ul style="list-style-type: none"> Kejuruteraan dan Pembinaan Seri Lumut Sdn Bhd (formerly known as Seri Ipoh-Lumut Expressway Sdn Bhd) <i>Wholly-owned subsidiary-company of MRCB Property Development Sdn Bhd</i>	12.09.95 Malaysia	15,000,000	70.00	Pre-operating
<ul style="list-style-type: none"> MRCB Cahaya Mutiara Sdn Bhd (formerly known Cahaya Mutiara Properties Sdn Bhd) 	28.08.81 Malaysia	300,002	100.00	Property development, investment and management
Transmission Technology Sdn Bhd	07.06.82 Malaysia	3,000,000	55.00	Engineering, construction and commissioning of transmission power lines and substations
MR Construction Sdn Bhd	29.04.82 Malaysia	500,002	51.00	Dormant
MR-H Piling and Civil Engineering (M) Sdn Bhd	27.01.83 Malaysia	500,002	51.00	Dormant
MRCB Utama Sdn Bhd	12.05.83 Malaysia	15,000,000	100.00	Property development
<i>Wholly-owned subsidiary company of MRCB Utama Sdn Bhd</i>				
<ul style="list-style-type: none"> Country Annexe Sdn Bhd 	16.07.97 Malaysia	2	100.00	Dormant
Cheq Point (M) Sdn Bhd	26.08.83 Malaysia	5,000,000	74.79	Dormant
Zelleco (M) Sdn Bhd	05.06.84 Malaysia	8,000,000	70.00	Investment holding and contractor of civil and structural works
<i>Wholly-owned subsidiary company of Zelleco (M) Sdn Bhd</i>				
<ul style="list-style-type: none"> Zelleco Engineering Sdn Bhd 	29.09.93 Malaysia	2,119,000	70.00	Fabrication of structured steelworks
<i>75% owned subsidiary company of Zelleco (M) Sdn Bhd</i>				
<ul style="list-style-type: none"> Zelleco Construction Sdn Bhd 	11.05.93 Malaysia	4,000,002	52.50	Contractor of civil and structural works
<i>50% owned subsidiary company of Zelleco Construction Sdn Bhd</i>				

Name	Date and Place of Incorporation	Issued and Paid-up Capital RM	% Effective Interest	Principal Activities
• Pembangunan Sulaiman - Zelleco JV Sdn Bhd	10.01.96 Malaysia	5,000	26.25	Contractor of civil and structural works
MRCB Multimedia Consortium Sdn Bhd	19.08.97 Malaysia	10,000,000 (comprising 5,000,000 ord shares & 5,000,000 Redeemable Cumulative Preference Shares)	71.48 100.00	Application services relating to information and technologies
MRCB Intelligent Systems And Control Sdn Bhd	05.02.98 Malaysia	150,000	100.00	Dormant
MRCB Oil And Gas Technical Services Sdn Bhd	05.02.98 Malaysia	2	100.00	Pre-operating
MRCB (Terengganu) Sdn Bhd	06.08.97 Malaysia	2	100.00	Dormant
MRCB Smart Sdn Bhd	20.03.98 Malaysia	250,000	100.00	Dormant
MRC Management (BVI) Ltd	17.09.92 British Virgin Island	US\$12,500	100.00	Dormant
Malaysian Resources International Sdn Bhd <i>Wholly owned subsidiary of Malaysian Resources International Sdn Bhd</i>	03.04.96 Malaysia	2	100.00	Investment holding
• MRCB Mauritius Limited <i>Wholly owned subsidiary of MRCB (Mauritius) Limited</i>	11.04.00 Mauritius	US\$2	100.00	Investment holding
• Novelway Investment (Pty) Ltd	22.01.1996 South Africa	SAR100	100.00	Property development
MR Investments (Cayman) Pte Ltd	21.03.97 Cayman Island	US\$1,000	100.00	Dormant
MRCB Software Vision Sdn Bhd	14.11.2000 Malaysia	100,000	100.00	Information technology and professional outsourcing
Multimedia Base Sdn Bhd	27.11.00 Malaysia	2	100.00	Pre-operating
Netcelerator (M) Sdn Bhd	27.11.00 Malaysia	2	100.00	Pre-operating

Name	Date and Place of Incorporation	Issued and Paid-up Capital RM	% Effective Interest	Principal Activities
Media Prima Berhad (formerly known as Profitune Berhad)	27.11.00 Malaysia	300,000	100.00	Pre-operating
Estroman Sdn Bhd	27.11.00 Malaysia	2	100.00	Pre-operating
Amirijaya Sdn Bhd	23.11.00 Malaysia	2	100.00	Pre-operating
MRCB Environment Sdn Bhd (formerly known as Digiwill Sdn Bhd)	14.11.00 Malaysia	2	100.00	Pre-operating
Sibexlink Sdn Bhd	13.02.96 Malaysia	8,550,000	59.65	Dormant
<u>Associated Companies</u>				
The New Straits Times Press (Malaysia) Berhad	20.12.61 Malaysia	216,159,504	43.50	Publishing and sale of newspapers, investment holding and property development
Sistem Televisyen Malaysia Berhad	15.09.83 Malaysia	170,318,012	49.65	Commercial television broadcasting
Kota Français (M) Sdn Bhd	26.04.97 Malaysia	791,664	20.00	Franchising, property management and consulting
Harmonic Fairway Sdn Bhd	12.03.97 Malaysia	4	50.00	Investment holding
<i>Wholly-owned subsidiary of Harmonic Fairway Sdn Bhd</i>				
• Promising Quality Sdn Bhd	13.03.97 Malaysia	4	50.00	Pre-operating
<i>Wholly-owned subsidiary company of Promising Quality Sdn Bhd</i>				
• Colossus Harvest Sdn Bhd	13.03.97 Malaysia	2	50.00	Pre-operating
• Gallant Horizon Sdn Bhd	14.03.97 Malaysia	2	50.00	Pre-operating
• Perpetual Morning Sdn Bhd	08.03.97 Malaysia	2	50.00	Pre-operating
• Rainbow Precious Sdn Bhd	13.03.97 Malaysia	2	50.00	Pre-operating
• Pinnacle Might Sdn Bhd	16.03.99 Malaysia	2	50.00	Pre-operating
• Fine Calibre Sdn Bhd	17.03.99 Malaysia	2	50.00	Pre-operating

8. Board of Directors and their respective shareholdings

MRCB directors and their shareholdings in MRCB as at 31 December 2002:-

Name	No. of Shares Held			
	Direct	%	Indirect	%
YAM. Dato' Seri Syed Anwar Jamalullail (Chairman)	-	-	244,857,156	25.1*
Abdul Rahman bin Ahmad (Group Managing Director/Chief Executive Officer)	-	-	-	-
Shahril Ridza bin Ridzuan (Executive Director)	-	-	-	-
YBhg. Datuk Zahari bin Omar (Executive Vice President)	-	-	-	-
YBhg. Dato' Ahmad bin Hj. Ibnihaajar	-	-	-	-
YBhg. Dato' Zainol Abidin bin Dato' Hj. Salleh	-	-	-	-
YBhg. Dato' Dr. Mohd Shahari bin Ahmad Jabar	-	-	-	-

* deemed interested by virtue of his direct major interest in Realmild (99.99% equity interest)

9. Major Shareholders and their respective shareholdings

Major Shareholders (holding more than 5% of issued and paid-up capital) of MRCB as at 31 December 2002:-

Name	No. of Shares Held			
	Direct	%	Indirect	%
Realmild	244,857,156	25.1	-	-
Dato' Seri Syed Anwar bin Jamalullail	-	-	244,857,156*	25.1
EPF	120,816,333	12.4	-	-

* deemed interested by virtue of his direct major interest in Realmild (99.99% equity interest)

10. Profit and Dividend Record

The following is the profit and dividend record of MRCB based on the audited accounts for the past five (5) financial years ended 31 August 1998 to 31 August 2002 and based on the unaudited results for the quarter ended 30 November 2002:-

	Financial year ended 31 August					Quarter ended 30 Nov 2002 (unaudited)
	1998 RM'000	1999 RM'000	2000 RM'000	2001 RM'000	2002 RM'000	RM'000
Turnover	680,415	228,991	248,570	533,080	419,282	35,577
Profit/(Loss) Before Taxation & Exceptional Items	(357,278)	(199,138)	(54,746)	(186,688)	(116,232)	(28,940)
Exceptional items	153,816	(1,207,662)	136,037	(461,482)	312,604	33,498
Profit/(Loss) Before Taxation After Exceptional Items	(203,462)	(1,406,800)	81,291	(648,170)	196,372	(4,558)
Taxation	(49,157)	(41,717)	(7,692)	(1,399)	(20,058)	(1,101)
Profit/(Loss) After Taxation & Exceptional Items	(252,619)	(1,448,517)	73,599	(649,569)	176,314	(5,659)
Minority Interest	(52,695)	14,932	(15,915)	(7,186)	(3,637)	3,313
Profit/(Loss) After Taxation, Exceptional Items & Minority Interest	(305,314)	(1,433,585)	57,684	(656,755)	172,677	(2,346)
Issued and paid-up capital (RM'000)	963,129	969,781	975,096	976,550	976,550	976,550
Earnings Per Share (sen)	(31.7)	(148.6)	5.9	(67.3)	17.7	(0.2)
Gross dividend rate (%)	-	-	-	-	-	-
NTA	(61,525)	(52,818)	201,341	50,467	279,437	275,648
NTA per share (RM)	(0.06)	(0.05)	0.21	0.05	0.29	0.28

Notes:-

1. Losses in 1998 were caused mainly by the Asian economic crisis, which caused a weakening in exchange rates, falling asset prices and reduced consumption spending. MRCB's losses were driven by the fall in turnover and the foreign exchange loss of RM 274 million arising on the US\$ 100 million loan drawn down in June 1997. The exceptional gain relates mainly to the gain on disposal of MRCB's 51% interest in Teknik Janakuasa Sdn Bhd and 15% interest in Malakoff Berhad.
2. For 1999, the lower turnover of RM229.0 million compared to RM680.4 million in the previous year is principally due to the completion of construction works related to the Group's power projects and reduced activities in the Group property and construction sector, which are in tandem with the slowdown and consolidation in the sector. The sale of Teknik Janakuasa Sdn Bhd to Malakoff Berhad also affected the turnover as no contribution was forthcoming as a result of the sale. The higher loss of RM1.4 billion recorded in the financial year is mainly due to a diminution on the value of investment in RHB, an associated company by RM999.5 million.
3. The Group recorded a pre-tax profit of RM81.3 million in 2000 compared to a loss in the previous year mainly due to the exceptional provisions in 1999 and improved performance in the share of profits in the Group's associated companies.
4. The improved revenue of RM533.1 million for 2001 compared to RM248.6 million in 2000 was mainly attributed to property development, engineering and construction works. The Group incurred a larger loss compared to the previous year mainly due to the Group's share of losses of associated companies (RHB and NSTP) amounting to RM72.6 million (2000 profit RM82.9 million) and provisions for diminution in the Group's asset values, project development account and write-off of goodwill on consolidation amounting to RM626.7 million.
5. The return to profitability in 2002 for MRCB was mainly due to the exceptional gain on the disposal of Sepang Power and from equity accounting NSTP's exceptional gain from disposal of its stake in CAHB. The results before exceptional items has improved mainly due to higher operating profits from the Engineering and Construction division and reduction in overheads.
6. There were no extraordinary items throughout the financial periods under review.

11. Market Price of MRCB Shares

The monthly high and low share prices of MRCB as traded on the KLSE for the past twelve(12) months ended 31 December 2002 are as follows:-

	High (RM)	Low (RM)
2002		
January	1.40	1.21
February	1.37	1.14
March	1.47	1.17
April	1.98	1.35
May	1.82	1.36
June	1.48	1.18
July	1.44	1.22
August	1.28	1.15
September	1.19	1.00
October	1.09	0.79
November	1.04	0.885
December	0.95	0.775

The last transacted price of MRCB shares on 5 October 2001 (being the last trading day prior to the date of the announcement on the Corporate Proposals) was RM1.24.

The last transacted price of MRCB shares on 29 January 2003 (being the last practicable date prior to the printing of this document) was RM1.01.

Source: Bloomberg

II. INFORMATION ON TV3

1. Company Name

Sistem Televisyen Malaysia Berhad

2. Date and Place of Incorporation

TV3 was incorporated on 15 September 1983 in Malaysia under the Companies Act, 1965.

3. Date of Listing

TV3 was listed on the Main Board of the KLSE on 25 April 1988.

4. Principal Activities

The principal activity of TV3 is commercial television broadcasting. The principal activities of the TV3 Group consist of commercial television broadcasting, sale of programme rights, sale of video, media revenue, sale of home shopping goods and other trading inventories and the provision of production, event management and other industry related services. The principal activities of the subsidiaries and associated companies of TV3 can be found in Section 7 of this appendix.

5. Issued and Paid-up Capital

	Number of Ordinary Shares	Par value (RM)	Total (RM)
Authorised	1,000,000,000	1.00	1,000,000,000
Issued and paid-up	170,318,012	1.00	170,318,012

6. Movements in Issued and Paid-up Capital

Date of allotment	No. of shares @RM1.00	Consideration	Total issued and paid-up Capital (RM)
15.09.1983	2	Subscribers' shares	2
15.04.1984	10,000,000	Cash	10,000,002
01.11.1985	15,000,003	Rights issue on the basis of 3 new TV3 shares for every 2 existing TV3 shares at RM 1 per share	25,000,005
07.09.1987	12,500,002	Bonus Issue of 1 new TV3 share for every 2 existing TV3 shares	37,500,007
24.03.1988	6,618,000	Public Issue of 6,618,000 TV3 shares at RM2.00 per share	44,118,007
13.08.1992	22,059,003	Bonus Issue of 1 new TV3 shares for every 2 existing TV3 shares	66,177,010
07.09.1992 to 02.11.1992	18,681,996	Issue of 18,681,996 TV3 shares of RM1.00 each valued at RM3.60 per share for the acquisition of First Malaysia Property Trust	84,859,006
29.05.1996	84,859,006	Bonus Issue of 1 new TV3 share for every 1 existing TV3 share	169,718,012
05.11.1996 to 20.08.1997	600,000	Issue of TV3 shares pursuant to the TV3 Employees Share Option Scheme	170,318,012

7. List of Subsidiaries and Associated Companies

Name	Date and Place of Incorporation	Issued and Paid-up Capital	% Effective Interest	Principal Activities
Animated & Production Techniques Sdn Bhd	28/6/1990 Malaysia	RM3,000,000	100	Dormant
Grand Brilliance Sdn Bhd	9/12/1993 Malaysia	RM5,000,000	100	Production of motion picture films and acquiring ready made films from local producers and production houses and investment holding.
Ambang Anika Sdn Bhd	15/6/1994 Malaysia	RM6,000,000	100	Operation of home shopping network
Newslink Asia Sdn Bhd	3/1/1995 Malaysia	RM2	100	Dormant
Cosmo Focus Sdn Bhd	19/11/1994 Malaysia	RM2,000,000	100	Provision of training and education in the field of broadcasting, films and other related industry
Tiga Events Sdn Bhd	31/7/1995 Malaysia	RM1,000,000	100	Promotion and marketing of sports event and production of sports event
Mercury Entertainment (M) Sdn Bhd	21/2/1994 Malaysia	RM11,000,000	60	Replication of laser discs and digital video discs
Ambang Klasik Sdn Bhd	25/10/1995 Malaysia	RM3,000,000	100	Dormant
Esprit Assets Sdn Bhd	28/10/1995 Malaysia	RM2	100	Property investments and provision of property management services
Amity Valley Sdn Bhd	28/10/1995 Malaysia	RM2	100	To enter into joint venture or other arrangement in relation to the setting up of broadcasting stations and related activities overseas
Able Communications Sdn Bhd	25/6/1997 Malaysia	RM2	100	Dormant
Mercury Multimedia Services Sdn Bhd	14/2/1994 Malaysia	RM2	100	Dormant
Booty Studio Productions Sdn Bhd	4/8/1990 Malaysia	RM1,500,000	60	Dormant
Cineart Enterprises Sdn Bhd	2/8/1993 Malaysia	RM7,000,000	100	Dormant
Layar Opera Sdn Bhd	9/9/1995 Malaysia	RM1,000,000	60	Dormant
Cineart International Hong Kong Limited	28/3/1996 Hong Kong	HK\$10,000	100	Dormant
Gama Media International (BVI) Limited	18/10/1996 British Virgin Island	US\$100	100	Investment holding
Gama Film Company Limited	7/11/1996 Republic of Ghana	US\$2,000,000	70	Film production, pre and post production, audio/video recording, audio/video duplication, video exhibition and distribution

Name	Date and Place of Incorporation	Issued and Paid-up Capital	% Effective Interest	Principal Activities
TV3 Network Limited	29/8/1996 Republic of Ghana	US\$14,285	70	Media and communication businesses, managerial services and operation of free-to-air television service
Cableview Network Limited	29/8/1996 Republic of Ghana	US\$14,285	70	Dormant
Gama Media Systems Limited	29/8/1996 Republic of Ghana	US\$14,285	70	Dormant
<u>Associated Companies</u>				
Cableview Services Sdn Bhd	18/10/1994 Malaysia	RM35,000,001	40	Dormant
Excellent Eight (M) Sdn Bhd	14/12/1993 Malaysia	RM1,000,000	29.6	News and documentaries production
Brilliance Legend Sdn Bhd	20/8/1996 Malaysia	RM500,000	49	Dormant
Sistem Network Nusantara Sdn Bhd	14/4/1995 Malaysia	RM100,002	49	Dormant
Akademi Penulisan & Penerbitan Pena Sdn Bhd	27/5/1993 Malaysia	RM400,000	20	Conducting courses and organizing seminars in the field of journalism

8. Board of Directors and their respective shareholdings

TV3 directors and their shareholdings in TV3 as at 31 December 2002:-

Name	No. of Shares Held			
	Direct	%	Indirect	%
YAM. Dato' Seri Syed Anwar Jamalullail (Chairman)	-	-	84,570,500*	49.7
Abdul Rahman bin Ahmad (Executive Director)	-	-	-	-
YBhg. Dato' Abdullah bin Mohd Yusof	-	-	-	-
YBhg. Datuk Zahari bin Omar	-	-	-	-
YBhg. Tan Sri Lee Lam Thye	-	-	-	-
Amrin bin Hj Awaluddin	-	-	-	-
Shahril Ridza bin Ridzuan	-	-	-	-
YBhg. Dato' Dr. Mohd Shahari bin Ahmad Jabar	-	-	-	-

* deemed interested by virtue of his direct major interest in Realmild (99.99% equity interest), which is a direct major shareholder of MRCB (25.1% equity interest), which is in turn a direct major shareholder of TV3 (49.7% equity interest)

9. Major Shareholders and their respective shareholdings

Major shareholders (holding more than 5% of issued and paid-up capital) of TV3 as at 31 December 2002:-

Name	No. of Shares Held		Indirect	%
	Direct	%		
Alliancegroup Nominees (Tempatan) Sdn Bhd <Bayerische Landesbank Girozentrale Labuan For Malaysian Resources Corporation Berhad>	84,570,500	49.7	-	-
Realmild	-	-	84,570,500*	49.7
Dato' Seri Syed Anwar Jamalullail	-	-	84,570,500^	49.7
EPF	23,930,000	14.1	-	-
RHB Nominees (Tempatan) Sdn Bhd <Rashid Hussain Asset Management Sdn Bhd For Telekom Malaysia Berhad>	9,999,000	5.9	-	-

* deemed interested by virtue of being a substantial shareholder of MRCB (25.07% equity interest)

^ deemed interested by virtue of his direct major interest in Realmild (99.99% equity interest), which is a direct major shareholder of MRCB (25.1% equity interest), which is in turn a direct major shareholder of TV3 (49.7% equity interest)

10. Profit and Dividend Record

The following is the profit and dividend record of TV3 based on the audited accounts for the past five (5) financial years ended 31 August 1998 to 31 August 2002 and based on the unaudited results for the quarter ended 30 November 2002:-

	Financial year ended 31 August					Quarter ended 30 Nov (unaudited) 2002
	1998 RM'000	1999 RM'000	2000 RM'000	2001 RM'000	2002 RM'000	RM'000
Turnover	266,261	210,958	221,574	240,733	244,361	65,094
Profit/(Loss) Before Taxation & Exceptional Items	(168,838)	(135,023)	(68,389)	(3,605)	(4,380)	(1,601)
Exceptional Items	-	(162,415)	(61,652)	1,803	(2,783)	-
Profit/(Loss) Before Taxation After Exceptional Items	(168,838)	(297,438)	(130,041)	(1,802)	(7,163)	(53)
Taxation	(4,274)	28,400	(14,623)	128	(9,895)	(1,601)
Profit/(Loss) After Taxation & Exceptional Items	(173,112)	(269,038)	(144,664)	(1,674)	(17,058)	(1,654)
Minority Interest	2,734	783	621	(826)	161	31
Profit/(Loss) After Taxation, Exceptional Items & Minority Interest	(170,378)	(268,255)	(144,043)	(2,500)	(16,897)	(1,623)
Issued and paid-up capital (RM'000)	170,318	170,318	170,318	170,318	170,318	170,318
Earnings / (Loss) Per Share (sen)	(100)	(158)	(85)	(1)	(10)	(1)
Gross dividend rate (%)	-	-	-	-	-	-
NTA	63,005	(267,465)	(380,287)	(380,926)	(396,377)	(399,974)
NTA per share (RM)	0.37	(1.53)	(2.23)	(2.24)	(2.33)	(2.35)

Notes:-

- For the financial year ended 1998, the lower turnover was mainly attributed to the weakened advertising market on the back of the depressed economic environment. The total TV gross advertising revenue declined 7% to RM726 million from RM781 million in 1997. Besides the lower turnover, TV3 Group was also affected by rising costs due to higher foreign programme costs due to the depreciated Ringgit against major currencies and higher domestic financing costs.
- A further contraction in advertising revenue due to the continued sluggish advertising industry has led to a fall in TV3 Group turnover in the financial year ended 1999. The total TV gross advertising revenue contracted a further 5% from RM726 million in 1998 to RM690 million in 1999. The higher losses were mainly a result of the RM 116.6 million exceptional charge on revision of rates used in amortisation of programmes and film rights.
- The improved turnover in financial year ended 2000 was in tandem with the ongoing economic recovery which had boosted the advertising spending in the country. The total TV gross advertising revenue rose 27% from RM690 million in 1999 to RM881.6 million in 2000. Losses for 2000 were significantly affected by the RM 42.6 million exceptional provision for diminution in value of quoted investments.
- A further 6% improvement in overall television advertising expenditure helped to increase turnover for the financial year ended 31 August 2001. This, coupled with the writeback in provision for diminution in value of investment and reduction in provision for amount advanced to subsidiaries had significantly reduced pre-tax loss to RM1.8 million.
- The Group's revenue increased by 1.5% which is in tandem with the marginal increase in television advertising expenditure of 0.3% during the same period. TV3 registered a higher loss after tax mainly due to a decrease in other income, losses incurred by subsidiaries, absence of the one off gain accrued in 2001 and higher tax charge mainly due to underprovision for previous years.
- There were no extraordinary items for the financial periods under review.

11. Market Price of TV3 Shares

The monthly high and low share prices of TV3 as traded on the KLSE for the past twelve(12) months ended 31 December 2002 are as follows:-

	High (RM)	Low (RM)
2002		
January	0.675	0.52
February	0.615	0.39
March	0.445	0.35
April	0.50	0.395
May	0.485	0.43
June	0.47	0.40
July	0.43	0.385
August	0.395	0.29
September	0.43	0.29
October	0.32	0.23
November	0.30	0.23
December	0.28	0.23

The last transacted price of TV3 shares on 5 October 2001 (being the last trading day prior to the date of the announcement on the Corporate Proposals) was RM0.63.

The last transacted price of TV3 shares on 29 January 2003 (being the last practicable date prior to the printing of this document) was RM0.28.

Source: Bloomberg

III. INFORMATION ON NSTP

1. Company Name

The New Straits Times Press (Malaysia) Berhad

2. Date and Place of Incorporation

NSTP was incorporated in the Federation of Malaya as a private limited company on 20 December 1961. NSTP was converted to a public company on 31 January 1973.

3. Date of Listing

NSTP was listed on the Main Board of the KLSE on 4 April 1973.

4. Principal Activities

The principal activities of NSTP consist of the publishing and sale of newspaper and investment holding. The principal activities of the NSTP Group consist of underwriting of general insurance; provision of Bahasa Malaysia and English editorial services, marketing and supply of data processing equipment and provision of data processing services, distribution of newspapers and periodicals; provision of editorial services and publication of computer tabloids; provision of management services; internet based-on-line services; manage, sell and maintain outdoor advertisement from billboards and transit advertising; healthcare management services and property management services. The principal activities of the subsidiaries and associated companies of NSTP are set out in Section 7 of this appendix.

5. Issued and Paid-up Capital

	Number of Ordinary Shares	Par value (RM)	Total (RM)
Authorised	500,000,000	1.00	500,000,000
Issued and paid-up	216,160,504	1.00	216,160,504

6. Movements in Issued and Paid-up Capital

Date of allotment	No. of shares @ RM1.00	Consideration	Total issued and paid-up share capital
20.12.1961	2	Subscribers' shares	2
23.08.1962	9,998	Cash	10,000
28.09.1972	13,765,000	Shares issued pursuant to reconstruction of The New Straits Times Press (Malaya) Berhad	13,775,000
24.03.1978	4,591,667	Bonus issue of 1 for 3	18,366,667
11.05.1978	4,591,667	Rights issue of 1 for 3 at RM1.50 per ordinary share	22,958,334
22.06.1984	34,437,501	Bonus issue of 3 for 2	57,395,835
17.08.1984	11,479,167	Rights issue of 1 for 2 at RM4.50 per ordinary shares	68,875,002
04.06.1987	17,218,750	Bonus issue of 1 for 4	86,093,752
01.03.1990 to 17.05.1990	1,420,000	Employees' Share Option Scheme ("ESOS") at RM4.00 per ordinary share	87,513,752
07.06.1990 to 06.09.1990	486,000	ESOS at RM3.97 per ordinary share	87,999,752
13.03.1991 to 30.05.1991	1,502,000	ESOS at RM6.99 per ordinary share	89,501,752
31.05.1991	89,501,752	Bonus issue of 1 for 1	179,003,504

Date of allotment	No. of shares @ RM1.00	Consideration	Total issued and paid-up share capital
19.11.1992 to 7.12.1992	1,326,000	ESOS at RM5.01 per ordinary share	180,329,504
12.01.1996	18,000,000	Private placement at RM8.00 per ordinary share	198,329,504
22.02.1996 to 09.09.1999	13,963,000	ESOS at RM2.88 per ordinary share	212,292,504
15.09.1999	7,000	ESOS at RM6.95 per ordinary share	212,299,504
21.09.1999 to 28.09.1999	126,000	ESOS at RM2.88 per ordinary share	212,425,504
01.10.1999	10,000	ESOS at RM6.95 per ordinary share	212,435,504
08.10.1999	182,000	ESOS at RM2.88 per ordinary share	212,617,504
15.10.1999	9,000	ESOS at RM6.95 per ordinary share	212,626,504
25.10.1999 to 29.10.1999	145,000	ESOS at RM2.88 per ordinary share	212,771,504
11.11.1999	9,000	ESOS at RM6.95 per ordinary share	212,780,504
13.11.1999 to 07.12.1999	181,000	ESOS at RM2.88 per ordinary share	212,961,504
10.12.1999	11,000	ESOS at RM6.95 per ordinary share	212,972,504
17.12.1999 to 04.01.2000	115,000	ESOS at RM2.88 per ordinary share	213,087,504
04.01.2000	4,000	ESOS at RM6.95 per ordinary share	213,091,504
06.01.2000 to 20.01.2000	108,000	ESOS at RM2.88 per ordinary share	213,199,504
28.01.2000	52,000	ESOS at RM5.95 per ordinary share	213,251,504
09.02.2000	93,000	ESOS at RM2.88 per ordinary share	213,344,504
22.02.2000	174,000	ESOS at RM5.95 per ordinary share	213,518,504
09.03.2000 to 15.03.2000	740,000	ESOS at RM2.88 per ordinary share	214,258,504
20.03.2000 to 24.03.2000	420,000	ESOS at RM6.95 per ordinary share	214,678,504
30.03.2000 to 04.04.2000	194,000	ESOS at RM2.88 per ordinary share	214,872,504
10.04.2000	177,000	ESOS at RM6.95 per ordinary share	215,049,504
12.04.2000	43,000	ESOS at RM2.88 per ordinary share	215,092,504
12.04.2000	78,000	ESOS at RM6.95 per ordinary share	215,170,504
14.04.2000 to 21.04.2000	52,000	ESOS at RM2.88 per ordinary share	215,222,504
27.04.2000	22,000	ESOS at RM6.95 per ordinary share	215,244,504
28.04.2000	77,000	ESOS at RM2.88 per ordinary share	215,321,504
05.05.2000 to 09.05.2000	52,000	ESOS at RM6.95 per ordinary share	215,373,504
10.05.2000 to 12.05.2000	25,000	ESOS at RM2.88 per ordinary share	215,398,504
17.05.2000	12,000	ESOS at RM6.95 per ordinary share	215,410,504
17.05.2000	8,000	ESOS at RM2.88 per ordinary share	215,418,504
25.05.2000	66,000	ESOS at RM6.95 per ordinary share	215,484,504
30.05.2000	123,000	ESOS at RM2.88 per ordinary share	215,607,504
30.05.2000	8,000	ESOS at RM6.95 per ordinary share	215,615,504
19.06.2000	26,000	ESOS at RM2.88 per ordinary share	215,641,504
19.06.2000	8,000	ESOS at RM6.95 per ordinary share	215,649,504
23.06.2000	9,000	ESOS at RM2.88 per ordinary share	215,658,504
23.06.2000	11,000	ESOS at RM6.95 per ordinary share	215,669,504
27.06.2000 to 13.07.2000	39,000	ESOS at RM2.88 per ordinary share	215,708,504
13.07.2000	19,000	ESOS at RM6.95 per ordinary share	215,727,504
18.07.2000	49,000	ESOS at RM2.88 per ordinary share	215,776,504
31.07.2000	15,000	ESOS at RM6.95 per ordinary share	215,791,504
01.08.2000 to 02.08.2000	9,000	ESOS at RM2.88 per ordinary share	215,800,504
09.08.2000	6,000	ESOS at RM6.95 per ordinary share	215,806,504
09.08.2000 to 05.09.2000	100,000	ESOS at RM2.88 per ordinary share	215,906,504
05.09.2000	10,000	ESOS at RM6.95 per ordinary share	215,916,504
11.09.2000	6,000	ESOS at RM2.88 per ordinary share	215,922,504
11.09.2000	7,000	ESOS at RM5.95 per ordinary share	215,929,504
25.09.2000 to 04.10.2000	36,000	ESOS at RM2.88 per ordinary share	215,965,504
06.10.2000	2,000	ESOS at RM6.95 per ordinary share	215,967,504
31.10.2000 to 18.05.2002	139,000	ESOS at RM2.88 per ordinary share	216,106,504
08.05.2002	1,000	ESOS at RM6.95 per ordinary share	216,107,504
09.05.2000 to 31.12.2002	53,000	ESOS at RM2.88 per ordinary share	216,160,504
1.9.2001 to 31.8.2002	96,000	ESOS at RM2.88 per ordinary share	216,132,504
1.9.2002 to 31.12.2002	27,000	ESOS at RM2.88 per ordinary share	216,159,504

7. List of Subsidiaries and Associated Companies

Name of company	Date and place of incorporation	Issued and Paid up Capital	Effective equity interest %	Principal activities
AMI Insurans Berhad	11.06.1980 Malaysia	RM110,000,000	100.0	Underwriting of general insurance
Asia Pacific Enterprise Computing Sdn Bhd	28.05.1992 Malaysia	RM5,000,000	100.0	Dormant
Asia Pacific Risk Management Centre Sdn Bhd	23.12.1995 Malaysia	RM1,000,000	100.0	Dormant
Basshill Holdings Limited	12.11.1996 British Virgin Islands	US\$1.00	100.0	Investment holding
Berita Book Centre Sdn Bhd	27.03.1979 Malaysia	RM3,000,000	100.0	Dormant
Berita Harian Sdn Berhad	19.06.1985 Malaysia	RM1,000,000	100.0	Provision of Bahasa Malaysia editorial services
Berita Information Systems Sdn Bhd	21.11.1981 Malaysia	RM2,000,000	100.0	Marketing and supply of data processing equipment and provision of data processing services
Beriteks Sdn Berhad	24.09.1986 Malaysia	RM300,000	100.0	Dormant
Bisofware Sdn Bhd	26.11.1990 Malaysia	RM200,000	100.0	Dormant
BT Information Sdn Bhd	20.01.1982 Malaysia	RM500,000	100.0	Dormant
Business Times (Malaysia) Sdn Bhd	23.04.1976 Malaysia	RM940,000	100.0	Dormant
IT Publications Sdn Bhd	06.05.1992 Malaysia	RM200,000	100.0	Provision of editorial services and publication of computer tabloids.
Marican Sdn Berhad	05.12.1962 Malaysia	RM800,000	92.5	Distribution of newspaper and periodicals.
Media Master Industries (M) Sdn Bhd	21.01.1995 Malaysia	RM100,000	51.0	Outdoor Advertising
New Straits Times Sdn Berhad	19.06.1985 Malaysia	RM1,000,000	100.0	Provision of English editorial services.
New Straits Times Technology Sdn Bhd	06.05.1992 Malaysia	RM2,000,000	100.0	Investment holding and provision of management services
NSTP e-Media Sdn Bhd	29.11.1996 Malaysia	RM1,575,118	100.0	Internet based on-line services
Clear Channel Media Malaysia Sdn Bhd (formerly known as NST Outdoor Sdn Bhd)	04.04.2000 Malaysia	RM5,000,000	51.0	Manage, sell and maintain outdoor advertisement from billboards and transit advertising
Open Solutions Sdn Bhd	05.05.1992 Malaysia	RM200,000	100.0	Dormant
Pitisan Sdn Berhad	08.09.1986 Malaysia	RM52,000,000	100.0	Investment holding

Name of company	Date and place of incorporation	Issued and Paid up Capital	Effective equity interest %	Principal activities
Prosakti Sdn Bhd	31.07.1991 Malaysia	RM1,000,000	100.0	Healthcare management services
Rampaian Media Sdn Bhd	17.06.1981 Malaysia	RM3,200,000	100.0	Distribution of newspapers and magazines
Q-Distribution Sdn Bhd	23.01.1992 Malaysia	RM200,000	100.0	Dormant
Shin Min Publishing (Malaysia) Sdn Bhd	29.03.1967 Malaysia	RM7,379,750	89.6	Dormant
The New Straits Times Properties Sdn Bhd	05.06.1978 Malaysia	RM1,634,355	100.0	Property management services
Times of Malaysia Limited	21.06.1979 United Kingdom	£2.00	100.0	Dormant
Worldbase Investments Limited	12.11.1996 British Virgin Islands	US\$1.00	100.0	Investment holding
Associated Companies Akademi Penulisan dan Penerbitan Pena Sdn Bhd	27.05.1993 Malaysia	RM400,002	25.0	Dormant
Asia Magazines Limited	02.12.1960 Hong Kong	HKD2,818,340	26.9	Dormant
Business Day Co. Ltd.	31.03.1994 Thailand	200,000,100 Baht	47.49	Publishing of daily English financial newspaper
Enesty Hire & Drive Sdn Bhd	22.12.1975 Malaysia	RM2,500,000	40.0	Rental of vehicles and travel & tours
Thai Metro Media Group Co. Ltd.	19.11.1993 Thailand	20,000,000 Baht	49.0	Investment holding
Laras Perkasa Sdn Bhd	19.01.1996 Malaysia	RM1,428,572	30.0	Dormant
Malaysian Newsprint Industries Sdn Bhd	04.08.1976 Malaysia	RM712,692,000	21.4	Manufacturing of newsprint

8. Board of Directors and their respective shareholdings

NSTP directors and their shareholdings in NSTP as at 31 December 2002:-

Name	No. of Shares Held			
	Direct	%	Indirect	%
Jeneral (B) Tan Sri Dato' Mohd Ghazali bin Haji Che Mat (Chairman)	-	-	-	-
Faiz bin Ishak (Managing Director)	-	-	-	-
Tan Sri Dato' Abdullah bin Ahmad (Executive Director/Group Editor-in-Chief)	-	-	-	-
Dato' Zolkipli bin Abdul	-	-	-	-
Shivadas s/o P K Raman	3,071	~*	-	-
Abdul Rahman bin Ahmad	-	-	-	-
Shahril Ridza bin Ridzuan	-	-	-	-

* negligible

9. Major Shareholders and their respective shareholdings

Major Shareholders (holding more than 5% of issued and paid-up capital) of NSTP as at 31 December 2002:-

Name	No. of Shares Held			
	Direct	%	Indirect	%
MRCB	94,035,540#	43.5	-	-
Realmild	-	-	94,035,540*	43.5
Dato' Seri Syed Anwar Jamalullail	-	-	94,035,540^	43.5
EPF	26,267,504#	12.5	-	-

including shares held through nominee companies

* deemed interested by virtue of being a substantial shareholder of MRCB

^ deemed interested by virtue of his direct major interest in Realmild (99.99% equity interest), which is a direct major shareholder of MRCB (25.1% equity interest), which is in turn a direct major shareholder of NSTP (43.5% equity interest)

10. Profit and Dividend Record

The following is the profit and dividend record of NSTP based on the audited accounts for the past five (5) financial years ended 31 August 1998 to 31 August 2002 and based on the unaudited results for the quarter ended 30 November 2002:-

	Financial year ended 31 August					Quarter ended 30 Nov (unaudited) 2002
	1998 RM'000	1999 RM'000	2000 RM'000	2001 RM'000	2002 RM'000	RM'000
Turnover	755,444	684,211	693,144	680,188	768,673	194,795
Profit/(Loss) Before Taxation & Exceptional Items	(59,838)	(7,487)	9,025	(171,451)	(43,455)	1,581
Exceptional Items	-	69,818	-	-	387,736	-
Profit/(Loss) Before Taxation After Exceptional Items	(59,838)	62,331	9,025	(171,451)	344,281	1,581
Taxation	(13,432)	(448)	6,588	24,402	2,293	(442)
Profit/(Loss) After Taxation & Exceptional Items	(73,270)	61,883	15,613	(147,049)	346,574	1,139
Minority Interest	3,985	(6,953)	(22)	5,200	2,774	393
Profit/(Loss) After Taxation, Exceptional items & Minority Interest	(69,284)	54,930	15,591	(141,849)	349,348	1,532
Issued and paid-up capital (RM'000)	198,330	212,129	215,874	216,036	216,133	216,147
Earnings / (Loss) Per Share (sen)	(35)	26	7	(66)	162	1
Gross dividend rate (%)	3	3	5	-	-	-
NTA	730,319	821,097	841,295	666,603	1,013,183	1,014,755
NTA per share (RM)	3.68	3.87	3.90	3.09	4.69	4.69

1. The losses in 1998 were the result of the Asian economic crisis whereby NSTP were affected principally through the fall in circulation and advertising revenues, the rise in interest costs and the poorer results by NSTP's associated companies.
2. The improvement in results shown in 1999, were mainly due to cost cutting measures and the exceptional gain on the disposal of NSTP's stake in AMAL AssuranceBhd.
3. There was a slight improvement in operational results in 2000 as shown by the small rise in turnover and profit before exceptional items.
4. NSTP's suffered significant losses in 2001 primarily due to the increase of newsprint prices to particularly high levels, continued weakness in advertising revenues, material write-offs of plant and machinery and the continuing burden of high interest costs.
5. The turnaround in the 2002 has been mainly due to moderation in newsprint prices, the exceptional gain on disposal of NSTP's stake in CAHB and the resulting fall in interest costs (as most of the CAHB proceeds received in April 2002 were used to repay borrowings). NSTP's revenue increased by 10% as a result of a 13% increase in circulation revenue and also insurance underwriting business.
6. There were no extraordinary items throughout the financial period under review.

11. Market Price of NSTP Shares

The monthly high and low share prices of NSTP as traded on the KLSE for the past twelve(12) months ended 31 December 2002 are as follows:-

	High (RM)	Low (RM)
2002		
January	5.90	4.38
February	5.95	5.15
March	6.80	5.40
April	7.75	6.25
May	7.30	6.15
June	6.50	5.00
July	6.30	5.55
August	5.70	4.98
September	5.45	4.52
October	5.50	4.10
November	4.82	3.48
December	4.16	3.52

The last transacted price of NSTP shares on 5 October 2001 (being the last trading day prior to the date of the announcement on the Corporate Proposals) was RM3.94.

The last transacted price of NSTP shares on 29 January 2003 (being the last practicable date prior to the printing of this document) was RM4.20.

Source: Bloomberg

IV. INFORMATION ON NEWCO

1. Company Name

Media Prima Berhad (formerly known as Profitune Berhad)

2. Date and Place of Incorporation

Newco was incorporated on 27 November 2000 as a private limited company in Malaysia under the Companies Act, 1965. Newco was converted to a public limited company on 7 November 2001.

3. Date of Listing

Newco is not listed on the KLSE

4. Principal Activities

Newco is currently dormant. Intended principal activity is as investment holding company.

5. Issued and Paid-up Capital

	Number of Ordinary Shares	Par value (RM)	Total (RM)
Authorised	500,000	1.00	500,000
Issued and paid-up	300,000	1.00	300,000

6. Movements in Issued and Paid-up Capital

Date of allotment	No. of shares @RM1.00	Consideration	Total issued and paid-up Capital (RM)
27 November 2000	2	Subscribers' shares	2
5 December 2001	299,998	Cash	299,998

7. List of Subsidiaries and Associated Companies

None

8. Board of Directors and their respective shareholdings

Newco directors and their shareholdings in Newco as at 31 December 2002:-

Name	No. of Shares Held			
	Direct	%	Indirect	%
Abdul Rahman bin Ahmad	-	-	-	-
Shahril Ridza bin Ridzuan	-	-	-	-

9. Major Shareholders and their respective shareholdings

Newco is 100% owned by MRCB

10. Profit and Dividend Record

The following is the profit and dividend record of Newco based on the audited accounts for the period ended 31 August 2001 and financial year ended 31 August 2002:-

	Period from 27 November 2000 to 31 August 2001 RM	Financial year ended 31 August 2002 RM	Management Accounts for the period ended 30 Nov (unaudited) 2002 RM
Turnover	-	-	-
Profit/(Loss) Before Taxation & Exceptional Items	(586)	(5,963)	-
Exceptional Items	-	-	-
Profit/(Loss) Before Taxation After Exceptional Items	(586)	(5,963)	-
Taxation	-	-	-
Profit/(Loss) After Taxation & Exceptional Items	(586)	(5,963)	-
Minority Interest	-	-	-
Profit/(Loss) After Taxation, Exceptional Items & Minority Interest	(586)	(5,963)	-
Issued and paid-up capital	2	300,000	300,000
Earnings / (Loss) Per Share	(293)	(0.02)	-
Gross dividend rate (%)	-	-	-
NTA	(584)	293,451	293,451
NTA per share	(292)	0.98	0.98

1. Newco was dormant in the financial years ended 31 August 2001 and 2002, hence there was no turnover. The losses registered by Newco were in respect of administrative expenses incurred for the respective financial years. Newco is still dormant.
2. There were no exceptional nor extraordinary items throughout the financial period under review

For illustrative purposes, the proforma Net Profit/(Loss) of Newco for the past five (5) years ended 31 August 2002 is set out as follows:-

	1998	1999	2000	2001	2002	3 months ended 30 Nov 2002
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Turnover	266,261	210,958	221,574	240,733	244,361	65,094
Profit/(Loss) Before Taxation ("PBT/(LBT)") & Exceptional Items ("EI")	(168,838)	(135,023)	(68,389)	(3,605)	(4,380)	(1,601)
EI	-	(162,415)	(61,652)	1,803	(2,783)	-
PBT/(LBT) After EI	(168,838)	(297,438)	(130,041)	(1,802)	(7,163)	(53)
Taxation ("T")	(4,274)	28,400	(14,623)	128	(9,895)	(1,601)
PBT/(LBT) After T & EI	(173,112)	(269,038)	(144,664)	(1,674)	(17,058)	(1,654)
Minority Interest ("MI")	2,734	783	621	(826)	161	31
PBT/(LBT) After T, EI & MI (A)	(170,378)	(268,255)	(144,043)	(2,500)	(16,897)	(1,623)
NSTP Net Profit/(Loss)	(69,284)	(54,930)	15,591	(141,849)	349,348	1,532
Equity Interest	47.41%	44.33%	43.56%	43.53%	43.51%	43.50%
Share of NSTP's Profit (B)	(32,580)	24,351	6,791	(61,744)	151,995	666
Proforma Aggregate Net Profit (A+B)	(203,228)	(243,904)	(137,252)	(64,244)	135,098	(966)
Issued and paid-up capital ('000)	542,500	542,500	542,500	542,500	542,500	542,500
Earnings / (Loss) Per Share (sen)	(37.4)	(44.9)	(25.2)	(11.8)	24.9	(0.1)

Note: The above has been presented for illustrative purposes only. The above consolidated proforma numbers (such as turnover and operating profit) would principally reflect TV3's historical audited numbers, while the share of NSTP's profit, being an associated company, is reflected separately.



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**REPORT OF THE AUDITORS TO THE MEMBERS OF
MALAYSIAN RESOURCES CORPORATION BERHAD**
(Company No. 7994 D)

We have audited the financial statements set out on pages 10 to 76. These financial statements are the responsibility of the Company's Directors. Our responsibility is to express an opinion on these financial statements 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 financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Directors, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:

- (a) the financial statements have been prepared in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia so as to give a true and fair view of:
 - (i) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements; and
 - (ii) the state of affairs of the Group and of the Company as at 31 August 2002 and of the results and cash flows of the Group and of the Company for the financial year ended on that date;

and

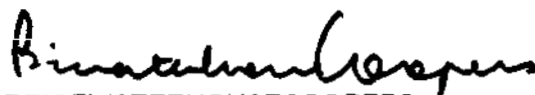
- (b) the accounting and other records and the registers required by the Act to be kept by the Company and by the subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

The names of the subsidiaries of which we have not acted as auditors are indicated in Note 38 to the financial statements. We have considered the financial statements of these subsidiaries and the auditors' reports thereon.

REPORT OF THE AUDITORS TO THE MEMBERS OF
MALAYSIAN RESOURCES CORPORATION BERHAD (CONTINUED)
(Company No. 7994 D)

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

The audit reports on the financial statements of the subsidiaries 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)
Chartered Accountants



THAYAPARAN A/L S. SANGARAPILLAI
(No. 2085/09/04 (J))
Partner of the firm

19 December 2002

MALAYSIAN RESOURCES CORPORATION BERHAD

(Incorporated in Malaysia)

INCOME STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2002

		Group		Company	
	Note	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
Revenue	4	419,282	533,080	142,102	99,458
Cost of sales		(331,558)	(470,200)	(113,492)	(81,302)
Gross profit		87,724	62,880	28,610	18,156
Other operating income:					
- gain on disposal/dilution of investments in:					
• subsidiary		153,403	10	114,288	-
• associate		-	169,111	-	342,068
• other investment		7,000	-	7,000	-
- others	5	45,483	26,784	16,026	19,635
Selling and distribution costs		(2,707)	(5,223)	(857)	(2,965)
Administrative expenses		(62,193)	(64,086)	(19,971)	(24,823)
Other operating expenses:					
- allowance for diminution in value of investments in:					
• subsidiaries		-	-	(29,732)	(33,637)
• associates		-	(430,784)	(47,360)	(497,878)
• other investments		(841)	(222)	(841)	(200)
- impairment loss on investment properties		(992)	(29,965)	-	-
- goodwill written off		(7,016)	(62,299)	-	-
- allowance for doubtful debts		(11,903)	(26,279)	(86,566)	(402,682)
- facility charges on hedging contract		-	(35,602)	-	-
- write back of/(allowance for) expressway development expenditure		599	(18,256)	-	-
- write back of/(provision for) foreseeable losses on development properties		4,054	(27,196)	-	-
- others		(44,725)	(52,259)	(28,588)	(9,578)
Profit/(loss) from operations	6	167,886	(493,386)	(47,991)	(591,904)
Finance costs	7	(87,011)	(82,653)	(42,682)	(46,996)
Share of results of associates		115,494	(72,551)	-	-
Share of results of jointly controlled entities		3	420	-	-
Profit/(loss) from ordinary activities before taxation		196,372	(648,170)	(90,673)	(638,900)
Taxation	8	(20,058)	(1,399)	-	-
Profit/(loss) from ordinary activities after taxation		176,314	(649,569)	(90,673)	(638,900)
Minority interests		(3,637)	(7,186)	-	-
Net profit/(loss) attributable to shareholders		172,677	(656,755)	(90,673)	(638,900)
Earnings/(loss) per share (sen):					
- Basic	9	17.7	(67.3)		

The notes on pages 21 to 76 form an integral part of these financial statements.

MALAYSIAN RESOURCES CORPORATION BERHAD
(Incorporated in Malaysia)

BALANCE SHEETS AS AT 31 AUGUST 2002

		<u>Group</u>		<u>Company</u>	
	<u>Note</u>	<u>2002</u>	<u>2001</u>	<u>2002</u>	<u>2001</u>
		RM'000	RM'000	RM'000	RM'000
NON CURRENT ASSETS					
Property, plant and equipment					
- operational property, plant and equipment	10(a)	65,846	218,107	5,973	9,523
- investment properties	10(b)	217,413	223,434	-	-
		<u>283,259</u>	<u>441,541</u>	<u>5,973</u>	<u>9,523</u>
Development properties	11	859,833	738,188	4,072	4,033
Expressway development expenditure	12	-	-	-	-
Subsidiaries	13	-	-	284,159	314,303
Associates	14	791,973	682,186	729,563	776,923
Jointly controlled entities	15	115	112	-	-
Other investments	16	467	1,185	10,570	910
Project development expenditure	17	1	8,549	-	-
Goodwill on consolidation		2,061	8,944	-	-
Deferred taxation	18	7,306	19,159	-	-
Trade and other receivables	19	131,572	97,435	44,500	44,500
		<u>2,076,587</u>	<u>1,997,299</u>	<u>1,078,837</u>	<u>1,150,192</u>
CURRENT ASSETS					
Development properties	11	138,205	233,900	-	-
Inventories	20	50,399	11,749	-	-
Trade and other receivables	19	260,282	412,318	475,839	472,277
Marketable securities	22	290	290	-	-
Bank balances and deposits	23	234,689	334,689	17,840	5,561
		<u>683,865</u>	<u>992,946</u>	<u>493,679</u>	<u>477,838</u>
CURRENT LIABILITIES					
Provisions for liabilities and charges	24	22,507	24,027	-	-
Trade and other payables	25	380,180	501,573	374,524	339,222
Short term borrowings	27	552,173	831,052	515,000	515,000
Bonds	28	120,000	-	-	-
Taxation		18,690	27,046	-	-
		<u>1,093,550</u>	<u>1,383,698</u>	<u>889,524</u>	<u>854,222</u>
NET CURRENT LIABILITIES		<u>(409,685)</u>	<u>(390,752)</u>	<u>(395,845)</u>	<u>(376,384)</u>

MALAYSIAN RESOURCES CORPORATION BERHAD
(Incorporated in Malaysia)

BALANCE SHEETS AS AT 31 AUGUST 2001 (CONTINUED)

		Group		Company	
	Note	2002	2001	2002	2001
		RM'000	RM'000	RM'000	RM'000
NON CURRENT LIABILITIES					
Provisions for liabilities and charges	24	4,644	1,388	1,447	616
Bonds	28	791,310	910,339	-	-
Long term borrowings	29	97,112	79,563	-	-
Long term liabilities	30	11,492	31,297	2,806	3,780
		<u>904,558</u>	<u>1,022,587</u>	<u>4,253</u>	<u>4,396</u>
		<u>762,344</u>	<u>583,960</u>	<u>678,739</u>	<u>769,412</u>
CAPITAL AND RESERVES					
Share capital	32	976,550	976,550	976,550	976,550
Reserves		(328,690)	(503,436)	(297,811)	(207,138)
Shareholders' equity		<u>647,860</u>	<u>473,114</u>	<u>678,739</u>	<u>769,412</u>
Minority interests		114,484	110,846	-	-
		<u>762,344</u>	<u>583,960</u>	<u>678,739</u>	<u>769,412</u>

The notes on pages 21 to 76 form an integral part of these financial statements.

MALAYSIAN RESOURCES CORPORATION BERHAD
(Incorporated in Malaysia)

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2002**

	Share Capital	Non-Distributable				
	Nominal value RM'000	Share premium RM'000	Statutory and other reserves (Note 33) RM'000	Currency translation difference RM'000	Accumulated losses RM'000	Total RM'000
At 1 September 2001	976,550	1,008,463	86,183	790	(1,598,872)	473,114
Share in the transfer to statutory reserves by an associate	-	-	9,287	-	(9,287)	-
Share in the transfer to capital redemption reserves by an associate	-	-	18,273	-	(18,273)	-
Realisation of statutory reserves upon disposal of investment by an associate	-	-	(37,537)	-	37,537	-
Currency translation arising in the financial year	-	-	-	2,069	-	2,069
Net gain/(loss) not recognized in income statement	-	-	(9,977)	2,069	9,977	2,069
Net profit for the financial year	-	-	-	-	172,677	172,677
At 31 August 2002	976,550	1,008,463	76,206	2,859	(1,416,218)	647,860
At 1 September 2000	975,096	1,008,410	69,995	15	(911,896)	1,141,620
Issue of share capital - exercise of Options under ESOS	1,454	53	-	-	-	1,507
Share in the transfer to statutory reserves by associates	-	-	16,188	-	(16,188)	-
Currency translation arising in the financial year	-	-	-	775	-	775
Net gain/(loss) not recognized in income statement	-	-	16,188	775	(16,188)	775
Net loss for the financial year	-	-	-	-	(656,755)	(656,755)
Share of an associate's post acquisition loss of its associate	-	-	-	-	(14,033)	(14,033)
At 31 August 2001	976,550	1,008,463	86,183	790	(1,598,872)	473,114

The notes on pages 21 to 76 form an integral part of these financial statements.

MALAYSIAN RESOURCES CORPORATION BERHAD
(Incorporated in Malaysia)

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2002**

	Share Capital Nominal value RM'000	Non- Distributable Share premium RM'000	Accumulated losses RM'000	Total RM'000
At 1 September 2001	976,550	1,008,463	(1,215,601)	769,412
Net loss for the financial year	-	-	(90,673)	(90,673)
At 31 August 2002	<u>976,550</u>	<u>1,008,463</u>	<u>(1,306,274)</u>	<u>678,739</u>
At 1 September 2000	975,096	1,008,410	(576,701)	1,406,805
Issue of share capital				
- exercise of Options under ESOS	1,454	53	-	1,507
Net loss for the financial year	-	-	(638,900)	(638,900)
At 31 August 2001	<u>976,550</u>	<u>1,008,463</u>	<u>(1,215,601)</u>	<u>769,412</u>

The notes on pages 21 to 76 form an integral part of these financial statements.

MALAYSIAN RESOURCES CORPORATION BERHAD

(Incorporated in Malaysia)

CASH FLOW STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2002

	Note	Group		Company	
		2002	2001	2002	2001
		RM'000	RM'000	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit/(loss) from ordinary activities after taxation		176,314	(649,569)	(90,673)	(638,900)
Adjustments for:					
Taxation		20,058	1,399	-	-
Share of results of:					
- associates		(115,494)	72,551	-	-
- jointly controlled entities		(3)	(420)	-	-
Interest expense		79,142	72,507	37,300	36,790
Allowance for diminution in value of investments in:					
- subsidiaries		-	-	29,732	33,637
- associates		-	430,784	47,360	497,878
- other investments		841	222	841	200
Impairment loss on investment properties		992	29,965	-	-
Goodwill written off		7,016	62,299	-	-
Allowance for doubtful debts		11,903	26,279	86,566	402,682
(Write back of)/allowance for expressway development expenditure		(599)	18,256	-	-
(Write back of)/provision for foreseeable losses on development properties		(4,054)	27,196	-	-
Operational property, plant and equipment:					
- depreciation		11,204	8,496	4,028	2,236
- impairment loss		2,993	5,526	-	-
- written off		3,953	7,324	3,773	-
- net gain on disposal		(979)	(448)	(394)	(230)
Depreciation of investment properties		5,029	5,030	-	-
Allowance for inventories obsolescence		347	-	-	-
Project development expenditure amortised/written off		-	5,572	-	-
Provision for:					
- liabilities and charges		9,447	2,098	901	155
- foreseeable losses on contracts		-	5,989	-	-
Amortisation of bonds issuance expenses		971	464	-	-
Bad debts written off		-	4,436	-	30
Realisation of intercompany gain on disposal of an associate		-	-	-	138,906
Net gain on disposal/dilution of investments in:					
- subsidiary		(153,403)	(10)	(114,288)	-
- associate		-	(169,111)	-	(342,068)
- other investment		(7,000)	-	(7,000)	-
Interest income		(15,456)	(4,763)	(2,952)	(2,309)
Net unrealised loss/(gain) on foreign exchange		14,842	(2,738)	13,978	(2,738)
		48,064	(40,666)	9,172	126,269

MALAYSIAN RESOURCES CORPORATION BERHAD
(Incorporated in Malaysia)

CASH FLOW STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2002 (CONTINUED)

	Note	Group		Company	
		2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
Changes in working capital:					
Decrease/(increase) in development properties		30,925	(136,089)	(39)	(113)
Decrease/(increase) in expressway development expenditure		599	(2,606)	-	-
Increase in project development expenditure		(5,259)	(8,028)	-	-
(Increase)/decrease in inventories		(38,997)	3,143	-	-
Decrease/(increase) in receivables		26,064	(41,419)	34,140	88,164
Increase in amounts due from subsidiaries		-	-	(125,821)	(407,304)
(Decrease)/increase in amounts due to associates		(871)	19,738	228	14,355
(Decrease)/increase in payables		(75,033)	28,264	43,017	(19,104)
Decrease in deferred liabilities		(13,437)	(55,615)	-	(138,906)
Net cash used in operations		(27,945)	(233,278)	(39,303)	(336,639)
Interest received		15,456	4,763	2,952	2,309
Dividends received from:					
- associate		-	3,385	-	3,385
- subsidiary		-	-	-	2,376
Taxation paid		(10,880)	(1,728)	-	-
Interest paid		(129,894)	(157,512)	(35,142)	(33,512)
Retirement benefits paid		(70)	(254)	(70)	(254)
Net cash outflow from operating activities		(153,333)	(384,624)	(71,563)	(362,335)
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds from disposal of:					
- shares in associate		-	595,275	-	401,296
- other investment		22,000	-	22,000	-
Proceeds from disposal of operational property, plant and equipment		21,061	1,662	1,640	513
Net cash from disposal of interest in a subsidiary	A	114,991	-	115,000	-
Proceeds from sale of shares to minority shareholders		-	300	-	-
Net cash used for acquisition of subsidiaries	B	(300)	(5,751)	-	-
Purchase of operational property, plant and equipment		(14,773)	(142,913)	(5,497)	(7,169)
Subscription of shares in a subsidiary		-	-	(300)	(3,557)
Net cash inflow from investing activities		142,979	448,573	132,843	391,083

MALAYSIAN RESOURCES CORPORATION BERHAD
(Incorporated in Malaysia)

CASH FLOW STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2002 (CONTINUED)

<u>Note</u>	<u>Group</u>		<u>Company</u>	
	<u>2002</u>	<u>2001</u>	<u>2002</u>	<u>2001</u>
	RM'000	RM'000	RM'000	RM'000
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from:				
- term loans	37,255	1,293,397	20,000	515,000
- issue of shares	-	1,507	-	1,507
Repayment of term loans	(116,153)	(898,816)	(69,001)	(454,612)
Released/(pledged) of bank balances and fixed deposits as security value	101,717	(268,478)	-	-
Dividend paid to minority interest	-	(1,944)	-	-
Payment to minority shareholder on redemption of preference shares in a subsidiary	-	(136,964)	-	-
Net cash inflow /(outflow) from financing activities	<u>22,819</u>	<u>(11,298)</u>	<u>(49,001)</u>	<u>61,895</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	12,465	52,651	12,279	90,643
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR	<u>45,974</u>	<u>(6,677)</u>	<u>5,561</u>	<u>(85,082)</u>
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	<u><u>58,439</u></u>	<u><u>45,974</u></u>	<u><u>17,840</u></u>	<u><u>5,561</u></u>

34

The notes on pages 21 to 76 form an integral part of these financial statements.

Company No.	
7994	D

MALAYSIAN RESOURCES CORPORATION BERHAD
(Incorporated in Malaysia)

CASH FLOW STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2002 (CONTINUED)

(A) SUMMARY OF EFFECTS ON DISPOSAL OF A SUBSIDIARY

	<u>2002</u> RM'000	<u>2001</u> RM'000
Net assets disposed:		
Property, plant and equipment	127,597	-
Project development expenditure	13,810	-
Trade and other receivables	67,967	-
Trade and other payables	(76,103)	-
Cash and bank balances	9	-
Short term loan	(171,683)	-
Net liabilities disposed	(38,403)	-
Exceptional gain on disposal	153,403	-
Total consideration received from disposal	115,000	-
Less: Cash and bank balances	(9)	-
Net cash from disposal of interest in a subsidiary	<u>114,991</u>	<u>-</u>

On 20 May 2002, the Company completed the disposal of its entire 70% equity interest in Sepang Power Sdn. Bhd. ('SPSB') to Tenaga Nasional Berhad for a total cash consideration of RM115.0 million. The effects of the disposal of SPSB on the results of the Group for the financial year to the date of disposal was as follows:

	Period from 1.9.2001 to <u>20.5.2002</u> RM'000	12 months <u>31.8.2001</u> RM'000
Revenue	-	-
Operating cost	(564)	-
Loss from operation	(564)	-
Finance cost	-	-
Loss before taxation	(564)	-
Taxation	-	-
Net loss attributable to shareholders	<u>(564)</u>	<u>-</u>

MALAYSIAN RESOURCES CORPORATION BERHAD
(Incorporated in Malaysia)

CASH FLOW STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2002 (CONTINUED)

(B) SUMMARY OF EFFECTS ON ACQUISITION OF SUBSIDIARIES

	<u>2002</u> RM'000	<u>2001</u> RM'000
Net assets acquired:		
Property, plant and equipment	-	1,564
Trade and other receivables	768	19,374
Deposits with finance companies	-	291
Cash and bank balances	-	5,082
Trade and other payables	(601)	(11,718)
Provision for liabilities and charges	-	(520)
Long term loan	-	(5,000)
Minority interest	-	(1,223)
	<hr/>	<hr/>
Net assets acquired	167	7,850
Less: Amount accounted for as an associate at 1.9.2001	-	(3,742)
Goodwill on acquisition	133	7,016
	<hr/>	<hr/>
Purchase consideration	300	11,124
Less: Deposits with finance companies acquired	-	(291)
Cash and bank balances acquired	-	(5,082)
	<hr/>	<hr/>
Net cash used for acquisition of subsidiaries	<u>300</u>	<u>5,751</u>

On 11 September 2001, MR Securities Sdn. Bhd., a wholly-owned subsidiary of the Company acquired 100% equity interest in Bintara Guard Force Security Sdn. Bhd. ('BGFS') for cash consideration of RM300,000.

MALAYSIAN RESOURCES CORPORATION BERHAD
(Incorporated in Malaysia)

CASH FLOW STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2002 (CONTINUED)

(B) **SUMMARY OF EFFECTS ON ACQUISITION OF SUBSIDIARIES (CONTINUED)**

The effect of the acquisition of BGFS on the financial results of the Group from 11 September 2001 (date of acquisition) to 31 August 2002 was as follows:

	RM'000
Revenue	2,091
Operating costs	(2,591)
	<hr/>
Loss on operations	(500)
Finance cost	-
	<hr/>
Loss before taxation	(500)
Taxation	-
	<hr/>
Net loss attributable to shareholder	<u>(500)</u>

The effect of the acquisition of BGFS on the financial position of the Group at 31 August 2002 was as follows:

	At <u>31.8.2002</u> RM'000
Property, plant and equipment	8
Goodwill on acquisition	133
Trade and other receivables	1,345
Cash and bank balances	397
Trade and other payables	(2,083)
	<hr/>
Group's share of net liabilities	<u>(200)</u>

Company No.	
7994	D

MALAYSIAN RESOURCES CORPORATION BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - 31 AUGUST 2002

1 GENERAL INFORMATION

The Company is principally an investment holding company. The Company also engages in construction related activities and provision of management services to its subsidiaries.

The Group is principally engaged in engineering and construction services, property development, multimedia and information technology services, publishing, broadcasting and financial services.

The principal activities of the subsidiaries and associates are described in Note 38 to the financial statements.

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and listed on the Main Board of the Kuala Lumpur Stock Exchange.

The address of the registered office of the Company is as follows:

Aras 10, Menara MRCB
No. 2, Jalan Majlis 14/10
Seksyen 14
40000 Shah Alam
Selangor Darul Ehsan

The number of persons employed by the Group and by the Company at the end of the financial year amounted to 763 (2001: 908) and 134 (2001: 278) respectively.

2 BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The financial statements of the Group and of the Company have been prepared under the historical cost convention as modified for the revaluation of certain investment properties and development properties, and unless otherwise indicated in the summary of significant accounting policies below. The financial statements comply with the applicable approved accounting standards in Malaysia and the provisions of the Companies Act, 1965.

The preparation of financial statements in conformity with the applicable approved accounting standards in Malaysia and the provisions of the Companies Act, 1965 require the Directors to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported financial year. Actual results could differ from those estimates.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of consolidation

The consolidated income statement and balance sheet include the financial statements of the Company and all its subsidiaries made up to the end of the financial year.

Financial statements of subsidiaries are consolidated using the acquisition method of accounting, commencing from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases.

MALAYSIAN RESOURCES CORPORATION BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - 31 AUGUST 2002 (CONTINUED)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of consolidation (continued)

At the date where control is transferred to the Group, the fair values of the subsidiaries' net assets are determined and these values are reflected in the consolidated financial statements. The difference between the acquisition cost and the fair values of the subsidiaries' net assets is reflected as goodwill on consolidation.

Intragroup transactions, balances and unrealised gains on transactions are eliminated; unrealised losses are also eliminated unless cost cannot be recovered. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency with the accounting policies adopted by the Group. Minority interest is measured at the minorities' share of the post acquisition fair values of the identifiable assets and liabilities of the acquiree. Separate disclosure is made of minority interests.

The gain or loss on disposal of a subsidiary is the difference between net disposal proceeds and the Group's share of its net assets together with the goodwill on acquisition.

(b) Goodwill on consolidation

Goodwill arising on consolidation represents the excess of the fair value of the purchase consideration of the subsidiaries over the Group's share of the fair value of their separable net assets at the date of acquisition. Goodwill is stated at cost except where the Directors are of the opinion it is permanently impaired, in which case the goodwill is written off. Goodwill written off is recognised as an expense in the financial year in which the impairment is identified. Goodwill written off by the associates is restated in the Group's financial statements to be consistent with the Group's accounting policy.

(c) Subsidiaries

Subsidiaries are those enterprises in which the Group has power to exercise control over the financial and operating policies so as to obtain benefits from their activities.

Investments in subsidiaries 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 allowance is made for the diminution in value. Permanent diminution in value of an investment is recognised as an expense in the financial year in which the diminution is identified.

(d) Associates

Associates are enterprises in which the Group exercises significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the associates but not control over those policies.

MALAYSIAN RESOURCES CORPORATION BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - 31 AUGUST 2002 (CONTINUED)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Associates (continued)

Investments in associates 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 allowance is made for the diminution in value. Permanent diminution in value of an investment is recognised as an expense in the financial year in which the diminution is identified.

Investments in associates are accounted for in the consolidated financial statements using the equity method of accounting. Equity accounting involves recognising in the income statement the Group's share of the results of associates for the period. The Group's investments in associates are carried in the balance sheet at an amount that reflects its share of the net assets of the associates and includes goodwill on acquisition. Equity accounting is discontinued when the carrying amount of the investment in an associate reaches zero, unless the Group has incurred obligations or guaranteed obligations in respect of the associate.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates; unrealised losses are also eliminated unless the transaction provides evidence on impairment of the asset transferred. Where necessary, in applying the equity method, adjustments are made to the financial statements of associates to ensure consistency of accounting policies with the Group.

(e) Jointly controlled entities

Jointly controlled entities are corporations, partnership or other entities over which there is a contractually agreed sharing of control by the Group with one or more parties over the financial and operating policy decisions.

With the adoption of Malaysian Accounting Standards Board ('MASB') Standard 16 'Financial Reporting of Interest in Joint Venture', results and interests in jointly controlled entities are equity accounted in the consolidated financial statements of the Group.

Unrealised gains on transactions between the Group and its jointly controlled entities are eliminated to the extent of the Group's interest in the jointly controlled entities; unrealised losses are also eliminated unless the transaction provides evidence on impairment of the asset transferred. Where necessary, in applying the equity method, adjustments have been made to the financial statements of jointly controlled entities to ensure consistency of accounting policies with those of the Group.

MALAYSIAN RESOURCES CORPORATION BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - 31 AUGUST 2002 (CONTINUED)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Foreign currencies

The Group's foreign entities are those operations that are not an integral part of the operations of the Company. Income statements of foreign entities are translated into Ringgit Malaysia at average exchange rates for the financial year and the balance sheets are translated at exchange rates ruling at the balance sheet date. Exchange differences arising from the retranslation of the net investment in foreign entities are taken to 'Currency translation difference' in shareholders' equity. On disposal of the foreign entity, such translation differences are recognised in the income statement as part of the gain or loss on disposal.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the Group and translated at the exchange rate ruling at the date of the transaction.

Financial statements of foreign operations that are integral to the operations of the Company are translated using procedures in the following paragraph as if the transactions of the foreign operations had been those of the Company.

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. Exchange differences arising from the settlement of foreign currency transactions and from the translation of foreign currency monetary assets and liabilities are included in the income statements.

The principal closing rates used in translation of foreign currency amounts are as follows:

<u>Foreign currency</u>	<u>31.8.2002</u> RM	<u>31.8.2001</u> RM
1 US Dollar	3.825	3.825
1 Swedish Kroner	0.417	0.371
100 South African Rand	40.61	45.51
1 Deutschmark	Not applicable	1.790
1 EURO	3.340	Not applicable

(g) Other investments

Long term investments are stated at cost except where the Directors are of the opinion that there is a permanent diminution in their values, in which case allowance is made for the diminution in value. Permanent diminution in the value of an investment is recognised as an expense in the financial year in which the diminution is identified.

On disposal of an investment, the difference between net disposal proceeds and its carrying amount is charged or credited to the income statement.

MALAYSIAN RESOURCES CORPORATION BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - 31 AUGUST 2002 (CONTINUED)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Marketable securities

Marketable securities are carried at the lower of cost and market value, determined on an aggregate portfolio basis by category of investment. Cost is derived at on the weighted average basis. Market value is calculated by reference to stock exchange quoted selling prices at the close of business at the balance sheet date. Increases/decreases in the carrying amount of marketable securities are credited/charged to the income statement.

On disposal of an investment, the difference between net disposal proceeds and its carrying amount is charged or credited to the income statement.

(i) Property, plant and equipment

Operational property, plant and equipment 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 property, plant and equipment are depreciated on a straight line basis to write off the cost of each asset to their residual values over their estimated useful lives at the following annual rates:

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

Investment properties held as property, plant and equipment 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 Directors have applied the transitional provisions issued by the Malaysian Accounting Standards Board on adoption of MASE Standard 15 'Property, Plant and Equipment' which allows the leasehold land and buildings to be stated at their previous years' valuations less depreciation. Accordingly, the valuations have not been updated.

Leasehold land under investment properties are 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 life. The principal annual depreciation rate for building under investment properties is 2%.

Where an indication of impairment exists, the carrying amount of the asset is assessed and written down immediately to its recoverable amount.

Company No.	
7994	D

MALAYSIAN RESOURCES CORPORATION BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - 31 AUGUST 2002 (CONTINUED)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Finance lease and hire purchase

Leases of property, plant and equipment where substantially all the benefits and risks of ownership are transferred to the Group and the Company are classified as finance leases.

Property, plant and equipment acquired under finance lease and hire purchase are capitalised in the financial statements and are depreciated in accordance with the policy set out in Note 3(i) above. The corresponding outstanding obligations due under the finance lease and hire purchase after deducting finance charges are included as liabilities in the financial statements. Finance charges are allocated to the income statements over the periods of the respective agreements.

(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 subsidiaries concerned, using the open market value basis plus attributable profits less progress billings and provision for foreseeable losses. The Directors do not adopt a policy of regular revaluations of such assets.

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

The Group 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 (2) to three (3) 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 income statements.

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 over the remaining concession period upon completion of the construction of the expressway and commencement of collection of toll revenues. The amount capitalised is charged as an expense in the income statement in the financial year in which it is identified that no future economic benefits are expected to flow from the expressway development expenditure.

MALAYSIAN RESOURCES CORPORATION BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - 31 AUGUST 2002 (CONTINUED)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(n) Project development expenditure

Expenditure incurred prior to the date of commencement of commercial operation is capitalised as project development expenditure and amortised over a period of not more than ten (10) years when operation commences. The amount capitalised is charged as an expense in the income statement in the financial year in which it is identified that no future economic benefits are expected to flow from the project development expenditure.

(o) Inventories

Inventories 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 and specific identification method where applicable after providing for all items considered obsolete or slow moving.

(p) Receivables

Receivables are carried at anticipated realisable value. An estimate is made for doubtful debts 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.

(q) Construction contract

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that it is probable will be recoverable and contract costs are recognised as expenses.

When the outcome of a construction contract can be estimated reliably, contract revenue and contract costs are recognised over the period of the contract as revenue and expense respectively.

The Group uses the percentage of completion method to determine the appropriate amount of revenue and costs to recognise in a given period; the stage of completion is measured by reference to the proportion that contract costs incurred for work performed to date to the estimated total costs for the contract. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

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.

The aggregate of the costs incurred and the profit/loss recognised on each contract is compared against the progress billings up to the end of the financial year. Where costs incurred and recognised profit (less recognised losses) exceed progress billings, the balance is shown as 'Amounts due from customers on contracts' under trade and other receivables. Conversely, where progress billings exceed costs incurred and recognised profit, the balance is shown as 'Amounts due to customers on contracts' under trade and other payables.

MALAYSIAN RESOURCES CORPORATION BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - 31 AUGUST 2002 (CONTINUED)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(r) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, when it is probable that an outflow of resources will be required to settle the obligation, and when a reliable estimate of the amount can be made.

Retirement benefits - defined benefit plan

The Group provides for unfunded retirement benefits to eligible employees that have been in the service of the Group for a continuous period of at least ten (10) years. The cost of retirement benefits is calculated based on actuarial valuation using the Projected Unit Credit Method and determined by a qualified actuary on the basis of a triennial valuation. The most recent valuation was as at 31 August 2002.

Under the Projected Unit Credit Method, the current service cost is calculated as the present value of benefits that will accrue in the next twelve months following the valuation date (by reference to the number of employees providing the service in that financial year and projected final salaries).

Present value of defined benefit obligation is the present value of all benefits payable in the future in respect of service completed or accrued as at the valuation date based on projected final salaries.

Other provisions

The Group provides for estimated liability on projects still under progress/guarantee period at the balance sheet date. This provision is calculated based on contract agreements/past histories.

The Group also recognises the estimated concession fees that is payable to the Government of Malaysia and Express Rail Link Sdn. Bhd. at the balance sheet date in relation to the concession to operate, manage and maintain the Kuala Lumpur central railway station by a subsidiary. The provision is calculated based on the effective date as stated in the Concession Agreement.

(s) Bonds

Bonds issued by the Group are stated at net proceeds received on issue. The bonds issuance expenses which represents the difference between the net proceeds and the total amount of the payment of the bonds are allocated to periods over the term of the bonds at a constant rate on the carrying amounts and are charged to the income statement.

MALAYSIAN RESOURCES CORPORATION BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - 31 AUGUST 2002 (CONTINUED)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(t) Deferred liabilities

Deferred liabilities represent the estimated costs for the design and construction of the Kuala Lumpur central railway station, at an amount equivalent to the value of commercial land alienated to a subsidiary as consideration. The deferred liabilities are reduced progressively as and when cost are incurred in respect of the abovementioned project.

(u) Deferred taxation

The tax expense is determined on the basis of tax effect accounting using the liability method. Deferred taxation is recognised for all material timing differences between accounting and taxable income. The tax effect of timing differences that result in a debit balance or a debit to the deferred tax balance is not carried forward unless there is a reasonable expectation of its realisation.

The potential tax saving relating to a tax loss carry forward is only recognised if there is assurance beyond any reasonable doubt that future taxable income will be sufficient for the benefit of the loss to be realised.

Additional taxes have been recognised to the extent that dividends from subsidiaries, jointly controlled entities and associates are expected to result in such taxes. No taxes have been recognised for other unremitted earnings since these amounts are considered to be permanently reinvested by the companies concerned.

(v) Interest capitalisation

Interest incurred on borrowings relating to the purchase of property, plant and equipment 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.

(w) Cash and cash equivalents

For the purposes of the cash flow statements, cash and cash equivalents comprise cash in hand, bank balances, demand deposits, bank overdrafts and short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(x) Revenue recognition

Revenue are recognised upon delivery of products and customer acceptance or upon completion of the performance of services rendered to customers, after eliminating revenue derived within the Group.

Revenue relating to long term contracts are accounted for using the percentage of completion method; the stage of completion is measured by reference to the actual costs incurred to date to estimated total costs for each contract.

MALAYSIAN RESOURCES CORPORATION BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - 31 AUGUST 2002 (CONTINUED)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(x) Revenue recognition (continued)

Other revenues earned by the Group are recognised on the following bases:

Rental income	-	on the accrual basis
Interest income	-	on the accrual basis
Dividend income	-	when the shareholder's right to receive payment is established

4 REVENUE

	<u>Group</u>		<u>Company</u>	
	<u>2002</u>	<u>2001</u>	<u>2002</u>	<u>2001</u>
	RM'000	RM'000	RM'000	RM'000
Sale of:				
- development properties	224,787	270,332	-	-
- goods	182	2,122	-	810
Construction contracts	165,739	225,926	122,825	82,998
Information technology contracts	10,892	24,132	-	-
Management fees	-	-	11,114	11,133
Dividend income (gross):				
- subsidiary	-	-	6,950	3,300
Interest income from loan stock	-	-	1,213	1,217
Investment property income	9,107	6,830	-	-
Rental income	6,555	1,799	-	-
Rendering of other services	2,020	1,939	-	-
	<u>419,282</u>	<u>533,080</u>	<u>142,102</u>	<u>99,458</u>

5 OTHER OPERATING INCOME

Others in other operating income includes:

Rental income on land and buildings	1,439	1,391	891	1,320
Rental income on other assets	24	108	24	-
Interest income from:				
- subsidiaries	-	-	1,225	1,042
- fixed deposits	7,247	4,571	513	50
- realisation upon completion of project	7,466	-	-	-
- others	743	192	-	-
Compensation income	-	16,989	-	16,989
Bad debts recovered	1,020	-	1,020	-
Consequential compensation income resulting from disposal of a subsidiary	14,824	-	11,819	-
Forfeiture of progress billings and deposits	384	448	-	-
	<u>384</u>	<u>448</u>	<u>-</u>	<u>-</u>

MALAYSIAN RESOURCES CORPORATION BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - 31 AUGUST 2002 (CONTINUED)

6 PROFIT/(LOSS) FROM OPERATIONS

	<u>Group</u>		<u>Company</u>	
	<u>2002</u>	<u>2001</u>	<u>2002</u>	<u>2001</u>
	RM'000	RM'000	RM'000	RM'000
Profit/(loss) from operations is arrived at after charging/(crediting):				
Auditors' remuneration	394	351	25	25
Staff cost (excluding remuneration of directors)	34,220	41,374	7,619	13,363
Operational property, plant and equipment:				
- depreciation	11,204	8,496	4,028	2,236
- impairment loss	2,993	5,526	-	-
- written off	3,953	7,324	3,773	-
- net gain on disposals	(979)	(448)	(394)	(230)
Depreciation of investment properties	5,029	5,030	-	-
Allowance for inventories obsolescence	347	-	-	-
Rental of:				
- premises	123	1,585	3,804	5,594
- motor vehicles	282	369	77	97
- office equipment	154	199	(10)	64
Hire of plant and machinery/equipment	404	55	-	-
Bad debts written off	-	4,436	-	30
Severance costs	3,000	184	834	-
Project development expenditure amortised/ written off	-	5,572	-	-
Provision for:				
- liabilities and charges	9,447	2,098	901	155
- foreseeable losses on contracts	-	5,989	-	-
Amortisation of bonds issuance expenses	971	464	-	-
Net realised (gain)/loss on foreign exchange	(42)	643	-	-
Net unrealised loss/(gain) on foreign exchange	14,842	(2,738)	13,978	(2,738)

Contract cost of the Group and the Company recognised as an expense during the financial year amounted to RM314,275,000 (2001: RM453,239,000) and RM113,492,000 (2001: RM80,508,000) respectively. Cost of inventories and services of the Group and the Company recognised as an expense during the financial year amounted to RM17,283,000 (2001: RM16,961,000) and RM Nil (2001: RM794,000) respectively.

MALAYSIAN RESOURCES CORPORATION BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - 31 AUGUST 2002 (CONTINUED)

6 PROFIT/(LOSS) FROM OPERATIONS (CONTINUED)

The aggregate amount of remunerations received/receivable by Directors of the Company for the financial year are:

	<u>Group and Company</u>	
	<u>2002</u>	<u>2001</u>
	RM'000	RM'000
Non-executive Directors:		
- fees	120	20
- emoluments	33	-
- estimated money value of benefits-in-kind	5	-
Executive Directors:		
- salaries and bonus	1,586	1,399
- emoluments	345	585
- estimated money value of benefits-in-kind	173	71

7 FINANCE COSTS

	<u>Group</u>		<u>Company</u>	
	<u>2002</u>	<u>2001</u>	<u>2002</u>	<u>2001</u>
	RM'000	RM'000	RM'000	RM'000
Arrangement fee for borrowings	8,207	12,163	5,701	10,206
Interest expense on:				
- term loans	44,532	58,042	32,289	31,112
- bank overdraft, trust receipts and bills payable	2,585	2,084	1,085	1,181
- hire purchase	1,066	1,874	400	244
- loan stock	671	673	-	-
- intercompany advances	-	-	3,526	4,253
- others	30	-	-	-
Finance charges on bonds issue	30,258	9,834	-	-
Realised exchange gain on foreign currency borrowings	(338)	(2,017)	(319)	-
	<u>87,011</u>	<u>82,653</u>	<u>42,682</u>	<u>46,996</u>

MALAYSIAN RESOURCES CORPORATION BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - 31 AUGUST 2002 (CONTINUED)

8 TAXATION

	<u>Group</u>		<u>Company</u>	
	<u>2002</u>	<u>2001</u>	<u>2002</u>	<u>2001</u>
	RM'000	RM'000	RM'000	RM'000
In Malaysia:				
Current taxation	4,608	8,548	-	-
Real property gain taxation	15	23	-	-
Over provision in prior years	(2,125)	(11,086)	-	-
Deferred taxation (Note 18)	11,853	(6,619)	-	-
Share of taxation of associates	5,707	10,533	-	-
	<u>20,058</u>	<u>1,399</u>	<u>-</u>	<u>-</u>

The effective tax rate at Group level for the current financial year is lower than the statutory rate of taxation principally due to the exceptional gains realised by the Group upon disposal of investments that are of capital nature and not subject to tax.

There is no tax charge at Company level for the current financial year as the Company does not have any chargeable income.

	<u>Group</u>		<u>Company</u>	
	<u>2002</u>	<u>2001</u>	<u>2002</u>	<u>2001</u>
	RM'000	RM'000	RM'000	RM'000
<u>Tax losses</u>				
Tax savings as a result of the utilisation of current year tax losses for which credit is recognised during the financial year	5,300	1,667	256	370
Tax savings from the utilisation of tax losses brought forward from previous years for which the related credit is recognised during the financial year	94,941	3,746	-	-
Tax losses for which the related tax credit has not been recognised in the financial statements	<u>298,165</u>	<u>262,301</u>	<u>78,717</u>	<u>63,178</u>

MALAYSIAN RESOURCES CORPORATION BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - 31 AUGUST 2002 (CONTINUED)

9 EARNINGS/(LOSS) PER SHARE

(a) Basic earnings/(loss) per share

Basic earnings/(loss) per share of the Group is calculated by dividing the net profit/(loss) attributable to shareholders by the weighted average number of ordinary shares in issue during the financial year.

	<u>2002</u>	<u>Group 2001</u>
Net profit/(loss) attributable to shareholders (RM'000)	172,677	(656,755)
Weighted average number of ordinary shares in issue ('000)	976,550	975,650
Basic earnings/(loss) per share (sen)	17.7	(67.3)

(b) Diluted earnings/(loss) per share

Diluted earnings/(loss) per share is not presented in the financial statements as it is not applicable to the Group since there were no dilutive potential ordinary shares following the expiry of the Company's ESOS scheme on 3 April 2001 (Note 32).

10 PROPERTY, PLANT AND EQUIPMENT

	<u>2002</u>	<u>Group 2001</u>	<u>2002</u>	<u>Company 2001</u>
	RM'000	RM'000	RM'000	RM'000
<u>Net book value</u>				
Operational property, plant and equipment (Note 10a)	65,846	218,107	5,973	9,523
Investment properties (Note 10b)	217,413	223,434	-	-
	<u>283,259</u>	<u>441,541</u>	<u>5,973</u>	<u>9,523</u>

MALAYSIAN RESOURCES CORPORATION BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - 31 AUGUST 2002 (CONTINUED)

10(a) OPERATIONAL PROPERTY, PLANT AND EQUIPMENT

	Land and <u>buildings</u> RM'000	Plant and <u>machinery</u> RM'000	Furniture, fittings, office equipment and <u>computers</u> RM'000	Motor <u>vehicles</u> RM'000	Construction <u>in-progress</u> RM'000	<u>Total</u> RM'000
<u>Group</u>						
<u>2002</u>						
<u>Cost</u>						
At 1.9.2001	53,573	44,328	37,408	16,787	124,535	276,631
Additions	3,388	4	7,590	1,234	2,818	15,034
Disposals	(16,922)	(5,271)	(1,432)	(4,993)	-	(28,618)
Written off	-	-	(6,209)	(416)	-	(6,625)
Disposal of a subsidiary	-	-	(460)	-	(127,353)	(127,813)
Transfer/ reclassification	203	5,026	297	-	-	5,526
Currency translation difference	-	(2)	(44)	(103)	-	(149)
At 31.8.2002	<u>40,242</u>	<u>44,085</u>	<u>37,150</u>	<u>12,509</u>	<u>-</u>	<u>133,986</u>
<u>Accumulated depreciation</u>						
At 1.9.2001	2,859	28,074	18,535	9,056	-	58,524
Charge for the financial year	498	2,311	7,812	2,048	-	12,669
Released on disposals	(922)	(3,473)	(1,081)	(3,168)	-	(8,644)
Written off	-	-	(2,346)	(326)	-	(2,672)
Impairment losses	1,605	1,388	-	-	-	2,993
Disposal of a subsidiary	-	-	(216)	-	-	(216)
Transfer/ reclassification	334	5,026	297	(131)	-	5,526
Currency translation difference	-	-	(15)	(25)	-	(40)
At 31.8.2002	<u>4,374</u>	<u>33,326</u>	<u>22,986</u>	<u>7,454</u>	<u>-</u>	<u>68,140</u>

MALAYSIAN RESOURCES CORPORATION BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - 31 AUGUST 2002 (CONTINUED)

10(a) OPERATIONAL PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

<u>Group</u>	<u>Land and buildings</u> RM'000	<u>Plant and machinery</u> RM'000	<u>Furniture, fittings, office equipment and computers</u> RM'000	<u>Motor vehicles</u> RM'000	<u>Construction in-progress</u> RM'000	<u>Total</u> RM'000
<u>2001</u>						
<u>Cost</u>						
At 1.9.2000	55,915	51,016	19,143	13,911	2,827	142,812
Additions	-	29	14,998	5,470	126,809	147,306
Disposals	-	(1,691)	(120)	(2,292)	-	(4,103)
Written off	(7,240)	-	-	(220)	-	(7,460)
Acquisition of a subsidiary	-	-	3,739	49	-	3,788
Transfer/reclassification	5,101	-	(43)	(131)	(5,101)	(174)
Currency translation difference	-	-	(12)	-	-	(12)
At 31.8.2001	<u>53,776</u>	<u>49,354</u>	<u>37,705</u>	<u>16,787</u>	<u>124,535</u>	<u>282,157</u>
<u>Accumulated depreciation</u>						
At 1.9.2000	2,575	24,558	12,706	8,398	-	48,237
Charge for the financial year	415	4,618	3,796	2,447	-	11,276
Released on disposals	-	(1,102)	(98)	(1,698)	-	(2,898)
Written off	-	-	-	(136)	-	(136)
Impairment losses	203	5,026	297	-	-	5,526
Acquisition of a subsidiary	-	-	2,174	50	-	2,224
Transfer/reclassification	(131)	-	(31)	-	-	(162)
Currency translation difference	-	-	(12)	(5)	-	(17)
At 31.8.2001	<u>3,062</u>	<u>33,100</u>	<u>18,832</u>	<u>9,056</u>	<u>-</u>	<u>64,050</u>
<u>Net book value</u>						
At 31.8.2002	<u>35,868</u>	<u>10,759</u>	<u>14,164</u>	<u>5,055</u>	<u>-</u>	<u>65,846</u>
At 31.8.2001	<u>50,714</u>	<u>16,254</u>	<u>18,873</u>	<u>7,731</u>	<u>124,535</u>	<u>218,107</u>

MALAYSIAN RESOURCES CORPORATION BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - 31 AUGUST 2002 (CONTINUED)

10(a) OPERATIONAL PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Land and buildings of the Group are as follows:

	Freehold land RM'000	Long leasehold land RM'000	Buildings RM'000	Total RM'000
<u>Group</u>				
<u>2002</u>				
<u>Cost</u>				
At 1.9.2001	10,744	9,812	33,017	53,573
Additions	-	-	3,388	3,388
Disposals	-	(9,812)	(7,110)	(16,922)
Transfer/reclassification	-	-	203	203
At 31.8.2002	10,744	-	29,498	40,242
<u>Accumulated depreciation</u>				
At 1.9.2001	-	814	2,045	2,859
Charge for the financial year	-	-	498	498
Released on disposals	-	(814)	(108)	(922)
Impairment losses	-	-	1,605	1,605
Transfer/reclassification	-	-	334	334
At 31.8.2002	-	-	4,374	4,374
<u>2001</u>				
<u>Cost</u>				
At 1.9.2000	10,744	17,052	28,119	55,915
Written off	-	(7,240)	-	(7,240)
Transfer/reclassification	-	-	5,101	5,101
At 31.8.2001	10,744	9,812	33,220	53,776
<u>Accumulated depreciation</u>				
At 1.9.2000	-	814	1,761	2,575
Charge for the financial year	-	-	415	415
Impairment losses	-	-	203	203
Transfer/reclassification	-	-	(131)	(131)
At 31.8.2001	-	814	2,248	3,062

MALAYSIAN RESOURCES CORPORATION BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - 31 AUGUST 2002 (CONTINUED)

10(a) OPERATIONAL PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Freehold land RM'000	Long leasehold land RM'000	Buildings RM'000	Total RM'000
<u>Net book value</u>				
At 31.8.2002	<u>10,744</u>	<u>-</u>	<u>25,124</u>	<u>35,868</u>
At 31.8.2001	<u>10,744</u>	<u>8,998</u>	<u>30,972</u>	<u>50,714</u>
		Furniture, fittings, office equipment and computers RM'000	Motor vehicles RM'000	Total RM'000
<u>Company</u>				
<u>2002</u>				
<u>Cost</u>				
At 1.9.2001		10,003	8,250	18,253
Additions		4,989	508	5,497
Disposals		(27)	(2,642)	(2,669)
Written off		(5,827)	(416)	(6,243)
At 31.8.2002		<u>9,138</u>	<u>5,700</u>	<u>14,838</u>
<u>Accumulated depreciation</u>				
At 1.9.2001		5,586	3,144	8,730
Charge for the financial year		2,874	1,154	4,028
Released on disposals		(10)	(1,413)	(1,423)
Written off		(2,144)	(326)	(2,470)
At 31.8.2002		<u>6,306</u>	<u>2,559</u>	<u>8,865</u>

MALAYSIAN RESOURCES CORPORATION BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - 31 AUGUST 2002 (CONTINUED)

10(a) OPERATIONAL PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

<u>Company</u>	<u>Furniture, fittings, office equipment and computers</u> RM'000	<u>Motor vehicles</u> RM'000	<u>Total</u> RM'000
<u>2001</u>			
<u>Cost</u>			
At 1.9.2000	6,310	5,827	12,137
Additions	3,710	3,459	7,169
Disposals	(17)	(1,036)	(1,053)
At 31.8.2001	<u>10,003</u>	<u>8,250</u>	<u>18,253</u>
<u>Accumulated depreciation</u>			
At 1.9.2000	4,647	2,617	7,264
Charge for the financial year	948	1,288	2,236
Released on disposals	(9)	(761)	(770)
At 31.8.2001	<u>5,586</u>	<u>3,144</u>	<u>8,730</u>
<u>Net book value</u>			
At 31.8.2002	<u>2,832</u>	<u>3,141</u>	<u>5,973</u>
At 31.8.2001	<u>4,417</u>	<u>5,106</u>	<u>9,523</u>

MALAYSIAN RESOURCES CORPORATION BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - 31 AUGUST 2002 (CONTINUED)

10(a) OPERATIONAL PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Operational property, plant and equipment with net book values amounting to RM29,020,000 (2001: RM24,848,000) of certain subsidiaries have been charged as security for their borrowings and term loan facilities (Notes 27 and 29).

Interest expense on borrowings directly related to plant under construction that has been capitalised within additions of the Group during the financial year amounted to RM Nil (2001: RM9,689,103).

Included in operational property, plant and equipment 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	
	2002 RM'000	2001 RM'000
<u>Group</u>		
Plant and machinery	3,077	6,234
Furniture, fittings, office equipment and computers	-	7
Motor vehicles	3,701	6,102
	<u>6,778</u>	<u>12,343</u>
<u>Company</u>		
Motor vehicles	<u>3,139</u>	<u>4,901</u>

10(b) INVESTMENT PROPERTIES

	At 1.9.2001 RM'000	Impairment losses RM'000	At 31.8.2002 RM'000
<u>Group</u>			
<u>2002</u>			
<u>At cost/valuation</u>			
Long leasehold land:			
At 1989 valuation	1,133	-	1,133
At cost	37,825	-	37,825
	<u>38,958</u>	<u>-</u>	<u>38,958</u>
Buildings and improvements:			
At 1989 valuation	3,485	-	3,485
At cost	205,028	(992)	204,036
	<u>208,513</u>	<u>(992)</u>	<u>207,521</u>
Total	<u>247,471</u>	<u>(992)</u>	<u>246,479</u>

MALAYSIAN RESOURCES CORPORATION BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - 31 AUGUST 2002 (CONTINUED)

10(b) INVESTMENT PROPERTIES (CONTINUED)

	At 1.9.2001 RM'000	Charge for the financial year RM'000	At 31.8.2002 RM'000
<u>Group</u>			
<u>2002</u>			
<u>Accumulated depreciation</u>			
Long leasehold land:			
At 1989 valuation	290	14	304
At cost	3,101	482	3,583
	<u>3,391</u>	<u>496</u>	<u>3,887</u>
Buildings and improvements:			
At 1989 valuation	1,068	42	1,110
At cost	19,578	4,491	24,069
	<u>20,646</u>	<u>4,533</u>	<u>25,179</u>
Total	<u>24,037</u>	<u>5,029</u>	<u>29,066</u>
	At 1.9.2000 RM'000	Impairment losses RM'000	At 31.8.2001 RM'000
<u>Group</u>			
<u>2001</u>			
<u>At cost/valuation</u>			
Long leasehold land:			
At 1989 valuation	1,133	-	1,133
At cost	41,938	(4,113)	37,825
	<u>43,071</u>	<u>(4,113)</u>	<u>38,958</u>
Buildings and improvements:			
At 1989 valuation	3,485	-	3,485
At cost	230,880	(25,852)	205,028
	<u>234,365</u>	<u>(25,852)</u>	<u>208,513</u>
Total	<u>277,436</u>	<u>(29,965)</u>	<u>247,471</u>

MALAYSIAN RESOURCES CORPORATION BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - 31 AUGUST 2002 (CONTINUED)

10(b) INVESTMENT PROPERTIES (CONTINUED)

	At 1.9.2000 RM'000	Charge for the financial year RM'000	At 31.8.2001 RM'000
<u>Group</u>			
<u>2001</u>			
<u>Accumulated depreciation</u>			
Long leasehold land:			
At 1989 valuation	276	14	290
At cost	2,620	481	3,101
	<u>2,896</u>	<u>495</u>	<u>3,391</u>
Buildings and improvements:			
At 1989 valuation	1,026	42	1,068
At cost	15,085	4,493	19,578
	<u>16,111</u>	<u>4,535</u>	<u>20,646</u>
Total	<u>19,007</u>	<u>5,030</u>	<u>24,037</u>
		At 31.8.2002 RM'000	At 31.8.2001 RM'000
<u>Group</u>			
<u>Net book value</u>			
Long leasehold land:			
At 1989 valuation		829	843
At cost		34,242	34,724
		<u>35,071</u>	<u>35,567</u>
Buildings and improvements:			
At 1989 valuation		2,375	2,417
At cost		179,967	185,450
		<u>182,342</u>	<u>187,867</u>
Total		<u>217,413</u>	<u>223,434</u>

MALAYSIAN RESOURCES CORPORATION BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - 31 AUGUST 2002 (CONTINUED)

10(b) INVESTMENT PROPERTIES (CONTINUED)

The leasehold land and buildings of subsidiaries with net book values of RM239,774,000 (2001: RM249,503,000) are presently charged as security for term loan facilities (Note 29).

The leasehold land and building of another subsidiary 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 four leasehold land and buildings with unexpired periods of leases ranging from 42 years to 90 years.

11 DEVELOPMENT PROPERTIES

	<u>Group</u>		<u>Company</u>	
	<u>2002</u>	<u>2001</u>	<u>2002</u>	<u>2001</u>
	RM'000	RM'000	RM'000	RM'000
At valuation:				
Freehold land	23,985	24,581	3,786	3,786
Leasehold land	39,187	29,000	-	-
	<u>63,172</u>	<u>53,581</u>	<u>3,786</u>	<u>3,786</u>
At cost:				
Freehold land	489,855	438,859	-	-
Development expenditure	1,145,703	1,019,343	286	247
	<u>1,698,730</u>	<u>1,511,783</u>	<u>4,072</u>	<u>4,033</u>
Less: Non current portion	(859,833)	(738,188)	(4,072)	(4,033)
	<u>838,897</u>	<u>773,595</u>	<u>-</u>	<u>-</u>
Add: Attributable profits	206,048	165,976	-	-
	<u>1,044,945</u>	<u>939,571</u>	<u>-</u>	<u>-</u>
Less: Provision for foreseeable losses	(40,733)	(52,374)	-	-
	<u>1,004,212</u>	<u>887,197</u>	<u>-</u>	<u>-</u>
Less: Progress billings	(866,007)	(653,297)	-	-
	<u>138,205</u>	<u>233,900</u>	<u>-</u>	<u>-</u>

Title to freehold land of a subsidiary is in the process of being registered in its name (Note 31).

The freehold and leasehold land of certain subsidiaries have been charged as security for term loan facilities (Note 29).

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

	<u>Group</u>	
	<u>2002</u>	<u>2001</u>
	RM'000	RM'000
Interest capitalised	<u>50,752</u>	<u>47,779</u>

MALAYSIAN RESOURCES CORPORATION BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - 31 AUGUST 2002 (CONTINUED)

12 EXPRESSWAY DEVELOPMENT EXPENDITURE

	<u>Group</u>	
	<u>2002</u>	<u>2001</u>
	RM'000	RM'000
Expressway development expenditure	17,657	18,256
Less: Allowance for expressway development expenditure	(17,657)	(18,256)
	<u>-</u>	<u>-</u>

13 SUBSIDIARIES

	<u>Company</u>	
	<u>2002</u>	<u>2001</u>
	RM'000	RM'000
Unquoted shares at cost:		
- in Malaysia	452,361	452,773
- outside Malaysia	3	3
	<u>452,364</u>	<u>452,776</u>
Loan stocks at cost	17,333	17,333
Less: Allowance for diminution in value of investments	(185,538)	(155,806)
	<u>284,159</u>	<u>314,303</u>

The loan stocks issued by a subsidiary under a Joint Venture Agreement dated 18 April 1996 was due for redemption on 1 January 2002 at 100% of its nominal value for all loan stocks not previously redeemed or purchased together with all accrued interest thereon. The agreement by the joint venture parties to vary and supplement the terms of the above joint venture agreement has not been finalised at the date of this financial statements. The Directors are of the opinion that the supplementary Joint Venture Agreement will not contravene any of the terms and conditions of the Bonds (Note 28).

The Group's effective equity interest in the subsidiaries, their respective principal activities and country of incorporation are set out in Note 38.

MALAYSIAN RESOURCES CORPORATION BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - 31 AUGUST 2002 (CONTINUED)

14 ASSOCIATES

	Group		Company	
	2002	2001	2002	2001
	RM'000	RM'000	RM'000	RM'000
In Malaysia:				
Unquoted investments at cost	7,119	7,119	-	-
Share of post-acquisition accumulated losses	(3,420)	(2,667)	-	-
	<u>3,699</u>	<u>4,452</u>	<u>-</u>	<u>-</u>
Quoted investments at cost	2,620,182	2,620,182	2,620,182	2,620,182
Less: Allowance for diminution in value	(1,430,329)	(1,430,329)	(1,890,619)	(1,843,259)
	<u>1,189,853</u>	<u>1,189,853</u>	<u>729,563</u>	<u>776,923</u>
Share of post-acquisition accumulated losses	(401,579)	(512,119)	-	-
	<u>788,274</u>	<u>677,734</u>	<u>729,563</u>	<u>776,923</u>
	<u>791,973</u>	<u>682,186</u>	<u>729,563</u>	<u>776,923</u>
Market value of quoted investments	<u>708,309</u>	<u>729,052</u>	<u>708,309</u>	<u>729,052</u>
Analysis of associates is as follows:				
			2002	2001
			RM'000	RM'000
Group's share of tangible assets			425,612	277,033
Group's share of intangible assets*			233,183	271,975
Group's share of net assets			658,795	549,008
Premium on acquisition			133,178	133,178
			<u>791,973</u>	<u>682,186</u>

* Included in the Group's share of intangible assets is goodwill amounting to RM233,183,000 (2001: RM271,232,000).

Included in the Group's share of associates results for the financial year was its share of an associate's gain amounting to RM168,300,000 (2001: RM Nil) arising from the disposal of an investment.

The Group has excluded its share of cumulative loss after taxation of an associate amounting to RM44,142,000 (2001: RM35,752,000) from the financial statements following the discontinuation of the equity accounting for the results of the associate as the carrying amount of this investment has reached zero.

The Group's effective equity interest in the associates, their respective principal activities and country of incorporation are set out in Note 38.

MALAYSIAN RESOURCES CORPORATION BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - 31 AUGUST 2002 (CONTINUED)

15 JOINTLY CONTROLLED ENTITIES

	<u>2002</u>	<u>Group</u> <u>2001</u>
	RM'000	RM'000
Share of net assets of the jointly controlled entities	115	112

The Group has a 50% interest in a jointly controlled entity, Zelleco-Hyundai JV which was formed on 24 January 1995 and commenced operations on 1 October 1995 to undertake the construction of a section of the national power transmission system.

The Group also has 60% interest in another jointly controlled entity, Zelleco-Perspec Consortium which was formed on 8 October 1996 and immediately commenced operations to undertake piling works, substructure and basement construction and ancillary works for Kuala Lumpur Sentral Sdn. Bhd., a subsidiary of the Company.

The Group's share of the assets and liabilities of the jointly controlled entities are as follows:

	<u>2002</u>	<u>Group</u> <u>2001</u>
	RM'000	RM'000
Property, plant and equipment	-	1
Current assets	129	328
Current liabilities	(14)	(217)
	<u>115</u>	<u>112</u>

The Group's share of the revenue and expenses of the jointly controlled entities are as follows:

	<u>2002</u>	<u>Group</u> <u>2001</u>
	RM'000	RM'000
Revenue	-	-
Other operating income	4	582
Other operating expense	(1)	(162)
Profit from ordinary activities before taxation	3	420
Taxation	-	-
Profit from ordinary activities after taxation	<u>3</u>	<u>420</u>

MALAYSIAN RESOURCES CORPORATION BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - 31 AUGUST 2002 (CONTINUED)

16 OTHER INVESTMENTS

	<u>Group</u>		<u>Company</u>	
	<u>2002</u>	<u>2001</u>	<u>2002</u>	<u>2001</u>
	RM'000	RM'000	RM'000	RM'000
At cost:				
Shares in a corporation, quoted outside Malaysia	910	910	910	910
Less: Allowance for diminution in value	(840)	-	(840)	-
	<u>70</u>	<u>910</u>	<u>70</u>	<u>910</u>
Unquoted investments	4,864	4,764	14,967	4,467
Less: Allowance for diminution in value	(4,467)	(4,489)	(4,467)	(4,467)
	<u>397</u>	<u>275</u>	<u>10,500</u>	<u>-</u>
	<u>467</u>	<u>1,185</u>	<u>10,570</u>	<u>910</u>
Market value of quoted shares	<u>70</u>	<u>1,352</u>	<u>70</u>	<u>1,352</u>

17 PROJECT DEVELOPMENT EXPENDITURE

	<u>Group</u>	
	<u>2002</u>	<u>2001</u>
	RM'000	RM'000
Project development expenditure	1	14,121
Less: Project development expenditure amortised/written off	-	(5,572)
	<u>1</u>	<u>8,549</u>
Project development expenditure includes the following charges made during the financial year:		
Interest capitalised	-	<u>2,009</u>

MALAYSIAN RESOURCES CORPORATION BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - 31 AUGUST 2002 (CONTINUED)

18 DEFERRED TAXATION

	<u>Group</u>		<u>Company</u>	
	<u>2002</u>	<u>2001</u>	<u>2002</u>	<u>2001</u>
	RM'000	RM'000	RM'000	RM'000
At 1 September	19,159	12,540	-	-
Net transfers (to)/from income statement (Note 8)	(11,853)	6,619	-	-
At 31 August	<u>7,306</u>	<u>19,159</u>	<u>-</u>	<u>-</u>
Representing the tax effects of:				
Timing difference relating to the recognition of property development income	<u>7,306</u>	<u>19,159</u>	<u>-</u>	<u>-</u>
Deferred taxation not provided for in the financial statements:				
Arising from revaluation of investment properties held for long term purpose	<u>995</u>	<u>995</u>	<u>-</u>	<u>-</u>

19 TRADE AND OTHER RECEIVABLES

	<u>Group</u>		<u>Company</u>	
	<u>2002</u>	<u>2001</u>	<u>2002</u>	<u>2001</u>
	RM'000	RM'000	RM'000	RM'000
<u>Non current</u>				
Amount due from a related party	<u>131,572</u>	<u>97,435</u>	<u>44,500</u>	<u>44,500</u>

The amount due from a related party relates to amounts owing from the sale of land.

MALAYSIAN RESOURCES CORPORATION BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - 31 AUGUST 2002 (CONTINUED)

19 TRADE AND OTHER RECEIVABLES (CONTINUED)

	<u>Group</u>		<u>Company</u>	
	<u>2002</u>	<u>2001</u>	<u>2002</u>	<u>2001</u>
	RM'000	RM'000	RM'000	RM'000
<u>Current</u>				
Trade receivables	133,813	185,997	49,164	68,236
Less: Allowance for doubtful debts	(40,248)	(45,235)	(26,602)	(26,228)
	93,565	140,762	22,562	42,008
Amounts due from customers on contracts (Note 21)	36,459	47,386	-	-
Amounts due from subsidiaries	-	-	985,897	846,629
Less: Allowance for doubtful debts	-	-	(584,836)	(501,939)
	-	-	401,061	344,690
Amounts due from associates	514	514	4	4
Amounts due from other related parties	25	367	-	-
Deposits	25,355	126,246	2,762	23,144
Prepayments	5,443	5,323	256	2,756
Other receivables	162,154	157,876	111,251	120,382
Less: Allowance for doubtful debts	(63,233)	(66,156)	(62,057)	(60,707)
	260,282	412,318	475,839	472,277

Included in deposits of the Group is RM Nil (2001: RM67,963,000) relating to the purchase of property, plant and equipment of a subsidiary's power plant project.

Included in other receivables of the Group and the Company is RM33,498,000 (2001: RM Nil) relating to compensation receivable and repayment of advances arising from disposal of a subsidiary.

20 INVENTORIES

	<u>Group</u>	
	<u>2002</u>	<u>2001</u>
	RM'000	RM'000
At cost:		
Completed properties for sale	47,641	8,997
Raw materials and consumables	1,197	2,752
	48,838	11,749
At net realisable value:		
Completed properties for sale	1,364	-
Raw materials and consumables	197	-
	1,561	-
	50,399	11,749

MALAYSIAN RESOURCES CORPORATION BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - 31 AUGUST 2002 (CONTINUED)

21 CONSTRUCTION CONTRACTS

	<u>Group</u>		<u>Company</u>	
	<u>2002</u>	<u>2001</u>	<u>2002</u>	<u>2001</u>
	RM'000	RM'000	RM'000	RM'000
Aggregate costs incurred to date	2,137,557	2,392,341	194,000	80,508
Attributable profits on contract works performed to date	384,680	378,792	11,823	2,490
Less: Provision for foreseeable losses	(9,369)	(14,062)	-	-
	<u>2,512,868</u>	<u>2,757,071</u>	<u>205,823</u>	<u>82,998</u>
Less: Progress billings	(2,514,514)	(2,749,898)	(205,823)	(82,998)
	<u>(1,646)</u>	<u>7,173</u>	<u>-</u>	<u>-</u>
Amounts due from customers on contracts (Note 19)	36,459	47,386	-	-
Amounts due to customers on contracts (Note 25)	(38,105)	(40,213)	-	-
	<u>(1,646)</u>	<u>7,173</u>	<u>-</u>	<u>-</u>
Advances received on contracts, included under other payables	-	1,100	-	-
Retention sum on contracts, included under trade receivables	<u>44,370</u>	<u>19,502</u>	<u>5,000</u>	<u>8,300</u>
The costs incurred to date on construction contracts include the following charges made during the financial year:				
Hire of plant and machinery	22	278	-	-
Depreciation of property, plant and equipment	1,465	2,780	-	-
Professional fees	<u>4,869</u>	<u>2,347</u>	<u>-</u>	<u>-</u>

MALAYSIAN RESOURCES CORPORATION BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - 31 AUGUST 2002 (CONTINUED)

22 MARKETABLE SECURITIES

	<u>Group</u>		<u>Company</u>	
	<u>2002</u>	<u>2001</u>	<u>2002</u>	<u>2001</u>
	RM'000	RM'000	RM'000	RM'000
Shares in corporations, quoted in Malaysia				
- At cost	<u>290</u>	<u>290</u>	<u>-</u>	<u>-</u>
Market value of quoted shares	<u>425</u>	<u>616</u>	<u>-</u>	<u>-</u>

23 BANK BALANCES AND DEPOSITS

Deposits with licensed banks	205,145	318,082	16,600	4,200
Deposits with finance companies	4,440	3,120	-	-
Cash held under Housing Development Accounts	10,333	2,087	-	-
Cash and bank balances	<u>14,771</u>	<u>11,400</u>	<u>1,240</u>	<u>1,361</u>
	<u>234,689</u>	<u>334,689</u>	<u>17,840</u>	<u>5,561</u>

Included in the Group's cash and bank balances and deposits with licensed banks and finance companies are restricted monies amounting to RM173,382,000 (2001: RM275,099,000) (Note 34) representing:

- collateral pledged with licensed banks and finance companies by subsidiaries for credit facilities granted and bank guarantee facilities issued to third parties.
- proceeds from the issue of Bonds by a subsidiary which has been channelled to Designated Accounts less permitted withdrawals relating to the Kuala Lumpur central railway station development project as provided under the terms and conditions of the Project Account Agreement (Note 28).
- first memorandum of deposit of fixed deposits of a subsidiary held as security for the term loan facility and guarantee facility (notes 29 and 36).

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

MALAYSIAN RESOURCES CORPORATION BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - 31 AUGUST 2002 (CONTINUED)

24 PROVISIONS FOR LIABILITIES AND CHARGES

	<u>Group</u>				
	<u>Retirement benefits</u>	<u>Guaranteed rental scheme</u>	<u>Liquidated ascertained damages and guarantee reserve</u>	<u>Others</u>	<u>Total</u>
	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 September 2000	1,408	3,448	18,195	-	23,051
Charged to income statement	457	-	7,966	2,227	10,650
Acquisition of a subsidiary	-	-	520	-	520
Utilised during the financial year	(254)	-	-	-	(254)
Unused amounts reversed	(223)	-	(8,329)	-	(8,552)
At 31 August 2001	1,388	3,448	18,352	2,227	25,415
Charged to income statement	3,471	6,069	1,577	-	11,117
Utilised during the financial year	(70)	-	(7,641)	-	(7,711)
Unused amounts reversed	(145)	-	(1,403)	(122)	(1,670)
At 31 August 2002	4,644	9,517	10,885	2,105	27,151
<u>At 31 August 2001</u>					
Current	-	3,448	18,352	2,227	24,027
Non current	1,388	-	-	-	1,388
	1,388	3,448	18,352	2,227	25,415
<u>At 31 August 2002</u>					
Current	-	9,517	10,885	2,105	22,507
Non current	4,644	-	-	-	4,644
	4,644	9,517	10,885	2,105	27,151

Company No.	
7994	D

MALAYSIAN RESOURCES CORPORATION BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - 31 AUGUST 2002 (CONTINUED)

24 PROVISIONS FOR LIABILITIES AND CHARGES (CONTINUED)

	Company	
	Retirement benefits RM'000	Total RM'000
At 1 September 2000	715	715
Charged to income statement	155	155
Utilised during the financial year	(254)	(254)
At 31 August 2001	616	616
Charged to income statement	901	901
Utilised during the financial year	(70)	(70)
At 31 August 2002	1,447	1,447
<u>At 31 August 2001</u>		
Non current	616	616
<u>At 31 August 2002</u>		
Non current	1,447	1,447

(a) Retirement benefits - defined benefit plan

The Group provides for unfunded retirement benefits to eligible employees that have been in the service of the Group for a continuous period of at least ten (10) years. The cost of retirement benefits is calculated based on actuarial valuation using the Projected Unit Credit Method and determined by a qualified actuary on the basis of a triennial valuation. The most recent valuation was as at 31 August 2002.

(b) Guaranteed rental scheme

Provisions for guaranteed rental scheme are made for anticipated losses on contracts undertaken by a subsidiary.

(c) Liquidated ascertained damages and guarantee reserve

Provision for liquidated ascertained damages and provision for guarantee reserve are in respect of projects undertaken by the subsidiaries. Provision for liquidated ascertained damages ('LAD') is recognised for expected LAD claims based on the contract agreement. Provision for guarantee reserve is made on each contract based on the estimated liability that may arise during the guarantee period.

Company No.	
7994	D

MALAYSIAN RESOURCES CORPORATION BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - 31 AUGUST 2002 (CONTINUED)

24 PROVISIONS FOR LIABILITIES AND CHARGES (CONTINUED)

(d) Others

Other provisions relate to:

- (i) provision by a subsidiary for remedial works to complete the rehabilitation of the hill slope due to a landslide on the freehold land held by the subsidiary based on the estimation carried out by consultants.
- (ii) provision made by a subsidiary for concession fees payable to the Government of Malaysia and Express Rail Link Sdn. Bhd. in relation to the concession to operate, manage and maintain the Kuala Lumpur central railway station based on the effective date as stated in the Concession Agreement.

25 TRADE AND OTHER PAYABLES

	<u>Group</u>		<u>Company</u>	
	<u>2002</u>	<u>2001</u>	<u>2002</u>	<u>2001</u>
	RM'000	RM'000	RM'000	RM'000
Trade payables	140,287	272,850	561	1,419
Amounts due to customers on contracts (Note 21)	38,105	40,213	-	-
Amounts due to subsidiaries	-	-	296,089	307,164
Amounts due to associates	10,758	11,629	10,758	10,530
Amounts due to jointly controlled entities	-	529	-	-
Amounts due to other related parties	6,363	6,619	-	-
Hire purchase and lease creditors due within 12 months (Note 26)	6,187	8,549	715	772
Other payables	112,387	77,946	62,005	13,115
Accruals	22,172	33,959	2,486	2,944
Accrued interests payable	43,921	49,279	1,910	3,278
	<u>380,180</u>	<u>501,573</u>	<u>374,524</u>	<u>339,222</u>

Included in other payables of the Group and Company for the current financial year is RM50,461,000 (2001: RM3,995,000) representing deposits received upon proposed disposal of an associate (Note 40(a)).

The amounts due to subsidiaries are unsecured, have no fixed terms of repayment and carry interest at a rate of 3.95% (2001: 3.35%) per annum during the financial year.

The amounts due to associates and jointly controlled entities are unsecured, interest free and have no fixed terms of repayment.

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

MALAYSIAN RESOURCES CORPORATION BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - 31 AUGUST 2002 (CONTINUED)

26 HIRE PURCHASE AND LEASE CREDITORS

	<u>Group</u>		<u>Company</u>	
	<u>2002</u>	<u>2001</u>	<u>2002</u>	<u>2001</u>
	RM'000	RM'000	RM'000	RM'000
Analysis of hire purchase and lease creditors:				
Payable within one year	6,695	8,934	996	1,086
Payable between one and two years	3,462	4,199	995	1,086
Payable between two and five years	8,753	10,378	2,703	3,259
Payable after five years	236	1,100	213	1,018
	<u>19,146</u>	<u>24,611</u>	<u>4,907</u>	<u>6,449</u>
Less: Finance charges	(5,440)	(2,175)	(1,386)	(1,897)
	<u>13,706</u>	<u>22,436</u>	<u>3,521</u>	<u>4,552</u>
Present value of hire purchase and lease creditors liabilities:				
Payable within one year	6,187	8,549	715	772
Payable between one and two years	3,173	3,960	715	772
Payable between two and five years	4,192	9,235	1,937	2,316
Payable after five years	154	692	154	692
	<u>13,706</u>	<u>22,436</u>	<u>3,521</u>	<u>4,552</u>
Representing hire purchase and lease creditors:				
Due within 12 months (Note 25)	6,187	8,549	715	772
Due after 12 months (Note 30)	7,519	13,887	2,806	3,780
	<u>13,706</u>	<u>22,436</u>	<u>3,521</u>	<u>4,552</u>

MALAYSIAN RESOURCES CORPORATION BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - 31 AUGUST 2002 (CONTINUED)

27 SHORT TERM BORROWINGS

	Group		Company	
	2002	2001	2002	2001
	RM'000	RM'000	RM'000	RM'000
Secured:				
Bank overdrafts (Note 34)	2,868	10,198	-	-
Short term borrowings and other credit facilities	196,796	385,166	195,000	195,000
Long term loans due within 12 months (Note 29)	349,309	375,250	320,000	320,000
	<u>548,973</u>	<u>770,614</u>	<u>515,000</u>	<u>515,000</u>
Unsecured:				
Bank overdrafts (Note 34)	-	3,418	-	-
Short term borrowings and other credit facilities	3,200	57,020	-	-
	<u>3,200</u>	<u>60,438</u>	<u>-</u>	<u>-</u>
Total	<u>552,173</u>	<u>831,052</u>	<u>515,000</u>	<u>515,000</u>

The short term borrowings of the Group carry interest at rates ranging from 3.50% to 11.25% (2001: 3.60% to 11.50%) per annum during the financial year.

The secured short term borrowings of the Group are secured by legal charges over certain assets of the subsidiaries (Note 10(a)).

The secured short term borrowings of the Company are secured by:

- Standby Letter of Credits from various licensed banks.
- A charge-in-escrow over shares of The New Straits Times Press (Malaysia) Berhad, Sistem Televisyen Malaysia Berhad and Rashid Hussain Berhad and is subject to a minimum security cover of 1.5 times.
- Charge over properties of certain subsidiaries.

MALAYSIAN RESOURCES CORPORATION BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - 31 AUGUST 2002 (CONTINUED)

28 BONDS

	<u>2002</u>	<u>Group</u> <u>2001</u>
	RM'000	RM'000
Al-Bai Bithaman Ajil Bonds (nominal value)	920,000	920,000
Less: Bonds issuance expenses	(10,125)	(10,125)
Net proceeds	909,875	909,875
Cumulation of amortisation of Bonds issuance expenses	1,435	464
	<u>911,310</u>	<u>910,339</u>
Representing Bonds:		
Due within 12 months	120,000	-
Due after 12 months	791,310	910,339
	<u>911,310</u>	<u>910,339</u>
Analysis of the Bonds:		
Payable within one year	120,000	-
Payable between one and two years	-	120,000
Payable between two and five years	280,000	80,000
Payable after five years	520,000	720,000
	<u>920,000</u>	<u>920,000</u>

In 2001, a subsidiary issued RM920 million Al-Bai Bithaman Ajil Bonds ('Bonds') in a total of six tranches with face values of RM120 million, RM80 million, RM200 million, RM220 million and two of the six tranches with a face value of RM150 million each to the Primary Subscribers. Tenure of the Bonds ranges from 2 to 10 years from the date of issue and carry profit rates, which have been fixed in accordance with the Syariah principals, at rates ranging from 7.70% to 9.25% per annum and are payable semi annually from its respective issue dates. The Bonds are traded on the Scriptless Securities Trading System operated and managed by Bank Negara Malaysia.

The Bonds are secured against land titles of the sub-divided plots of land that has been and are to be effected in stages based on the physical progress of the construction works on the Kuala Lumpur central railway station pursuant to the Supplementary Agreement to the Concession Agreement with the Government of Malaysia and Syarikat Harta Dan Tanah Sdn. Bhd.

Proceeds from the issue of Bonds are channeled to Designated Accounts. Permitted withdrawals relating to the Kuala Lumpur central railway station development project from these Designated Accounts are subject to terms and conditions of the Project Account Agreement (Note 23).

MALAYSIAN RESOURCES CORPORATION BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - 31 AUGUST 2002 (CONTINUED)

29 LONG TERM BORROWINGS

	<u>Group</u>		<u>Company</u>	
	<u>2002</u>	<u>2001</u>	<u>2002</u>	<u>2001</u>
	RM'000	RM'000	RM'000	RM'000
<u>Secured:</u>				
Analysis of term loans:				
Payable within one year	349,309	375,250	320,000	320,000
Payable between one and two years	67,002	39,339	-	-
Payable between two and five years	27,555	36,717	-	-
Payable after five years	2,555	3,507	-	-
	<u>446,421</u>	<u>454,813</u>	<u>320,000</u>	<u>320,000</u>
Representing term loans:				
Due within 12 months (Note 27)	349,309	375,250	320,000	320,000
Due after 12 months	97,112	79,563	-	-
	<u>446,421</u>	<u>454,813</u>	<u>320,000</u>	<u>320,000</u>

The long term loans of the Group carry interest at rates ranging from 7.3% to 11.25% (2001: 5.30% to 11.25%) per annum during the financial year and are repayable by fixed instalments which vary from monthly, quarterly and half yearly basis.

The long term loans are secured by:

- a charge over the entire share capital of a subsidiary
- first fixed charge over properties of certain subsidiaries (Notes 10(a) and 10(b))
- debenture incorporating first fixed and floating charges over all present and future assets of certain subsidiaries
- assignment of the Privatisation Agreement, Contractors' Performance Bond and insurance policies of a subsidiary
- first memorandum of deposit of fixed deposits of a subsidiary (Note 23)

30 LONG TERM LIABILITIES

	<u>Group</u>		<u>Company</u>	
	<u>2002</u>	<u>2001</u>	<u>2002</u>	<u>2001</u>
	RM'000	RM'000	RM'000	RM'000
Deferred liability (Note 31)	3,973	17,410	-	-
Hire purchase and lease creditors due after 12 months (Note 26)	7,519	13,887	2,806	3,780
	<u>11,492</u>	<u>31,297</u>	<u>2,806</u>	<u>3,780</u>

Company No.	
7994	D

MALAYSIAN RESOURCES CORPORATION BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - 31 AUGUST 2002 (CONTINUED)

31 DEFERRED LIABILITY

In 1996, a subsidiary 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 Kuala Lumpur central railway station in consideration for which the subsidiary is given the right to develop and/or sell certain commercial development land in the vicinity of the central railway station. The subsidiary 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 Tanah dan Harta Sdn. Bhd., the transfer of title of the sub-divided plot of land within the commercial development land to the subsidiary shall be effected in stages based on the actual physical progress of the construction works on the central railway station.

32 SHARE CAPITAL

	<u>Group and Company</u>	
	<u>2002</u>	<u>2001</u>
	RM'000	RM'000
<u>Authorised:</u>		
2,000,000,000 ordinary shares of RM1.00 each	2,000,000	2,000,000
<u>Issued and fully paid:</u>		
Ordinary shares of RM1.00 each:		
At 1 September	976,550	975,096
Exercise of Options under ESOS	-	1,454
At 31 August	976,550	976,550

The exercise of Options under ESOS in 2001 was under the Malaysian Resources Corporation Berhad's Employees' Share Option Scheme that was approved by the shareholders at the Extraordinary General Meeting held on 9 February 1996 and became effective on 4 April 1996 for a duration of five (5) years commencing on that date and expired in the previous financial year on 3 April 2001.

A Malaysian Resources Corporation Berhad's Employees' Share Option Scheme ('ESOS' or the 'Scheme') to replace the above expired Options was approved by the shareholders at an Extraordinary General Meeting held on 12 August 2002 and became effective subsequent to the financial year under review on 5 September 2002. The new scheme is for a duration of five (5) years commencing 5 September 2002.

MALAYSIAN RESOURCES CORPORATION BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - 31 AUGUST 2002 (CONTINUED)

32 SHARE CAPITAL (CONTINUED)

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 fully paid ordinary shares of the Company at any time during the tenure of the Scheme, which shall be in force for a period of five (5) years commencing 5 September 2002.
- (b) Eligible employees (including Executive Directors) are those who must have been confirmed in his/her position as an employee with a minimum of six (6) months continuous service on or prior to the date of offer of the ESOS.
- (c) The Scheme is administered by an Option Committee which comprises senior management staff appointed by the Board of Directors.
- (d) An Option granted under the ESOS is capable of being exercised by the grantee by notice in writing to the Company commencing from the date of the offer and expiring on 4 September 2007.
- (e) 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 option price of each share shall be at a discount of not more than 10% from the weighted average market price of the shares of the Company as stated in the Daily Official Listing issued by the Kuala Lumpur Stock Exchange for the five (5) market days immediately preceding the date of offer and shall not be less than the par value of the share.
- (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 shall rank pari-passu in all respects with the existing ordinary shares of the Company.

MALAYSIAN RESOURCES CORPORATION BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - 31 AUGUST 2002 (CONTINUED)

33 STATUTORY AND OTHER RESERVES

	<u>Group</u>	
	<u>2002</u>	<u>2001</u>
	RM'000	RM'000
<u>Non-Distributable</u>		
Statutory reserves	57,933	86,183
Capital redemption reserves	18,273	-
	<u>76,206</u>	<u>86,183</u>

The statutory reserves represent the Group's share of the statutory reserves of associates which are maintained in accordance with the Banking and Financial Institutions Act, 1989.

The capital redemption reserves represent the Group's share of the capital redemption reserves of an associate, which was created upon redemption by the associate of its subsidiary's redeemable preference shares.

The movement in each of the above category of reserves were as follows:

	<u>Group</u>	
	<u>2002</u>	<u>2001</u>
	RM'000	RM'000
<u>Statutory reserves</u>		
At 1 September	86,183	69,995
Share in the transfer by associates	9,287	16,188
Realisation of reserves upon disposal of investment by an associate	(37,537)	-
At 31 August	<u>57,933</u>	<u>86,183</u>
<u>Capital redemption reserves</u>		
At 1 September	-	-
Share in the transfer by an associate	18,273	-
At 31 August	<u>18,273</u>	<u>-</u>

Company No.	
7994	D

MALAYSIAN RESOURCES CORPORATION BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - 31 AUGUST 2002 (CONTINUED)

34 CASH AND CASH EQUIVALENTS

	<u>Group</u>		<u>Company</u>	
	<u>2002</u>	<u>2001</u>	<u>2002</u>	<u>2001</u>
	RM'000	RM'000	RM'000	RM'000
Bank balances and deposits (Note 23)	234,689	334,689	17,840	5,561
Bank overdrafts:				
- secured (Note 27)	(2,868)	(10,198)	-	-
- unsecured (Note 27)	-	(3,418)	-	-
	<u>231,821</u>	<u>321,073</u>	<u>17,840</u>	<u>5,561</u>
Less: Fixed deposits held as security value (Note 23)	(173,382)	(275,099)	-	-
	<u>58,439</u>	<u>45,974</u>	<u>17,840</u>	<u>5,561</u>

35 RELATED PARTY DISCLOSURES

Significant related party disclosures other than mentioned elsewhere in the financial statements are as follows:

Progress billings on sale of properties to:

- Promising Quality Sdn. Bhd., a subsidiary of an associate	42,000	92,400	-	-
- AMI Insurance Berhad, a subsidiary of an associate	17,451	-	-	-
- Esprit Assets Sdn. Bhd., a subsidiary of an associate	-	1,254	-	-

Rental income from Sistem Televisyen Malaysia Berhad, an associate	592	1,401	592	1,401
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Advertisement income from NST Outdoor Sdn. Bhd., a subsidiary of an associate	1,500	375	-	-
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Insurance premium charged by AMI Insurans Berhad, a subsidiary of an associate	890	659	163	240
--	-----	-----	-----	-----

Professional fees charged by corporate shareholders of MRCB Multimedia Consortium Sdn. Bhd. pertaining to provision of information technology services	3,834	1,588	-	-
--	-------	-------	---	---

Purchase of advertisement from associates, The New Straits Times Press (Malaysia) Berhad and Sistem Televisyen Malaysia Berhad	<u>1,103</u>	<u>3,288</u>	<u>1,074</u>	<u>2,419</u>
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MALAYSIAN RESOURCES CORPORATION BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - 31 AUGUST 2002 (CONTINUED)

35 RELATED PARTY DISCLOSURES (CONTINUED)

Purchase of advertisement from associates are aggregated because these transactions are similar in nature.

The Group and the Company have transacted with Sistem Televisyen Malaysia Berhad ('TV3'), which is deemed to be related by virtue of TV3 being an associate and YAM Dato' Seri Syed Anwar Jamalullail, Encik Abdul Rahman Ahmad, Encik Shahril Ridza Ridzuan, Y. Bhg. Datuk Zahari Omar and Y. Bhg. Dato' Dr. Mohd Shahari Ahmad Jabar being common Directors of both TV3 and the Company.

The Group and the Company have transacted with The New Straits Times Press (Malaysia) Berhad ('NSTP') and its subsidiaries, which are deemed to be related by virtue of NSTP being an associate and Encik Abdul Rahman Ahmad and Encik Shahril Ridza Ridzuan being common Directors of both NSTP and the Company.

The Directors are of the opinion that the above transactions are in the normal course of business and at terms mutually agreed between the parties.

36 CONTINGENT LIABILITIES

	<u>Group</u>		<u>Company</u>	
	<u>2002</u>	<u>2001</u>	<u>2002</u>	<u>2001</u>
	RM'000	RM'000	RM'000	RM'000
Secured performance guarantee extended to third parties	<u>700</u>	<u>700</u>	<u>-</u>	<u>-</u>
Unsecured corporate guarantees given to financial institutions for:				
- credit facilities granted to subsidiaries	<u>-</u>	<u>-</u>	<u>42,927</u>	<u>118,640</u>
- trade and performance guarantees extended to third parties	<u>31,417</u>	<u>45,071</u>	<u>-</u>	<u>-</u>

The secured performance guarantee of RM700,000 (2001: RM700,000) is secured by way of a deposit of a similar amount with interest thereon pledged to and deposited with the Guarantor Bank pursuant to the memorandum of deposit (Note 23).

MALAYSIAN RESOURCES CORPORATION BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - 31 AUGUST 2002 (CONTINUED)

37 CAPITAL COMMITMENTS

	<u>Group</u>		<u>Company</u>	
	<u>2002</u>	<u>2001</u>	<u>2002</u>	<u>2001</u>
	RM'000	RM'000	RM'000	RM'000
Authorised capital expenditure contracted but not provided for in the financial statements:				
- property, plant and equipment	-	1,377,861	-	-
- property development expenditure	-	319	-	-
	<u>-</u>	<u>1,378,180</u>	<u>-</u>	<u>-</u>
Authorised capital expenditure not contracted for:				
- property, plant and equipment	15,544	-	-	-
- project development expenditure	-	16,200	-	-
	<u>15,544</u>	<u>16,200</u>	<u>-</u>	<u>-</u>

38 ENTERPRISES IN THE GROUP

The Group's effective equity interest in the subsidiaries and associates as at 31 August 2002, their respective principal activities and country of incorporation are as follows:

<u>Name of enterprise</u>	<u>Principal activities</u>	<u>Country of incorporation</u>	<u>Effective equity interest</u>	
			<u>2002</u>	<u>2001</u>
			%	%
SUBSIDIARIES:				
Kuala Lumpur Sentral Sdn. Bhd.	Property development	Malaysia	64.38	64.38
<u>Held through 100% ownership by Kuala Lumpur Sentral Sdn. Bhd.</u>				
- Unity Portfolio Sdn. Bhd.	Property management	Malaysia	64.38	64.38
MRCB Utama Sdn. Bhd.	Property development	Malaysia	100.00	100.00

MALAYSIAN RESOURCES CORPORATION BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - 31 AUGUST 2002 (CONTINUED)

38 ENTERPRISES IN THE GROUP (CONTINUED)

<u>Name of enterprise</u>	<u>Principal activities</u>	<u>Country of incorporation</u>	<u>Effective equity interest</u>	
			<u>2002</u> %	<u>2001</u> %
<u>Held through 100% ownership by MRCB Utama Sdn. Bhd.</u>				
- Country Annexe Sdn. Bhd.	Pre-operating	Malaysia	100.00	100.00
MRCB Selborn Corporation Sdn. Bhd.	Property development and property holding	Malaysia	60.00	60.00
MRCB Engineering Sdn. Bhd.	Engineering services and construction	Malaysia	100.00	100.00
Milmix Sdn. Bhd. (formerly known as MRCB Construction Sdn. Bhd.)	Civil and infrastructure building contractor	Malaysia	100.00	100.00
MRCB Multimedia Consortium Sdn. Bhd.	Applications services relating to information and technologies	Malaysia	71.48	71.48
MRCB Software Vision Sdn. Bhd.	Information technology services and professional outsourcing	Malaysia	100.00	100.00
MR Securities Sdn. Bhd.	Investment holding	Malaysia	100.00	100.00
<u>Held through 100% ownership by MR Securities Sdn. Bhd.</u>				
- Bintara Guard Force Security Sdn. Bhd.##	Security guard services	Malaysia	100.00	-
Malaysian Resources Development Sdn. Bhd.	Property development and investment holding	Malaysia	100.00	100.00

MALAYSIAN RESOURCES CORPORATION BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - 31 AUGUST 2002 (CONTINUED)

38 ENTERPRISES IN THE GROUP (CONTINUED)

ENTERPRISES IN THE GROUP (CONTINUED)

Name of enterprise	Principal activities	Country of incorporation	Effective equity interest	
			2002 %	2001 %
<u>Held through 100% ownership by Malaysian Resources Development Sdn. Bhd.</u>				
- Bitar Enterprises Sdn. Bhd.*	Property investment	Malaysia	100.00	100.00
- Golden East Corporation Sdn. Bhd.	Property development and management	Malaysia	100.00	100.00
- MR Properties 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
- MRCB Property Development Sdn. Bhd.	Investment holding	Malaysia	100.00	100.00
<u>Held through 100% ownership by MRCB Property Development Sdn. Bhd.</u>				
- MRCB Cahaya Mutiara Sdn. Bhd.*	Property development and management	Malaysia	100.00	100.00
<u>Held through 70% ownership by Malaysian Resources Development Sdn. Bhd.</u>				
- Seri Iskandar Development Corporation Sdn. Bhd.	Property development	Malaysia	70.00	70.00
- Kejuruteraan Dan Pembinaan Seri Lumut Sdn. Bhd. (formerly known as Seri Ipoh-Lumut Expressway Sdn. Bhd.)	Pre-operating	Malaysia	70.00	70.00
Malaysian Resources International Sdn. Bhd.	Investment holding	Malaysia	100.00	100.00

MALAYSIAN RESOURCES CORPORATION BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - 31 AUGUST 2002 (CONTINUED)

38 ENTERPRISES IN THE GROUP (CONTINUED)

<u>Name of enterprise</u>	<u>Principal activities</u>	<u>Country of incorporation</u>	<u>Effective equity interest</u>	
			<u>2002</u> %	<u>2001</u> %
<u>Held through 100% ownership by Malaysian Resources International Sdn. Bhd.</u>				
- MRCB Mauritius Limited***	Investment holding	Mauritius	100.00	100.00
<u>Held through 100% ownership by MRCB Mauritius Limited</u>				
- Novelway Investments (Proprietary) Ltd. **	Property development	South Africa	100.00	100.00
Malaysian Resources Sentral Sdn. Bhd.	Provision of facility management	Malaysia	100.00	100.00
Mafira Holdings Sdn. Bhd.	Investment holding	Malaysia	100.00	100.00
<u>Held through 38.6% ownership by Mafira Holdings Sdn. Bhd.</u>				
- Zen Concrete Industries Sdn. Bhd.**	Manufacturing and sale of pre-stressed spun concrete poles	Malaysia	38.60	38.60
Onesentral Park Sdn. Bhd.	Property development	Malaysia	51.00	51.00
Semasa Sentral Sdn. Bhd.	Operation, management and maintenance of the Kuala Lumpur central railway station	Malaysia	100.00	100.00
Sibexlink Sdn. Bhd.	Sale of business information and website development	Malaysia	59.65	59.65
Superview Development Sdn. Bhd.	Property development, management and shares trading	Malaysia	100.00	100.00
Transmission Technology Sdn. Bhd.	Engineering, construction and commissioning services to power transmission systems	Malaysia	55.00	55.00
Zelleco (M) Sendirian Berhad	Investment holding and contractor of civil and structural works	Malaysia	70.00	70.00

MALAYSIAN RESOURCES CORPORATION BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - 31 AUGUST 2002 (CONTINUED)

38 ENTERPRISES IN THE GROUP (CONTINUED)

<u>Name of enterprise</u>	<u>Principal activities</u>	<u>Country of incorporation</u>	<u>Effective equity interest</u>	
			<u>2002</u> %	<u>2001</u> %
<u>Held through 100% ownership by Zelleco (M) Sendirian Berhad</u>				
- Zelleco Engineering Sdn. Bhd.	Fabrication of structural steel works	Malaysia	70.00	70.00
<u>Held through 75% ownership by Zelleco (M) Sendirian Berhad</u>				
- Zelleco Construction Sdn. Bhd.	Contractor of civil and structural works	Malaysia	52.50	52.50
<u>Held through 50% ownership by Zelleco Construction Sdn. Bhd.</u>				
- Pembangunan Sulaiman-Zelleco JV Sdn. Bhd.	Contractor of civil and structural works	Malaysia	26.25	26.25
MR Construction Sdn. Bhd.*	Construction	Malaysia	51.00	51.00
MR Enterprises Sdn. Bhd.*	Construction	Malaysia	100.00	100.00
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
MR-H Piling and Civil Engineering (M) Sdn. Bhd.*	Piling and civil engineering	Malaysia	51.00	51.00
MRCB Ceramics Sdn. Bhd.*	Manufacturing, distribution and sale of ceramic tiles	Malaysia	75.00	75.00
MRCB Dotcom Sdn. Bhd.*	Planning and management services	Malaysia	100.00	100.00
MRCB Intelligent System and Control Sdn. Bhd.*	System maintenance and application services and other technological applications	Malaysia	100.00	100.00

Company No.	
7994	D

MALAYSIAN RESOURCES CORPORATION BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - 31 AUGUST 2002 (CONTINUED)

38 ENTERPRISES IN THE GROUP (CONTINUED)

<u>Name of enterprise</u>	<u>Principal activities</u>	<u>Country of incorporation</u>	<u>Effective equity interest</u>	
			<u>2002</u> %	<u>2001</u> %
MRCB Land Sdn. Bhd.*	Project management and development services	Malaysia	100.00	100.00
MRCB Project Management Sdn. Bhd.*	Project management and engineering related services	Malaysia	100.00	100.00
MRCB Property Management Sdn. Bhd. *	Property investment and management	Malaysia	100.00	100.00
MRCB Smart Sdn. Bhd. *	One-stop card technology service provider	Malaysia	100.00	100.00
MRCB Trading Sdn Bhd *	Trading in building materials	Malaysia	100.00	100.00
MRCB (Terengganu) Sdn. Bhd.*	Property development	Malaysia	100.00	100.00
MRCB Prasarana Sdn. Bhd. (formerly known as Sepang Energy Resources Sdn. Bhd.)*	Infrastructure design and build construction work	Malaysia	100.00	100.00
Region Resources Sdn. Bhd.*	Quarry operations	Malaysia	80.00	80.00
<u>Held through 100% ownership by Region Resources Sdn. Bhd.</u>				
- Syarikat Gemilang Quarry Sdn. Bhd.*	Quarry operations	Malaysia	80.00	80.00
Sepang Power Sdn. Bhd. ^	Independent power producer	Malaysia	-	70.00
Amirijaya Sdn. Bhd.	Pre-operating	Malaysia	100.00	100.00
Digiwill Sdn. Bhd.	Pre-operating	Malaysia	100.00	100.00
Estroman Sdn. Bhd.	Pre-operating	Malaysia	100.00	100.00
MRCB Oil And Gas Technical Services Sdn. Bhd.	Pre-operating	Malaysia	100.00	100.00

MALAYSIAN RESOURCES CORPORATION BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - 31 AUGUST 2002 (CONTINUED)

38 ENTERPRISES IN THE GROUP (CONTINUED)

<u>Name of enterprise</u>	<u>Principal activities</u>	<u>Country of incorporation</u>	<u>Effective equity interest</u>	
			<u>2002</u> %	<u>2001</u> %
Malaysian Resources Technology Sdn. Bhd.	Pre-operating	Malaysia	100.00	100.00
Multimedia Base Sdn. Bhd.	Pre-operating	Malaysia	100.00	100.00
Media Prima Berhad (formerly known as Profitune Berhad)	Pre-operating	Malaysia	100.00	100.00
Netcelerator (M) Sdn. Bhd.	Pre-operating	Malaysia	100.00	100.00
Trans Peninsula Crude Oil Transaction Sdn. Bhd.	Pre-operating	Malaysia	100.00	100.00
Cheq Point (M) Sdn. Bhd.*	Charge card services and investment holding	Malaysia	75.00	75.00
<u>Held through 100% ownership by Cheq Point (M) Sdn. Bhd.</u>				
- 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

MALAYSIAN RESOURCES CORPORATION BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - 31 AUGUST 2002 (CONTINUED)

38 ENTERPRISES IN THE GROUP (CONTINUED)

<u>Name of enterprise</u>	<u>Principal activities</u>	<u>Country of incorporation</u>	<u>Effective equity interest</u>	
			<u>2002</u> %	<u>2001</u> %
ASSOCIATES:				
Harmonic Fairway Sdn. Bhd.**	Investment holding	Malaysia	50.00	50.00
Kota Francais (M) Sdn. Bhd.**	Franchising property management and consultancy	Malaysia	20.00	20.00
Rashid Hussain Berhad	Financial services	Malaysia	22.68	22.69
Sistem Televisyen Malaysia Berhad	Commercial television broadcasting	Malaysia	49.65	49.65
The New Straits Times Press (Malaysia) Berhad	Publishing and sale of newspapers and investment holding	Malaysia	43.51	43.53

* Presently dormant

** Enterprises not audited by PricewaterhouseCoopers, Malaysia

*** Enterprises audited by affiliates of PricewaterhouseCoopers, Malaysia

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

Subsidiary acquired during the financial year

^ Subsidiary disposed off during the financial year

^^ The Directors of the Company have on 12 November 2001 resolved to strike off the names of all these subsidiaries from the Register pursuant to Section 308(4) of Companies Act, 1965,

MALAYSIAN RESOURCES CORPORATION BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - 31 AUGUST 2002 (CONTINUED)

39 SEGMENT INFORMATION

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

	Revenue		Profit/(loss) before taxation		Total assets employed	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
<u>By activity</u>						
Engineering and Construction	160,046	199,085	32,672	(10,184)	99,942	83,847
Property development	235,647	278,537	(17,326)	(62,333)	1,663,894	1,716,294
Power	5,693	27,397	2,256	(40,835)	44,595	271,716
Multimedia	11,868	24,132	(22,315)	(2,352)	17,232	34,815
Investment holding	-	-	135,079	(341,648)	125,650	166,959
Others	6,028	3,929	(7,236)	(48,586)	17,166	34,428
Investments in associates:						
Media	-	-	147,840	(72,365)	551,813	402,472
Power	-	-	-	13,977	-	-
Construction	-	-	75	161	483	473
Manufacturing	-	-	(859)	(2,269)	3,217	3,979
Financial services	-	-	(31,562)	(12,054)	236,460	275,262
	<u>419,282</u>	<u>533,080</u>	<u>238,624</u>	<u>(578,488)</u>	<u>2,760,452</u>	<u>2,990,245</u>
Less: Financing cost of investment in segments	-	-	(42,252)	(69,682)	-	-
	<u>419,282</u>	<u>533,080</u>	<u>196,372</u>	<u>(648,170)</u>	<u>2,760,452</u>	<u>2,990,245</u>
<u>By geographical location</u>						
Malaysia	419,282	533,055	202,064	(642,764)	2,709,877	2,963,343
Outside Malaysia	-	25	(5,692)	(5,406)	50,575	26,902
	<u>419,282</u>	<u>533,080</u>	<u>196,372</u>	<u>(648,170)</u>	<u>2,760,452</u>	<u>2,990,245</u>

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

MALAYSIAN RESOURCES CORPORATION BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - 31 AUGUST 2002 (CONTINUED)

40 SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

- (a) As previously reported on 25 July 2001, the Company accepted the offer from Utama Banking Group Berhad ('UBG') via a Letter of Offer to acquire the Company's entire 22.68% equity interest in Rashid Hussain Berhad ('RHB') for a cash consideration of RM399.5 million or RM3.80 per RHB share.

The total cash consideration for the said shares was subsequently revised to RM504.6 million or RM4.80 per share with the agreement of UBG.

The Company had on 20 March 2002 entered into a conditional sale and purchase agreement ('SPA') with UBG for the sale of the said RHB shares to UBG for a revised total cash consideration of RM504.6 million ('Proposed Disposal').

Approvals for the Proposed Disposal were obtained from the Securities Commission on 9 October 2002 and the shareholders of the Company at an Extraordinary General Meeting held on 15 November 2002.

- (b) On 11 September 2001, MR Securities Sdn. Bhd., a wholly-owned subsidiary of the Company, completed the acquisition of a 100% equity interest in Bintara Guard Force Security Sdn. Bhd. for cash consideration of RM300,000.
- (c) As previously reported, on 5 October 2000, MRCB Property Development Sdn. Bhd. ('MPD') entered into a Sale and Purchase Agreement ('SPA') with Rich Focus Corporation Sdn. Bhd. ('Rich Focus') for the acquisition of 90% equity interest in KGN-RFC Development Sdn. Bhd. for a cash consideration of RM7.5 million. MPD is a wholly-owned subsidiary of Malaysian Resources Development Sdn. Bhd., which in turn is a wholly-owned subsidiary of the Company.

On 1 December 2001, MPD terminated the above SPA due to the non-satisfaction of material conditions precedent by Rich Focus.

- (d) On 8 October 2001, the Company ('MRCB') and its associate, Sistem Televisyen Malaysia Berhad ('TV3'), made a joint announcement on a Proposed Corporate Restructuring Scheme ('Corporate Proposals'). The Corporate Proposals serve to address the debt obligations of TV3 and MRCB and involves, amongst others, Proposed TV3 Debt Reconstruction Scheme involving eligible scheme creditors of TV3 Group, Proposed Reorganisation of Media Convergence Group through the setting up of a new entity ('Newco') and disposal of MRCB's shares in TV3 and the New Straits Times Press (Malaysia) Berhad to Newco, and the demerger of MRCB and Newco. The Corporate Proposals are subject to the relevant approvals.

The Company has obtained the approval for the Corporate Proposals from the Foreign Investment Committee and the Securities Commission.

MALAYSIAN RESOURCES CORPORATION BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - 31 AUGUST 2002 (CONTINUED)

40 SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR (CONTINUED)

- (e) On 23 November 2001, the Company entered into a Sale and Purchase Agreement with Tenaga Nasional Berhad for the disposal of the Company's entire 70% equity interest in Sepang Power Sdn. Bhd. for a cash consideration of RM115.0 million. The disposal was completed on 20 May 2002.
- (f) On 9 February 2002, the Company entered into an agreement for Sale and Purchase of Shares with Tenaga Nasional Berhad for the disposal of its entire 20% equity interest in Fibrecomm Network (M) Sdn Bhd for a cash consideration of RM22 million. The disposal was completed on 26 August 2002.
- (g) On 16 August 2002, the Company announced its proposal to privately place out up to 10% of its existing issued and paid-up share capital to local and/or foreign investors ('Proposed Private Placement').

The Company has obtained the approval for the Proposed Private Placement from the Securities Commission and the Foreign Investment Committee.

- (h) On 29 August 2002, Zelleco (M) Sdn Bhd, a 70% subsidiary of the Company, entered into a conditional Sale and Purchase of Share Agreement with Sasaran Bahagia Sdn. Bhd. for the disposal of its 70% stake in Zelleco Engineering Sdn. Bhd. ('ZESB') ('Proposed Disposal')

The Proposed Disposal involves the sale of 11,983,300 ordinary shares of RM1.00 each representing 70% of the enlarged issued and paid up capital of ZESB for a nominal consideration of RM1.00 only. The consideration was arrived at on a willing buyer-willing seller basis taking into account the unaudited net tangible assets of ZESB of negative RM9.42 million as at 31 March 2002. As part of the Proposed Disposal, ZESB will undertake to pay RM10.5 million in debt payable to the Company over a 3 year period.

The Proposed Disposal is subject to the relevant approvals.

41 SIGNIFICANT EVENTS SUBSEQUENT TO BALANCE SHEET DATE

- (a) The shareholders of the Company, at an Extraordinary General Meeting held on 12 August 2002, had approved the Malaysian Resources Corporation Berhad's Employees' Share Option Scheme ('the Scheme'). This Scheme replaces the previous ESOS that expired on 3 April 2001 and was implemented on 5 September 2002.
- (b) MRCB Selbom Corporation Sdn. Bhd. a 60% subsidiary of the Company, had on 10 September 2002 entered into a Sale and Purchase Agreement with Idaman Unggul Sdn. Bhd. for the disposal of its office block known as Menara MRCB for a cash consideration of RM55 million ('Proposed Disposal'). The Proposed Disposal is subject to the relevant approvals.

Company No.	
7994	D

MALAYSIAN RESOURCES CORPORATION BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - 31 AUGUST 2002 (CONTINUED)

41 SIGNIFICANT EVENTS SUBSEQUENT TO BALANCE SHEET DATE (CONTINUED)

- (c) Milmix Sdn. Bhd. (formerly known as MRCB Construction Sdn. Bhd.), a wholly owned subsidiary of the Company, had on 23 September 2002 obtained from the High Court of Malaya a Restraining Order ('RO') pursuant to section 176 of the Companies Act, 1965. The RO is for a period of 3 months from the date of the RO.
- (d) The Company had applied to the Companies Commission of Malaysia ('CCM') to de-register some of its dormant subsidiaries. The Company has subsequently on 25 September 2002 received notice from the CCM that the following dormant subsidiary companies have been de-registered pursuant to section 308(4) of the Companies Act 1965 i.e. General Data Management Services Sdn. Bhd., Cheq Point Aero Leisure Sdn. Bhd., Cheq Point (Sarawak) Sdn. Bhd., Cheq Point (Sabah) Sdn. Bhd., Cheq Point Global Travel Sdn. Bhd., Cheq Point Travel & Tours Sdn. Bhd. and CP Postal Marketing (M) Sdn. Bhd.

42 COMPARATIVES

- (a) Certain comparatives of the Company were reclassified as follows as at 31 August 2002:

	As previously reported RM'000	Reclassification RM'000	As restated RM'000
<u>BALANCE SHEET</u>			
<u>Non current assets</u>			
Subsidiaries	218,909	95,394	314,303
Trade and other receivables	-	44,500	44,500
	<u> </u>	<u> </u>	<u> </u>
<u>Current assets</u>			
Trade and other receivables	612,171	(139,894)	472,277
	<u> </u>	<u> </u>	<u> </u>
<u>INCOME STATEMENT</u>			
Allowance for diminution in value of investment in subsidiaries	(54,899)	21,262	(33,637)
Allowance for doubtful debts	(381,420)	(21,262)	(402,682)
	<u> </u>	<u> </u>	<u> </u>

MALAYSIAN RESOURCES CORPORATION BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - 31 AUGUST 2002 (CONTINUED)

42 COMPARATIVES (CONTINUED)

(b) Certain comparatives of the Group were reclassified as follows as at 31 August 2002:

	As previously reported RM'000	Reclassification RM'000	As restated RM'000
<u>BALANCE SHEET</u>			
<u>Non current assets</u>			
Trade and other receivables	-	97,435	97,435
<u>Current assets</u>			
Trade and other receivables	520,507	(108,189)	412,318
<u>Current liabilities</u>			
Trade and other payables	(512,327)	10,754	(501,573)

Sistem Televisyen Malaysia Berhad

(Company no: T-106645)

(Incorporated in Malaysia)

Income statements

for the financial year ended 31 August 2002

	Note	Group		Company	
		2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
Revenue	3	244,361	240,733	215,257	206,025
Other operating income		14,233	19,916	11,210	12,042
Amortisation of film, programme rights and album production costs		(60,073)	(49,844)	(57,897)	(45,793)
Changes in inventories		(1,505)	(1,677)	(976)	(1,108)
Cost of production		(1,993)	(7,700)	-	-
Advertising and promotion expenses		(7,207)	(3,539)	(5,658)	(3,801)
Staff costs		(58,590)	(55,373)	(50,907)	(47,716)
Transmission expenses		(6,238)	(6,190)	(6,238)	(6,190)
Utilities		(6,906)	(7,218)	(6,046)	(6,290)
Rental of premises		(4,740)	(10,792)	(4,160)	(9,713)
Rental of transmission stations		(4,781)	(4,966)	(4,781)	(4,966)
Commission paid to third parties		(7,290)	(10,006)	-	-
Depreciation expenses		(33,495)	(38,889)	(23,224)	(28,599)
Allowance for diminution in value of quoted investments		(187)	(748)	(187)	(544)
Reversal of allowance for diminution in value of quoted investments		-	13,041	-	13,041
Allowance for doubtful debts for amounts due from:					
- Subsidiaries		-	-	(5,937)	(17,931)
- Associates		-	(2,512)	-	(2,512)
- Trade and other receivables		(2,783)	(8,726)	(1,309)	(3,050)
Property, plant and equipment written off		(2,120)	(12)	-	-
Film and programme rights written down		(5,058)	(5,530)	(3,675)	(4,562)
Other operating expenses		(24,022)	(23,367)	(14,821)	(14,020)
Profit from operations	4	31,606	36,601	40,651	34,313
Finance costs	6	(38,736)	(38,481)	(26,055)	(26,393)
Share of (loss)/profit of an associate		(33)	78	-	-
(Loss)/profit before taxation		(7,163)	(1,802)	14,596	7,920
Taxation					
- Company and subsidiaries	7	(9,895)	128	(9,751)	(550)
Net (loss)/profit from ordinary activities after taxation		(17,058)	(1,674)	4,845	7,370
Minority interests		161	(826)	-	-
Net (loss)/profit for the financial year		(16,897)	(2,500)	4,845	7,370
Loss per share (sen)					
- basic	8	(RM0.10)	(RM0.01)		

The accounting policies on pages 11 to 16 and the notes on pages 17 to 42 form an integral part of these financial statements.

Sistem Televisyen Malaysia Berhad

(Company no: T-106645)

(Incorporated in Malaysia)

Balance sheets as at 31 August 2002

	Note	Group		Company	
		2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
Capital and reserves					
Share capital	9	170,318	170,318	170,318	170,318
Share premium		2,264	2,264	2,264	2,264
Revaluation reserves		2,513	2,513	-	-
Exchange fluctuation reserve		(1,117)	(1,117)	-	-
Accumulated losses		(530,897)	(514,000)	(418,809)	(423,654)
Deficit in shareholders' funds		(356,919)	(340,022)	(246,227)	(251,072)
Minority interests		2,726	2,887	-	-
Non-current liabilities					
Interest bearing bank borrowings	10	60,694	98,669	47,275	59,975
Hire-purchase and lease creditors	12	6,664	10,193	6,030	8,733
		67,358	108,862	53,305	68,708
		(286,835)	(228,273)	(192,922)	(182,364)
Represented by:					
Non-current assets					
Property, plant and equipment	14	240,107	258,110	186,703	198,959
Subsidiaries	15	-	-	483	483
Associates	16	396	450	296	296
Investments	17	2,835	3,022	2,095	2,283
Prepaid transmission station rentals		4,245	4,529	4,245	4,529
Intangible assets	18	39,458	40,904	36,204	34,677
Trade receivables	19	14,745	23,005	9,646	9,646
		301,786	330,020	239,672	250,873
Current assets					
Trade and other receivables	19	106,093	92,949	90,777	79,920
Inventories	20	2,196	2,946	1,289	1,399
Short term investments	21	-	46,573	-	46,573
Amounts due from subsidiaries	22	-	-	1,612	1,056
Deposits, cash and bank balances	23	77,004	32,989	70,054	30,104
		185,293	175,457	163,732	159,052
Less:					
Current liabilities					
Trade and other payables	24	310,589	275,961	259,355	233,813
Amounts due to subsidiaries		-	-	3,675	3,682
Amount due to an associate		819	700	819	700
Interest bearing bank borrowings					
-Bank overdrafts	10	19,537	17,637	2,650	2,509
-Others	10	417,964	412,289	305,400	325,000
Taxation		25,005	27,163	24,427	26,585
		773,914	733,750	596,326	592,289
Net current liabilities		(588,621)	(558,293)	(432,594)	(433,237)
		(286,835)	(228,273)	(192,922)	(182,364)

The accounting policies on pages 11 to 16 and the notes on pages 17 to 42 form an integral part of these financial statements.

Sistem Televisyen Malaysia Berhad

(Company no: T-106645)
(Incorporated in Malaysia)

Consolidated statement of changes in equity for the financial year ended 31 August 2002

	Issued and fully paid		Non-distributable				Total RM'000
	ordinary shares of RM1 each						
Group	Number of shares '000	Nominal value RM'000	Share premium RM'000	Revaluation reserves RM'000	Exchange fluctuation reserve RM'000	Accumulated losses RM'000	
2002:							
At 1 September 2001	170,318	170,318	2,264	2,513	(1,117)	(514,000)	(340,022)
Net loss for the financial year	-	-	-	-	-	(16,897)	(16,897)
At 31 August 2002	<u>170,318</u>	<u>170,318</u>	<u>2,264</u>	<u>2,513</u>	<u>(1,117)</u>	<u>(530,897)</u>	<u>(356,919)</u>
2001:							
At 1 September 2000	170,318	170,318	2,264	2,513	(1,115)	(511,500)	(337,520)
Net loss for the financial year	-	-	-	-	-	(2,500)	(2,500)
Realisation on disposal of a subsidiary	-	-	-	-	(2)	-	(2)
At 31 August 2001	<u>170,318</u>	<u>170,318</u>	<u>2,264</u>	<u>2,513</u>	<u>(1,117)</u>	<u>(514,000)</u>	<u>(340,022)</u>

The accounting policies on pages 11 to 16 and the notes on pages 17 to 42 form an integral part of these financial statements.

Sistem Televisyen Malaysia Berhad

(Company no: T-106645)
(Incorporated in Malaysia)

Company statement of changes in equity for the financial year ended 31 August 2002

	Issued and fully paid ordinary shares of RM1 each		Non- distributable	Accumulated losses RM'000	Total RM'000
	Number of shares '000	Nominal value RM'000	Share premium RM'000		
Company					
2002:					
At 1 September 2001	170,318	170,318	2,264	(423,654)	(251,072)
Net profit for the financial year	-	-	-	4,845	4,845
At 31 August 2002	<u>170,318</u>	<u>170,318</u>	<u>2,264</u>	<u>(418,809)</u>	<u>(246,227)</u>
2001:					
At 1 September 2000	170,318	170,318	2,264	(431,024)	(258,442)
Net profit for the financial year	-	-	-	7,370	7,370
At 31 August 2001	<u>170,318</u>	<u>170,318</u>	<u>2,264</u>	<u>(423,654)</u>	<u>(251,072)</u>

The accounting policies on pages 11 to 16 and the notes on pages 17 to 42 form an integral part of these financial statements.

Sistem Televisyen Malaysia Berhad

(Company no: T-106645)
(Incorporated in Malaysia)

Cash flow statements for the financial year ended 31 August 2002

	Note	Group		Company	
		2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
Cash flows from operating activities					
Cash flows generated from operations	30	58,763	82,946	53,111	73,222
Income tax paid		(12,188)	(5,360)	(11,900)	(5,389)
<i>Net cash inflow from operating activities</i>		<u>46,575</u>	<u>77,586</u>	<u>41,211</u>	<u>67,833</u>
Cash flows from investing activities					
Proceeds from disposal of investments		46,573	-	46,573	-
Disposal of a subsidiary		-	(139)	-	-
Purchase of investment:					
- Unquoted shares in Malaysia		-	(49)	-	(49)
Purchase of property, plant and equipment		(6,010)	(2,048)	(4,673)	(3,805)
Proceeds from disposal of property, plant and equipment		883	1,608	882	474
Advances to subsidiaries		-	-	(4,416)	(14,148)
Advances to an associate		(2,324)	(2,590)	(2,184)	(1,812)
Repayment of advances by an associate		141	-	-	-
Interest received		1,317	530	1,311	370
Dividends received		322	342	229	241
<i>Net cash inflow/(outflow) from investing activities</i>		<u>40,902</u>	<u>(2,346)</u>	<u>37,722</u>	<u>(18,729)</u>
Cash flows from financing activities					
Interest paid		(8,008)	(38,481)	(2,731)	(21,612)
Repayments of bank borrowings		(32,300)	(9,800)	(32,300)	-
Repayments of hire-purchase and lease financing		(5,084)	(4,596)	(4,123)	(3,458)
<i>Net cash outflow from financing activities</i>		<u>(45,392)</u>	<u>(52,877)</u>	<u>(39,154)</u>	<u>(25,070)</u>
Net increase in cash and cash equivalents during the financial year		42,085	22,363	39,779	24,034
Cash and cash equivalents at the beginning of the financial year		13,599	(8,764)	25,842	1,808
Cash and cash equivalents at the end of the financial year	23	<u>55,684</u>	<u>13,599</u>	<u>65,621</u>	<u>25,842</u>

The accounting policies on pages 11 to 16 and the notes on pages 17 to 42 form an integral part of these financial statements.

Sistem Televisyen Malaysia Berhad

(Company no: T-106645)

(Incorporated in Malaysia)

Summary of significant accounting policies for the financial year ended 31 August 2002

The following accounting policies have been used consistently in dealing with items which are considered material in relation to the financial statements.

(a) Basis of preparation

The financial statements of the Group and the Company have been prepared under the historical cost convention, modified by the revaluation of certain leasehold land and buildings, unless otherwise indicated in this summary of significant accounting policies.

The financial statements comply with the applicable approved accounting standards in Malaysia and the provisions of the Companies Act, 1965.

The preparation of financial statements in conformity with the applicable approved accounting standards in Malaysia and the provisions of the Companies Act, 1965 requires the Directors to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported financial year. Actual results could differ from those estimates.

(b) Basis of consolidation

The consolidated financial statements include the financial statements of the Company and all its subsidiaries made up to the end of the financial year. Subsidiaries are those companies in which the Group has power to exercise control over the financial and operating policies so as to obtain benefits from their activities. Subsidiaries are consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases. Subsidiaries are consolidated using the acquisition method of accounting.

Under the acquisition method of accounting, the results of subsidiaries acquired or disposed of during the financial year are included from the date of acquisition up to the date of disposal. At the date of acquisition, the fair values of the subsidiaries' net assets are determined and these values are reflected in the consolidated financial statements.

Intra-group transactions, balances and unrealised gains on transactions are eliminated; unrealised losses are also eliminated unless cost cannot be recovered. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

Sistem Televisyen Malaysia Berhad

(Company no: T-106645)
(Incorporated in Malaysia)

Summary of significant accounting policies for the financial year ended 31 August 2002 (Continued)

(b) Basis of consolidation (Continued)

Minority interest is measured at the minorities' share of the post acquisition fair values of the identifiable assets and liabilities of the acquiree. Separate disclosure is made of minority interest.

(c) Goodwill

Goodwill represents the excess of the cost of acquisition of subsidiaries and associates acquired over the Group's share of the fair values of their separable net assets at the date of acquisition.

Goodwill is capitalised as a permanent item in the balance sheet unless, in the opinion of the Directors, there has been a permanent diminution in value, in which case a write down is made.

(d) Investments

Investments in subsidiaries, associates and other non-current investments are stated at cost unless, in the opinion of the Directors, there has been a permanent diminution in value, in which case an allowance or write down is made.

Short-term investments are carried at the lower of cost and market value.

On disposal of an investment, the difference between the net disposal proceeds and its carrying amount is charged/credited to the income statement.

Sistem Televisyen Malaysia Berhad

(Company no: T-106645)
(Incorporated in Malaysia)

Summary of significant accounting policies for the financial year ended 31 August 2002 (Continued)

(e) Associates

Investments in associates are accounted for in the consolidated financial statements by the equity method of accounting. Associates are companies in which the Group exercises significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the associates but not control over those policies.

Equity accounting involves recognising in the income statement the Group's share of the results of associates for the financial year. The Group's investments in associates are carried in the balance sheet at an amount that reflects its share of the net assets of the associates and includes goodwill on acquisition. Equity accounting is discontinued when the carrying amount of the investment in an associate reaches zero, unless the Group has incurred obligations or guaranteed obligations in respect of the associate.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates; unrealised losses are also eliminated unless the transaction provides evidence on impairment of the asset transferred. Where necessary, in applying the equity method, adjustments are made to the financial statements of associates to ensure consistency of accounting policies with those of the Group.

(f) Revenue recognition

The advertising revenue of the Company is recognised upon the telecast of advertisement.

The revenue of the subsidiaries are recognised upon the delivery of products and customer acceptance, if any, or performance of services, net of discounts.

(g) Property, plant and equipment

Property, plant and equipment are stated at cost or valuation less accumulated depreciation.

The Directors have applied the transitional provisions of Malaysian Accounting Standards Board Standard No.15 - Property, Plant and Equipment, which allow the leasehold land and buildings to be stated at their valuations carried out in 1996 less depreciation. Accordingly, these valuations have not been updated.

Freehold lands are not amortised as they are deemed to have an infinite life. Long term leasehold lands are amortised in equal instalments over their respective lease periods, ranging between 54 and 92 years.

Sistem Televisyen Malaysia Berhad

(Company no: T-106645)

(Incorporated in Malaysia)

Summary of significant accounting policies for the financial year ended 31 August 2002 (Continued)

(g) Property, plant and equipment (Continued)

Capital work-in-progress is depreciated when the assets are ready for their intended use.

Depreciation on the other property, plant and equipment is calculated so as to write off the cost or valuation of the assets on a straight line basis over the expected useful lives of the assets concerned. The annual rates are:

	%
Buildings	2 - 5
Plant and machinery	20 - 25
Cinema	2 - 5
Broadcasting and transmission equipment	2.9 - 33.3
Production equipment	10 - 20
Office equipment, furniture and fittings	10 - 33.3
Office renovations	33.3
Motor vehicles	20
Leasehold improvements	6.7 - 33.3

(h) Intangible assets - Programmes and film rights

Programmes and film rights are stated at cost less amortisation. Cost comprises contracted cost and direct expenditure. Amortisation is calculated on a basis so as to write off the relevant portion of the cost of programmes and film rights which fairly represents its relevant attached rights to match against recognised revenue from these programmes and film rights. The amortisation rates are:

Purchases with full rights/limited rights (2 runs or more)	%
Dramas and movies	
Upon first transmission	60
Upon second transmission	40
Series and comedies	
Upon first transmission	100
Purchases with limited rights (1 run) and in-house programmes	
Upon first transmission	100

(i) Trade receivables

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

Sistem Televisyen Malaysia Berhad

(Company no: T-106645)
(Incorporated in Malaysia)

Summary of significant accounting policies for the financial year ended 31 August 2002 (Continued)

(j) Inventories

Consumable spares

Consumable spares comprise spare parts for broadcasting and transmission equipment and are expensed off upon utilisation.

Other inventories

Other inventories comprising mainly musical albums and trading inventories are stated at the lower of cost and net realisable value, and are determined on a weighted average basis. Net realisable value is the estimated selling price in the ordinary course of business, less the cost of completion and selling expenses.

(k) Deferred taxation

Provision is made using the liability method, for taxation deferred by timing differences except where the tax effects of such timing differences are expected to be deferred indefinitely.

Deferred tax benefits are recognised only if there is a reasonable expectation of their realisation.

(l) Prepaid expenditure

Prepaid expenditure is in respect of prepaid lease rentals for transmission stations, which are charged to the income statement on a straight line basis over the period of the leases, ranging between 31 and 36 years.

(m) Foreign currencies

Transactions in foreign currencies are translated into Ringgit Malaysia at the rates of exchange ruling at the transaction dates or at contracted rates, where applicable. At balance sheet date, monetary assets and liabilities resulting from foreign currency transactions are translated into Ringgit Malaysia at rates of exchange ruling at that date or at contracted rates, where applicable. Exchange differences are dealt with through the income statement.

In the Group financial statements, assets and liabilities and results of operations of foreign subsidiary companies are translated into Ringgit Malaysia at the rates of exchange ruling at the balance sheet date. Exchange differences on translation are dealt with through the exchange fluctuation reserve. Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the Company and are translated at the exchange rate ruling at the date of the transaction.

Sistem Televisyen Malaysia Berhad

(Company no: T-106645)

(Incorporated in Malaysia)

Summary of significant accounting policies for the financial year ended 31 August 2002 (Continued)

(m) Foreign currencies (Continued)

The principal closing rates used in the translation of foreign currency amounts are as follows:

Foreign currency	2002 RM	2001 RM
1 US Dollar (USD)	3.800	3.800
1 Singapore Dollar (S\$)	2.191	2.193
1 Pound Sterling (GBP)	5.885	5.559
100 Cedi	0.047	0.052

(n) Cash and cash equivalents

For the purpose of the cash flow statement, cash and cash equivalents comprise cash in hand, bank balances, demand deposits, bank overdrafts and short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(o) Leases

Finance leases

Leases of property, plant and equipment where the Group assumes substantially all the benefits and risks of ownership are classified as finance leases.

Finance leases are capitalised at the estimated present value of the underlying lease payments at the date of inception. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in payables. The interest element of the finance charge is charged to the income statement over the lease period.

Property, plant and equipment acquired under finance lease contracts is depreciated over the estimated useful life of the asset. Where there is no reasonable certainty that the ownership will be transferred to the Group, the asset is depreciated over the shorter of the lease term and its useful life.

Operating leases

Leases of assets where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the income statement on a straight line basis over the period of the lease.

Sistem Televisyen Malaysia Berhad

(Company no: T-106645)

(Incorporated in Malaysia)

Notes to the financial statements for the financial year ended 31 August 2002

1 Going concern

In December 1999, the Company approached the Corporate Debt Restructuring Committee ("CDRC") of Bank Negara Malaysia to assist in a debt restructuring scheme with a view to ensure the continual financial and operational viability of the Group.

On 23 February 2001, the Company announced that it is an affected listed issuer pursuant to Practice Note 4/2001 ("PN 4") of the Kuala Lumpur Stock Exchange ("KLSE"). The Company is required to regularise its financial position within the time frame stipulated in "PN 4", latest by 22 September 2001. The Company obtained an extension of time to regularise its financial position to 22 December 2001. On 21 December 2001, the Company applied to KLSE for a further extension of time to regularise its financial position. On 4 October 2002, the Company announced that the KLSE has approved an extension of time for the Company to seek all the necessary approval for the implementation of the CDRC Scheme until 31 December 2002.

On 6 April 2001, the Company filed an application to the High Court of Malaya pursuant to Section 176 (1) of the Companies Act, 1965 and announced a proposed restructuring scheme to regularise its financial condition. The Company was granted the Court Order on 17 April 2001. The proposed restructuring scheme was subsequently aborted on 8 August 2001. On 8 October 2001, 21 January 2002 and 16 August 2002, the Group announced its Corporate Proposals, which entailed the following:

- (a) Proposed capital reconstruction of the Company, including a proposed capital reduction and proposed share premium account reduction; and
- (b) Proposed debt settlement between the Group and Scheme Creditors of the Group, which includes:
 - (i) Proposed debt waiver
 - (ii) Proposed debt-equity swap
 - (iii) Proposed cash settlement
 - (iv) Proposed issuance of redeemable unsecured loan stocks
 - (v) Proposed interest waiver

The Scheme Creditors of the Group approved the proposed debt settlement on 28 February 2002.

On 9 October 2002, the Company announced that the Securities Commission has approved the Corporate Proposals, subject to, among others, approval from the Shareholders.

Sistem Televisyen Malaysia Berhad

(Company no: T-106645)
(Incorporated in Malaysia)

1 Going concern (Continued)

The Directors have reviewed the Group's operational cash flow requirements in light of the above Corporate Proposals and are confident that upon the successful implementation of the Corporate Proposals, the Group and the Company will be able to generate sufficient cash flows to sustain the Group's and the Company's future operations.

Accordingly, the financial statements of the Group and of the Company have been prepared on a going concern basis and as such, do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities which may be necessary if the going concern basis of preparing the financial statements of the Group and of the Company is not appropriate.

2 General information

The principal activities of the Group during the financial year consist of commercial television broadcasting; sale of programme rights; sale of video, cable and laser rights and media revenue; sale of home shopping goods and other trading inventories and the provision of production, event management and other industry related services. The principal activity of the Company during the financial year is commercial television broadcasting. There have been no significant changes in the nature of these activities during the financial year.

The number of employees at the end of the financial year amounted to 1,161 (2001: 1,194) employees in the Group and 1,063 (2001: 1,027) employees in the Company respectively.

The Company is a limited liability company, incorporated and domiciled in Malaysia, and listed on the Main Board of the Kuala Lumpur Stock Exchange.

The address of the registered office and principal place of business of the Company is as follows:

Sri Pentas
No. 3, Persiaran Bandar Utama
Bandar Utama
47800 Petaling
Selangor Darul Ehsan

Sistem Televisyen Malaysia Berhad

(Company no: T-106645)

(Incorporated in Malaysia)

3 Revenue

Revenue of the Group and of the Company includes:

	Group		Company	
	2002	2001	2002	2001
	RM'000	RM'000	RM'000	RM'000
Advertising income	220,912	209,985	215,257	206,025
Sale of programme rights	1,243	1,958	-	-
Sale of video, cable and laser rights and media revenue	4,191	2,125	-	-
Sale of home shopping goods and other trading inventories	8,420	14,063	-	-
Fees from provision of production services, sponsorship and event management services	5,047	8,168	-	-
Fees from provision of other industry related services	4,548	4,434	-	-
	<u>244,361</u>	<u>240,733</u>	<u>215,257</u>	<u>206,025</u>

4 Profit from operations

	Group		Company	
	2002	2001	2002	2001
	RM'000	RM'000	RM'000	RM'000
Profit from operations is stated after charging:				
Royalties	1,076	1,030	1,076	1,030
Auditors' remuneration	199	201	80	52
Net exchange (gain)/loss:				
- Unrealised	921	(17)	-	124
- Realised	48	139	48	132
Prepaid expenditure written off	284	284	284	284
Loss on disposal of property, plant and equipment	-	133	-	-
Property, plant and equipment written down	-	712	-	-
Inventories written off	4	373	-	-
Receivables written off	141	-	-	-

And crediting:

Overprovision of royalties in respect of prior years	-	182	-	182
Gain on disposal of property, plant and equipment	276	298	275	368
Gross dividends from:				
- Quoted shares in Malaysia	1	1	1	1
- Property trust	324	342	231	243
- Associate	-	-	30	-
Reversal of allowance for doubtful debts	2,141	169	2,882	438
Reversal/(provision) for liquidated damages	1,028	(4,278)	-	-
Interest income	1,317	530	1,461	520
Rental income	2,737	3,507	1,884	2,394
Gain on disposal of a subsidiary	-	816	-	-

Sistem Televisyen Malaysia Berhad

(Company no: T-106645)

(Incorporated in Malaysia)

5 Directors' remuneration

The aggregate amount of emoluments received/receivable by Directors of the Company during the financial year were as follows:

	Group		Company	
	2002	2001	2002	2001
	RM'000	RM'000	RM'000	RM'000
Non executive directors:				
- Fees	41	60	41	60
- Gratuity	-	200	-	200
- Allowance	216	42	216	42
Executive directors:				
- Fees	10	-	10	-
- Basic salaries and bonus	636	508	636	508
- Gratuity	544	-	544	-
	<u>1,447</u>	<u>810</u>	<u>1,447</u>	<u>810</u>
Estimated money value of benefits-in-kind	<u>35</u>	<u>64</u>	<u>35</u>	<u>64</u>

6 Finance costs

	Group		Company	
	2002	2001	2002	2001
	RM'000	RM'000	RM'000	RM'000
Interest expenses on:				
- Revolving credits	19,231	20,806	18,569	19,506
- Term loans	14,216	11,478	5,953	5,131
- Floating rate notes	1,831	2,066	-	-
- Bills payable	108	548	-	548
- Others	3,350	3,583	1,533	1,208
	<u>38,736</u>	<u>38,481</u>	<u>26,055</u>	<u>26,393</u>

7 Taxation

	Group		Company	
	2002	2001	2002	2001
	RM'000	RM'000	RM'000	RM'000
Taxation charge for the year:				
In respect of the current financial year:				
Malaysian income tax	9,775	14,594	9,632	14,594
Under/(over) provision of taxation				
in respect of prior financial years	120	(14,722)	119	(14,044)
	<u>9,895</u>	<u>(128)</u>	<u>9,751</u>	<u>550</u>

Sistem Televisyen Malaysia Berhad

(Company no: T-106645)

(Incorporated in Malaysia)

7 Taxation (Continued)

The effective tax rates of the Company for the financial year were higher than the statutory tax rate prevailing in Malaysia because certain expenses were not deductible for taxation purposes.

	Group		Company	
	2002	2001	2002	2001
	RM'000	RM'000	RM'000	RM'000
Tax losses				
Tax savings from the utilisation of tax losses brought forward from previous years for which the related credit is recognised during the financial year	136	52	-	-
Tax losses for which the related tax credit has not been recognised in the financial statements	<u>159,368</u>	<u>144,898</u>	<u>-</u>	<u>-</u>

8 Loss per share - basic

The basic loss per share has been calculated based on the net loss for the financial year of RM16,897,000 (2001: RM2,500,000) and on the number of ordinary shares in issue during the financial year of 170,318,012 (2001: 170,318,012).

9 Share capital

	Group and Company	
	2002	2001
	RM'000	RM'000
Ordinary shares of RM1 each:		
Authorised	<u>1,000,000</u>	<u>1,000,000</u>
Issued and fully paid	<u>170,318</u>	<u>170,318</u>

Sistem Televisyen Malaysia Berhad

(Company no: T-106645)

(Incorporated in Malaysia)

10 Interest bearing bank borrowings

		Group		Company	
	Note	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
Non – current:					
Unsecured:					
Term loans	13	<u>60,694</u>	<u>98,669</u>	<u>47,275</u>	<u>59,975</u>
Current:					
Unsecured:					
Term loans	13	<u>85,815</u>	<u>47,840</u>	<u>21,100</u>	<u>8,400</u>
Floating rate notes	25	<u>30,000</u>	<u>30,000</u>	<u>-</u>	<u>-</u>
Revolving credits	26	<u>301,021</u>	<u>301,021</u>	<u>284,300</u>	<u>284,300</u>
Bills payable	27	<u>1,128</u>	<u>1,128</u>	<u>-</u>	<u>-</u>
		<u>417,964</u>	<u>379,989</u>	<u>305,400</u>	<u>292,700</u>
Secured:					
Bridging loans	28	<u>-</u>	<u>32,300</u>	<u>-</u>	<u>32,300</u>
		<u>417,964</u>	<u>412,289</u>	<u>305,400</u>	<u>325,000</u>
Bank overdrafts (Unsecured)	29	<u>19,537</u>	<u>17,637</u>	<u>2,650</u>	<u>2,509</u>
		<u>437,501</u>	<u>429,926</u>	<u>308,050</u>	<u>327,509</u>
		<u>498,195</u>	<u>528,595</u>	<u>355,325</u>	<u>387,484</u>

11 Deferred taxation

	Group		Company	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
Timing differences in respect of deferred tax benefits not accounted for are as follows:				
- Arising in current financial year	<u>9,794</u>	<u>13,510</u>	<u>4,101</u>	<u>3,572</u>
- Cumulative	<u>168,746</u>	<u>158,952</u>	<u>98,007</u>	<u>93,906</u>
The tax effects of these timing differences:				
- Arising in current financial year	<u>2,742</u>	<u>3,780</u>	<u>1,148</u>	<u>1,000</u>
- Cumulative	<u>47,246</u>	<u>44,504</u>	<u>27,442</u>	<u>26,294</u>

The tax effects of the surplus arising on the revaluation of the leasehold land and buildings, amounting to approximately RM126,000 (2001: RM126,000), are not provided for in the financial statements as there is no foreseeable intention to dispose these properties.

Sistem Televisyen Malaysia Berhad

(Company no: T-106645)

(Incorporated in Malaysia)

12 Hire-purchase and lease creditors

This represents future instalments, under hire-purchase and lease agreements, repayable as follows:

	Group		Company	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
Finance lease liabilities:				
Minimum lease payments:				
- not later than 1 year	4,538	6,526	3,408	5,313
- later than 1 year and not later than 5 years	7,791	12,423	7,095	10,751
	<u>12,329</u>	<u>18,949</u>	<u>10,503</u>	<u>16,064</u>
Future finance charges on finance leases	(2,230)	(3,894)	(1,990)	(3,427)
Present value of finance lease liabilities	<u>10,099</u>	<u>15,055</u>	<u>8,513</u>	<u>12,637</u>
Present value of finance lease liabilities:				
- not later than 1 year (Note 24)	3,435	4,862	2,483	3,904
- later than 1 year and not later than 5 years	6,664	10,193	6,030	8,733
	<u>10,099</u>	<u>15,055</u>	<u>8,513</u>	<u>12,637</u>

Finance lease liabilities are effectively secured as the rights to the leased assets revert to the lessors in the event of default.

13 Term loans (Unsecured)

The term loans are repayable as follows:

	Group		Company	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
Current:				
Repayable within 12 months (Note 10)	85,815	47,840	21,100	8,400
Non - current:				
Repayable after 12 months:				
- between 1 and 2 years	50,076	34,836	38,500	12,700
- between 2 and 5 years	10,618	63,833	8,775	47,275
	<u>60,694</u>	<u>98,669</u>	<u>47,275</u>	<u>59,975</u>
	<u>146,509</u>	<u>146,509</u>	<u>68,375</u>	<u>68,375</u>

The interest rates for the financial year ranged between 5.80% and 9.10% (2001: 5.80% and 9.30%) per annum and 6.86% and 8.70% (2001: 6.86% and 8.70%) per annum for the Group and the Company respectively.

Sistem Televisyen Malaysia Berhad

(Company no: T-106645)
(Incorporated in Malaysia)

14 Property, plant and equipment

The details of property, plant and equipment are as follows:

Group	Freehold land at cost RM'000	Long term leasehold land at valuation RM'000	Long term leasehold land at cost RM'000	Buildings at valuation RM'000	Buildings at cost RM'000	Plant and machinery at cost RM'000	Cinema at cost RM'000	Broadcasting and transmission equipment at cost RM'000	Production equipment at cost RM'000	Office equipment, furniture & fittings at cost RM'000	Office renovations at cost RM'000	Motor vehicles at cost RM'000	Leasehold improvements at cost RM'000	Capital work-in progress at cost RM'000	Total RM'000
2002:															
Cost/valuation															
At 1 September 2001	617	316	29,355	5,859	101,104	31,806	2,382	265,827	32,091	45,784	3,373	13,822	22,659	157	555,152
Additions	438	-	-	-	5,423	-	-	6,669	-	1,256	31	680	5,702	-	20,199
Assets written off	-	-	-	-	-	(243)	-	(497)	(10,129)	(439)	(718)	(1)	-	-	(12,027)
Disposals	-	-	-	-	(2,146)	-	-	(416)	-	(1)	-	(1,646)	-	-	(4,209)
At 31 August 2002	1,055	316	29,355	5,859	104,381	31,563	2,382	271,583	21,962	46,600	2,686	12,855	28,361	157	559,115
Accumulated depreciation															
At 1 September 2001	-	9	1,923	605	6,386	17,434	303	195,051	22,474	27,743	2,764	9,588	12,762	-	297,042
Charge for the financial year	-	6	297	117	2,253	3,468	48	15,472	3,158	4,226	219	1,385	2,846	-	33,495
Assets written off	-	-	-	-	-	(148)	-	(449)	(8,260)	(331)	(718)	(1)	-	-	(9,907)
Disposals	-	-	-	-	(133)	-	-	(228)	-	-	-	(1,261)	-	-	(1,622)
At 31 August 2002	-	15	2,220	722	8,506	20,754	351	209,846	17,372	31,638	2,265	9,711	15,608	-	319,008
Net book value															
At 31 August 2002	1,055	301	27,135	5,137	95,875	10,809	2,031	61,737	4,590	14,962	421	3,144	12,753	157	240,107

Sistem Televisyen Malaysia Berhad

(Company no: T-106645)

(Incorporated in Malaysia)

14 Property, plant and equipment (Continued)

Group	Freehold land at cost RM'000	Long term leasehold land at valuation RM'000	Long term leasehold land at cost RM'000	Buildings at valuation RM'000	Buildings at cost RM'000	Plant and machinery at cost RM'000	Cinema at cost RM'000	Broadcasting and transmission equipment at cost RM'000	Production equipment at cost RM'000	Office equipment, furniture & fittings at cost RM'000	Office renovations at cost RM'000	Motor vehicles at cost RM'000	Leasehold improvements at cost RM'000	Capital work-in progress at cost RM'000	Total RM'000
2001:															
Cost/valuation															
At 1 September 2000	617	316	29,351	5,859	101,436	31,818	2,382	261,054	33,057	42,162	3,311	12,721	22,452	11,621	558,157
Additions	-	-	4	-	1,973	-	-	4,773	45	3,668	62	2,324	207	28	13,084
Assets written off	-	-	-	-	-	-	-	-	-	(20)	-	-	-	-	(20)
Disposals	-	-	-	-	-	(12)	-	-	(1,011)	(23)	-	(1,223)	-	(438)	(2,707)
Disposal of a subsidiary	-	-	-	-	-	-	-	-	-	(3)	-	-	-	-	(3)
Reclassified to trade receivables	-	-	-	-	(2,305)	-	-	-	-	-	-	-	-	(11,054)	(13,359)
At 31 August 2001	617	316	29,355	5,859	101,104	31,806	2,382	265,827	32,091	45,784	3,373	13,822	22,659	157	555,152
Accumulated depreciation															
At 1 September 2000	-	3	1,627	488	4,299	14,097	255	177,315	19,401	19,454	1,835	8,572	11,502	-	258,848
Charge for the financial year	-	6	296	117	2,087	3,346	48	17,736	3,193	8,307	375	2,118	1,260	-	38,889
Assets written off	-	-	-	-	-	-	-	-	-	(8)	-	-	-	-	(8)
Assets written down	-	-	-	-	-	-	-	-	158	-	554	-	-	-	712
Disposals	-	-	-	-	-	(9)	-	-	(278)	(8)	-	(1,102)	-	-	(1,397)
Disposal of a subsidiary	-	-	-	-	-	-	-	-	-	(2)	-	-	-	-	(2)
At 31 August 2001	-	9	1,923	605	6,386	17,434	303	195,051	22,474	27,743	2,764	9,588	12,762	-	297,042
Net book value															
At 31 August 2001	617	307	27,432	5,254	94,718	14,372	2,079	70,776	9,617	18,041	609	4,234	9,897	157	258,110

Sistem Televisyen Malaysia Berhad

(Company no: T-106645)
(Incorporated in Malaysia)

14 Property, plant and equipment (Continued)

Company 2002;	Freehold land RM'000	Long term leasehold land RM'000	Buildings RM'000	Broadcasting and transmission equipment RM'000	Office equipment, furniture & fittings RM'000	Motor vehicles RM'000	Leasehold improvements RM'000	Total RM'000
Cost								
At 1 September 2001	617	28,853	93,432	249,412	33,708	10,849	22,661	439,532
Additions	438	-	-	6,022	791	602	5,702	13,555
Disposals	-	-	(2,146)	(416)	(1)	(1,641)	-	(4,204)
At 31 August 2002	1,055	28,853	91,286	255,018	34,498	9,810	28,363	448,583
Accumulated depreciation								
At 1 September 2001	-	1,885	5,607	189,391	23,104	7,823	12,763	240,573
Charge for the financial year	-	292	1,843	13,939	3,457	847	2,846	23,224
Disposals	-	-	(133)	(228)	-	(1,256)	-	(1,617)
At 31 August 2002	-	2,177	7,317	203,102	26,561	7,414	15,609	262,180
Net book value								
At 31 August 2002	1,055	26,676	83,969	51,916	7,937	2,396	12,754	186,703

Sistem Televisyen Malaysia Berhad

(Company no: T-106645)
(Incorporated in Malaysia)

14 Property, plant and equipment (Continued)

Company 2001:	Freehold land RM'000	Long term leasehold land RM'000	Buildings RM'000	Broadcasting and transmission equipment RM'000	Office equipment, furniture & fittings RM'000	Motor vehicles RM'000	Leasehold improvements RM'000	Total RM'000
Cost								
At 1 September 2000	617	28,853	93,283	246,020	30,431	9,400	22,452	431,056
Additions	-	-	149	3,392	3,295	1,812	209	8,857
Transfer from subsidiaries	-	-	-	-	-	669	-	669
Disposals	-	-	-	-	(18)	(1,032)	-	(1,050)
At 31 August 2001	617	28,853	93,432	249,412	33,708	10,849	22,661	439,532
Accumulated depreciation								
At 1 September 2000	-	1,594	3,737	173,224	15,612	6,803	11,503	212,473
Charge for the financial year	-	291	1,870	16,167	7,500	1,511	1,260	28,599
Transfer from subsidiaries	-	-	-	-	-	445	-	445
Disposals	-	-	-	-	(8)	(936)	-	(944)
At 31 August 2001	-	1,885	5,607	189,391	23,104	7,823	12,763	240,573
Net book value								
At 31 August 2001	617	26,968	87,825	60,021	10,604	3,026	9,898	198,959

Sistem Televisyen Malaysia Berhad

(Company no: T-106645)

(Incorporated in Malaysia)

14 Property, plant and equipment (Continued)

- (a) Long term leasehold land and buildings of a subsidiary were last revalued by the Directors on 20 September 1996 based on valuations carried out by professional valuers to reflect market value for existing use. The book values of the leasehold land and buildings were adjusted to the revalued amounts and the resultant surpluses were credited to revaluation reserves.
- (b) The net book value of revalued long term leasehold land and buildings of the Group that would have been included in the financial statements, had these assets been carried at cost less accumulated depreciation, is RM2,316,220 (2001: RM2,368,861).
- (c) Included in the net book value of property, plant and equipment of the Group and the Company are leasehold land and buildings which were pledged to financial institutions as securities for bridging loan facilities granted to the Company, amounting to RMNil (2001: RM96,050,671). The bridging loan facilities were fully repaid during the financial year (Note 10).
- (d) The value of property, plant and equipment of the Group and of the Company includes the following assets acquired under hire-purchase and finance lease agreements:

	Cost RM'000	Accumulated depreciation RM'000	Net book value RM'000
Group			
2002:			
Broadcasting, transmission and production equipment	21,587	7,243	14,344
Plant and machinery	3,459	3,170	289
Office equipment, furniture and fittings	2,154	1,356	798
Motor vehicles	1,773	1,118	655
	<u>28,973</u>	<u>12,887</u>	<u>16,086</u>
2001:			
Broadcasting, transmission and production equipment	21,587	5,081	16,506
Plant and machinery	3,459	3,109	350
Office equipment, furniture and fittings	1,994	1,169	825
Motor vehicles	3,289	1,910	1,379
	<u>30,329</u>	<u>11,269</u>	<u>19,060</u>

Sistem Televisyen Malaysia Berhad

(Company no: T-106645)

(Incorporated in Malaysia)

14 Property, plant and equipment (Continued)

Company	Cost RM'000	Accumulated depreciation RM'000	Net book value RM'000
2002:			
Broadcasting, transmission and production equipment	21,587	7,243	14,344
Office equipment, furniture and fittings	840	840	-
Motor vehicles	960	554	406
	<u>23,387</u>	<u>8,637</u>	<u>14,750</u>
2001:			
Broadcasting, transmission and production equipment	21,587	5,081	16,506
Office equipment, furniture and fittings	840	770	70
Motor vehicles	2,475	1,484	991
	<u>24,902</u>	<u>7,335</u>	<u>17,567</u>

15 Subsidiaries

	Company	
	2002 RM'000	2001 RM'000
Unquoted shares, at cost	27,500	27,500
Less: Allowance for diminution in value	(27,017)	(27,017)
	<u>483</u>	<u>483</u>

The details of the subsidiaries are as follows:

Name of Company	Country of incorporation	Principal activities	Interest in equity	
			2002 %	2001 %
Animated & Production Techniques Sdn Bhd	Malaysia	Production and post-production of videos and films and to establish production and post-production facilities	100	100
Grand Brilliance Sdn Bhd	Malaysia	Production of motion picture films and acquiring ready made films from local producers and production houses and an investment holding	100	100
Ambang Anika Sdn Bhd	Malaysia	Operation of home-shopping network	100	100
Newslink Asia Sdn Bhd	Malaysia	Production of television programmes	100	100

Sistem Televisyen Malaysia Berhad

(Company no: T-106645)

(Incorporated in Malaysia)

15 Subsidiaries (Continued)

Name of Company	Country of incorporation	Principal activities	Interest in equity	
			2002 %	2001 %
Cosmo Focus Sdn Bhd	Malaysia	Provision of training and education in the field of broadcasting, films and its other related industry	100	100
Tiga Events Sdn Bhd	Malaysia	Promotion and marketing of sports events and production of sports events	100	100
Mercury Entertainment (M) Sdn Bhd	Malaysia	Replication of laser discs and digital video discs	60	60
Ambang Klasik Sdn Bhd	Malaysia	Talent management, album production, event management and studio recording	100	100
Esprit Assets Sdn Bhd	Malaysia	Property investments and provision of property management services	100	100
Amity Valley Sdn Bhd	Malaysia	Investment holding	100	100
Able Communications Sdn Bhd	Malaysia	General advertising agents and supplier of audio and visual product	100	100
Held by Mercury Entertainment (M) Sdn Bhd				
Mercury Multimedia Services Sdn Bhd	Malaysia	Pre-mastering of laser discs and digital video discs	100	100
Held by Ambang Klasik Sdn Bhd				
Booty Studio Production Sdn Bhd	Malaysia	Trading in entertainment products, providing entertainment services to various functions, recording and production of songs and advertisement jingles and rental of studio	60	60
Held by Grand Brilliance Sdn Bhd				
Cineart Enterprises Sdn Bhd	Malaysia	Purchase and sale of television and home video rights, media sales and film exhibition	100	100
Layar Opera Sdn Bhd	Malaysia	Production of Chinese programmes	60	60
Held by Cineart Enterprises Sdn Bhd				
Cineart International Hong Kong Ltd *	Hong Kong	Dormant	100	100
Held by Amity Valley Sdn Bhd				
Gama Media International (BVI) Ltd	British Virgin Island	Investment holding	100	100

Sistem Televisyen Malaysia Berhad

(Company no: T-106645)

(Incorporated in Malaysia)

15 Subsidiaries (Continued)

Name of Company	Country of incorporation	Principal activities	Interest in equity	
			2002 %	2001 %
Held by Gama Media International (BVI) Ltd				
Gama Film Company Limited *	Republic of Ghana	Film production, pre and post production, audio/video recording, audio/video duplication, video exhibition and distribution	70	70
TV3 Network Limited *	Republic of Ghana	Media and communication businesses, managerial services and operation of free-to-air television service	70	70
Cableview Network Limited *	Republic of Ghana	Dormant	70	70
Gama Media Systems Limited *	Republic of Ghana	Dormant	70	70

*Not audited by PricewaterhouseCoopers, Malaysia.

16 Associates

	Group		Company	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
Unquoted shares, at cost	20,590	20,590	20,345	20,345
Share of post acquisition losses	(133,000)	(132,946)	-	-
	(112,410)	(112,356)	20,345	20,345
Less: Allowance for diminution in value	-	-	(20,049)	(20,049)
	(112,410)	(112,356)	296	296
Amounts due from associates	149,679	150,607	148,222	149,150
Less: Allowance for doubtful debts	(36,873)	(37,801)	(148,222)	(149,150)
	112,806	112,806	-	-
	396	450	296	296

	Group	
	2002 RM'000	2001 RM'000
Share of net assets of associates	396	450

- (a) Advances to associates are unsecured, interest-free and are not repayable within the next 12 months.
- (b) Up to 31 August 1999, the Group equity accounted for its share of losses made by an associate notwithstanding the equity interest held, as it treated the advances given to the associate as part of its cost of investment.

Sistem Televisyen Malaysia Berhad

(Company no: T-106645)

(Incorporated in Malaysia)

16 Associates (Continued)

However, the Group discontinued to equity account for its share of losses made by the associate since the financial year ended 31 August 1999 as the Group has not incurred any obligations or guaranteed any obligations in respect of the associate. The unrecognised amount of the Group's share of losses of the associate for the financial year ended 31 August 2002 and cumulatively amounted to Nil (2001:RM5,348,233) and RM95,693,774 (2001: RM95,693,774) respectively.

(c) Details of the associates, all of which are incorporated in Malaysia, are as follows:

Name of company	Principal activities	Group's effective interest	
		2002 %	2001 %
Cableview Services Sdn Bhd	Cable television network broadcasting	40	40
Excellent Eight (M) Sdn Bhd	News and documentaries production	29.6	29.6
Brilliance Legend Sdn Bhd*	Dormant	49	49
System Network Nusantara Sdn Bhd*	Dormant	49	49

* Not audited by PricewaterhouseCoopers, Malaysia

17 Investments

	Group		Company	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
At cost:				
Shares in corporations, quoted in Malaysia	288	288	288	288
Less: Allowance for diminution in value	(163)	(124)	(163)	(124)
	125	164	125	164
Units in property and unit trusts, quoted in Malaysia	5,210	7,399	3,210	5,399
Less: Allowance for diminution in value	(2,706)	(4,747)	(1,446)	(3,486)
	2,504	2,652	1,764	1,913
Shares in corporations, unquoted	136	136	136	136
Club membership (unquoted)	70	70	70	70
	2,835	3,022	2,095	2,283
At market value:				
Quoted shares	132	154	132	154
Quoted property and unit trusts	2,492	2,826	1,765	2,058

Sistem Televisyen Malaysia Berhad

(Company no: T-106645)

(Incorporated in Malaysia)

18 Intangible assets

	Group		Company	
	2002	2001	2002	2001
	RM'000	RM'000	RM'000	RM'000
Programmes and film rights:				
At 1 September	40,904	42,767	34,677	34,340
Additions during the financial year	58,627	47,981	59,424	46,130
	99,531	90,748	94,101	80,470
Amortisation during the financial year	(60,073)	(49,844)	(57,897)	(45,793)
At 31 August	39,458	40,904	36,204	34,677

19 Trade and other receivables

	Group		Company	
	2002	2001	2002	2001
	RM'000	RM'000	RM'000	RM'000
Non-current:				
Trade receivables	14,745	23,005	9,646	9,646
Current:				
Trade receivables	124,273	119,061	87,234	77,086
Less: Allowance for doubtful debts	(35,134)	(34,904)	(4,135)	(3,418)
	89,139	84,157	83,099	73,668
Deposits	317	545	35	25
Prepayments	7,677	4,477	7,490	4,355
Other receivables	18,214	12,246	7,972	9,359
	26,208	17,268	15,497	13,739
Less: Allowance for doubtful debts	(9,254)	(8,476)	(7,819)	(7,487)
	16,954	8,792	7,678	6,252
	106,093	92,949	90,777	79,920

Included in the above are:

	Group		Company	
	2002	2001	2002	2001
	RM'000	RM'000	RM'000	RM'000
Amounts due from related parties:				
Current:				
- Trade	10,971	9,042	9,988	8,691
- Non-trade	1,044	721	1,044	721
	12,015	9,763	11,032	9,412

Sistem Televisyen Malaysia Berhad

(Company no: T-106645)

(Incorporated in Malaysia)

20 Inventories

	Group		Company	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
At cost:				
Consumable spares	1,414	1,651	1,289	1,399
Trading inventories	593	1,058	-	-
Musical albums	77	92	-	-
Events-in-progress	112	140	-	-
	<u>2,196</u>	<u>2,941</u>	<u>1,289</u>	<u>1,399</u>
At realisable value:				
Completed films	-	1	-	-
Work-in-progress	-	1	-	-
Raw materials	-	1	-	-
Spare parts and packing materials	-	1	-	-
Finished goods	-	1	-	-
	<u>-</u>	<u>5</u>	<u>-</u>	<u>-</u>
	<u>2,196</u>	<u>2,946</u>	<u>1,289</u>	<u>1,399</u>

21 Short term investments

	Group		Company	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
At cost:				
Units in property and unit trusts:				
- Quoted in Malaysia	-	74,517	-	74,517
Less: Allowance for diminution in value	-	(27,944)	-	(27,944)
	<u>-</u>	<u>46,573</u>	<u>-</u>	<u>46,573</u>
At market value:				
Units in property and unit trusts:				
- Quoted in Malaysia	-	44,710	-	44,710
	<u>-</u>	<u>44,710</u>	<u>-</u>	<u>44,710</u>

The quoted investments in property and unit trusts were disposed of during the financial year.

22 Amounts due from subsidiaries

	Company	
	2002 RM'000	2001 RM'000
Amounts due from subsidiaries	163,834	159,274
Less: Allowance for doubtful debts	(162,222)	(158,218)
	<u>1,612</u>	<u>1,056</u>

The amounts due from subsidiaries are unsecured, interest free and have no fixed terms of repayment.

Sistem Televisyen Malaysia Berhad

(Company no: T-106645)

(Incorporated in Malaysia)

23 Cash and cash equivalents

	Group		Company	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
Cash and bank balances	17,022	14,940	10,072	12,055
Deposits with licensed financial institutions:				
Deposits with licensed banks	25,859	14,198	25,859	14,198
Deposits with licensed finance companies	34,123	3,851	34,123	3,851
	<u>59,982</u>	<u>18,049</u>	<u>59,982</u>	<u>18,049</u>
Deposits, cash and bank balances	77,004	32,989	70,054	30,104
Less:				
Restricted deposits:				
Deposits with licensed bank	(932)	(902)	(932)	(902)
Deposits with licensed finance company	(851)	(851)	(851)	(851)
	<u>(1,783)</u>	<u>(1,753)</u>	<u>(1,783)</u>	<u>(1,753)</u>
	75,221	31,236	68,271	28,351
Less: Bank overdrafts (Note 10)	<u>(19,537)</u>	<u>(17,637)</u>	<u>(2,650)</u>	<u>(2,509)</u>
	<u>55,684</u>	<u>13,599</u>	<u>65,621</u>	<u>25,842</u>

Restricted bank balances at the end of the financial year include the following deposits which are not available for use by the Group and Company:

- Deposits with a licensed bank, amounting to RM931,900 (2001: RM902,200), which have been placed with the licensed bank for bank guarantee facilities extended to the Company; and
- Deposits with a licensed finance company, amounting to RM850,808 (2001: RM850,808), which were required to be placed with the licensed finance company until the completion of the installation of certain equipment of the Company.

24 Trade and other payables

	Group		Company	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
Trade payables	99,159	94,726	81,313	74,796
Programme rights payables	57,456	60,087	57,456	59,382
Trade accruals	60,895	75,702	53,005	68,326
Other accruals	38,301	13,888	38,292	13,888
Other payables	51,343	26,696	26,806	13,517
Hire-purchase and lease creditors (Note 12)	<u>3,435</u>	<u>4,862</u>	<u>2,483</u>	<u>3,904</u>
	<u>310,589</u>	<u>275,961</u>	<u>259,355</u>	<u>233,813</u>

Included in the above are:

Amounts due to related parties:

- Trade	1,476	3,890	481	-
- Programme rights payables	640	640	640	640
- Non-trade	<u>14,104</u>	<u>3,968</u>	<u>14,104</u>	<u>3,968</u>
	<u>16,220</u>	<u>8,498</u>	<u>15,225</u>	<u>4,608</u>

Sistem Televisyen Malaysia Berhad

(Company no: T-106645)

(Incorporated in Malaysia)

25 Floating rate notes

The interest rates for the financial year ranged between 6.00% and 6.50% (2001: 6.00% and 7.75%) per annum for the Group.

26 Revolving credits

The interest rates for the financial year ranged between 4.55% and 9.30% (2001: 4.55% and 9.30%) per annum and 4.55% and 9.30% (2001: 4.55% and 9.30%) per annum for the Group and the Company respectively.

27 Bills payable

The interest rate for the financial year was fixed at 8.15% (2001: ranged between 9.05% and 9.95%) per annum for the Group and Company.

28 Bridging loans

The interest rates for the financial year ranged between 5.85% and 8.80% (2001: 5.85% and 8.80%) per annum for the Group and Company.

29 Bank overdrafts

The interest rates for the financial year ranged between 6.40% and 9.90% (2001: 6.70% and 9.63%) per annum and 6.40% and 6.80% (2001: 6.70% and 7.00%) per annum for the Group and the Company respectively.

Sistem Televisyen Malaysia Berhad

(Company no: T-106645)
(Incorporated in Malaysia)

30 Cash flows generated from operations

	Group		Company	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
Net (loss)/profit for the financial year	(16,897)	(2,500)	4,845	7,370
<i>Adjustments for:</i>				
Amortisation of film and programme rights	60,073	49,844	57,897	45,793
Prepaid expenditure written off	284	284	284	284
Depreciation of property, plant and equipment	33,495	38,889	23,224	28,599
Interest expenses	38,736	38,481	26,055	26,393
Property, plant and equipment written off	2,120	12	-	-
Property, plant and equipment written down	-	712	-	-
Gain on disposal of property, plant and equipment	(276)	(298)	(275)	(368)
Gain on disposal of a subsidiary	-	(816)	-	-
Share of profit/(loss) of an associate	33	(78)	-	-
Programmes and film rights written down	5,058	5,530	3,675	4,562
Allowance for diminution in value of:				
- Quoted investments	187	748	187	544
Reversal of allowance for diminution in value of:				
- Quoted investments	-	(13,041)	-	(13,041)
Unrealised exchange loss/(gain)	921	(17)	-	124
Exchange fluctuation reserve	-	(2)	-	-
Dividend income	(325)	(343)	(262)	(244)
Interest income	(1,317)	(530)	(1,461)	(520)
Taxation	9,895	(128)	9,751	550
Minority interests	(161)	826	-	-
	148,723	120,073	119,075	92,676
	131,826	117,573	123,920	100,046
<i>Changes in working capital:</i>				
Inventories	747	818	110	123
Receivables	(13,941)	6,081	(11,430)	12,918
Payables	(59,839)	(39,773)	(59,459)	(38,112)
Restricted bank balances	(30)	(1,753)	(30)	(1,753)
	(73,063)	(34,627)	(70,809)	(26,824)
Cash flows generated from operations	58,763	82,946	53,111	73,222

Sistem Televisyen Malaysia Berhad

(Company no: T-106645)

(Incorporated in Malaysia)

31 Non - cash transactions

Certain property, plant and equipment of the Group and the Company acquired during the financial year were obtained through contra arrangements with customers, amounting to RM5,418,265 (2001: RMNil) and RMNil (2001: RM4,199,048) respectively and certain property, plant and equipment of the Group and the Company were acquired by hire-purchase facilities, amounting to RM127,794 (2001: RM937,608) and RMNil (2001: RM852,808) respectively.

32 Significant related party transactions

In addition to related party disclosures mentioned elsewhere in the financial statements, set out below are other significant related party transactions which were carried out on terms and conditions attainable in transactions with unrelated parties.

Malaysian Resources Corporation Berhad ("MRCB") is a corporate shareholder of the Company and owns 49.65% equity interest in the Company. Kuala Lumpur Sentral Sdn Bhd ("KL Sentral") is a subsidiary of MRCB.

Cableview Services Sdn Bhd is an associate of the Company.

	Group		Company	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
(a) Rental of premises from: MRCB	891	1,401	891	1,401
(b) Acquisition of property, plant and equipment from: MRCB	5,630	-	5,630	-
(c) Advances to: Cableview Services Sdn Bhd	1,318	2,590	1,318	1,812
(d) Transfer of property, plant and equipment from : Cableview Services Sdn Bhd	3,252	-	3,252	-
(e) Acquisition of property from: KL Sentral	-	1,801	-	1,801

Sistem Televisyen Malaysia Berhad

(Company no: T-106645)

(Incorporated in Malaysia)

32 Significant related party transactions (Continued)

Individually significant outstanding balances arising from the above related party transactions (other than normal trade transactions) during the financial year are as follows:

Related party	Type of transaction	Group		Company	
		2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
Payables:					
MRCB	Rental of premises	891	1,401	891	1,401
	Acquisition of property, plant and equipment	5,630	-	5,630	-
KL Sentral	Acquisition of property	-	1,810	-	-
Cableview Services Sdn Bhd	Transfer of property, plant and equipment	2,752	-	2,752	-
Receivables:					
Cableview Services Sdn Bhd	Advances	1,318	2,590	1,318	1,821

33 Commitments

		Group		Company	
		2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
(a)	Capital commitments for property, plant and equipment				
	Approved but not contracted for	15,107	17,472	15,107	17,472
(b)	Operating lease commitments				
	The future minimum lease payments under non-cancellable operating leases are as follows:				
	- Not later than 1 year	8,565	13,039	8,565	13,039
	- Later than 1 year and not later than 5 years	33,964	56,366	33,964	56,366
	- Later than 5 years	28,139	57,850	28,139	57,850
		70,668	127,255	70,668	127,255

The operating lease commitments relate to the rental of the Group's premises at Sri Pentas, Bandar Utama. The premises are used for the Group's administrative and operational purposes.

Sistem Televisyen Malaysia Berhad

(Company no: T-106645)

(Incorporated in Malaysia)

34 Contingent liabilities (Unsecured)

	Group		Company	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
(a) Guarantees to financial institutions in respect of credit facilities granted to subsidiaries	-	-	194,350	194,350
Amounts utilised as at 31 August	-	-	143,412	142,973
(b) Potential penalty on late payment of royalties	17,093	13,061	17,093	13,061

(c) Material litigations

- (i) A claim of RM60 million for defamation action was brought against the Company for words mentioned during its news programme in 1998. The Directors are of the opinion, based on legal advice, that the claim has no merit and is unlikely to succeed.
 - (ii) A claim of RM100 million for defamation action was brought against the Company for words mentioned and visual broadcasting during its news programme in the current financial year. The Directors are of the opinion, based on legal advice, that the claim has no merit and is unlikely to succeed.
 - (iii) A claim of RM38 million for the breach of trademark licensing agreement ("the Agreement") was brought against a subsidiary company of the Company, Ambang Klasik Sdn Bhd, for failure to advertise the licensed products at the appointed time and for the termination of the Agreement without cause. The Directors are of the opinion, based on legal advice, that the claim has no merit and is unlikely to succeed.
 - (iv) A claim of RM24 million for the alleged breach of contract for the marketing of the Company's Tamil belt programme was brought against the Company in the current financial year. The Directors are of the opinion, based on legal advice, that the claim has no merit and is unlikely to succeed.
- (d) The Group and the Company are defendants in various legal actions with probable contingent liabilities amounting to approximately RM7 million (2001: RM6 million). The Directors are of the opinion, after taking appropriate legal advice, that the outcome of such actions will not give rise to any significant loss.

Sistem Televisyen Malaysia Berhad

(Company no: T-106645)

(Incorporated in Malaysia)

35 Segmental analysis

Group

Analysis by geographical location

	Revenue RM'000	Profit/(loss) before taxation RM'000	Gross assets RM'000
2002:			
Malaysia	237,364	818	454,921
Republic of Ghana	6,997	(7,978)	29,202
British Virgin Islands (BVI)	-	(3)	2,977
	<u>244,361</u>	<u>(7,163)</u>	<u>487,100</u>
2001:			
Malaysia	235,372	3,451	473,097
Republic of Ghana	5,361	(5,248)	30,318
British Virgin Islands (BVI)	-	(5)	2,062
	<u>240,733</u>	<u>(1,802)</u>	<u>505,477</u>

The Group operates primarily within one industry.

36 Reclassification

The following comparative figures have been restated to reflect the change in accounting treatment for the Group and the Company:

	As previously reported RM'000	Reclassification RM'000	As restated RM'000
Group			
2001:			
Non – current assets:			
Property, plant and equipment	271,469	(13,359)	258,110
Trade receivables	-	23,005	23,005
Current assets:			
Trade and other receivables	102,595	(9,646)	92,949
Company			
2001:			
Non – current assets:			
Trade receivables	-	9,646	9,646
Current assets:			
Trade and other receivables	<u>89,566</u>	<u>(9,646)</u>	<u>79,920</u>

Sistem Televisyen Malaysia Berhad

(Company no: T-106645)

(Incorporated in Malaysia)

36 Reclassification (Continued)

- (i) Trade receivables in respect of contra receivables where the contra assets are not expected to be transferred to the Company within the next 12 months have been reclassified from current assets to non-current assets.
- (ii) Trade receivables in respect of contra receivables of a subsidiary have been reclassified from property, plant and equipment to non-current trade receivables until such time when the ownership of the property, plant and equipment are transferred to the subsidiary.

Report of the auditors to the members of Sistem Televisyen Malaysia Berhad

(Company no: T 106645)
(Incorporated in Malaysia)

We have audited the financial statements set out on pages 6 to 42. These financial statements are the responsibility of the Company's Directors. Our responsibility is to express an opinion on these financial statements 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 financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by Directors, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:

- (a) the financial statements have been prepared in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia so as to give a true and fair view of:
 - (i) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements; and
 - (ii) the state of affairs of the Group and of the Company as at 31 August 2002 and of the results and cash flows of the Group and of the Company for the financial year ended on that date;

and

- (b) the accounting and other records and the registers required by the Act to be kept by the Company and by the subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

Report of the auditors to the members of Sistem Televisyen Malaysia Berhad (Continued)

(Company no: T 106645)

(Incorporated in Malaysia)

Without qualifying our opinion, we draw attention to Note 1 of the Notes to the financial statements which explains the Corporate Proposals. As at balance sheet date, the Group and the Company had net current liabilities of RM588,621,000 and RM432,594,000, accumulated losses of RM530,897,000 and RM418,809,000 and deficit in shareholders' funds of RM356,919,000 and RM246,227,000 respectively. The Group incurred net loss for the financial year ended 31 August 2002 of RM16,897,000. In addition, as at that date, total borrowings of the Group and the Company amounted to RM508,294,000 and RM363,838,000 respectively of which RM440,936,000 and RM310,533,000 respectively are amounts due in the financial year ending 31 August 2003.

The appropriateness of preparing the financial statements of the Group and of the Company on a going concern basis is dependent on the successful implementation of the Corporate Proposals disclosed in Note 1 of the Notes to the financial statements and the ability of the Group and the Company to generate profits and positive cash flows in the future.

We have considered the financial statements and the auditors' reports of the subsidiaries of which we have not acted as auditors, which are indicated in Note 15 of the Notes to the financial statements.

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

**Report of the auditors to the members of
Sistem Televisyen Malaysia Berhad (Continued)**

(Company no: T 106645)
(Incorporated in Malaysia)

The audit reports on the financial statements of the subsidiaries were not subject to any qualification and did not include any comment made under subsection (3) of Section 174 of the Act.



PricewaterhouseCoopers
[AF: 1146]
Chartered Accountants



Thayaparan A/L S. Sangarapillai
(No. 2085/09/04 (J))
Partner

Kuala Lumpur
17 December 2002



PricewaterhouseCoopers
(AF 1146)
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**REPORT OF THE AUDITORS TO THE MEMBERS OF
THE NEW STRAITS TIMES PRESS (MALAYSIA) BERHAD**
(Company No. 4485 H)

We have audited the financial statements set out on pages 10 to 59. These financial statements are the responsibility of the Company's Directors. Our responsibility is to express an opinion on these financial statements 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 financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by Directors, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:

- (a) the financial statements have been prepared in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia so as to give a true and fair view of:
 - (i) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements; and
 - (ii) the state of affairs of the Group and Company as at 31 August 2002 and of the results and cash flows of the Group and Company for the financial year ended on that date;

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 company of which we have not acted as auditors is indicated in Note 38 to the financial statements. We have considered the financial statements of the subsidiary company and the auditors' report thereon.

**REPORT OF THE AUDITORS TO THE MEMBERS OF
THE NEW STRAITS TIMES PRESS (MALAYSIA) BERHAD (CONTINUED)**
(Company No. 4485 H)

We are satisfied that the financial statements of the subsidiary companies that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.

The auditors' reports on the financial statements 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)
Chartered Accountants



MOHAMMAD ZAINAL BIN SHAARI
(No. 1924/10/04 (J))
Partner of the firm

3 December 2002

THE NEW STRAITS TIMES PRESS (MALAYSIA) BERHAD
(Incorporated in Malaysia)

INCOME STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2002

		<u>Group</u>		<u>Company</u>	
	<u>Note</u>	<u>2002</u>	<u>2001</u>	<u>2002</u>	<u>2001</u>
		RM'000	RM'000	RM'000	RM'000
Revenue	4	768,673	680,188	405,387	389,160
Cost of sales		(598,984)	(579,217)	(298,473)	(348,524)
Gross profit		169,689	100,971	106,914	40,636
Other operating income		55,992	26,253	27,395	22,129
Distribution costs		(23,522)	(30,972)	(23,243)	(30,808)
Administrative expenses		(142,527)	(164,948)	(83,094)	(126,240)
Other operating expenses		(18,139)	(27,020)	0	0
Profit/(loss) from operations	5	41,493	(95,716)	27,972	(94,283)
Other income - gain on disposal of long term investment	16	387,736	0	0	0
Finance costs	7	(66,990)	(78,918)	(58,734)	(65,204)
Share of results of associated companies		(17,966)	3,149	0	0
Share of results of joint venture		8	34	0	0
Profit/(loss) from ordinary activities before taxation		344,281	(171,451)	(30,762)	(159,487)
Taxation	8	2,293	24,402	2,530	23,200
Profit/(loss) from ordinary activities after taxation		346,574	(147,049)	(28,232)	(136,287)
Minority interest		2,774	5,200	0	0
Net profit/(loss) attributable to shareholders		349,348	(141,849)	(28,232)	(136,287)
Earnings/(loss) per share (sen)					
- basic	9	162	(66)		
- diluted	9	161	(66)		

The notes on pages 18 to 59 form part of these financial statements.

THE NEW STRAITS TIMES PRESS (MALAYSIA) BERHAD
(Incorporated in Malaysia)

BALANCE SHEETS AS AT 31 AUGUST 2002

		Group		Company	
	Note	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
NON CURRENT ASSETS					
Property, plant and equipment	11	1,045,608	1,058,470	969,386	1,014,493
Development property	12	0	900	0	0
Subsidiary companies	13	0	0	72,857	496,929
Associated companies	14	190,147	207,894	238,344	238,344
Interest in joint venture	15	1	93	0	0
Other investments	16	82,605	684,190	761	761
Loans receivable	17	1,049	848	0	0
Intangible asset	18	0	1,708	0	0
		<u>1,319,410</u>	<u>1,954,103</u>	<u>1,281,348</u>	<u>1,750,527</u>
CURRENT ASSETS					
Property held for sale		900	0	0	0
Stocks	19	74,882	68,357	74,279	47,202
Debtors	20	195,258	205,959	212,145	286,947
Marketable securities	21	14,963	1,042	0	0
Bank balances and deposits	22	189,124	197,017	11,238	50,606
Tax recoverable		29,420	27,748	18,198	17,040
		<u>504,547</u>	<u>500,123</u>	<u>315,860</u>	<u>401,795</u>
CURRENT LIABILITIES					
Creditors	23	127,906	156,142	493,308	350,464
Provision for outstanding claims	24	91,991	73,813	0	0
Bank borrowings					
- bank overdrafts	25	6,652	38,561	4,038	36,185
- others	25	383,090	1,250,495	382,971	947,783
Provision for taxation		6,956	6,243	0	0
		<u>616,595</u>	<u>1,525,254</u>	<u>880,317</u>	<u>1,334,432</u>
NET CURRENT LIABILITIES		<u>(112,048)</u>	<u>(1,025,131)</u>	<u>(564,457)</u>	<u>(932,637)</u>
NON CURRENT LIABILITIES					
Bank borrowings - others	25	128,100	206,557	127,685	198,043
Lease liabilities	26	69	231	69	231
Long term liabilities		2,208	538	0	0
Deferred taxation	27	8,899	12,322	8,597	11,127
Insurance reserves	28	54,479	37,818	0	0
		<u>193,755</u>	<u>257,466</u>	<u>136,351</u>	<u>209,401</u>
		<u>1,013,607</u>	<u>671,506</u>	<u>580,540</u>	<u>608,489</u>

THE NEW STRAITS TIMES PRESS (MALAYSIA) BERHAD
(Incorporated in Malaysia)

BALANCE SHEETS AS AT 31 AUGUST 2002 (CONTINUED)

	<u>Note</u>	<u>Group</u>		<u>Company</u>	
		<u>2002</u>	<u>2001</u>	<u>2002</u>	<u>2001</u>
		RM'000	RM'000	RM'000	RM'000
CAPITAL AND RESERVES					
Share capital	29	216,133	216,036	216,133	216,036
Share premium		180,578	180,392	180,578	180,392
Capital redemption reserve		42,000	0	0	0
Statutory reserve		0	81,951	0	0
Other reserves		3,358	19,432	0	0
Foreign exchange reserve		(453)	(1,782)	0	0
Revenue reserve	30	571,567	172,282	183,829	212,061
Shareholders' funds		1,013,183	668,311	580,540	608,489
Minority interests		424	3,195	0	0
		1,013,607	671,506	580,540	608,489

The notes on pages 18 to 59 form part of these financial statements.

THE NEW STRAITS TIMES PRESS (MALAYSIA) BERHAD
(Incorporated in Malaysia)

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2002**

	Issued and fully paid ordinary shares of RM1.00 each		Share premium RM'000	Capital redemption reserve RM'000	Statutory reserve RM'000	Non-Distributable		Distributable	Total RM'000
	Number of shares '000	Nominal value RM'000				Other reserve RM'000	Foreign exchange reserve RM'000	Revenue reserve RM'000	
At 1 September 2000	215,874	215,874	180,010	0	81,951	19,638	(1,288)	348,998	845,183
Issuance of shares (Note 29)	162	162	382	0					544
Transfer to revenue reserve				0	0	(206)	0	206	0
Net loss attributable to shareholders				0	0	0	0	(141,849)	(141,849)
Underprovision of prior financial year's dividend				0	0	0	0	(6)	(6)
Goodwill on acquisition written off				0	0	0	0	(2,830)	(2,830)
Share of post-acquisition losses of associated company				0	0	0	0	(32,237)	(32,237)
Translation of foreign subsidiary and associated companies				0	0	0	(494)	0	(494)
At 31 August 2001	216,036	216,036	180,392	0	81,951	19,432	(1,782)	172,282	668,311
At 1 September 2001	216,036	216,036	180,392	0	81,951	19,432	(1,782)	172,282	668,311
Issuance of shares (Note 29)	97	97	186	0					283
Translation difference arising in a subsidiary company	0	0	0	0	0	(325)	0	0	(325)
Disposal of a subsidiary company (Note 31)				0	0	(406)	(666)	0	(1,072)
Negative goodwill relating to a subsidiary company disposed of				0	0	0	0	(3,337)	(3,337)
Translation of foreign associated companies and subsidiary companies				0	0	0	1,995	0	1,995
Redemption of preference shares in a subsidiary company				42,000	0	0	0	(42,000)	0
Realisation upon disposal of investment				0	(81,951)	(15,343)	0	97,294	0
Net profit attributable to shareholders				0	0	0	0	349,348	349,348
Goodwill written off (Note 32)				0	0	0	0	(2,020)	(2,020)
At 31 August 2002	216,133	216,133	180,578	42,000	0	3,358	(453)	571,567	1,013,183

The notes on pages 18 to 59 form part of these financial statements.

THE NEW STRAITS TIMES PRESS (MALAYSIA) BERHAD
(Incorporated in Malaysia)

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2002**

	<u>Issued and fully paid ordinary shares of RM1.00 each</u>		<u>Non- Distributable</u>	<u>Distributable</u>	
	<u>Number of shares</u> '000	<u>Nominal value</u> RM'000	<u>Share premium</u> RM'000	<u>Revenue reserve</u> RM'000	<u>Total</u> RM'000
At 1 September 2000	215,874	215,874	180,010	348,354	744,238
Issuance of shares (Note 29)	162	162	382	0	544
Net loss attributable to shareholders				(136,287)	(136,287)
Underprovision of prior financial year's dividend				(6)	(6)
At 31 August 2001	<u>216,036</u>	<u>216,036</u>	<u>180,392</u>	<u>212,061</u>	<u>608,489</u>
At 1 September 2001	216,036	216,036	180,392	212,061	608,489
Issuance of shares (Note 29)	97	97	186	0	283
Net loss attributable to shareholders				(28,232)	(28,232)
At 31 August 2002	<u>216,133</u>	<u>216,133</u>	<u>180,578</u>	<u>183,829</u>	<u>580,540</u>

The notes on pages 18 to 59 form part of these financial statements.

THE NEW STRAITS TIMES PRESS (MALAYSIA) BERHAD
(Incorporated in Malaysia)

CASH FLOW STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2002

	<u>Note</u>	<u>Group</u>		<u>Company</u>	
		<u>2002</u>	<u>2001</u>	<u>2002</u>	<u>2001</u>
		RM'000	RM'000	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Net profit/(loss) attributable to shareholders		349,348	(141,849)	(28,232)	(136,287)
Adjustments for:					
Share of results of joint venture		(8)	(34)	0	0
Share of results of associated companies		17,966	(3,149)	0	0
Minority interest		(2,774)	(5,200)	0	0
Depreciation of property, plant and equipment		56,189	56,319	51,075	52,018
Property, plant and equipment written off		2,625	35,019	0	34,946
Gain on disposal of property, plant and equipment		(5,723)	(1,997)	(5,264)	(1,131)
Gain on disposal of investments		(394,994)	(5,223)	0	0
Increase in insurance funds		16,661	3,215	0	0
Amortisation of intangible asset		1,642	1,861	0	0
(Gain)/loss on disposal of a subsidiary company		(20,512)	1,250	(5,186)	0
Allowance for diminution in value of investment in subsidiary companies		0	0	940	663
Accretion of discounts net of amortisation of premiums of Malaysian Government Securities/Treasury Bills/Guaranteed Bonds		(147)	(35)	0	0
(Write back of)/allowance for diminution in value of investments		(1,257)	1,526	0	0
Allowance for diminution in value of marketable securities		22	396	0	0
Allowance for stock obsolescence		830	0	830	0
Interest expense		58,344	74,532	50,088	60,818
Interest income		(10,652)	(8,449)	(3,561)	(2,094)
Dividend income		(868)	(9,562)	(4,131)	(6,508)
Unrealised foreign exchange loss		5,080	1,008	5,080	2,284
Taxation		(2,293)	(24,402)	(2,530)	(23,200)
Operating profit before working capital changes		69,479	(24,774)	59,109	(18,491)

THE NEW STRAITS TIMES PRESS (MALAYSIA) BERHAD
(Incorporated in Malaysia)

CASH FLOW STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2002 (CONTINUED)

	Note	Group		Company	
		2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
Changes in working capital:					
Stocks		(29,801)	12,643	(27,907)	11,499
Debtors		(23,163)	47,951	3,544	37,064
Creditors		8,477	(5,473)	(14,408)	12,477
Loans receivable		(201)	1,085	0	0
Provision for outstanding claims		18,178	5,743	0	0
Intercompany balances		0	0	234,098	234,559
		42,969	37,175	254,436	277,108
Taxation paid		(462)	(16,474)	(1,158)	(12,689)
Interest paid		(59,292)	(77,390)	(51,247)	(63,676)
Interest received		10,652	8,449	3,561	2,094
Net cash flow from operating activities		(6,133)	(48,240)	205,592	202,837
CASH FLOWS FROM INVESTING ACTIVITIES					
Distribution of profits from joint venture		100	920	0	0
Dividend received		868	8,252	0	4,685
Proceeds from disposal of investments		1,097,222	193,299	0	0
Proceeds from disposal of property, plant and equipment		15,389	3,176	8,972	1,939
Purchase of investment properties		(44)	0	0	0
Purchase of property, plant and equipment		(36,272)	(64,865)	(9,676)	(54,409)
Purchase of marketable securities		(40)	0	0	0
Proceeds from redemption of preference shares of an associated company		0	79,410	0	79,410
Proceeds from redemption of preference shares of a subsidiary company		0	0	420,000	0
Net cash outflow on acquisition of a subsidiary company	32	(2,054)	0	0	0
Additional investment in an associated company		0	(7,000)	0	(7,000)
Purchase of investments		(113,157)	(203,733)	0	0
Additional investment in a subsidiary company		0	0	0	(2,550)
Net cash inflow from disposal of a subsidiary company	31	6,838	253	8,318	0
Net cash flow from investing activities		968,850	9,712	427,614	22,075

THE NEW STRAITS TIMES PRESS (MALAYSIA) BERHAD
(Incorporated in Malaysia)

CASH FLOW STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2002 (CONTINUED)

	<u>Note</u>	<u>Group</u>		<u>Company</u>	
		<u>2002</u>	<u>2001</u>	<u>2002</u>	<u>2001</u>
		RM'000	RM'000	RM'000	RM'000
CASH FLOWS FROM FINANCING ACTIVITIES					
Repayment of term loans		(502,224)	(348,791)	(202,090)	(348,688)
Proceeds from drawdown of term loans		5,000	315,510	5,000	4,621
Repayment of other bank borrowings		(443,159)	(41,121)	(443,160)	(2,995)
Drawdown of other bank borrowings		0	146,245	0	146,245
Increase/(decrease) in other long term liabilities		1,670	(322)	0	0
Repayment of lease liabilities		(138)	(283)	(138)	(141)
Issuance of shares:					
- exercise of share options		283	544	283	544
- to minority interests		0	2,450	0	0
Dividends paid to shareholders		0	(7,777)	0	(7,777)
Dividends paid to minority interests		0	(29)	0	0
Net cash flow from financing activities		<u>(938,568)</u>	<u>66,426</u>	<u>(640,105)</u>	<u>(208,191)</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS					
		24,149	27,898	(6,899)	16,721
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR					
		155,634	128,108	12,183	(4,538)
CURRENCY TRANSLATION DIFFERENCES					
		168	(372)	0	0
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR					
	33	<u>179,951</u>	<u>155,634</u>	<u>5,284</u>	<u>12,183</u>

The notes on pages 18 to 59 form part of these financial statements.

THE NEW STRAITS TIMES PRESS (MALAYSIA) BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - 31 AUGUST 2002

1 GENERAL INFORMATION

The principal activities of the Company consist of the publishing and sale of newspaper and investment holding. The principal activities of the subsidiary companies are set out in Note 38 to the financial statements.

The Group and Company have 2,979 (2001: 2,999) employees and 1,427 (2001: 1,475) employees respectively at the end of the financial year.

The Company is a limited liability company, incorporated and domiciled in Malaysia, and listed on the Main Board of the Kuala Lumpur Stock Exchange.

2 BASIS OF ACCOUNTING

The financial statements of the Group and Company have been prepared under the historical cost convention.

The financial statements comply with applicable approved accounting standards in Malaysia and the provisions of the Companies Act, 1965.

3 SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of consolidation

The consolidated financial statements include the financial statements of the Company and all its subsidiary companies made up to the end of the financial year. Subsidiary companies are those companies in which the Group has power to exercise control over the financial and operating policies so as to obtain benefits from their activities. Subsidiary companies are consolidated from the date of acquisition up to the date of disposal.

(b) Associated companies

Investments in associated companies are accounted for in the consolidated financial statements using the equity method of accounting. Associated companies are companies in which the Group exercises significant influence over the financial and operating policy decisions of the associated companies but not control over those policies. The Group's investments in associated companies are carried in the balance sheet at an amount that reflects its share of the net assets of the associated companies, net of goodwill on acquisition written off.

THE NEW STRAITS TIMES PRESS (MALAYSIA) BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - 31 AUGUST 2002 (CONTINUED)

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Goodwill

Goodwill represents the excess of the fair value of purchase consideration of subsidiary and associated companies acquired over the Group's share of the fair values of their separable net assets at the date of acquisition. Goodwill is written off against the Group's revenue reserve.

(d) Intangible asset

Expenditure on acquired patents, trademarks and licences is capitalised and amortised using the straight line method over their useful lives or 10 years, whichever is shorter. Intangible assets are not revalued.

The carrying amount of each intangible asset is reviewed annually and adjusted for permanent impairment where it is considered necessary.

(e) Specific policies relating to an insurance subsidiary company

(i) General insurance underwriting results

The general insurance underwriting results are determined for each class of business after taking into account reinsurances, commissions, unearned premiums and claims incurred.

(ii) Premium income

Premiums from direct business are recorded during the financial year upon issuance of premium debit notes. Premiums in respect of risks incepted before the balance sheet date for which debit notes are issued subsequent to the balance sheet date are accrued at the balance sheet date.

(iii) Reinsurance inward business

Premiums, claims and other transactions of reinsurance inward business are accounted for upon notification by the ceding companies or upon receipt of the statement of accounts.

(iv) Acquisition costs

The costs of acquiring and renewing insurance policies, net of income derived from ceding reinsurance premiums, are recognised as incurred and properly allocated to the periods in which it is probable they give rise to income.

THE NEW STRAITS TIMES PRESS (MALAYSIA) BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - 31 AUGUST 2002 (CONTINUED)

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Specific policies relating to an insurance subsidiary company (continued)

(v) Unearned premium reserves

Unearned premium reserves ('UPR') represent the portion of premium income not yet earned at balance sheet date. UPR is computed with reference to the month of accounting for the premium on the following bases:

- (i) 25% method for marine and aviation cargo, and transit business;
- (ii) 1/24th method for all other classes of general business in respect of Malaysian policies, reduced by the percentage of accounted gross direct business commission to the corresponding premium; and
- (iii) 1/8th method for all classes of overseas reinsurance inward business.

(vi) Provision for claims

Provision is made for the estimated costs of all claims together with related expenses less reinsurance recoveries, in respect of claims notified but not settled at the balance sheet date. Provision is also made for the cost of claims, together with related expenses, incurred but not reported at the balance sheet date, based on an actuarial valuation by a qualified actuary.

(vii) Premium deficiency

Provision is made where necessary, for premium deficiency in respect of a class of business where the anticipated claims and related expenses to be incurred during the unexpired period of risk exceed the related reserve for unexpired risk for that class of business.

(viii) Investments

Malaysian Government Securities, Cagamas papers and other unquoted debt securities which are intended to be held to maturity, are stated at cost, adjusted for the amortisation of premiums or the accretion of discounts calculated on a constant yield over the period from the date of purchase to maturity date. The amortisation of premiums and accretion of discounts are recognised in the income statement and/or revenue account.

Quoted investments are stated at the lower of cost and market value determined on an aggregate basis by each category of investments, except that a specific allowance is made for any investment which is deemed to have suffered permanent diminution in value. Market value is determined by reference to the stock exchange closing prices at the balance sheet date.

THE NEW STRAITS TIMES PRESS (MALAYSIA) BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - 31 AUGUST 2002 (CONTINUED)

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Specific policies relating to an insurance subsidiary company (continued)

(ix) Interest income

Interest income is recognised on an accrual basis except for interest on a loan which is considered non-performing, in which case, recognition of such interest is suspended. Subsequent to suspension, interest is recognised on the receipt basis until all arrears have been paid.

(x) Trade debtors

Trade debtors are carried at invoiced amount less allowance made for doubtful debts. Known bad debts are written off and specific allowance is made for any debt considered to be doubtful collection. In addition, allowance is made for any premiums and reinsurers' balances which remain outstanding for more than six months from the date on which they became due.

(xi) Investment properties

Investment properties are stated at cost, and include related and incidental expenditure incurred. Investment properties are not depreciated.

On disposal of investment properties, the difference between net proceeds and the carrying amount is recognised in the income statement and/or revenue account.

(f) Property, plant and equipment

Property, plant and equipment are stated at cost less depreciation.

Freehold land is not depreciated. Leasehold land is amortised on a straight line basis over the period of the respective leases that range from 40 to 96 years. Depreciation is not provided on assets under work-in-progress until the assets are ready for their intended use. Depreciation on all other property, plant and equipment is calculated to write off the cost of the assets in equal instalments over their estimated useful lives.

The principal annual depreciation rates are:

Buildings	2% - 2½%
Plant and machinery	4% - 20%
Motor vehicles	20%
Furniture, computers and equipment	10% - 20%

Where an indication of impairment exists, the carrying amount of the asset is assessed and written down immediately to its recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are included in profit/(loss) from operations.

THE NEW STRAITS TIMES PRESS (MALAYSIA) BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - 31 AUGUST 2002 (CONTINUED)

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Research and development

Research and development cost is written off to the income statement in the financial year it is incurred. However, if economic benefits from development activities are probable and measurable, the related development cost is capitalised and amortised on a straight line basis over a period not exceeding five years.

(h) Stocks

Stocks are stated at the lower of cost and net realisable value. Cost comprises direct labour, materials, sub-contract costs and related expenses and is determined on a weighted average basis. Cost in the case of system work-in-progress includes direct staff costs, data processing equipment and related expenses.

Net realisable value is the estimate of the selling price in the ordinary course of business, less costs of completion and selling expenses.

(i) Deferred taxation

Deferred taxation based on the timing differences between taxable and accounting profits is provided for using the liability method for taxation. Debit balances on the deferred taxation account are not recognised unless there is reasonable expectation of their realisation.

(j) Interest capitalisation

Interest incurred on external borrowings related to property, plant and equipment under construction is capitalised until the assets are ready for their intended use.

THE NEW STRAITS TIMES PRESS (MALAYSIA) BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - 31 AUGUST 2002 (CONTINUED)

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Foreign currencies

Foreign currency transactions in the Group and Company are accounted for at exchange rates ruling at the transaction dates, unless hedged by forward foreign exchange contracts, in which case the rates specified in such forward contracts are used. Foreign currency monetary assets and liabilities are translated at exchange rates ruling at the balance sheet date, unless hedged by forward foreign exchange contracts, in which case the rates specified in such forward contracts are used. Exchange differences arising from the settlement of foreign currency transactions and from the translation of foreign currency monetary assets and liabilities are included in the income statement.

The principal closing rates used in translation of foreign currency amounts were as follows:

<u>Foreign currency</u>	<u>31.8.2002</u> RM	<u>31.8.2001</u> RM
1 Singapore Dollar (SGD)	2.174	2.171
1 Deutsche Mark (DM)	N/A	1.790
1 Swedish Kroner (Sek)	0.409	0.370
1 United States Dollars (USD)	3.800	3.800
1 Thai Baht (Baht)	0.090	0.086
1 Euro	3.779	3.483

Income statements of foreign entities are translated into Ringgit Malaysia at average exchange rates for the period and the balance sheets are translated at exchange rates ruling at the balance sheet date. Exchange differences arising from the retranslation of the net investment in foreign entities are taken to 'Foreign exchange reserves' in shareholders' equity. On disposal of the foreign entity, such translation differences are recognised in the income statement as part of the gain or loss on disposal.

(l) Investments

Investments in subsidiary companies, associated companies and other investments are stated at cost. An allowance is made when the Directors are of the view that there is a permanent diminution in the value of the investments.

Quoted investments are stated at the lower of cost and market value determined on the aggregate basis by each category of investments, except that a specific investment which is deemed to have suffered permanent diminution in value, is written down for such diminution in value.

Unquoted investments are stated at cost less allowance for any permanent diminution in value.

THE NEW STRAITS TIMES PRESS (MALAYSIA) BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - 31 AUGUST 2002 (CONTINUED)

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) Marketable securities

Marketable securities are stated at the lower of cost and market value, determined on a portfolio basis by comparing aggregate cost against aggregate market value. Cost is determined on the weighted average cost basis.

(n) Interest income

Interest income is recognised in the financial statements on an accrual basis.

(o) Dividend income

Dividend income from investments in subsidiary companies, associated companies and other investments is accounted for when the right to receive dividend is established. Profits or losses arising on disposal of investments are credited or charged to the income statement.

(p) Leases

Finance lease

Leases of property, plant and equipment where the Group assumes substantially all the benefits and risks of ownership are classified as finance leases.

Finance leases are capitalised at the estimated present value of the underlying lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in borrowings. The interest element of the finance charge is charged to the income statement over the lease period.

The property, plant and equipment acquired under finance lease contracts is depreciated over their useful lives.

Operating lease

Leases of assets under which all the risks and benefits of ownership are effectively retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the income statement on a straight line basis over the period of the lease.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

THE NEW STRAITS TIMES PRESS (MALAYSIA) BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - 31 AUGUST 2002 (CONTINUED)

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(q) Debtors

Debtors are carried at anticipated realisable value. An estimate is made for doubtful debts 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.

(r) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, balances with banks, demand deposits, bank overdrafts and short term and highly liquid investments that are readily convertible to known amounts of cash with insignificant risk of changes in value.

(s) Revenue recognition

Revenue for the Group and Company represents the net invoiced value of services rendered and product sold.

Revenue is recognised upon delivery of products or performance of services. Sales between Group companies are excluded from revenue of Group.

(t) Provisions

A provision is recognised when there is a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made.

THE NEW STRAITS TIMES PRESS (MALAYSIA) BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - 31 AUGUST 2002 (CONTINUED)

4 REVENUE

	<u>Group</u>		<u>Company</u>	
	<u>2002</u>	<u>2001</u>	<u>2002</u>	<u>2001</u>
	RM'000	RM'000	RM'000	RM'000
Sale of goods	278,490	241,255	175,970	155,734
Rendering of services	254,650	271,229	229,417	233,426
Insurance	232,513	156,727	0	0
Investment property income	2,763	1,906	0	0
Dividend income from quoted investments in Malaysia	257	9,071	0	0
	<u>768,673</u>	<u>680,188</u>	<u>405,387</u>	<u>389,160</u>

5 PROFIT/(LOSS) FROM OPERATIONS

Profit/(loss) from operations is arrived at after charging:

Auditors' remuneration	638	551	110	105
Allowance for diminution in value of:				
- investment in subsidiary companies	0	0	940	663
- other investments	0	1,526	0	0
- marketable securities	22	396	0	0
Allowance for doubtful debts				
- subsidiary companies	0	0	10,737	3,318
- others	12,104	11,265	8,651	13,603
Amortisation of intangible asset	1,642	1,861	0	0
Hire of plant and machinery	650	1,055	650	1,052
Loss on disposal of subsidiary company	0	1,250	0	0
Net unrealised foreign exchange loss other than those relating to borrowings	0	272	0	1,548
Net realised foreign exchange loss	26	0	0	0
Allowance for stock obsolescence	830	0	830	0
Property, plant and equipment:				
- depreciation	56,189	56,319	51,075	52,018
- write off	2,625	35,019	0	34,946
Rent of land and buildings	2,951	4,327	2,333	2,679
Research and development costs	11,958	12,281	346	109
Staff costs	<u>149,693</u>	<u>148,094</u>	<u>60,335</u>	<u>62,766</u>

THE NEW STRAITS TIMES PRESS (MALAYSIA) BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - 31 AUGUST 2002 (CONTINUED)

5 PROFIT/(LOSS) FROM OPERATIONS (CONTINUED)

	<u>Group</u>		<u>Company</u>	
	<u>2002</u>	<u>2001</u>	<u>2002</u>	<u>2001</u>
	RM'000	RM'000	RM'000	RM'000
and after crediting:				
Accretion of discounts net of amortisation of premiums of Malaysian Government Securities/Treasury Bills/Guaranteed Bonds	147	35	0	0
Dividend income (gross)				
- subsidiary companies	0	0	4,131	4,800
- associated company	0	0	0	1,708
- shares quoted in Malaysia	868	9,562	0	0
Gain on disposal of property, plant and equipment	5,723	1,997	5,264	1,131
Gain on disposal of a subsidiary company	20,512	0	5,186	0
Gain on disposal of investments	7,258	5,223	0	0
Interest income	10,652	8,449	3,561	2,094
Net realised foreign exchange gain	0	552	0	629
Rental income	1,484	224	810	793
Write back of allowance for diminution in value of other investments	1,257	0	0	0

6 DIRECTORS' REMUNERATION

	<u>Group and Company</u>	
	<u>2002</u>	<u>2001</u>
	RM'000	RM'000
Directors' fees	120	118
Other emoluments	832	1,149
	<u>952</u>	<u>1,267</u>

The estimated monetary value of benefits-in-kind received by Directors of the Company amounted to RM37,650 (2001: RM50,600) for the Group and Company.

7 FINANCE COSTS

	<u>Group</u>		<u>Company</u>	
	<u>2002</u>	<u>2001</u>	<u>2002</u>	<u>2001</u>
	RM'000	RM'000	RM'000	RM'000
Interest expense	58,344	74,532	50,088	60,818
Amortisation and acceptance commission	3,566	3,650	3,566	3,650
Unrealised foreign exchange loss in respect of borrowings	5,080	736	5,080	736
	<u>66,990</u>	<u>78,918</u>	<u>58,734</u>	<u>65,204</u>

THE NEW STRAITS TIMES PRESS (MALAYSIA) BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - 31 AUGUST 2002 (CONTINUED)

8 TAXATION

	<u>Group</u>		<u>Company</u>	
	<u>2002</u>	<u>2001</u>	<u>2002</u>	<u>2001</u>
	RM'000	RM'000	RM'000	RM'000
In Malaysia:				
Income tax:				
- current	715	1,452	0	0
- over provided in prior financial years	(117)	(1,163)	0	0
	<u>598</u>	<u>289</u>	<u>0</u>	<u>0</u>
Tax recoverable	0	(1,821)	0	0
Deferred taxation (Note 27)	(2,891)	(22,933)	(2,530)	(23,200)
	<u>(2,293)</u>	<u>(24,465)</u>	<u>(2,530)</u>	<u>(23,200)</u>
Outside Malaysia:				
Income tax - current	0	143	0	0
Deferred taxation (Note 27)	0	(80)	0	0
	<u>0</u>	<u>63</u>	<u>0</u>	<u>0</u>
	<u>(2,293)</u>	<u>(24,402)</u>	<u>(2,530)</u>	<u>(23,200)</u>

The Company has no income tax charge during the financial year because there was no chargeable income for tax purposes.

The effective tax rate of the Group is lower than the prevailing statutory tax rate due to certain income which was not subject to tax and utilisation of tax losses brought forward from prior financial years.

	<u>Group</u>		<u>Company</u>	
	<u>2002</u>	<u>2001</u>	<u>2002</u>	<u>2001</u>
	RM'000	RM'000	RM'000	RM'000
<u>Tax losses</u>				
Tax savings from utilisation of tax losses brought forward	17,749	3,155	1,499	0
Tax losses for which the related tax credit has not been recognised in the financial statements	<u>125,375</u>	<u>115,423</u>	<u>37,664</u>	<u>11,107</u>

THE NEW STRAITS TIMES PRESS (MALAYSIA) BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - 31 AUGUST 2002 (CONTINUED)

9 EARNINGS PER SHARE

The basic earnings per share is calculated based on the Group's net profit attributable to shareholders of RM349,348,000 (2001: net loss attributable to shareholders of RM141,849,000) and the weighted average number of ordinary shares in issue during the financial year of 216,043,000 (2001: 216,004,000).

For the diluted earnings per share calculation, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all dilutive potential ordinary shares.

In respect of share options exercisable at RM2.88 per share granted to employees, a calculation is done to determine the number of shares that could have been acquired at market price (determined as the average annual share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options. This calculation serves to determine the 'bonus' element to the ordinary shares outstanding for the purpose of computing the dilution. The weighted average number of ordinary shares for diluted earnings per share during the financial year was 216,526,000. No adjustment is made to the Group's net profit attributable to shareholders.

The assumed conversion of share options exercisable at RM6.95 per share granted to employees is deemed anti-dilutive.

The assumed conversion of share options during the 2001 financial year is deemed anti-dilutive.

10 DIVIDEND

	<u>Group and Company</u>	
	<u>2002</u>	<u>2001</u>
	RM'000	RM'000
Underprovision of prior financial year's dividend	<u>0</u>	<u>6</u>

Dividends proposed in respect of the financial year ended 31 August 2002 are as follows:

	<u>Group and Company</u>			
	<u>2002</u>		<u>2001</u>	
	<u>Gross dividend</u>	<u>Amount of dividend</u>	<u>Gross dividend</u>	<u>Amount of dividend</u>
	<u>per share</u>	<u>net of tax</u>	<u>per share</u>	<u>net of tax</u>
	Sen	RM'000	Sen	RM'000
Proposed final dividend	<u>5</u>	<u>7,781</u>	<u>0</u>	<u>0</u>

A first and final dividend in respect of the financial year ended 31 August 2002 of 5 sen per share (2001: Nil) less income tax of 28% is proposed for shareholders' approval at the forthcoming Annual General Meeting. These financial statements do not reflect this final dividend which will be accrued as a liability in the financial year ending 31 August 2003 when approved by shareholders.

THE NEW STRAITS TIMES PRESS (MALAYSIA) BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - 31 AUGUST 2002 (CONTINUED)

11 PROPERTY, PLANT AND EQUIPMENT

Group	Net book value at 1.9.2001 RM'000	Foreign exchange difference RM'000	Acquisition of a subsidiary company (Note 32)		Disposals RM'000	Write offs RM'000	Disposal of a subsidiary company (Note 31) RM'000	Realisation of intercompany profits arising from disposal of a subsidiary company (Note 31) RM'000	Reclassification charge		Net book value at 31.8.2002 RM'000
			Additions RM'000	RM'000					RM'000	RM'000	
2002											
Freehold land	83,863	0	191	0	(28)	0	0	0	(2,964)	0	81,062
Leasehold land											
- long term	4,357	0	0	0	0	0	0	0	2,964	(54)	7,267
- short term	5,016	0	0	0	0	0	0	0	0	(103)	4,913
Buildings	264,463	412	19,328	0	(5,477)	(1,200)	(3,888)	0	90	(6,888)	266,840
Plant and machinery	670,870	95	4,065	0	(112)	0	(827)	0	6,572	(42,960)	637,703
Motor vehicles	4,905	15	636	0	(3,270)	0	(142)	0	37	(1,297)	884
Furniture, computers and equipment	16,430	94	3,511	94	(779)	(25)	(951)	0	1,246	(4,887)	14,733
Work-in-progress	8,566	0	9,489	0	0	(1,400)	0	23,496	(7,945)	0	32,206
	<u>1,058,470</u>	<u>616</u>	<u>37,220</u>	<u>94</u>	<u>(9,666)</u>	<u>(2,625)</u>	<u>(5,808)</u>	<u>23,496</u>	<u>0</u>	<u>(56,189)</u>	<u>1,045,608</u>

THE NEW STRAITS TIMES PRESS (MALAYSIA) BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - 31 AUGUST 2002 (CONTINUED)

11 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	At cost RM'000	Accumulated depreciation RM'000	Net book value RM'000
<u>Group</u>			
<u>2002</u>			
Freehold land	81,062	0	81,062
Leasehold land			
- long term	7,837	(570)	7,267
- short term	5,933	(1,020)	4,913
Buildings	314,435	(47,595)	266,840
Plant and machinery	856,848	(195,649)	661,199
Motor vehicles	4,694	(3,810)	884
Furniture, computers and equipment	60,045	(45,312)	14,733
Work-in-progress	8,710	0	8,710
	<u>1,339,564</u>	<u>(293,956)</u>	<u>1,045,608</u>

THE NEW STRAITS TIMES PRESS (MALAYSIA) BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - 31 AUGUST 2002 (CONTINUED)

11 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Group	Net book value at 1.9.2001 RM'000	Foreign exchange difference RM'000	Additions RM'000	Disposals RM'000	Write offs RM'000	Disposal of a subsidiary company RM'000	Reclassi- fication RM'000	Depreciation charge RM'000	Net book value at 31.8.2002 RM'000
<u>2001</u>									
Freehold land	84,325	0	0	(62)	0	0	(400)	0	83,863
Leasehold land									
- long term	6,489	0	0	0	0	0	(2,078)	(54)	4,357
- short term	5,083	0	0	0	0	0	37	(104)	5,016
Buildings	213,773	(372)	7,281	(83)	0	0	51,087	(7,223)	264,463
Plant and machinery	657,093	(59)	14,069	(796)	(34,946)	0	78,094	(42,585)	670,870
Motor vehicles	2,412	(19)	4,060	(11)	0	(19)	274	(1,792)	4,905
Furniture, computers and equipment	8,803	(110)	2,753	(227)	(73)	(1,017)	10,862	(4,561)	16,430
Work-in-progress	106,882	0	39,560	0	0	0	(137,876)	0	8,566
	<u>1,084,860</u>	<u>(560)</u>	<u>67,723</u>	<u>(1,179)</u>	<u>(35,019)</u>	<u>(1,036)</u>	<u>0</u>	<u>(56,319)</u>	<u>1,058,470</u>

THE NEW STRAITS TIMES PRESS (MALAYSIA) BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - 31 AUGUST 2002 (CONTINUED)

11 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	At cost RM'000	Accumulated depreciation RM'000	Net book value RM'000
<u>Group</u>			
<u>2001</u>			
Freehold land	83,863	0	83,863
Leasehold land			
- long term	4,873	(516)	4,357
- short term	5,934	(918)	5,016
Buildings	306,251	(41,788)	264,463
Plant and machinery	828,962	(158,092)	670,870
Motor vehicles	12,109	(7,204)	4,905
Furniture, computers and equipment	62,142	(45,712)	16,430
Work-in-progress	8,566	0	8,566
	<u>1,312,700</u>	<u>(254,230)</u>	<u>1,058,470</u>

THE NEW STRAITS TIMES PRESS (MALAYSIA) BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - 31 AUGUST 2002 (CONTINUED)

11 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Net book value at 1.9.2001 RM'000	Additions RM'000	Disposals RM'000	Reclassification RM'000	Depreciation charge RM'000	Net book value at 31.8.2002 RM'000
<u>Company</u>						
<u>2002</u>						
Freehold land	80,994	0	0	0	0	80,994
Leasehold land						
- long term	902	0	0	0	(17)	885
- short term	5,016	0	0	0	(103)	4,913
Buildings	223,492	3,133	(5,387)	0	(6,314)	214,924
Plant and machinery	668,759	3,036	(112)	6,776	(42,739)	635,720
Motor vehicles	4,062	160	(2,610)	0	(934)	678
Furniture, computers and equipment	4,132	353	(69)	0	(968)	3,448
Work-in-progress	27,136	7,464	0	(6,776)	0	27,824
	<u>1,014,493</u>	<u>14,146</u>	<u>(8,178)</u>	<u>0</u>	<u>(51,075)</u>	<u>969,386</u>

THE NEW STRAITS TIMES PRESS (MALAYSIA) BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - 31 AUGUST 2002 (CONTINUED)

11 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	<u>At cost</u> RM'000	<u>Accumulated depreciation</u> RM'000	<u>Net book value</u> RM'000
<u>Company</u>			
<u>2002</u>			
Freehold land	80,994	0	80,994
Leasehold land			
- long term	1,010	(125)	885
- short term	5,934	(1,021)	4,913
Buildings	257,556	(42,632)	214,924
Plant and machinery	833,531	(197,811)	635,720
Motor vehicles	3,037	(2,359)	678
Furniture, computers and equipment	28,530	(25,082)	3,448
Work-in-progress	27,824	0	27,824
	<u>1,238,416</u>	<u>(269,030)</u>	<u>969,386</u>

THE NEW STRAITS TIMES PRESS (MALAYSIA) BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - 31 AUGUST 2002 (CONTINUED)

11 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

<u>Company</u>	<u>Net book value at 1.9.2000</u> RM'000	<u>Additions</u> RM'000	<u>Disposals</u> RM'000	<u>Write offs</u> RM'000	<u>Reclassification</u> RM'000	<u>Depreciation charge</u> RM'000	<u>Net book value at 31.8.2001</u> RM'000
<u>2001</u>							
Freehold land	80,994	0	0	0	0	0	80,994
Leasehold land							
- long term	919	0	0	0	0	(17)	902
- short term	5,120	0	0	0	0	(104)	5,016
Buildings	179,329	899	0	0	49,359	(6,095)	223,492
Plant and machinery	655,121	13,643	(795)	(34,946)	78,962	(43,226)	668,759
Motor vehicles	1,586	3,778	0	0	0	(1,302)	4,062
Furniture, computers and equipment	4,848	261	(13)	0	310	(1,274)	4,132
Work-in-progress	117,081	38,686	0	0	(128,631)	0	27,136
	<u>1,044,998</u>	<u>57,267</u>	<u>(808)</u>	<u>(34,946)</u>	<u>0</u>	<u>(52,018)</u>	<u>1,014,493</u>

THE NEW STRAITS TIMES PRESS (MALAYSIA) BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - 31 AUGUST 2002 (CONTINUED)

11 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	At cost RM'000	Accumulated depreciation RM'000	Net book value RM'000
<u>Company</u>			
<u>2001</u>			
Freehold land	80,994	0	80,994
Leasehold land			
- long term	1,010	(108)	902
- short term	5,934	(918)	5,016
Buildings	260,164	(36,672)	223,492
Plant and machinery	827,161	(158,402)	668,759
Motor vehicles	9,207	(5,145)	4,062
Furniture, computers and equipment	28,538	(24,406)	4,132
Work-in-progress	27,136	0	27,136
	<u>1,240,144</u>	<u>(225,651)</u>	<u>1,014,493</u>

THE NEW STRAITS TIMES PRESS (MALAYSIA) BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - 31 AUGUST 2002 (CONTINUED)

11 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Long term leasehold land comprises leasehold interests with an unexpired term in excess of 50 years.

The net book value of buildings and plant and machinery of the Group and Company which have been charged as security for term loans amounted to RM201,391,000 (2001: RM210,333,000) and RM200,151,000 (2001: RM209,078,000) respectively (Note 25).

Interest cost on borrowings directly related to the assets under construction of RM947,523 (2001: RM2,857,763) for the Group and Company has been capitalised and included in the cost of the property, plant and equipment during the financial year.

The net book value of property, plant and equipment being acquired under finance lease agreements amounted to RM605,440 (2001: RM671,000) for the Group and Company.

12 DEVELOPMENT PROPERTY

	<u>Group</u>	
	<u>2002</u>	<u>2001</u>
	RM'000	RM'000
At cost	2,078	2,078
Less: Allowance for diminution in value	(1,178)	(1,178)
	<u>900</u>	<u>900</u>
Reclassified to property held for sale	(900)	0
	<u>0</u>	<u>900</u>

13 SUBSIDIARY COMPANIES

	<u>Company</u>	
	<u>2002</u>	<u>2001</u>
	RM'000	RM'000
Unquoted shares at cost:		
At beginning of the financial year	504,294	505,893
Disposal of investment in a subsidiary company (Note 31)	(3,132)	(1,599)
Redemption of preference shares in a subsidiary company	(420,000)	0
	<u>81,162</u>	<u>504,294</u>
Allowance for diminution in value	(8,305)	(7,365)
At end of the financial year	<u>72,857</u>	<u>496,929</u>

THE NEW STRAITS TIMES PRESS (MALAYSIA) BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - 31 AUGUST 2002 (CONTINUED)

13 SUBSIDIARY COMPANIES (CONTINUED)

During the financial year, 42,000,000 preference shares of RM1.00 each held in Pitisan Sdn Bhd, a wholly owned subsidiary company of the Company, were redeemed at RM10.00 per share.

The Group's equity interests in the subsidiary companies, their respective principal activities and countries of incorporation are shown in Note 38 to the financial statements.

14 ASSOCIATED COMPANIES

<u>Company</u>	<u>2002</u> RM'000	<u>2001</u> RM'000
Unquoted shares, at cost	<u>238,344</u>	<u>238,344</u>
<u>Group</u>		
Share of net assets of associated companies	197,698	215,445
Goodwill on acquisition written-off	<u>(7,551)</u>	<u>(7,551)</u>
Share of net assets other than goodwill	<u>190,147</u>	<u>207,894</u>
Capital commitments for property, plant and equipment	<u>351</u>	<u>1,348</u>

The Group's equity interests in the associated companies, their respective principal activities and countries of incorporation are shown in Note 38 to the financial statements.

15 INTEREST IN JOINT VENTURE

	<u>2002</u> RM'000	<u>Group</u> <u>2001</u> RM'000
Share of net assets of the joint venture	<u>1</u>	<u>93</u>

The Group has a 40% interest in a joint venture, BIS-Honeywell Consortium, which was formed on 5 February 1996 for the purpose of the supply and installation of data processing equipment and services.

The following amounts represent the Group's share of the assets and liabilities and revenue and expenses of the joint venture:

	<u>2002</u> RM'000	<u>2001</u> RM'000
Property, plant and equipment	0	0
Current assets	8	116
Current liabilities	<u>(7)</u>	<u>(23)</u>
	<u>1</u>	<u>93</u>

THE NEW STRAITS TIMES PRESS (MALAYSIA) BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - 31 AUGUST 2002 (CONTINUED)

15 INTEREST IN JOINT VENTURE (CONTINUED)

	<u>2002</u> RM'000	<u>2001</u> RM'000
Revenue	0	124
Profit before taxation	8	34
Taxation	0	0
Profit after taxation	8	34

There are no known contingencies relating to the Group's interest in the joint venture.

16 OTHER INVESTMENTS

	<u>Group</u>		<u>Company</u>	
	<u>2002</u> RM'000	<u>2001</u> RM'000	<u>2002</u> RM'000	<u>2001</u> RM'000
Held by Group and Company (other than an insurance subsidiary company):				
At cost:				
Quoted shares in corporations - Malaysia	68	578,867	20	20
Unquoted shares in corporations- Malaysia	3,568	742	741	741
Unquoted shares in corporations – outside Malaysia	0	910	0	0
	<u>3,636</u>	<u>580,519</u>	<u>761</u>	<u>761</u>
Held in an insurance subsidiary company:				
At cost:				
Investment properties:				
Freehold land and buildings	2,998	2,998	0	0
Leasehold land and building	1,533	1,489	0	0
	<u>4,531</u>	<u>4,487</u>	<u>0</u>	<u>0</u>
At cost and accretion of discount, less amortisation of premiums and allowance for diminution in value:				
Quoted - Malaysia:				
Shares in corporations	22,550	19,703	0	0
Malaysian Government Securities	20,467	0	0	0
	<u>43,017</u>	<u>19,703</u>	<u>0</u>	<u>0</u>

THE NEW STRAITS TIMES PRESS (MALAYSIA) BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - 31 AUGUST 2002 (CONTINUED)

16 OTHER INVESTMENTS (CONTINUED)

	<u>Group</u>		<u>Company</u>	
	<u>2002</u>	<u>2001</u>	<u>2002</u>	<u>2001</u>
	RM'000	RM'000	RM'000	RM'000
Unquoted - Malaysia:				
Cagamas papers	0	25,549	0	0
Malaysian Government Guaranteed Bonds	12,431	22,139	0	0
Malaysian Government Treasury Bills	0	0	0	0
Loan stock/bonds	18,990	31,793	0	0
Shares in corporations	0	0	0	0
	<u>31,421</u>	<u>79,481</u>	<u>0</u>	<u>0</u>
	<u>82,605</u>	<u>684,190</u>	<u>761</u>	<u>761</u>
At market value:				
Quoted - Malaysia:				
Shares in corporations	23,642	1,198,969	7	7
Malaysian Government Securities	19,834	0	0	0
	<u>43,476</u>	<u>1,198,969</u>	<u>7</u>	<u>7</u>

As at 31 August 2001, the Group's investment in quoted shares with a carrying value of RM214,407,000 has been charged as security for term loan amounted to RM300,000,000 (Note 25).

During the financial year, the Group disposed of part of its investment in quoted shares for a cash consideration of RM954,850,000 which resulted in a gain on disposal of RM387,736,000.

The remaining investment in quoted shares amounting to RM13,903,000 which has not been disposed of has been reclassified to marketable securities (Note 21).

17 LOANS RECEIVABLE

	<u>Group</u>	
	<u>2002</u>	<u>2001</u>
	RM'000	RM'000
Loans receivable by an insurance subsidiary company	<u>1,049</u>	<u>848</u>

THE NEW STRAITS TIMES PRESS (MALAYSIA) BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - 31 AUGUST 2002 (CONTINUED)

18 INTANGIBLE ASSET

	<u>Group</u>	
	<u>2002</u>	<u>2001</u>
	RM'000	RM'000
<u>Cost</u>		
At beginning of the financial year	6,599	7,269
Additions	0	0
Currency translation differences	56	(670)
Disposal of a subsidiary company	(6,655)	0
	<u>0</u>	<u>6,599</u>
<u>Accumulated amortisation</u>		
At beginning of the financial year	(4,891)	(3,381)
Charge during the financial year	(1,642)	(1,861)
Currency translation differences	0	351
Disposal of a subsidiary company	6,533	0
	<u>0</u>	<u>(4,891)</u>
Net book value at end of the financial year	<u>0</u>	<u>1,708</u>

Intangible asset comprises patent rights and amortised over 10 years using the straight line method.

19 STOCKS

	<u>Group</u>		<u>Company</u>	
	<u>2002</u>	<u>2001</u>	<u>2002</u>	<u>2001</u>
	RM'000	RM'000	RM'000	RM'000
<u>At cost</u>				
Raw materials	74,004	57,943	74,004	47,157
Publication stocks	275	45	275	45
System work-in-progress	502	6,160	0	0
Stocks-in-trade	0	3,919	0	0
Others	10	282	0	0
	<u>74,791</u>	<u>68,349</u>	<u>74,279</u>	<u>47,202</u>
<u>At net realisable value</u>				
Stocks-in-trade	91	8	0	0
	<u>74,882</u>	<u>68,357</u>	<u>74,279</u>	<u>47,202</u>

THE NEW STRAITS TIMES PRESS (MALAYSIA) BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - 31 AUGUST 2002 (CONTINUED)

20

DEBTORS

	Group		Company	
	2002	2001	2002	2001
	RM'000	RM'000	RM'000	RM'000
Trade debtors	220,601	227,099	152,903	155,605
Less: Allowance for doubtful debts	(84,994)	(79,090)	(58,791)	(56,268)
	<u>135,607</u>	<u>148,009</u>	<u>94,112</u>	<u>99,337</u>
Other debtors, deposits and prepayments	31,789	30,027	15,674	13,992
Less: Allowance for doubtful debts	(500)	(428)	0	0
	<u>31,289</u>	<u>29,599</u>	<u>15,674</u>	<u>13,992</u>
Amounts due from subsidiary companies	0	0	78,383	138,445
Less: Allowance for doubtful debts	0	0	(53,384)	(44,161)
	<u>0</u>	<u>0</u>	<u>24,999</u>	<u>94,284</u>
Advances to subsidiary companies	0	0	97,596	98,056
Less: Allowance for doubtful debts	0	0	(20,236)	(18,722)
	<u>0</u>	<u>0</u>	<u>77,360</u>	<u>79,334</u>
Advances to former holding company	67,770	61,642	67,770	61,642
Less: Allowance for doubtful debts	(67,770)	(61,642)	(67,770)	(61,642)
	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Amounts due from associated companies	28,362	28,351	0	0
	<u>195,258</u>	<u>205,959</u>	<u>212,145</u>	<u>286,947</u>

The amounts due from subsidiary companies are unsecured, interest free and have no fixed terms of repayments.

The advances to subsidiary companies are unsecured and repayable at call. Interest rates ranging from 8.0% to 8.4% (2001: 8.0%) per annum are charged on advances to certain subsidiary companies.

The advances to former holding company are unsecured, bear interest rates ranging from 6.0% to 12.0% (2001: 6.0% to 12.0%) per annum and are repayable at call.

The amounts due from associated companies are unsecured, interest free and has no fixed terms of repayments.

Included in other debtors, deposits and prepayments is an amount due from a full-time Director of the Group and Company of RM400,000 (2001: RM400,000) relating to a housing loan provided to the Director prior to his appointment as a Director of the Group and Company.

THE NEW STRAITS TIMES PRESS (MALAYSIA) BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - 31 AUGUST 2002 (CONTINUED)

21 MARKETABLE SECURITIES

	<u>Group</u>	
	<u>2002</u>	<u>2001</u>
	RM'000	RM'000
Shares in corporations, quoted in Malaysia:		
- At market value	1,060	1,042
- At cost	13,903	0
	<u>14,963</u>	<u>1,042</u>
Market value of shares in corporations, quoted in Malaysia carried at cost	<u>33,264</u>	<u>0</u>

22 BANK BALANCES AND DEPOSITS

	<u>Group</u>		<u>Company</u>	
	<u>2002</u>	<u>2001</u>	<u>2002</u>	<u>2001</u>
	RM'000	RM'000	RM'000	RM'000
Held by Group and Company (other than by an insurance subsidiary company):				
Deposits with:				
Licensed banks	2,955	42,046	1,559	41,559
Licensed finance companies	0	1,243	0	0
Cash and bank balances	12,115	21,199	9,679	9,047
	<u>15,070</u>	<u>64,488</u>	<u>11,238</u>	<u>50,606</u>
Held in an insurance subsidiary company:				
Deposits with:				
Licensed banks	98,069	99,688	0	0
Licensed finance companies	3,001	2,393	0	0
Other corporations	70,311	26,575	0	0
	<u>171,381</u>	<u>128,656</u>	<u>0</u>	<u>0</u>
Cash and bank balances	2,673	3,873	0	0
	<u>174,054</u>	<u>132,529</u>	<u>0</u>	<u>0</u>
	<u>189,124</u>	<u>197,017</u>	<u>11,238</u>	<u>50,606</u>

Included in bank balances and deposits are amounts held in respect of public donations of RM2,521,000 for the Group (2001: RM2,820,000) and RM1,916,000 for the Company (2001: RM2,238,000).

THE NEW STRAITS TIMES PRESS (MALAYSIA) BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - 31 AUGUST 2002 (CONTINUED)

23 CREDITORS

	<u>Group</u>		<u>Company</u>	
	<u>2002</u>	<u>2001</u>	<u>2002</u>	<u>2001</u>
	RM'000	RM'000	RM'000	RM'000
Trade creditors	72,809	84,136	24,632	32,240
Other creditors and accruals	54,922	69,194	33,097	41,377
Lease liabilities (Note 26)	175	151	175	151
Amounts due to subsidiary companies	0	0	7,912	4,975
Advances from subsidiary companies	0	0	427,492	271,721
Amount due to an associated company	0	2,661	0	0
	<u>127,906</u>	<u>156,142</u>	<u>493,308</u>	<u>350,464</u>

The amounts due to and advances from subsidiary companies are unsecured, interest free and have no fixed terms of repayments.

24 PROVISION FOR OUTSTANDING CLAIMS

	<u>Group</u>	
	<u>2002</u>	<u>2001</u>
	RM'000	RM'000
Provision for outstanding claims for an insurance subsidiary company is as follows:		
Provision for outstanding claims	230,460	226,022
Recoverable from reinsurers thereon	(138,469)	(152,209)
Net outstanding claims	<u>91,991</u>	<u>73,813</u>

25 BANK BORROWINGS

(a) Bank overdrafts

The bank overdrafts of the Group and the Company are unsecured, and bear interest rates ranging from 7.4% to 8.3% (2001: 7.5% to 8.0%) per annum.

THE NEW STRAITS TIMES PRESS (MALAYSIA) BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - 31 AUGUST 2002 (CONTINUED)

25 BANK BORROWINGS (CONTINUED)

(b) Others

	<u>Group</u>		<u>Company</u>	
	<u>2002</u>	<u>2001</u>	<u>2002</u>	<u>2001</u>
	RM'000	RM'000	RM'000	RM'000
<u>Current</u>				
Secured				
Term loans	9,646	308,892	9,527	8,781
Unsecured				
- Terms loans	20,221	145,220	20,221	142,619
- Revolving credit	315,300	744,400	315,300	744,400
- Bankers acceptances	37,923	51,983	37,923	51,983
	<u>373,444</u>	<u>941,603</u>	<u>373,444</u>	<u>939,002</u>
	<u>383,090</u>	<u>1,250,495</u>	<u>382,971</u>	<u>947,783</u>
<u>Non-current</u>				
Term loans				
- Secured	57,580	69,981	57,165	61,468
- Unsecured	70,520	136,576	70,520	136,575
	<u>128,100</u>	<u>206,557</u>	<u>127,685</u>	<u>198,043</u>
Total	<u>511,190</u>	<u>1,457,052</u>	<u>510,656</u>	<u>1,145,826</u>

The other bank borrowings carry the following range of interest rates per annum:

	<u>Group</u>		<u>Company</u>	
	<u>2002</u>	<u>2001</u>	<u>2002</u>	<u>2001</u>
Term loans	3.47% to 8.05%	4.70% to 8.05%	7.65% to 8.05%	5.67% to 8.05%
Revolving credit	3.50% to 7.90%	3.85% to 7.80%	4.05% to 6.40%	3.85% to 7.80%
Bankers acceptances	3.00% to 6.50%	3.40% to 5.15%	3.25% to 3.50%	3.40% to 5.15%

	<u>Group</u>		<u>Company</u>	
	<u>2002</u>	<u>2001</u>	<u>2002</u>	<u>2001</u>
	RM'000	RM'000	RM'000	RM'000
The term loans are repayable over the following periods:				
Not later than one year	29,867	454,112	29,748	151,400
Between one and two years	77,463	76,842	77,048	76,100
Between two and five years	31,582	95,998	31,582	95,599
After five years	19,055	33,717	19,055	26,344
	<u>157,967</u>	<u>660,669</u>	<u>157,433</u>	<u>349,443</u>

THE NEW STRAITS TIMES PRESS (MALAYSIA) BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - 31 AUGUST 2002 (CONTINUED)

25 BANK BORROWINGS (CONTINUED)

Term loans of the Group and Company as at 31 August 2002 of RM67,225,000 and RM66,692,000 respectively are secured against certain buildings and plant and machinery as mentioned in Note 11.

Term loans of the Group and Company as at 31 August 2001 of RM378,873,000 and RM70,249,000 respectively are secured against certain buildings and plant and machinery as mentioned in Note 11 and quoted investments as mentioned in Note 16.

26 LEASE LIABILITIES

	<u>Group</u>		<u>Company</u>	
	<u>2002</u>	<u>2001</u>	<u>2002</u>	<u>2001</u>
	RM'000	RM'000	RM'000	RM'000
Analysis of lease commitments:				
Not later than one year	179	179	179	179
More than one year not later than five years	89	253	89	253
	<u>268</u>	<u>432</u>	<u>268</u>	<u>432</u>
Less: Interest-in-suspense	(24)	(50)	(24)	(50)
	<u>244</u>	<u>382</u>	<u>244</u>	<u>382</u>
Representing lease liabilities:				
Current (Note 23)	175	151	175	151
Long term	69	231	69	231
	<u>244</u>	<u>382</u>	<u>244</u>	<u>382</u>

27 DEFERRED TAXATION

At beginning of the financial year	12,322	35,396	11,127	34,327
Transfer from income statement (Note 8)	(2,891)	(23,013)	(2,530)	(23,200)
Currency translation differences	0	(61)	0	0
Disposal of subsidiary company	(532)	0	0	0
At end of the financial year	<u>8,899</u>	<u>12,322</u>	<u>8,597</u>	<u>11,127</u>

Deferred tax comprises
the tax effects of:

- excess of capital allowances over depreciation	23,918	24,906	23,263	23,995
- other timing differences	(15,019)	(12,584)	(14,666)	(12,868)
	<u>8,899</u>	<u>12,322</u>	<u>8,597</u>	<u>11,127</u>

THE NEW STRAITS TIMES PRESS (MALAYSIA) BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - 31 AUGUST 2002 (CONTINUED)

28 INSURANCE RESERVES

	<u>Group</u>	
	<u>2002</u>	<u>2001</u>
	RM'000	RM'000
Reserves for unexpired risks:		
At beginning of the financial year	37,818	34,603
Increase in reserves	16,661	3,215
At end of the financial year	<u>54,479</u>	<u>37,818</u>

29 SHARE CAPITAL

	<u>Group and Company</u>	
	<u>2002</u>	<u>2001</u>
	RM'000	RM'000
Authorised:		
Ordinary shares of RM1.00 each, at beginning and end of the financial year	<u>500,000</u>	<u>500,000</u>
Issued and fully paid ordinary shares of RM1.00 each:		
At beginning of the financial year	216,036	215,874
Issued during the financial year		
- exercise of share options	<u>97</u>	<u>162</u>
At end of the financial year	<u>216,133</u>	<u>216,036</u>
Share premium arising from the exercise of share options	<u>186</u>	<u>382</u>

Movements in the number of share options outstanding are as follows:

	<u>Number of options over ordinary shares of RM1 each</u>	
	<u>Option price per share at RM6.95</u>	<u>Option price per share at RM2.88</u>
At 1 September 2001	387,000	1,147,000
Exercised	(1,000)	(96,000)
Lapsed	(12,000)	(15,000)
At 31 August 2002	<u>374,000</u>	<u>1,036,000</u>

THE NEW STRAITS TIMES PRESS (MALAYSIA) BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - 31 AUGUST 2002 (CONTINUED)

29 SHARE CAPITAL (CONTINUED)

These share options will expire on 31 March 2003.

All the ordinary shares relating to the ESOS rank pari passu in all respects with the existing ordinary shares of the Company.

30 REVENUE RESERVE

Subject to approval by the Inland Revenue Board, the Company has sufficient Section 108 tax credits to frank all of its revenue reserve at 31 August 2002 if paid out as dividends.

31 DISPOSAL OF A SUBSIDIARY COMPANY

- (a) On 19 August 2002, Idab Wamac International AB ('Idab Wamac') ceased to be a subsidiary company of the Company as a result of the completion of the disposal by the Company of 81,600 ordinary shares of Swedish Kroner 100 per share representing 51% of the issued and paid-up share capital in Idab Wamac.

The disposal of Idab Wamac gave rise to a gain of RM5,186,000 in the Company's financial statements.

The results of Idab Wamac included in the consolidated financial statements for the financial year up to the date of disposal were as follows:

	Period ended <u>19.8.2002</u> RM'000	Financial year ended <u>31.8.2001</u> RM'000
Revenue	92,911	84,416
Operating costs	(96,352)	(83,499)
Gain on disposal of subsidiary company	20,512	0
Profit from operations	17,071	917
Finance cost	0	(1,768)
Profit before taxation	17,071	(851)
Taxation	0	(63)
Net profit/(loss) before minority interest	17,071	(914)
Minority interest	1,686	448
Net profit/(loss) attributable to shareholders for the period/financial year	<u>18,757</u>	<u>(466)</u>

THE NEW STRAITS TIMES PRESS (MALAYSIA) BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - 31 AUGUST 2002 (CONTINUED)

31 DISPOSAL OF SUBSIDIARY COMPANY (CONTINUED)

The effect of the disposal of Idab Wamac on the financial position of the Group was as follows:

	At date of disposal RM'000	At 31.8.2001 RM'000
Property, plant and equipment	5,808	5,197
Intangible asset	122	1,708
Other investments	85	711
Stocks	25,046	20,292
Debtors	36,079	16,398
Bank balances	1,480	1,749
Creditors	(40,192)	(17,106)
Bank borrowings	(11,813)	(10,597)
Taxation	(874)	(630)
	<u>15,741</u>	<u>17,722</u>
Realisation of intercompany profits arising from disposal	(23,496)	0
Minority interest	(30)	(1,409)
	<u>(7,785)</u>	<u>16,313</u>
Reclassification from shareholders' equity:		
- share of post acquisition other reserves	(406)	
- foreign exchange reserves	(666)	
- negative goodwill previously written off	(3,337)	
	<u>(4,409)</u>	
Net assets disposed	(12,194)	
Net disposal proceeds	(8,318)	
	<u>(20,512)</u>	
Net disposal proceeds	8,318	
Less: Cash and cash equivalents of subsidiary company disposed	(1,480)	
	<u>6,838</u>	
Net cash inflow on disposal	<u>6,838</u>	

- (b) On 9 October 2000, the Company disposed of its entire 4,000,000 existing ordinary shares of RM1.00 each representing 100% equity stake in Berita Publishing Sdn Bhd ('Berita Publishing') for a cash consideration of RM1.00.

The disposal of Berita Publishing gave rise to a loss of RM1,250,000 and a gain of RM1.00 in the Group's and Company's financial statements respectively.

THE NEW STRAITS TIMES PRESS (MALAYSIA) BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - 31 AUGUST 2002 (CONTINUED)

32 ACQUISITION OF SUBSIDIARY COMPANIES

- (a) On 29 October 2001, NST Outdoor Sdn Bhd, a 51% subsidiary company of the Company, acquired 100,000 ordinary shares of RM1.00 each representing 100% equity interest in Media Master Industries (M) Sdn Bhd, which is engaged in outdoor advertising business.

The effect of this acquisition on the financial results of the Group during the financial year was as follows:

	Period ended <u>31.8.2002</u> RM'000
Revenue	322
Operating cost	(60)
	<hr/>
Profit from ordinary activities before taxation	262
Taxation	0
	<hr/>
Profit from ordinary activities after taxation	262
Minority interest	(128)
	<hr/>
Increase in profit attributable to shareholders	<u>134</u>

The effect of this acquisition on the financial position of the Group at the end of the financial year was as follows:

	<u>31.8.2002</u> RM'000
Property, plant and equipment	86
Debtors	222
Deposits, bank and cash balances	84
Creditors	(62)
	<hr/>
Increase in Group's net assets	330
Minority interest	(162)
	<hr/>
	<u>168</u>

THE NEW STRAITS TIMES PRESS (MALAYSIA) BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - 31 AUGUST 2002 (CONTINUED)

32 ACQUISITION OF SUBSIDIARY COMPANIES (CONTINUED)

Details of net assets acquired, goodwill and cash flow arising from the acquisition were as follows:

	<u>At date of acquisition</u> RM'000
Property, plant and equipment	94
Debtors	28
Creditors	(55)
	<hr/>
Fair value of net assets acquired	67
Minority interest	(33)
Goodwill	2,020
	<hr/>
Cost of acquisition	2,054
	<hr/>
Total purchase consideration	2,000
Expenses directly attributable to the acquisition, paid in cash	54
	<hr/>
Cash outflow on acquisition	2,054
	<hr/>

- (b) On 13 June 2002, the Company acquired additional 290,000 ordinary shares of RM1.00 each in its subsidiary company, Asia Pacific Risk Management Centre Sdn Bhd, which represent 29% of the issued and paid-up capital of Asia Pacific Risk Management Centre Sdn Bhd for a cash consideration of RM1.00. As a result of the acquisition, Asia Pacific Risk Management Centre Sdn Bhd has become a wholly owned subsidiary of the Company.

The acquisition has no material effects on the assets, financial position and cash flows of the Group for the current financial year.

THE NEW STRAITS TIMES PRESS (MALAYSIA) BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - 31 AUGUST 2002 (CONTINUED)**33 CASH AND CASH EQUIVALENTS**

	Group		Company	
	2002	2001	2002	2001
	RM'000	RM'000	RM'000	RM'000
Cash and cash equivalents at end of financial year comprise:				
Bank balances and deposits (Note 22)	189,124	197,017	11,238	50,606
Bank overdrafts	(6,652)	(38,561)	(4,038)	(36,185)
	<u>182,472</u>	<u>158,456</u>	<u>7,200</u>	<u>14,421</u>
Less: Bank balances and deposits held in respect of public donations (Note 22)	(2,521)	(2,822)	(1,916)	(2,238)
	<u>179,951</u>	<u>155,634</u>	<u>5,284</u>	<u>12,183</u>

34 SIGNIFICANT RELATED PARTY DISCLOSURES

During the financial year, the Group has transacted with Malaysian Resources Corporation Berhad ('MRCB') and its subsidiaries ('MRCB Group') which are deemed to be related by virtue of MRCB holding 43.51% of the ordinary shares of the Company.

During the financial year, the Group has transacted with Sistem Televisyen Malaysia Berhad ('STMB') and its subsidiaries ('STMB Group') which are deemed to be related by virtue of the common substantial shareholder of both STMB and the Company.

During the last financial year, the Group has transacted with Innerworld Travel and Tours (M) Sdn Bhd ('Innerworld') which was a subsidiary of Realmild (M) Sdn Bhd ('Realmild'). Innerworld was deemed to be related by virtue of a former Director of the Company being the substantial shareholder of Realmild, which in turn was a substantial shareholder of MRCB and the Company.

The related party transactions described below were carried out on terms and prices negotiated between the parties.

	Group	
	2002	2001
	RM'000	RM'000
Sales to:		
- MRCB Group	2,269	7,756
- STMB Group	1,634	1,176
Purchases from:		
- MRCB Group	553	979
- STMB Group	1,364	660
Insurance claims paid to MRCB Group	905	712
Purchase of building from MRCB Group	17,451	0
Purchases of travel services from Innerworld	N/A	174

THE NEW STRAITS TIMES PRESS (MALAYSIA) BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - 31 AUGUST 2002 (CONTINUED)

35 CONTINGENT LIABILITIES

	<u>Group</u>		<u>Company</u>	
	<u>2002</u>	<u>2001</u>	<u>2002</u>	<u>2001</u>
	RM'000	RM'000	RM'000	RM'000
<u>Unsecured:</u>				
Guarantees given to financial institutions for credit facilities extended to subsidiary companies	0	0	10,720	320,557
Performance bonds and guarantees given to third parties	2,822	16,827	0	0
	<u>2,822</u>	<u>16,827</u>	<u>10,720</u>	<u>320,557</u>

There are several libel suits which involve claims against the Group and the Company of which the outcome and compensation, if any, are undeterminable. No provision has been made in the financial statements as at 31 August 2002 as the Directors are of the opinion that the quantum of the claims are unmerited. The Directors do not expect the outcome of these claims to have a material impact on the financial position of the Group and the Company.

36 CAPITAL COMMITMENTS

Capital commitments not provided for in the financial statements are as follows:

	<u>Group</u>		<u>Company</u>	
	<u>2002</u>	<u>2001</u>	<u>2002</u>	<u>2001</u>
	RM'000	RM'000	RM'000	RM'000
Authorised capital commitments not provided for in the financial statements:				
Relating to property, plant and equipment:				
- contracted	31,921	37,161	14,522	33,816
- not contracted	25,138	38,743	15,326	18,953
	<u>57,059</u>	<u>75,904</u>	<u>29,848</u>	<u>52,769</u>

THE NEW STRAITS TIMES PRESS (MALAYSIA) BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - 31 AUGUST 2002 (CONTINUED)

37 SEGMENT INFORMATION

Analysis of Group's results and gross assets by segment is as follows:

	<u>Revenue</u>		<u>Profit/(loss) before taxation</u>		<u>Gross assets</u>	
	<u>2002</u>	<u>2001</u>	<u>2002</u>	<u>2001</u>	<u>2002</u>	<u>2001</u>
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Newspaper publishing	419,917	410,772	(24,059)	(161,765)	1,370,313	1,423,603
Magazines, periodicals and books	3,981	4,844	(1,641)	1,837	1,787	3,124
Electronic and computer based activities	12,928	21,811	94	(73)	15,198	15,514
Insurance underwriting	232,513	155,924	8,132	5,103	328,254	285,657
Others	99,334	86,837	361,755	(16,553)	108,405	726,328
	<u>768,673</u>	<u>680,188</u>	<u>344,281</u>	<u>(171,451)</u>	<u>1,823,957</u>	<u>2,454,226</u>

Inter-segment transfer, segment revenue, segment expenses and segment result include transfers between business segments. Such transfers are accounted for at competitive market prices charged to unaffiliated customers for similar goods. Those transfers are eliminated upon consolidation.

The financial information analysed by geographical segment is not presented as most activities of the Group are carried out in Malaysia.

THE NEW STRAITS TIMES PRESS (MALAYSIA) BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - 31 AUGUST 2002 (CONTINUED)

38 SUBSIDIARY AND ASSOCIATED COMPANIES

The Group's equity interests in subsidiary and associated companies, their respective principal activities and countries of incorporation are as follows:

<u>Name of company</u>	<u>Principal activities</u>	<u>Country of incorporation</u>	<u>Group's interest</u>	
			<u>2002</u> %	<u>2001</u> %
<u>Subsidiary companies</u>				
AMI Insurans Berhad	Underwriting of general insurance	Malaysia	100.0	100.0
Asia Pacific Enterprise Computing Sdn Bhd	Dormant	Malaysia	100.0	100.0
Asia Pacific Risk Management Centre Sdn Bhd	Dormant	Malaysia	100.0	71.0
Basshill Holdings Limited	Investment holding	British Virgin Islands	100.0	100.0
Berita Book Centre Sdn Bhd	Dormant	Malaysia	100.0	100.0
Berita Harian Sdn Berhad	Provision of Bahasa Malaysia editorial services	Malaysia	100.0	100.0
Berita Information Systems Sdn Bhd	Marketing and supply of data processing equipment and provision of data processing services	Malaysia	100.0	100.0
Beriteks Sdn Berhad	Dormant	Malaysia	100.0	100.0
Bisofware Sdn Bhd	Dormant	Malaysia	100.0	100.0
Q-Distribution Sdn Bhd	Dormant	Malaysia	100.0	100.0
BT Information Sdn Bhd	Dormant	Malaysia	100.0	100.0
Business Times (Malaysia) Sdn Bhd	Publication of the daily financial 'Business Times' newspaper. The company ceased operations during the financial year	Malaysia	100.0	100.0
IT Publications Sdn Bhd	Provision of editorial services and publication of computer tabloids	Malaysia	100.0	100.0

THE NEW STRAITS TIMES PRESS (MALAYSIA) BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - 31 AUGUST 2002 (CONTINUED)

38 SUBSIDIARY AND ASSOCIATED COMPANIES (CONTINUED)

<u>Name of company</u>	<u>Principal activities</u>	<u>Country of incorporation</u>	<u>Group's interest</u>	
			<u>2002</u> %	<u>2001</u> %
<u>Subsidiary companies</u> (Continued)				
Marican Sdn Berhad	Distribution of newspapers and periodicals	Malaysia	92.5	92.5
New Straits Times Sdn Berhad	Provision of English editorial services	Malaysia	100.0	100.0
New Straits Times Technology Sdn Bhd	Investment holding and provision of management services	Malaysia	100.0	100.0
NSTP e-Media Sdn Bhd	Internet based on-line services	Malaysia	100.0	100.0
NST Outdoor Sdn Bhd	Manage, sell and maintain outdoor advertisement from billboards and transit advertising	Malaysia	51.0	51.0
Media Master Industries Sdn Bhd	Sale and maintenance of outdoor advertisement	Malaysia	51.0	N/A
Open Solutions Sdn Bhd	Dormant	Malaysia	100.0	100.0
Pitisan Sdn Berhad	Investment holding	Malaysia	100.0	100.0
Prosakti Sdn Bhd	Healthcare management services	Malaysia	100.0	100.0
Rampaian Media Sdn Bhd	Distribution of newspapers and magazines	Malaysia	100.0	100.0
Shin Min Publishing (Malaysia) Sdn Bhd	Dormant	Malaysia	89.6	89.6
The New Straits Times Properties Sdn Bhd	Property management services	Malaysia	100.0	100.0
Times of Malaysia Limited	Dormant	United Kingdom	100.0	100.0
Worldbase Investments Limited	Investment holding	British Virgin Islands	100.0	100.0

* Subsidiary company audited by a firm not associated with PricewaterhouseCoopers.

THE NEW STRAITS TIMES PRESS (MALAYSIA) BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - 31 AUGUST 2002 (CONTINUED)

38 SUBSIDIARY AND ASSOCIATED COMPANIES (CONTINUED)

<u>Name of company</u>	<u>Principal activities</u>	<u>Country of incorporation</u>	<u>Group's interest</u>	
			<u>2002</u> %	<u>2001</u> %
<u>Associated companies</u>				
Akademi Penulisan dan Penerbitan Pena Sdn Bhd	Dormant	Malaysia	25.0	25.0
Asia Magazines Limited	Dormant	Hong Kong	26.9	26.9
Business Day Co. Ltd.	Publishing of daily English financial newspaper	Thailand	47.5	47.5
Enesty Hire & Drive Sdn Bhd	Rental of vehicles and travel and tours	Malaysia	40.0	40.0
Malaysian Newsprint Industries Sdn Bhd	Manufacture and sale of newsprint and related paper products	Malaysia	21.4	21.4
Thai Metro Media Group Co. Ltd.	Investment holding	Thailand	49.0	49.0
Laras Perkasa Sdn Bhd	Dormant	Malaysia	30.0	30.0

THE NEW STRAITS TIMES PRESS (MALAYSIA) BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - 31 AUGUST 2002 (CONTINUED)

39 SIGNIFICANT POST BALANCE SHEET EVENTS

- (a) On 11 September 2002, Pitisan Sdn Berhad ('Pitisan'), a wholly owned subsidiary company of the Company received 4,286,575 new ordinary shares of RM1.00 each in Commerce Asset-Holding Berhad ('CAHB') through a bonus issue on the basis of one (1) new ordinary shares for every one (1) existing shares held in CAHB. Arising from this, Pitisan holds 8,573,150 ordinary shares with a market value of RM29,663,000 as at 12 September 2002. This represents 0.33% of the issued and paid-up share capital of CAHB.
- (b) On 21 October 2002, Pitisan entered into a Share Sale Agreement with Sine Systems Sdn Bhd to sell 1,000,000 ordinary shares of RM1.00 each representing 100% equity interest in Prosakti Sdn Bhd for a cash consideration of RM1,000,000.

40 COMPARATIVE INFORMATION

Certain items included within other operating expenses of the Group for the financial year ended 31 August 2001 have been reclassified to administrative expenses of the Group to achieve consistency in presentation with the current financial year.

The effects of the reclassification on the financial statements of the Group for the financial year ended 31 August 2001 are as follows:

	As previously <u>reported</u> RM'000	<u>Reclassification</u> RM'000	As <u>restated</u> RM'000
<u>Group</u>			
Income Statement:			
Administrative expenses	130,002	34,946	164,948
Other operating expenses	61,966	(34,946)	27,020



PricewaterhouseCoopers
(AF 1146)
Chartered Accountants
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**REPORT OF THE AUDITORS TO THE MEMBER OF
MEDIA PRIMA BERHAD**

(formerly known as Profitune Berhad)
(Incorporated in Malaysia)
(Company No. 532975 A)

We have audited the financial statements set out on pages 7 to 12. These financial statements are the responsibility of the Company's Directors. Our responsibility is to express an opinion on these financial statements 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 financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Directors, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:

- (a) the financial statements have been prepared in accordance with the provisions of the Companies Act, 1965 and applicable approved Accounting Standards in Malaysia so as to give a true and fair view of:
 - (i) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements; and
 - (ii) the state of affairs of the Company as at 31 August 2002 and of the results and cash flows of the Company for the financial year ended on that date;

and

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

PRICEWATERHOUSECOOPERS
(No. AF: 1146)
Chartered Accountants

THAYAPARAN A/L S. SANGARAPILLAI
(No. 2085/09/04 (J))
Partner of the firm

- 5 DEC 2002

Company No.

532975	A
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MEDIA PRIMA BERHAD
(formerly known as Profitune Berhad)
(Incorporated in Malaysia)

**INCOME STATEMENT
FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2002**

	<u>Note</u>	Financial year ended <u>31.8.2002</u> RM	Financial period from 27.11.2000 (date of incorporation) <u>to 31.8.2001</u> RM
Revenue	4	0	0
Administrative expenses		(5,963)	(586)
Loss from ordinary activities before taxation	5	(5,963)	(586)
Taxation	6	0	0
Net loss for the financial year/period		<u>(5,963)</u>	<u>(586)</u>

The notes on pages 11 and 12 form an integral part of these financial statements.

MEDIA PRIMA BERHAD
 (formerly known as Profitune Berhad)
 (Incorporated in Malaysia)

BALANCE SHEET AS AT 31 AUGUST 2002

	<u>Note</u>	<u>2002</u> RM	<u>2001</u> RM
CURRENT ASSETS			
Amount due from holding company		0	2
Bank balance		297,120	0
		<u>297,120</u>	<u>2</u>
LESS: CURRENT LIABILITIES			
Accruals		686	586
Amount due to holding company	7	2,983	0
		<u>3,669</u>	<u>586</u>
NET CURRENT ASSETS/(LIABILITIES)		<u><u>293,451</u></u>	<u><u>(584)</u></u>
CAPITAL AND RESERVE			
Share capital		300,000	2
Accumulated losses		(6,549)	(586)
		<u><u>293,451</u></u>	<u><u>(584)</u></u>

The notes on pages 11 and 12 form an integral part of these financial statements.

MEDIA PRIMA BERHAD
 (formerly known as Profitune Berhad)
 (Incorporated in Malaysia)

**STATEMENT OF CHANGES IN EQUITY
 FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2002**

	Issued and fully paid ordinary shares of RM1.00 each		Accumulated losses RM	Total RM
	Number of shares	Nominal value RM		
At 27 November 2000 (date of incorporation)	0	0	0	0
Issue of subscribers' shares	2	2	0	2
Net loss for the financial period	0	0	(586)	(586)
At 31 August 2001	2	2	(586)	(584)
Issued during the financial year	299,998	299,998	0	299,998
Net loss for the financial year	0	0	(5,963)	(5,963)
At 31 August 2002	300,000	300,000	(6,549)	293,451

The notes on pages 11 and 12 form an integral part of these financial statements.

MEDIA PRIMA BERHAD

(formerly known as Profitune Berhad)

(Incorporated in Malaysia)

CASH FLOW STATEMENT**FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2002**

	<u>Note</u>	Financial year ended <u>31.8.2002</u> RM	Financial period from 27.11.2000 (date of incorporation) <u>to 31.8.2001</u> RM
OPERATING ACTIVITIES			
Net loss for the financial year		(5,963)	(586)
Changes in working capital:			
Decrease/(increase) in receivables		2	(2)
Increase in accruals		100	586
Increase in amount due to holding company		2,983	0
Net cash flow from operating activities		<u>(2,878)</u>	<u>(2)</u>
FINANCING ACTIVITY			
Proceeds from issuance of shares		299,998	2
Net cash flow from financing activity		<u>299,998</u>	<u>2</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS		297,120	0
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR/DATE OF INCORPORATION		<u>0</u>	<u>0</u>
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR/PERIOD		<u><u>297,120</u></u>	<u><u>0</u></u>

The notes on pages 11 and 12 form an integral part of these financial statements.

MEDIA PRIMA BERHAD
(formerly known as Profitune Berhad)
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - 31 AUGUST 2002

1 GENERAL INFORMATION

The Company has not commenced operations since the date of incorporation.

The Company is a public limited liability company, incorporated and domiciled in Malaysia

The Company is a wholly owned subsidiary company of Malaysian Resources Corporation Berhad, a company incorporated in Malaysia and is also regarded by the Directors as the ultimate holding company.

The address of the Company's registered office is as follows:

Aras 10, Menara MRCB
No 2, Jalan Majlis 14/10
Seksyen 14
40000 Shah Alam
Selangor Darul Ehsan

There are no employees at the end of the financial year 2002 and 2001 as the operations of the Company is managed by the Company's ultimate holding company.

2 BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The financial statements have been prepared under the historical cost convention. The financial statements comply with the applicable approved Accounting Standards in Malaysia and the provisions of the Companies Act, 1965.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICY

Cash and cash equivalents

For the purpose of the cash flow statement, cash and cash equivalents comprise cash in hand, bank balances, demand deposits, bank overdraft and short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

4 REVENUE

The Company did not trade during the financial year.

MEDIA PRIMA BERHAD
(formerly known as Profitune Berhad)
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - 31 AUGUST 2002 (CONTINUED)

5 LOSS FROM ORDINARY ACTIVITIES BEFORE TAXATION

	Financial year ended <u>31.8.2002</u> RM	Financial period from 27.11.2000 (date of incorporation) to <u>31.8.2001</u> RM
Loss from ordinary activities before taxation is arrived at after charging:		
Auditors' remuneration	<u>320</u>	<u>320</u>

6 TAXATION

There is no tax charge for the current financial year as the Company does not have any chargeable income.

7 AMOUNT DUE TO HOLDING COMPANY

The amount due to holding company is unsecured, interest free and has no fixed terms of repayment.

8 SHARE CAPITAL

	<u>2002</u> RM	<u>2001</u> RM
Authorised:		
Ordinary shares of RM1.00 each,		
At 1 September/date of incorporation	100,000	100,000
Created during the year/period	<u>400,000</u>	<u>0</u>
At 31 August	<u>500,000</u>	<u>100,000</u>

9 SIGNIFICANT RELATED PARTY DISCLOSURE

As stated under paragraph 5 of MASB No. 8 - Related Party Disclosure, disclosure of significant related party transactions is not required in the financial statements of a wholly owned subsidiary if its parent is incorporated in Malaysia and prepares consolidated financial statements.

Accordingly, significant related party transactions are not presented since the Company is a wholly owned subsidiary of Malaysian Resources Corporation Berhad which prepares consolidated financial statements.



The Board of Directors
Malaysian Resources Corporation Berhad
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30 January 2003

PwC/LKS/nm/1076J

**MALAYSIAN RESOURCES CORPORATION BERHAD
PROFORMA CONSOLIDATED BALANCE SHEETS AS AT 31 AUGUST 2002**

Dear Sirs,

We have reviewed the Proforma Consolidated Balance Sheets of Malaysian Resources Corporation Berhad ('MRCB') and its subsidiaries ('MRCB Group') as at 31 August 2002 together with the notes thereto, for which the Directors are solely responsible, as set out in the attached Appendix, which we have stamped for the purpose of identification. The Proforma Consolidated Balance Sheets of MRCB have been prepared for inclusion in the Circular to Shareholders to be dated 31 January 2003 in connection with the Corporate Proposals described in paragraph 2 in the attached Appendix.

Based on the results of our review, we confirm that the Proforma Consolidated Balance Sheets of MRCB as at 31 August 2002, which are provided for illustrative purposes only, have been properly compiled on the bases set out in the notes to the Proforma Consolidated Balance Sheets.

Yours faithfully,

A handwritten signature in black ink, appearing to read 'Amintuhen Cooper', written over a horizontal line.

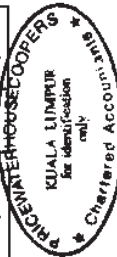
PRICEWATERHOUSECOOPERS
(AF: 1146)
Chartered Accountants

MALAYSIAN RESOURCES CORPORATION BERHAD

PROFORMA CONSOLIDATED BALANCE SHEETS AS AT 31 AUGUST 2002

The Proforma Consolidated Balance Sheets set out below are provided for illustrative purposes only to show the effects on the consolidated balance sheet of the MRCB Group as at 31 August 2002 had the disposal of Rashid Hussain Berhad ('RHB') and debt settlement, proposed issuance of shares in MRCB for cash and the Proposed Corporate Restructuring Scheme ('the Corporate Proposals') as described in Note 2 been effected as at that date, and should be read in conjunction with the notes accompanying thereto.

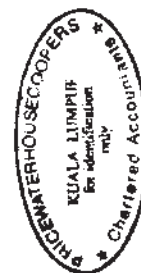
	Proforma I	Proforma II	Proforma III	Proforma IV	Proforma V	Proforma VI	Proforma VII
	As at 31.8.2002 (audited) RM'000	After disposal of RHB and debt settlement RM'000	After proposed issuance of shares in MRCB for cash RM'000	After proposed acquisition of remaining shares in Newco RM'000	After proposed transfer of NSTP to Newco RM'000	After proposed restricted issue of shares by Newco RM'000	After proposed bonds and warrants issue by Newco RM'000
Corporate Proposals							
Non-current assets							
Property, plant and equipment	283,259	283,259	283,259	523,366	523,366	523,366	283,259
Development properties	859,833	859,833	859,833	859,833	859,833	859,833	859,833
Associates	791,973	555,513	555,513	555,909	555,909	555,909	3,700
Other investments	582	5,844	8,679	8,679	8,679	8,679	198,954
Intangible assets	1	1	39,459	39,459	39,459	39,459	1
Goodwill on consolidation	2,061	2,061	175,952	175,952	175,952	175,952	2,061
Deferred taxation	7,306	7,306	7,306	7,306	7,306	7,306	7,306
Trade and other receivables	131,572	131,572	146,317	146,317	146,317	146,317	131,572
Deferred expenditure	-	-	4,245	4,245	4,245	4,245	-
	<u>2,076,587</u>	<u>1,845,389</u>	<u>2,321,066</u>	<u>2,321,066</u>	<u>2,321,066</u>	<u>2,321,066</u>	<u>1,486,686</u>
Current assets							
Development properties	138,205	138,205	138,205	138,205	138,205	138,205	138,205
Inventories	50,399	50,399	52,595	52,595	52,595	52,595	50,399
Trade and other receivables	260,282	260,282	366,375	366,375	366,375	366,375	260,282
Short term investments	290	290	290	290	290	290	290
Bank balances and deposits	234,689	223,338	363,984	363,984	278,954	323,817	207,701
	<u>683,865</u>	<u>672,514</u>	<u>921,449</u>	<u>921,449</u>	<u>836,419</u>	<u>881,282</u>	<u>656,877</u>
Current liabilities							
Trade and other payables	(402,687)	(352,226)	(474,556)	(474,556)	(474,556)	(474,556)	(352,223)
Short term borrowings	(552,173)	(87,173)	(221,340)	(221,340)	(141,310)	(87,173)	(87,173)
Bonds	(120,000)	(120,000)	(120,000)	(120,000)	(120,000)	(120,000)	(120,000)
Taxation	(18,690)	(18,690)	(60,370)	(60,370)	(60,370)	(60,370)	(18,690)
	<u>(1,093,550)</u>	<u>(578,089)</u>	<u>(876,266)</u>	<u>(876,266)</u>	<u>(796,236)</u>	<u>(742,099)</u>	<u>(578,086)</u>
Net current (liabilities)/assets	<u>(409,685)</u>	<u>94,425</u>	<u>45,183</u>	<u>45,183</u>	<u>40,183</u>	<u>139,183</u>	<u>78,791</u>



MALAYSIAN RESOURCES CORPORATION BERHAD

PROFORMA CONSOLIDATED BALANCE SHEETS AS AT 31 AUGUST 2002 (CONTINUED)

	Proforma I	Proforma II	Proforma III	Proforma IV	Proforma V	Proforma VI	Proforma VII
	As at 31.8.2002 (audited) RM'000	After proposed issuance of shares in MRCB for cash RM'000	After proposed acquisition of remaining shares in Newco RM'000	After proposed transfer of NSTP to Newco RM'000	After proposed restricted issue of shares by Newco RM'000	After proposed bonds and warrants issue by Newco RM'000	After proposed demerger RM'000
Non-current liabilities							
Bonds	(791,310)	(791,310)	(791,310)	(791,310)	(791,310)	(878,810)	(791,310)
Long term borrowings	(97,112)	(97,112)	(186,557)	(186,557)	(186,557)	(186,557)	(97,112)
Other long term liabilities	(16,136)	(16,136)	(22,800)	(22,800)	(22,800)	(22,800)	(16,136)
	(904,558)	(904,558)	(1,000,667)	(1,000,667)	(1,000,667)	(1,088,167)	(904,558)
	762,344	1,109,946	1,365,582	1,365,582	1,360,582	1,372,082	660,919
Capital and reserves							
Share capital	976,550	1,046,550	1,224,419	1,224,419	1,224,419	1,224,419	816,279
Share premium	1,008,463	1,013,153	1,093,194	1,093,194	1,093,194	1,093,194	-
Warrants reserve	-	-	-	-	-	11,500	-
Other reserves	79,065	21,132	21,132	21,132	21,132	21,132	2,859
Accumulated losses	(1,416,218)	(1,085,373)	(1,090,373)	(1,090,373)	(1,095,373)	(1,095,373)	(272,703)
	647,860	995,462	1,248,372	1,248,372	1,243,372	1,254,872	546,435
Shareholders' funds	114,484	114,484	117,210	117,210	117,210	117,210	114,484
Minority interests	762,344	1,109,946	1,365,582	1,365,582	1,360,582	1,372,082	660,919
	279,437	910,460	950,022	950,022	945,022	956,521	548,548
Net Tangible Assets ('NTA')	RM0.29	RM0.87	RM0.78	RM0.78	RM0.77	RM0.78	RM0.67
NTA per share							



MALAYSIAN RESOURCES CORPORATION BERHAD

PROFORMA CONSOLIDATED BALANCE SHEETS AS AT 31 AUGUST 2002 (CONTINUED)

The Proforma Consolidated Balance Sheets of the MRCB Group have been prepared solely for illustrative purposes on the following bases:

- 1 The Proforma Consolidated Balance Sheets of the MRCB Group have been prepared based on the audited consolidated balance sheet of the MRCB Group as at 31 August 2002 and are based on the accounting policies and bases consistent with those normally adopted by MRCB in the preparation of its audited financial statements and comply with the applicable approved accounting standards in Malaysia as at 31 August 2002.
 - 2 The Proforma Consolidated Balance Sheets have been prepared for illustrative purposes only to show the effects of the Corporate Proposals describe below, assuming that the Corporate Proposals had been effected on 31 August 2002.
- 2.1 Proposed Sistem Televisyen Malaysia Berhad ('TV3') Debt Restructuring Scheme
- (i) The Proposed TV3 Capital Reconstruction involves a 60% capital reduction of TV3's existing share capital and for TV3's share premium account to be reduced in full and set off against accumulated losses; and
 - (ii) The Proposed TV3 Debt Settlement between TV3 and its Scheme Creditors of RM644.9 million, involves the following:
 - (a) settlement in cash of RM6.0 million being the first RM50,000 of outstanding debts to each TV3 Scheme Creditor;
 - (b) debt waiver of 30% or RM191.7 million of the debts outstanding after (a) above;
 - (c) settlement of the remaining debt after (a) and (b) above of RM447.2 million as follows:
 - (1) 30% or RM134.2 million in cash;
 - (2) 20% or RM89.4 million via issuance of Redeemable Unsecured Loan Stocks ('RULS'); and
 - (3) 50% or RM223.6 million through a debt equity swap on the basis of one TV3 share of RM1.00 at par for every RM1.00 remaining debt.
 - (d) waiver of all interest accrued/accruing on the principal amount of the debts owing to:
 - (1) unsecured lenders and novated unsecured lenders of TV3 commencing 1 July 2001 until 1 June 2003 (the assumed effective completion date of the Proposed TV3 Scheme of Arrangement); and
 - (2) unsecured creditors of TV3 commencing 2 September 2000 until 1 June 2003 (the assumed effective completion date of the Proposed TV3 Scheme of Arrangement).

2.2 Proposed Reorganisation

The proposed reorganisation involves the following:

- (i) proposed acquisition of 100% equity interest in TV3 by Media Prima Berhad (formerly known as Profitune Berhad) ('Newco'), a wholly owned subsidiary of MRCB, for a total consideration of RM291.7 million to be satisfied by the issuance of rights of allotment to 265.2 million new ordinary shares of RM1.00 each in Newco at an issue price of RM1.10 per ordinary share; and
- (ii) proposed acquisition of the rights of allotment to 234.5 million ordinary shares of Newco (representing the equity interest of Newco not already owned by MRCB) by MRCB for a total consideration of RM257.9 million to be satisfied by the issuance of 177.9 million new ordinary shares of RM1.00 each in MRCB at an issue price of RM1.45 per ordinary share.

MALAYSIAN RESOURCES CORPORATION BERHAD

PROFORMA CONSOLIDATED BALANCE SHEETS AS AT 31 AUGUST 2002 (CONTINUED)

2.3 Proposed Transfer of The New Straits Times Press (Malaysia) Berhad ("NSTP")

The proposed transfer of NSTP involves the proposed transfer of MRCB's entire 43.5% stake in NSTP to Newco for a total consideration of RM399.7 million to be satisfied by the issuance of 199.7 million new ordinary shares of RM1.00 each in Newco at an issue price of RM1.10 per ordinary share, RM180.0 million nominal amount of new Newco Irredeemable Convertible Unsecured Loan Stocks ('ICULS') and an undertaking to provide the Proposed Put Option on the Newco ICULS. This transfer is deemed to be an internal reorganisation because at the time of transfer, Newco is a wholly owned subsidiary of MRCB.

2.4 Proposed Fund Raising

The proposed fund raising involves the following:

- (i) proposed restricted issue of 77.3 million new ordinary shares of Newco of RM1.00 each to MRCB at an issue price of RM1.10 per share for a total cash consideration of RM85.0 million; and
- (ii) proposed issuance of RM125.0 million nominal amount of 4.5% 5-year Bonds at an issue price of RM 87.5 million or 70% of the nominal amount of Bonds with 115 million detachable Warrants at an issue price of RM0.10 per Warrant by Newco to Gabungan Kesturi Sdn. Bhd. as placee.

2.5 Proposed transfer of the listing status of TV3 to Newco.

2.6 Proposed Demerger of MRCB and Newco

The proposed demerger involves the proposed demerger of Newco from the MRCB Group, whereby for every three (3) MRCB shares held, there will be a capital repayment of one point three (1.3) Newco shares and capital reduction of (1) MRCB share.

Assuming 70 million new MRCB shares are issued following a proposed private placement and/or the exercise of ESOS options prior to the demerger, MRCB's share capital after the Proposed Demerger will be 816.3 million shares of RM1.00 each.

2.7 Proposed put and call options of Newco shares between Realmild (M) Sdn. Bhd. and certain scheme creditors of TV3.

2.8 Proposed Restricted Offer for Sale of:

- (i) RM10.25 million nominal amount of Newco ICULS and 10.25 million Warrants to the minority shareholders of TV3; and
- (ii) RM138.1 million nominal amount of Newco ICULS to all shareholders of Newco other than the minority shareholders of TV3 and Realmild (M) Sdn. Bhd.

2.9 Proposed exemption for Newco from having to undertake a mandatory offer in respect of the remaining shares of NSTP not owned by Newco following the Proposed Transfer of NSTP.



MALAYSIAN RESOURCES CORPORATION BERHAD

PROFORMA CONSOLIDATED BALANCE SHEETS AS AT 31 AUGUST 2002 (CONTINUED)

3 The Proforma Consolidated Balance Sheets:

(a) Proforma I

Proforma I incorporates on a proforma basis the effects of the following:

- (i) the disposal of MRCB's entire 22.7% equity interest in RHB for a total cash consideration of RM504.6 million. The disposal of RHB was approved by the shareholders of MRCB in an Extraordinary General Meeting held on 15 November 2002 and was completed on 31 December 2002.
- (ii) the debt settlement of MRCB's borrowings of RM465 million in cash from the proceeds received from the disposal of RHB and internally generated funds.

(b) Proforma II

Proforma II incorporates the effects of Proforma I and on a proforma basis the effects of the proposed issuance of 70 million new ordinary shares of RM1.00 each in MRCB at RM1.10 per share for cash arising from a proposed private placement and the exercise of ESOS (Employee Share Option Scheme) options undertaken prior to the completion of the Corporate Proposals. The related share issuance expenses are estimated to be 3% of total proceeds.

(c) Proforma III

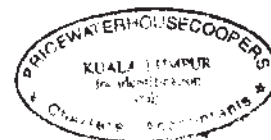
Proforma III incorporates the effects of Proforma II and on a proforma basis the effects of the proposed TV3 scheme of arrangement which encompasses the proposed TV3 debt restructuring scheme, proposed acquisition of TV3 by Prima Media Berhad (formerly known as Profitune Berhad) ('Newco') and the proposed acquisition of the remaining equity interest in Newco.

(i) Proposed TV3 debt restructuring scheme

The proposed 60% capital reduction of TV3 and debt equity swap settlement to TV3 scheme creditors will result in MRCB's equity interest in TV3 dilute from 49.65% to 11.6%.

(ii) Proposed acquisition of TV3 by Newco

The proposed acquisition of 100% equity interest of TV3 by Newco, to be satisfied by the issuance of new ordinary shares in Newco, after the proposed capital injection and proposed TV3 debt restructuring scheme as described above will adjust MRCB's effective equity interest in TV3 from 11.6% to 11.7%.



MALAYSIAN RESOURCES CORPORATION BERHAD

PROFORMA CONSOLIDATED BALANCE SHEETS AS AT 31 AUGUST 2002 (CONTINUED)

(c) Proforma III (continued)

(iv) Proposed acquisition of remaining shares in Newco

Proposed acquisition of 234,464,026 ordinary shares in Newco by MRCB, representing all rights to allotment of Newco shares not already owned by MRCB, for a consideration of RM257.9 million to be satisfied by the issuance of 177,869,261 new ordinary shares in MRCB at an issue price of RM1.45 per share. This would result in MRCB having 100% equity interest in Newco. MRCB's estimated expenses for the Corporate Proposals of RM5.0 million is charged to the income statement.

Note:

- The carrying amount of investment in TV3 in MRCB's books as at 31 August 2002 is RM nil as the carrying amount of this investment reached zero in financial year ended 31 August 2000 i.e. MRCB's share of accumulated losses of TV3 is in excess of its cost of investment in TV3.
- The consolidated balance sheet of TV3 Group that has been incorporated in Proforma III following the proposed acquisition of remaining shares in Newco by MRCB as described in paragraph 3(c)(iv) above resulting in an increase in MRCB's indirect equity shareholding in TV3 from 11.7% to 100%, has been prepared based on the audited balance sheet of the TV3 Group as at 31 August 2002 adjusted for the effects of the proposed capital injection in Newco and the Proposed TV3 Debt Restructuring Scheme as described in paragraph 2.1 above.
- In respect of the proposed acquisition of the remaining shares in Newco by MRCB described in paragraph 3(c)(iv) above, the Directors of MRCB have considered the requirements of Malaysian Accounting Standards Board ('MASB') Standard No. 21 "Business Combinations" and the impact on the financial statements for the financial year ending 31 August 2003 after the Corporate Proposals. For the purpose of the preparation of the Proforma Consolidated Balance Sheets for inclusion in the Circular to Shareholders, the Directors have assumed that the fair values of the separable identified assets and liabilities of Newco and TV3 approximate their respective book carrying values.

(d) Proforma IV

Proforma IV incorporates the effects of Proforma III and on a proforma basis the effects of the proposed transfer of 94,035,540 ordinary shares of RM1.00 each in The News Straits Times Press (Malaysia) Berhad ('NSTP') to Newco at a price of RM4.25 per share for a total consideration of RM399.7 million to be satisfied by issuance of 199,682,768 new ordinary shares in Newco at RM1.10 per share and 180,000,000 units of Irredeemable Convertible Unsecured Loan Stocks ('ICULS') at a nominal value of RM180 million. This transfer is deemed to be an internal reorganisation because at the time of transfer, Newco is a wholly-owned subsidiary of MRCB.



MALAYSIAN RESOURCES CORPORATION BERHAD

PROFORMA CONSOLIDATED BALANCE SHEETS AS AT 31 AUGUST 2002 (CONTINUED)

(e) Proforma V

Proforma V incorporates the effects of Proforma IV and on a proforma basis the effects of the proposed restricted issue of 77.3 million new ordinary Newco shares at the issue price of RM1.10 per share to MRCB for cash amounting to RM85.0 million. Newco's estimated expenses for the Corporate Proposals of RM5.0 million is charged to the income statement.

(f) Proforma VI

Proforma VI incorporates the effects of Proforma V and on a proforma basis the effects of the increase in Newco net tangible assets resulting from its proposed issuance of RM125 million nominal amount 4.5% 5-year Bond at an issue price of RM87.5 million or 70% of its nominal value, for cash, with 115 million units of Warrants attached to the Bonds in Newco at a price of RM0.10 each for cash consideration of RM11.5 million.

It is assumed that the issue values of 70% of its nominal value and RM0.10 for the Bonds and Warrants respectively approximate to their respective fair values on the date of issue.

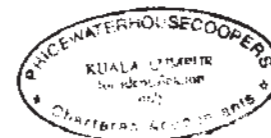
(g) Proforma VII

Proforma VII incorporates the effects of Proforma VI and on a proforma basis the effects of the proposed demerger of MRCB and Newco. Total net assets of Newco amounting to RM708.4 million to be demerged by distributing Newco shares to MRCB shareholders. This is done via a capital reduction of 408,139,586 of MRCB ordinary shares, representing one third of its issued and paid-up share capital. RM408.1 million to be cancelled for the above purpose and the balance of RM300.3 million to be reflected via the cancellation of MRCB's share premium. The balance of share premium of RM792.9 million after the demerger adjustment be utilised to off-set the accumulated losses.

For every three (3) MRCB ordinary shares held, there will be a capital repayment of one point three (1.3) units of Newco ordinary shares and capital reduction of one (1) MRCB ordinary share. As a result of the demerger exercise, MRCB will hold a simple investment of 11,918,241 ordinary shares at a price of RM1.10 each, representing 1.8% equity interest in Newco.

Note

As part of the Corporate Proposals, there will be a restricted offer of sale of 148.3 million units of Newco ICULS at a price to be determined, to Newco shareholders except for Realmild (M) Sdn. Bhd. For the purpose of preparation of the Proforma Consolidated Balance Sheets, the potential impact of the restricted offer for sale is not shown.




MALAYSIAN RESOURCES CORPORATION BERHAD

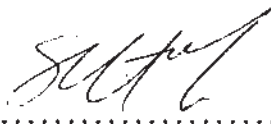
PROFORMA CONSOLIDATED BALANCE SHEETS AS AT 31 AUGUST 2002 (CONTINUED)

4 Movement of reserves

	Share Capital RM'000	Share premium RM'000	Accumulated losses RM'000	Warrants reserve RM'000	Other reserves RM'000
Audited Consolidated Balance Sheet as at 31 August 2002	976,550	1,008,463	(1,416,218)	-	79,065
Gain in disposal of RHB	-	-	272,912	-	-
Release of share of statutory reserves on disposal of RHB	-	-	57,933	-	(57,933)
As shown in Proforma I	976,550	1,008,463	(1,085,373)	-	21,132
Proposed issuance of shares in MRCB for cash, net of share issue expenses	70,000	4,690	-	-	-
As shown Proforma II	1,046,550	1,013,153	(1,085,373)	-	21,132
Proposed transfer of TV3 and proposed acquisition of remaining shares in Newco	177,869	80,041	-	-	-
MRCB's estimated expenses on Corporate Proposal exercise	-	-	(5,000)	-	-
As shown in Proforma III	1,224,419	1,093,194	(1,090,373)	-	21,132
Proposed transfer of NSTP to Newco	-	-	-	-	-
As shown in Proforma IV	1,224,419	1,093,194	(1,090,373)	-	21,132
Newco's estimated expenses on Corporate Proposals exercise	-	-	(5,000)	-	-
As shown in Proforma V	1,224,419	1,093,194	(1,095,373)	-	21,132
Proposed Bonds and Warrants issue by Newco	-	-	-	11,500	-
As shown in Proforma VI	1,224,419	1,093,194	(1,095,373)	11,500	21,132
Proposed demerger	(408,140)	(1,093,194)	822,670	(11,500)	(18,273)
As shown in Proforma VII	816,279	-	(272,703)	-	2,859

On behalf of the Board of Directors,


.....
Abdul Rahman Ahmad
Director


.....
Shahril Ridza Ridzuan
Director



Date: 30 January 2003



The Board of Directors
Sistem Televisyen Malaysia Berhad
Sri Pentas
No. 3, Persiaran Bandar Utama
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Selangor

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30 January 2003

PwC/LO/yl/0992J

**MEDIA PRIMA BERHAD (FORMERLY KNOWN AS PROFITUNE BERHAD)
("NEWCO")
PROFORMA CONSOLIDATED BALANCE SHEETS AS AT 31 AUGUST 2002**

Dear Sirs,

We have reviewed the Proforma Consolidated Balance Sheets of Media Prima Berhad (formerly known as Profitune Berhad) ("Newco") as at 31 August 2002 together with the notes thereto, for which the Directors are solely responsible, as set out in the attached Appendix, which we have stamped for the purpose of identification. The Proforma Consolidated Balance Sheets have been prepared for the purpose of inclusion in the Circular to Shareholders to be dated 31 January 2003 in connection with the Corporate Proposals described in paragraph 2 in the attached Appendix.

Based on the results of our review, we confirm that the Proforma Consolidated Balance Sheets of Newco as at 31 August 2002, which are provided for illustrative purposes only, have been properly compiled on the bases set out in the notes to the Proforma Consolidated Balance Sheets.

Yours faithfully,

A handwritten signature in black ink, appearing to read 'Anisiterhen Cooper'.

PRICEWATERHOUSECOOPERS
(No. AF: 1146)
Chartered Accountants

MEDIA PRIMA BERHAD (FORMERLY KNOWN AS PROFITUNE BERHAD) ("NEWCO")

PROFORMA CONSOLIDATED BALANCE SHEETS AS AT 31 AUGUST 2002

The Proforma Consolidated Balance Sheets set out below are provided for illustrative purposes only to show the effects on the consolidated balance sheet of Media Prima Berhad (formerly known as Profitune Berhad) ("Newco") as at 31 August 2002 had the Corporate Proposals described in paragraph 2 been effected as at that date and should be read in conjunction with the notes accompanying thereto.

	As at 31.8.2002 (audited)	Proforma I	Proforma II	Proforma III	Proforma IV	Proforma V	Proforma VI
	RM'000	After proposed acquisition of TV3 RM'000	After proposed transfer of NSTP RM'000	After proposed restricted issue RM'000	After proposed bonds and warrants issue RM'000	After conversion of ICULS RM'000	After exercise of warrants RM'000
Non-current assets							
Intangible assets	-	39,458	39,458	39,458	39,458	39,458	39,458
Property, plant and equipment	-	240,107	240,107	240,107	240,107	240,107	240,107
Other investments	-	2,835	2,835	2,835	2,835	2,835	2,835
Investment in associates	-	396	400,047	400,047	400,047	400,047	400,047
Prepaid expenditure	-	4,245	4,245	4,245	4,245	4,245	4,245
Trade receivables	-	14,745	14,745	14,745	14,745	14,745	14,745
		301,786	701,437	701,437	701,437	701,437	701,437
Current assets							
Bank balances and deposits	297	71,253	71,253	71,253	116,116	116,116	155,116
Inventories	-	2,196	2,196	2,196	106,093	106,093	2,196
Trade and other receivables	-	106,093	106,093	106,093	106,093	106,093	106,093
	297	179,542	179,542	179,542	224,405	224,405	263,405
Current liabilities							
Trade and other payables	4	(122,333)	(122,333)	(122,333)	(122,333)	(122,333)	(122,333)
Bank overdraft #	-	(134,167)	(134,167)	(54,137)	-	-	-
Taxation	-	(41,680)	(41,680)	(41,680)	(41,680)	(41,680)	(41,680)
	4	(298,180)	(298,180)	(218,150)	(164,013)	(164,013)	(164,013)
Net current assets/(liabilities)	293	(118,638)	(118,638)	(38,608)	60,392	60,392	99,392

Note:

It is assumed that all the steps of the Corporate Proposals as illustrated in Proforma I to IV will happen simultaneously. Therefore, the bank overdraft will not materialise in the implementation of the Corporate Proposals.



MEDIA PRIMA BERHAD (FORMERLY KNOWN AS PROFITUNE BERHAD) ("NEWCO")

PROFORMA CONSOLIDATED BALANCE SHEETS AS AT 31 AUGUST 2002 (CONTINUED)

	As at 31.8.2002 (audited) RM'000	Proforma I After proposed acquisition of TV3 RM'000	Proforma II After proposed transfer of NSTP RM'000	Proforma III After proposed restricted issue RM'000	Proforma IV After proposed bonds and warrants issue RM'000	Proforma V After conversion of IGULS RM'000	Proforma VI After exercise of warrants RM'000
Net current assets/(liabilities)	293	(118,638)	(118,638)	(38,608)	60,392	60,392	99,392
Non-current liabilities	-	(89,445)	(89,445)	(89,445)	(176,945)	(176,945)	(89,445)
Long term borrowings	-	-	(180,000)	(180,000)	(180,000)	-	-
Irredeemable convertible unsecured loan stocks	-	(6,664)	(6,664)	(6,664)	(6,664)	(6,664)	(6,664)
Other long term liabilities	-	(96,109)	(276,109)	(276,109)	(363,609)	(183,609)	(96,109)
	293	87,039	306,690	386,720	398,220	578,220	704,720
Capital and reserves	300	265,517	465,200	542,500	542,500	662,500	777,500
Share capital	-	-	19,968	27,698	27,698	87,698	110,698
Share premium	-	26,522	26,522	26,522	26,522	26,522	26,522
Merger reserve	-	-	-	-	11,500	11,500	-
Warrants reserve	-	1,396	1,396	1,396	1,396	1,396	1,396
Other reserves	(7)	(209,122)	(209,122)	(214,122)	(214,122)	(214,122)	(214,122)
Accumulated losses	293	84,313	303,964	383,994	395,494	575,494	701,994
Shareholders' funds	-	2,726	2,726	2,726	2,726	2,726	2,726
Minority interest	293	87,039	306,690	386,720	398,220	578,220	704,720
NTA	293	44,855	305,673	385,703	397,203	577,203	703,703
NTA per share	RM0.98	RM0.17	RM0.66	RM0.71	RM0.73	RM0.87	RM0.91



MEDIA PRIMA BERHAD (FORMERLY KNOWN AS PROFITUNE BERHAD) ("NEWCO")

PROFORMA CONSOLIDATED BALANCE SHEETS AS AT 31 AUGUST 2002 (CONTINUED)

The Proforma Consolidated Balance Sheets of Newco have been prepared solely for illustrative purposes on the following bases:

- 1 The Proforma Consolidated Balance Sheets of Newco have been prepared based on the audited balance sheet of Newco as at 31 August 2002 and are based on the accounting policies and bases consistent with those normally adopted by Sistem Televisyen Malaysia Berhad ("TV3") in the preparation of its audited financial statements for the year ended 31 August 2002 and comply with the applicable approved accounting standards in Malaysia as at 31 August 2002.
- 2 The Proforma Consolidated Balance Sheets have been prepared for illustrative purposes only to show the effects of the Corporate Proposals described below, assuming that the Corporate Proposals had been effected on 31 August 2002.

2.1 Proposed Sistem Televisyen Malaysia Berhad ("TV3") Debt Restructuring Scheme

- (i) The Proposed TV3 Capital Reconstruction which involves a 60% capital reduction of TV3's existing share capital and for TV3's share premium account to be reduced in full and set off against accumulated losses; and
- (ii) The Proposed TV3 Debt Settlement between TV3 and TV3 Scheme Creditors of RM644.9 million involves the following:
 - (a) Settlement in cash of RM6.0 million being the first RM50,000 of outstanding debts to each TV3 Scheme Creditor;
 - (b) Debt waiver of 30% or RM191.7 million of the debts outstanding after (a);
 - (c) Settlement of the remaining debt after (a) and (b), of RM447.2 million as follows:
 - 1) 30% or RM134.2 million in cash,
 - 2) 20% or RM89.4 million via issuance of Redeemable Unsecured Loan Stocks ('RULS'); and
 - 3) 50% or RM223.6 million through a debt equity swap on the basis of one TV3 share of RM1.00 at par for every RM1.00 remaining debt.
 - (d) Waiver of all interest accrued/accruing on the principal amount of the debts owed to:
 - 1) unsecured lenders and novated unsecured lenders of TV3 commencing from 1 July 2001 until 1 June 2003 (the assumed effective completion date of the Proposed TV3 Scheme of Arrangement); and
 - 2) unsecured creditors of TV3 commencing from 1 September 2000 until 1 June 2003 (the assumed effective completion date of the Proposed TV3 Scheme of Arrangement).



MEDIA PRIMA BERHAD (FORMERLY KNOWN AS PROFITUNE BERHAD) ("NEWCO")

PROFORMA CONSOLIDATED BALANCE SHEETS AS AT 31 AUGUST 2002 (CONTINUED)

2.2 Proposed Reorganisation

The proposed reorganisation involves the following:

- (i) Proposed acquisition of 100% equity interest in TV3 by Media Prima Berhad (formerly known as Profitune Berhad) ("Newco"), a wholly owned subsidiary of Malaysian Resources Corporation Berhad ("MRCB"), for a total consideration of RM291.7 million to be satisfied by the issuance of rights of allotment to 265.2 million new ordinary shares of RM1.00 each in Newco at an issue price of RM1.10 per ordinary share; and
- (ii) Proposed acquisition of the rights of allotment to 234.5 million ordinary shares of Newco (representing the equity interest of Newco not already owned by MRCB) by MRCB for a total consideration of RM257.9 million to be satisfied by the issuance of 177.9 million new ordinary shares of RM1.00 each in MRCB at an issue price of RM1.45 per ordinary share.

2.3 Proposed Transfer of The New Straits Times Press (Malaysia) Berhad ("NSTP")

The proposed transfer of NSTP involves the the proposed transfer of MRCB's entire 43.5% stake in NSTP to Newco for a total consideration of RM399.7 million to be satisfied by the issuance of 199.7 million new ordinary shares of RM1.00 each in Newco at an issue price of RM1.10 per ordinary share, RM180.0 million nominal amount of new Newco Irredeemable Convertible Unsecured Loan Stocks ("ICULS") and an undertaking to provide the Proposed Put Option on the Newco ICULS. This transfer is deemed to be an internal reorganisation because at the time of transfer, Newco is a wholly-owned subsidiary of MRCB.

2.4 Proposed Fund Raising

The proposed fund raising involves the following:

- (i) Proposed restricted issue of 77.3 million new ordinary shares of Newco of RM1.00 each to MRCB at an issue price of RM1.10 per share for a total cash consideration of RM85.0 million; and
- (ii) Proposed issuance of RM125.0 million nominal amount of 4.5% 5-year Bonds at an issue price of RM87.5 million or 70% of the nominal amount of Bonds with 115 million detachable Warrants at an issue price of RM0.10 per Warrant by Newco to Gabungan Kesturi Sdn Bhd as placee.

2.5 Proposed Transfer of Listing Status of TV3 to Newco.



MEDIA PRIMA BERHAD (FORMERLY KNOWN AS PROFITUNE BERHAD) ("NEWCO")

PROFORMA CONSOLIDATED BALANCE SHEETS AS AT 31 AUGUST 2002 (CONTINUED)

2. Proposed Demerger of MRCB and Newco

The proposed demerger involves the proposed demerger of Newco from the MRCB Group, whereby for every three (3) MRCB shares held, there will be a capital repayment of one point three (1.3) Newco shares and capital reduction of one (1) MRCB share.

Assuming 70 million new MRCB shares are issued following the proposed private placement and/or the exercise of ESOS options prior to the demerger, MRCB's share capital after the proposed demerger will be 816.3 million shares of RM1.00 each.

2.7 Proposed put and call options of Newco shares between Realmild (M) Sdn Bhd and certain Scheme Creditors of TV3.

2.8 Proposed Restricted Offer for Sale of:

(i) RM10.25 million nominal amount of Newco ICULS and 10.25 million Warrants to the minority shareholders of TV3; and

(ii) RM138.1 million nominal amount of Newco ICULS to all shareholders of Newco other than the minority shareholders of TV3 and Realmild (M) Sdn Bhd.

2.9 Proposed exemption for Newco from having to undertake a mandatory offer in respect of the remaining shares of NSTP not owned by Newco following the proposed transfer of NSTP.

3 The Proforma Consolidated Balance Sheets:

(a) Proforma I

Proforma I incorporates the adjustment to reflect the effects of the proposed acquisition of 291,738,629 ordinary shares of RM1.00 each in Sistem Televisyen Malaysia Berhad ("TV3") for a consideration of RM291.7 million to be satisfied by the issuance of 265,216,935 new ordinary shares in Newco at an issue price of RM1.10 per share.

Newco has applied merger accounting in accordance with the requirements of Malaysian Accounting Standards Board ("MASB") Standard No. 21 "Business Combinations" for the proposed acquisition of TV3. Accordingly, the results of TV3 are presented as if the merger had been effected throughout the current and previous financial years and are based on the audited consolidated balance sheet of TV3 as at 31 August 2002 after incorporating the effects of the Proposed TV3 Debt Restructuring Scheme described in paragraph 2.1 above.

Newco has applied Section 60(4) of the Companies Act, 1965 whereby the premium on the issue of shares to acquire TV3 need not be recorded in the share premium reserve account. Therefore, a "merger reserve" of RM26.5 million has been recognised which represents the premium on shares issued.



MEDIA PRIMA BERHAD (FORMERLY KNOWN AS PROFITUNE BERHAD) ("NEWCO")

PROFORMA CONSOLIDATED BALANCE SHEETS AS AT 31 AUGUST 2002 (CONTINUED)

(b) Proforma II

Proforma II incorporates the cumulative effects of Proforma I and the proposed acquisition of The News Straits Times Press (Malaysia) Berhad ("NSTP").

The proposed acquisition of NSTP involves the proposed acquisition of 94,035,540 ordinary shares of RM1.00 each in NSTP representing 43.5% of its ordinary shares, by Newco at a price of RM4.25 per share for a consideration of RM399.7 million to be satisfied by the issuance of 199,682,768 new ordinary shares in Newco at RM1.10 per share and 180,000,000 units of Irredeemable Convertible Unsecured Loan Stocks ("ICULS") at a nominal value of RM180 million. The results of NSTP have been equity accounted for based on audited consolidated balance sheet of NSTP as at 31 August 2002, resulting in a premium of RM41.2 million.

Newco has applied acquisition accounting in accordance with the requirements of Malaysian Accounting Standards Board ("MASB") Standard No. 21 "Business Combinations" for the proposed acquisition of NSTP.

(c) Proforma III

Proforma III incorporates the cumulative effects of Proforma I, II and the proposed restricted issue of 77,300,000 new ordinary shares in Newco at RM1.10 per share to MRCB for a consideration of RM85.0 million to be satisfied by cash. Estimated expenses of RM5 million for the Corporate Proposals have been charged to the income statement.

(d) Proforma IV

Proforma IV incorporates the cumulative effects of Proforma I, II, III, and the proposed issuance of 125,000,000 units of Bonds with 115,000,000 units of Warrants attached to the Bonds for a consideration of RM87.5 million and RM11.5 million respectively.

It is assumed that the issue values of RM0.70 and RM0.10 for the Bonds and Warrants respectively approximate their respective fair values on the date of issue.

(e) Proforma V

Proforma V incorporates the cumulative effects of Proforma I, II, III, IV, and the full conversion of ICULS. The conversion ratio for the ICULS is fixed at RM3.00 nominal value of ICULS for two (2) Newco ordinary shares of RM1.00 each.

(f) Proforma VI

Proforma VI incorporates the cumulative effects of Proforma I, II, III, IV, V, and the full exercise of the 115,000,000 Warrants whereby each Warrant entitles the holder to subscribe for one (1) new ordinary share of RM1.00 each in Newco. For illustrative purposes, it is assumed that the exercise of the Warrants is paid through the full utilisation of the Bonds at its issue value of RM87.5 million and the balance of RM39.0 million is paid by cash.


MEDIA PRIMA BERHAD (FORMERLY KNOWN AS PROFITUNE BERHAD) ("NEWCO")


PROFORMA CONSOLIDATED BALANCE SHEETS AS AT 31 AUGUST 2002 (CONTINUED)

4 Movement of reserves

	Share capital	Share premium	Merger reserve	Warrants reserve	Other reserves	Accumulated losses
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Audited balance sheet as at 31 August 2002	300	-	-	-	-	(7)
Proposed acquisition of TV3	265,217	-	26,522	-	1,396	(209,115)
As shown in Proforma I	265,517	-	26,522	-	1,396	(209,122)
Proposed transfer of NSTP	199,683	19,968	-	-	-	-
As shown in Proforma II	465,200	19,968	26,522	-	1,396	(209,122)
Proposed restricted issue	77,300	7,730	-	-	-	-
Estimated Corporate Proposals expenses	-	-	-	-	-	(5,000)
As shown in Proforma III	542,500	27,698	26,522	-	1,396	(214,122)
Proposed Bonds and Warrants Issue	-	-	-	-	11,500	-
As shown in Proforma IV	542,500	27,698	26,522	11,500	1,396	(214,122)
Effects of full conversion of ICULS	120,000	60,000	-	-	-	-
As shown in Proforma V	662,500	87,698	26,522	11,500	1,396	(214,122)
Effects of full exercise of Warrants	115,000	23,000	-	-	(11,500)	-
As shown in Proforma VI	777,500	110,698	26,522	-	1,396	(214,122)

On behalf of the Board of Directors,


Abdul Rahman Ahmad
Director


Amrin Hj Awaluddin
Director

30 January 2003

0992J/y1





The Board of Directors
Sistem Televisyen Malaysia Berhad
Sri Pentas
No. 3, Persiaran Bandar Utama
47800 Petaling
Selangor

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(AF 1146)
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30 January 2003

PwC/LO/sw/1073J

**SISTEM TELEVISYEN MALAYSIA BERHAD
PROFORMA CONSOLIDATED BALANCE SHEETS AS AT 31 AUGUST 2002**

Dear Sirs,

We have reviewed the Proforma Consolidated Balance Sheets of Sistem Televisyen Malaysia Berhad ("TV3") as at 31 August 2002 together with the notes thereto, for which the Directors are solely responsible, as set out in the attached Appendix, which we have stamped for the purpose of identification. The Proforma Consolidated Balance Sheets have been prepared for the purpose of inclusion in the Circular to Shareholders to be dated 31 January 2003 in connection with the Corporate Proposals described in paragraph 2 in the attached Appendix.

Based on the results of our review, we confirm that the Proforma Consolidated Balance Sheets of TV3 as at 31 August 2002, which are provided for illustrative purposes only, have been properly compiled on the bases set out in the notes to the Proforma Consolidated Balance Sheets.

Yours faithfully,

A handwritten signature in black ink, appearing to read 'Amithan Cooper', written over a horizontal line.

PRICEWATERHOUSECOOPERS
(No. AF: 1146)
Chartered Accountants

SISTEM TELEVISYEN MALAYSIA BERHAD

PROFORMA CONSOLIDATED BALANCE SHEETS AS AT 31 AUGUST 2002

The Proforma Consolidated Balance Sheets set out below are provided for illustrative purposes only to show the effects on the consolidated balance sheet of Sistem Televisyen Malaysia Berhad ("TV3") as at 31 August 2002 had the Corporate Proposals described in paragraph 2 been effected as at that date and should be read in conjunction with the notes accompanying thereto.

	Proforma I						Proforma II					
	After proposed TV3 debt settlement arrangement						After proposed TV3 debt settlement arrangement					
	(a)	(b)	(c)	(d)	(e)	(f)	(a)	(b)	(c)	(d)	(e)	(f)
	As at 31.8.2002 (audited)	After proposed capital reconstruction	Upfront cash settlement	After proposed debt waiver	After proposed debt-equity swap	After proposed cash settlement	After proposed RULS issue	After proposed interest waiver	After proposed RULS issue	After proposed cash settlement	After proposed RULS issue	After proposed interest waiver
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Non-current assets												
Intangible assets	39,458	39,458	39,458	39,458	39,458	39,458	39,458	39,458	39,458	39,458	39,458	39,458
Property, plant and equipment	240,107	240,107	240,107	240,107	240,107	240,107	240,107	240,107	240,107	240,107	240,107	240,107
Other investments	2,835	2,835	2,835	2,835	2,835	2,835	2,835	2,835	2,835	2,835	2,835	2,835
Investment in associates	396	396	396	396	396	396	396	396	396	396	396	396
Prepaid expenditure	4,245	4,245	4,245	4,245	4,245	4,245	4,245	4,245	4,245	4,245	4,245	4,245
Trade receivables	14,745	14,745	14,745	14,745	14,745	14,745	14,745	14,745	14,745	14,745	14,745	14,745
	301,786	301,786	301,786	301,786	301,786	301,786	301,786	301,786	301,786	301,786	301,786	301,786
Current assets												
Bank balances and deposits	77,004	77,004	77,004	70,956	70,956	70,956	70,956	70,956	70,956	70,956	70,956	70,956
Inventories	2,196	2,196	2,196	2,196	2,196	2,196	2,196	2,196	2,196	2,196	2,196	2,196
Trade and other receivables	106,093	106,093	106,093	106,093	106,093	106,093	106,093	106,093	106,093	106,093	106,093	106,093
	185,293	185,293	179,245	179,245	179,245	179,245	179,245	179,245	179,245	179,245	179,245	179,245
Current liabilities												
Trade and other payables	(311,408)	(311,408)	(306,010)	(263,606)	(214,135)	(184,453)	(164,664)	(122,329)	(164,664)	(184,453)	(164,664)	(122,329)
Short term borrowings	(437,501)	(437,501)	(436,851)	(305,796)	(152,898)	(61,159)	-	-	(37,051)	(61,159)	-	-
Taxation	(25,005)	(25,005)	(25,005)	(37,051)	(37,051)	(37,051)	(37,051)	(41,680)	(37,051)	(37,051)	(37,051)	(41,680)
	(773,914)	(773,914)	(767,866)	(606,453)	(404,084)	(282,663)	(201,715)	(164,009)	(201,715)	(282,663)	(201,715)	(164,009)
Net current (liabilities)/assets	(588,621)	(588,621)	(588,621)	(427,208)	(224,839)	(103,418)	(22,470)	15,236	(22,470)	(103,418)	(22,470)	15,236

SISTEM TELEVISYEN MALAYSIA BERHAD

PROFORMA CONSOLIDATED BALANCE SHEETS AS AT 31 AUGUST 2002

The Proforma Consolidated Balance Sheets of TV3 have been prepared solely for illustrative purposes on the following bases:

- 1 The Proforma Consolidated Balance Sheets of TV3 have been prepared based on the audited consolidated balance sheet of TV3 as at 31 August 2002 and are based on the accounting policies and bases consistent with those normally adopted by TV3 in the preparation of its audited financial statements and comply with the applicable approved accounting standards in Malaysia as at 31 August 2002.
- 2 The Proforma Consolidated Balance Sheets have been prepared for illustrative purposes only to show the effects of the Corporate Proposals described below, assuming that the Corporate Proposals had been effected on 31 August 2002.

2.1 Proposed TV3 Debt Restructuring Scheme

- (i) The Proposed TV3 Capital Reconstruction which involves a 60% capital reduction of TV3's existing share capital and for TV3's share premium account to be reduced in full and set off against accumulated losses; and
- (ii) The Proposed TV3 Debt Settlement between TV3 and TV3 Scheme Creditors of RM644.9 million involves the following:
 - (a) Settlement in cash of RM6.0 million being the first RM50,000 of outstanding debts to each TV3 Scheme Creditor;
 - (b) Debt waiver of 30% or RM191.7 million of the debts outstanding after (a);
 - (c) Settlement of the remaining debts after (a) and (b), of RM447.2 million as follows:
 - 1) 30% or RM134.2 million in cash,
 - 2) 20% or RM89.4 million via issuance of Redeemable Unsecured Loan Stocks ("RULS"); and
 - 3) 50% or RM223.6 million through a debt equity swap on the basis of one TV3 share of RM1.00 at par for every RM1.00 remaining debt.
 - (d) Waiver of all interest accrued/accruing on the principal amount of the debts owed to:
 - 1) unsecured lenders and novated unsecured lenders of TV3 commencing from 1 July 2001 until 1 June 2003 (the assumed effective completion date of the Proposed TV3 Scheme of Arrangement); and
 - 2) unsecured creditors of TV3 commencing from 1 September 2000 until 1 June 2003 (the assumed effective completion date of the Proposed TV3 Scheme of Arrangement).



SISTEM TELEVISYEN MALAYSIA BERHAD

PROFORMA CONSOLIDATED BALANCE SHEETS AS AT 31 AUGUST 2002 (CONTINUED)

2.2 Proposed Reorganisation

The proposed reorganisation involves the following:

- (i) Proposed acquisition of 100% equity interest in TV3 by Media Prima Berhad (formerly known as Profitune Berhad) ("Newco"), a wholly owned subsidiary of Malaysian Resources Corporation Berhad ("MRCB"), for a total consideration of RM291.7 million to be satisfied by the issuance of rights of allotment to 265.2 million new ordinary shares of RM1.00 each in Newco at an issue price of RM1.10 per ordinary share; and
- (ii) Proposed acquisition of the rights of allotment to 234.5 million ordinary shares of Newco (representing the equity interest of Newco not already owned by MRCB) by MRCB for a total consideration of RM257.9 million to be satisfied by the issuance of 177.9 million new ordinary shares of RM1.00 each in MRCB at an issue price of RM1.45 per ordinary share.

2.3 Proposed Transfer of The New Straits Times Press (Malaysia) Berhad ("NSTP")

The proposed transfer of NSTP involves the proposed transfer of MRCB's entire 43.5% stake in NSTP to Newco for a total consideration of RM399.7 million to be satisfied by the issuance of 199.7 million new ordinary shares of RM1.00 each in Newco at an issue price of RM1.10 per ordinary share, RM180.0 million nominal amount of new Newco Irredeemable Convertible Unsecured Loan Stocks ("ICULS") and an undertaking to provide the Proposed Put Option on the Newco ICULS. This transfer is deemed to be an internal reorganisation because at the time of transfer, Newco is a wholly-owned subsidiary of MRCB.

2.4 Proposed Fund Raising

The proposed fund raising involves the following:

- (i) Proposed restricted issue of 77.3 million new ordinary shares of Newco of RM1.00 each to MRCB at an issue price of RM1.10 per share for a total cash consideration of RM85.0 million; and
- (ii) Proposed issuance of RM125.0 million nominal amount of 4.5% 5-year Bonds at an issue price of RM 87.5 million or 70% of the nominal amount of Bonds with 115 million detachable Warrants at an issue price of RM0.10 per Warrant by Newco to Gabungan Kesturi Sdn Bhd as placee.

2.5 Proposed Transfer of Listing Status of TV3 to Newco.



SISTEM TELEVISYEN MALAYSIA BERHAD

PROFORMA CONSOLIDATED BALANCE SHEETS AS AT 31 AUGUST 2002 (CONTINUED)

2.6 Proposed Demerger of MRCB and Newco

The proposed demerger involves the proposed demerger of Newco from the MRCB Group, whereby for every three (3) MRCB shares held, there will be a capital repayment of one point three (1.3) Newco shares and capital reduction of one (1) MRCB share.

Assuming 70 million new MRCB shares are issued following the proposed private placement and/or the exercise of ESOS options prior to the demerger, MRCB's share capital after the proposed demerger will be 816.3 million shares of RM1.00 each.

2.7 Proposed put and call options of Newco shares between Realmild (M) Sdn Bhd and certain Scheme Creditors of TV3.

2.8 Proposed Restricted Offer for Sale of:

- (i) RM10.25 million nominal amount of Newco ICULS and 10.25 million Warrants to the minority shareholders of TV3; and
- (ii) RM138.1 million nominal amount of Newco ICULS to all shareholders of Newco other than the minority shareholders of TV3 and Realmild (M) Sdn Bhd.

2.9 Proposed exemption for Newco from having to undertake a mandatory offer in respect of the remaining shares of NSTP not owned by Newco following the proposed transfer of NSTP.

3 The Proforma Consolidated Balance Sheets:

(i) Proforma I

Proforma I incorporates the adjustments to reflect the effects of the proposed capital reduction of RM0.60 for every existing share of RM1.00 each, resulting in the issued and paid up share capital reducing from RM170.3 million to RM68.1 million. In addition, share premium amounting to RM2.3 million will be used to partially set-off against the accumulated losses.

It is assumed that the sanction of the High Court of Malaysia for the TV3 Capital Reconstruction described in paragraph 2.1(i) above will be obtained.



SISTEM TELEVISYEN MALAYSIA BERHAD

PROFORMA CONSOLIDATED BALANCE SHEETS AS AT 31 AUGUST 2002 (CONTINUED)

(ii) Proforma II

Proforma II incorporates the transaction in Proforma I and the proposed TV3 debt settlement of RM644.9 million to TV3 Scheme Creditors, as listed below:

(a) Upfront cash settlement

The proposed upfront cash settlement of the 1st RM50 thousand owing to each TV3 Scheme Creditor, amounting to RM6.0 million, is as follows:

	RM'million
Trade and other creditors	5.4
Short term borrowings	0.6

(b) Proposed debt waiver

The proposed debt waiver, amounting to RM191.7 million, by the TV3 Scheme Creditors is as follows:

	RM'million
Trade and other creditors	42.4
Short term borrowings	131.1
Long term borrowings	18.2

The taxation effect of the proposed debt waiver amount to RM12.1 million.

(c) Proposed debt-equity swap

The proposed swap of RM223.6 million of debts with 223,611,424 new ordinary shares in TV3 at RM1.00 each, representing 50% of the debts under the proposed debt settlement scheme after the proposed upfront cash settlement and debt waiver are as follows:

	RM'million
Trade and other creditors	49.5
Short term borrowings	152.9
Long term borrowings	21.2



SISTEM TELEVISYEN MALAYSIA BERHAD

PROFORMA CONSOLIDATED BALANCE SHEETS AS AT 31 AUGUST 2002 (CONTINUED)

(ii) Proforma II (continued)

(d) Proposed cash settlement

The proposed cash settlement of RM134.2 million or 30% of the remaining debts after the proposed upfront cash settlement and debt waiver is as follows:

	RM'million
Trade and other creditors	29.7
Short term borrowings	91.7
Long term borrowings	12.8

(e) Proposed issuance of RULS

The proposed issuance of up to RM89,450,000 nominal amount of Redeemable Unsecured Loan Stocks ("RULS") to repay RM89.4 million or 20% of the remaining debts after the proposed upfront cash settlement and debt waiver is as follows:

	RM'million
Trade and other creditors	19.8
Short term borrowings	61.1
Long term borrowings	8.5

(f) Proposed interest waiver

The proposed waiver of interest accrued/accruing on the principal amounts of the debts owed to unsecured lenders and novated unsecured lenders of TV3 and unsecured creditors of TV3 until 1 June 2003 (the assumed effective completion date of the Proposed TV3 Scheme of Arrangement), amounting to RM42.3 million, are as follows:

	RM'million
Trade and other payables	42.3

The taxation effect of the proposed interest waiver amount to RM4.6 million.



SISTEM TELEVISYEN MALAYSIA BERHAD

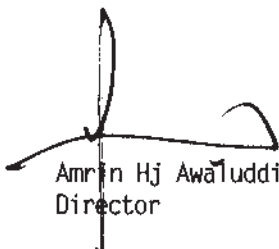
PROFORMA CONSOLIDATED BALANCE SHEETS AS AT 31 AUGUST 2002 (CONTINUED)

4 Movement of reserves

	Share capital RM'000	Share premium RM'000	Accumulated losses RM'000	Other reserves RM'000
Audited Consolidated Balance Sheet as at 31 August 2002	170,318	2,264	(530,897)	1,396
Proposed capital reconstruction	(102,191)	(2,264)	104,455	-
As shown in Proforma I	68,127	-	(426,442)	1,396
Proposed TV3 debt settlement arrangement	223,612	-	217,327	-
As shown in Proforma II	291,739	-	(209,115)	1,396

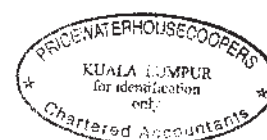
On behalf of the Board of Directors,


Abdul Rahman Ahmad
Director


Amrin Hj Awaluddin
Director

30 January 2003

1073J/sw





The Board of Directors
Malaysian Resources Corporation Berhad
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30 January 2003

PwC/LKS/nm/1076J

**MALAYSIAN RESOURCES CORPORATION BERHAD
CONSOLIDATED PROFIT FORECAST FOR THE FINANCIAL YEAR
ENDING 31 AUGUST 2003**

Dear Sirs,

We have reviewed the accounting policies and calculations for the consolidated profit forecast of Malaysian Resources Corporation Berhad ('MRCB') and its subsidiaries ('MRCB Group') for the financial year ending 31 August 2003 before and after the Corporate Proposals described in paragraph 3 in the attached Appendix, for which the Directors are solely responsible, as set out in the attached Appendix, which we have stamped for the purpose of identification. The consolidated profit forecast has been prepared for inclusion in the Circular to Shareholders to be dated 31 January 2003 in connection with the Corporate Proposals.

In our opinion, the consolidated profit forecast for the financial year ending 31 August 2003, so far as the accounting policies and calculations are concerned, has been properly compiled on the basis of the assumptions made by the Directors as set out in the attached Appendix, and are presented on a basis consistent with the accounting policies normally adopted by MRCB, including the adoption of a new accounting policy, as described in paragraph 4.5 in the attached Appendix.

Yours faithfully,

PRICEWATERHOUSECOOPERS
(AF: 1146)
Chartered Accountants

MALAYSIAN RESOURCES CORPORATION BERHAD

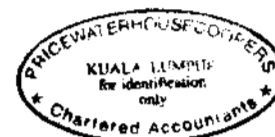
CONSOLIDATED PROFIT FORECAST FOR THE FINANCIAL YEAR ENDING 31 AUGUST 2003 TOGETHER
WITH THE ASSUMPTIONS THEREON

- 1 The Directors of Malaysian Resources Corporation Berhad ('MRCB') forecast that, in the absence of unforeseen circumstances, the consolidated profit forecast after taxation and minority interests of MRCB before and after the Corporate Proposals described in paragraph 3 below for the financial year ending 31 August 2003, will be as follows:

	Forecast 2003	
	Before the Corporate Proposals RM'million	After the Corporate Proposals RM'million
Consolidated profit after taxation and minority interests	220.7	219.1
Included in consolidated profit after taxation and minority interests are the following non recurring items:		
- Net gains and income arising from disposal of non-current investments by MRCB	314.3	314.3

- 2 The consolidated profit forecast of MRCB for the financial year ending 31 August 2003 has been prepared based on the Directors' assessment of the present economic and operating conditions, and a number of best estimate assumptions regarding future events and actions which, at the date the of the Circular to Shareholders, the Directors expect to take place. These future events may or may not take place. The principal assumptions are set out below and the risk factors which may impact their achievement are set out in Section 9 - Risk Factors and Qualifications of the Circular to Shareholders.

A forecast, by its very nature, is subject to uncertainties and unexpected events, many of which may be outside the control of MRCB and its Directors. Also, events and circumstances often do not occur as anticipated, and therefore actual results are likely to differ from the forecast, and the differences may be material. Accordingly, the Directors cannot and do not guarantee the achievement of the forecast.



MALAYSIAN RESOURCES CORPORATION BERHAD

CONSOLIDATED PROFIT FORECAST FOR THE FINANCIAL YEAR ENDING 31 AUGUST 2003 TOGETHER
WITH THE ASSUMPTIONS THEREON (CONTINUED)

3 Description of the Corporate Proposals

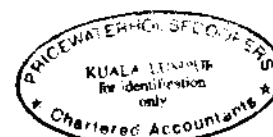
The principal steps to reflect the effects of the Corporate Proposals on MRCB's consolidated profit forecast for the financial year ending 2003 are set out below:

3.1 Time Frame for Completion

For the purposes of the profit forecast, all elements of the Corporate Proposals are deemed to be completed by 1 June 2003.

3.2 Proposed Sistem Televisyen Malaysia Berhad ('TV3') Debt Restructuring Scheme

- (i) The Proposed TV3 Capital Reconstruction involves a 60% capital reduction of TV3's existing share capital and for TV3's share premium account to be reduced in full and set off against accumulated losses; and
- (ii) The Proposed TV3 Debt Settlement between TV3 and its Scheme Creditors of RM644.9 million, involves the following:
 - (a) settlement in cash of RM6.0 million being the first RM50,000 of outstanding debts to each TV3 Scheme Creditor;
 - (b) debt waiver of 30% or RM191.7 million of the debts outstanding after (a) above;
 - (c) settlement of the remaining debt after (a) and (b) above of RM447.2 million as follows:
 - (1) 30% or RM134.2 million in cash;
 - (2) 20% or RM89.4 million via issuance of Redeemable Unsecured Loan Stocks ('RULS'); and
 - (3) 50% or RM223.6 million through a debt equity swap on the basis of one (1) TV3 share of RM1.00 at par for every RM1.00 remaining debt.
 - (d) waiver of all interest accrued/accruing on the principal amount of the debts owing to:
 - (1) unsecured lenders and novated unsecured lenders of TV3 commencing 1 July 2001 until 1 June 2003 (the assumed effective completion date of the Proposed TV3 Scheme of Arrangement); and
 - (2) unsecured creditors of TV3 commencing 2 September 2000 until 1 June 2003 (the assumed effective completion date of the Proposed TV3 Scheme of Arrangement).



MALAYSIAN RESOURCES CORPORATION BERHAD

CONSOLIDATED PROFIT FORECAST FOR THE FINANCIAL YEAR ENDING 31 AUGUST 2003 TOGETHER
WITH THE ASSUMPTIONS THEREON (CONTINUED)

3 Description of the Corporate Proposals (Continued)

3.3 Proposed Reorganisation

The proposed reorganisation involves the following:

- (i) proposed acquisition of 100% equity interest in TV3 by Media Prima Berhad (formerly known as Profitune Berhad) ('Newco'), a wholly owned subsidiary of MRCB, for a total consideration of RM291.7 million to be satisfied by the issuance of rights of allotment to 265.2 million new ordinary shares of RM1.00 each in Newco at an issue price of RM1.10 per ordinary share; and
- (ii) proposed acquisition of the rights of allotment to 234.5 million ordinary shares of Newco (representing the equity interest of Newco not already owned by MRCB) by MRCB for a total consideration of RM257.9 million to be satisfied by the issuance of 177.9 million new ordinary shares of RM1.00 each in MRCB at an issue price of RM1.45 per ordinary share.

3.4 Proposed Transfer of The New Straits Times Press (Malaysia) Berhad ('NSTP')

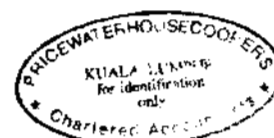
The proposed transfer of NSTP involves the proposed transfer of MRCB's entire 43.5% stake in NSTP to Newco for a total consideration of RM399.7 million to be satisfied by the issuance of 199.7 million new ordinary shares of RM1.00 each in Newco at an issue price of RM1.10 per ordinary share, RM180.0 million nominal amount of new Newco Irredeemable Convertible Unsecured Loan Stocks ('ICULS') and an undertaking to provide the Proposed Put Option on the Newco ICULS. This transfer is deemed to be an internal reorganisation because at the time of transfer, Newco is a wholly owned subsidiary of MRCB.

3.5 Proposed Fund Raising

The proposed fund raising involves the following:

- (i) proposed restricted issue of 77.3 million new ordinary shares of Newco of RM1.00 each to MRCB at an issue price of RM1.10 per share for a total cash consideration of RM85.0 million; and
- (ii) proposed issuance of RM125.0 million nominal amount 4.5% 5-year Bonds at an issue price of RM 87.5 million or 70% of the nominal amount of Bonds with 115 million detachable Warrants at an issue price of RM0.10 per Warrant by Newco to Gabungan Kesturi Sdn. Bhd. as placee.

3.6 Proposed transfer of the listing status of TV3 to Newco.



MALAYSIAN RESOURCES CORPORATION BERHAD

CONSOLIDATED PROFIT FORECAST FOR THE FINANCIAL YEAR ENDING 31 AUGUST 2003 TOGETHER
WITH THE ASSUMPTIONS THEREON (CONTINUED)

3 Description of the Corporate Proposals (Continued)

3.7 Proposed Demerger of MRCB and Newco

The proposed demerger involves the proposed demerger of Newco from the MRCB Group, whereby for every three (3) MRCB shares held, there will be a capital repayment of one point three (1.3) Newco shares and capital reduction of one (1) MRCB share.

Assuming 70 million new MRCB shares are issued following a proposed private placement and/or the exercise of ESOS options prior to the demerger, MRCB's share capital after the Proposed Demerger will be 816.3 million shares of RM1.00 each.

3.8 Proposed put and call options of Newco shares between Realmild (M) Sdn. Bhd. and certain scheme creditors of TV3.

3.9 Proposed Restricted Offer for Sale of:

- (i) RM10.25 million nominal amount of Newco ICULS and 10.25 million Warrants to the minority shareholders of TV3; and
- (ii) RM138.1 million nominal amount of Newco ICULS to all shareholders of Newco other than the minority shareholders of TV3 and Realmild (M) Sdn. Bhd.

3.10 Proposed exemption for Newco from having to undertake a mandatory offer in respect the remaining shares of NSTP not owned by Newco following the Proposed Transfer of NSTP.



MALAYSIAN RESOURCES CORPORATION BERHAD

CONSOLIDATED PROFIT FORECAST FOR THE FINANCIAL YEAR ENDING 31 AUGUST 2003 TOGETHER
WITH THE ASSUMPTIONS THEREON (CONTINUED)

4 General assumptions

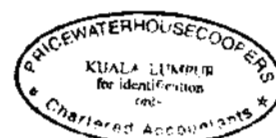
The principal bases and assumptions upon which the profit forecast have been made are as follows:

- 4.1 All necessary approvals on the Corporate Proposals from the relevant authorities and parties including the sanction of the High Court of Malaya on the Proposed TV3 Capital Reconstruction and the Proposed Demerger of MRCB and Newco described in paragraph 3.2(i) and paragraph 3.7 above respectively, will be obtained.
- 4.2 There will be no significant changes to the existing group structure and principal activities of the MRCB Group other than those set out in the Corporate Proposals described in paragraph 3 above and the disposal of MRCB's entire 22.7% equity interest in Rashid Hussain Berhad which was completed in 31 December 2002 for a total cash consideration of RM504.6 million resulting in a gain on disposal of RM284.7 million at MRCB Group level.
- 4.3 The consolidated profit forecast for the financial year ending 31 August 2003 includes the MRCB Group's share of results of its associate, NSTP, as follows:

	Forecast 2003	
	Before the Corporate Proposals RM'million	After the Corporate Proposals RM'million
NSTP's consolidated profit after taxation and minority interests	19.0	19.0
MRCB's equity interest in NSTP prior to proposed transfer of NSTP to Newco	43.53%	43.53%
MRCB Group's share of NSTP's consolidated profit after taxation and minority interests	<u>8.3</u>	<u>6.2*</u>

* Period from from 1 September 2002 to 31 May 2003

The share of forecast results of NSTP for the financial year ending 31 August 2003 is based on the assumption that the operational performance and results of NSTP after adjusting for non-recurring items will be maintained at current level.

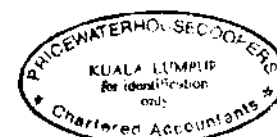


MALAYSIAN RESOURCES CORPORATION BERHAD

CONSOLIDATED PROFIT FORECAST FOR THE FINANCIAL YEAR ENDING 31 AUGUST 2003 TOGETHER
WITH THE ASSUMPTIONS THEREON (CONTINUED)

4 General assumptions (Continued)

- 4.4 The consolidated profit forecast for the financial year ending 31 August 2003 on a 'Before the Corporate Proposals' scenario does not include MRCB Group's share of results of its associate, TV3, following the discontinuation of the equity accounting for the results of TV3 as the carrying amount of this investment reached zero in financial year ended 31 August 2000 i.e. share of accumulated losses of TV3 is in excess of MRCB's cost of investment in TV3.
- 4.5 There will be no significant changes in the accounting policies presently adopted by MRCB with the exception of the change in accounting policy with respect to the accounting treatment for deferred taxation in compliance with the new Malaysian Accounting Standards Board ('MASB') Standard No. 25 "Income Taxes", which has been applied retrospectively. The new accounting policy has no material effect on the consolidated profit forecast for the financial year ending 31 August 2003.
- 4.6 There will be no unusual events or transactions that will materially affect the operations/results of the MRCB Group other than those disclosed in paragraph 3 above.
- 4.7 There will be no significant changes in the prevailing Malaysian and world economic conditions that may directly or indirectly have an adverse effect on the MRCB Group's operations.
- 4.8 There will be no major industrial disputes or disruptions, which will seriously affect the MRCB Group's operations.
- 4.9 There will be no changes to the existing statutory tax rate during the forecast year.
- 4.10 The rates of inflation, foreign exchange and interest will remain at current levels.
- 4.11 There will be no significant changes to current legislations, regulations and policies, which will adversely affect the MRCB Group's operations.
- 4.12 Existing and additional financing facilities will be available to the MRCB Group when required at prevailing rates.
- 4.13 There will be no material changes to the existing manpower and human resource requirements other than those already provided.
- 4.14 There will be no significant increase in administration, overhead expenses and raw material costs other than those already provided.
- 4.15 There will be no significant capital expenditure other than those planned capital expenditure, which are already provided for.



MALAYSIAN RESOURCES CORPORATION BERHAD

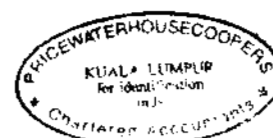
CONSOLIDATED PROFIT FORECAST FOR THE FINANCIAL YEAR ENDING 31 AUGUST 2003 TOGETHER
WITH THE ASSUMPTIONS THEREON (CONTINUED)

5 Assumptions specific to engineering and construction activities

- 5.1 The profit forecast of MRCB includes the forecast of profit after taxation in respect of certain prospective engineering and construction projects of the MRCB Group. The profit forecast has accordingly been prepared using a set of assumptions that include assumptions about future events and management actions which may vary and may result in actual results being different from forecast.
- 5.2 The achievability of MRCB Group's forecast of profit is significantly dependent on the MRCB Group securing certain engineering and construction projects at their respective targeted gross profit margins.
- 5.3 There will be no adverse events to materially disrupt progress on undertaken projects.
- 5.4 Engineering and construction projects will be completed according to schedule with no delays in obtaining the necessary planning and other approvals.

6 Assumptions specific to property development and management activities

- 6.1 The profit forecast of MRCB includes the forecast of profit after taxation in respect of certain prospective land and building sales relating to Kuala Lumpur Sentral Sdn. Bhd. ('KL Sentral'). The profit forecast has accordingly been prepared using a set of assumptions that include assumptions about future events and management actions which may vary and may result in actual results being different from the forecast.
- 6.2 Prospective land and building sales for the KL Sentral development will be realised in line with the existing approved development configuration, projected timing of sales and targeted price per square feet.
- 6.3 Adequate financial resources are available to meet the obligations of the KL Sentral bonds amounting to RM920.0 million, and payable on their respective due dates ranging from April 2003 to April 2011.
- 6.4 There will be no changes in the demand and market conditions for residential, industrial and commercial units that will adversely affect the MRCB Group's property development projects.
- 6.5 All property development projects will be completed according to schedule with no delays in obtaining the necessary planning and other approvals.



MALAYSIAN RESOURCES CORPORATION BERHAD

CONSOLIDATED PROFIT FORECAST FOR THE FINANCIAL YEAR ENDING 31 AUGUST 2003 TOGETHER
WITH THE ASSUMPTIONS THEREON (CONTINUED)

7 Assumptions specific to media activities

- 7.1 The oligopolistic market structure in both the television and satellite broadcasting industry will be maintained during the forecast year, with new entrants to the industry not having any significant impact on the forecasted results of the companies in the MRCB Group operating in the Media sector.
- 7.2 It is assumed that advances in technology and/or media content of the satellite broadcasting industry will not have any significant impact on the forecasted results of the companies in the MRCB Group operating in the Media sector.
- 7.3 There will be no material fluctuation in the cost of newsprint to the media printing industry from the average costs used in the forecast.

On behalf of the Board of Directors,



.....
Abdul Rahman Ahmad
Director



.....
Shahril Ridza Ridzuan
Director



Date: 30 January 2003



The Board of Directors
Sistem Televisyen Malaysia Berhad
Sri Pentas
No. 3, Persiaran Bandar Utama
47800 Petaling
Selangor

PricewaterhouseCoopers
(AF 1146)
Chartered Accountants
11th Floor Wisma Sime Darby
Jalan Raja Laut
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50706 Kuala Lumpur, Malaysia
Telephone +60 (3) 2693 1077
Facsimile +60 (3) 2693 0997

30 January 2003

PwC/LO/sw/0991J

**SISTEM TELEVISYEN MALAYSIA BERHAD/
MEDIA PRIMA BERHAD (FORMERLY KNOWN AS PROFITUNE BERHAD)
CONSOLIDATED PROFIT/(LOSS) FORECASTS FOR THE FINANCIAL YEAR
ENDING 31 AUGUST 2003**

Dear Sirs

- 1 We have reviewed the accounting policies and calculations for the consolidated loss forecast of Sistem Televisyen Malaysia Berhad ("TV3") and its subsidiaries (together the "TV3 Group") for the financial year ending 31 August 2003 before the Corporate Proposals and the consolidated profit forecast of Media Prima Berhad (formerly known as Profitune Berhad) ("Newco") and its subsidiaries after the Corporate Proposals (together the "Newco Group") for the financial year ending 31 August 2003, for which the Directors are solely responsible, as set out in the attached Appendix, which we have stamped for the purpose of identification. The consolidated profit/(loss) forecasts have been prepared for the purpose of inclusion in the Circular to Shareholders to be dated 31 January 2003 in connection with the Corporate Proposals described in paragraph 3 in the attached Appendix.
- 2 In our opinion, the consolidated profit/(loss) forecasts for the financial year ending 31 August 2003, so far as the accounting policies and calculations are concerned, have been properly compiled on the basis of the assumptions made by the Directors as set out in the attached Appendix and are presented on a basis consistent with the accounting policies normally adopted by TV3 Group, including the adoption of a new accounting policy, as described in paragraph 7.9 in the attached Appendix.

The Board of Directors
Sistem Televisyen Malaysia Berhad
PwC/LO/sw/0991J
30 January 2003

- 3 Without qualifying our opinion, we draw attention to paragraph 5 in the attached Appendix, which explains the financial position of TV3 Group and the plans of the Directors to implement the Corporate Proposals. The validity of preparing the consolidated profit/(loss) forecasts for the financial year ending 31 August 2003 on a going concern basis is dependent upon the successful implementation of the Corporate Proposals described in paragraph 3 in the attached Appendix.

Yours faithfully,



PRICEWATERHOUSECOOPERS
(AF: 1146)
Chartered Accountants

SISTEM TELEVISYEN MALAYSIA BERHAD/
MEDIA PRIMA BERHAD (FORMERLY KNOWN AS PROFITUNE BERHAD)

CONSOLIDATED PROFIT/(LOSS) FORECASTS FOR THE FINANCIAL YEAR ENDING 31 AUGUST 2003
TOGETHER WITH THE ASSUMPTIONS THEREON

- 1 The Directors of Sistem Televisyen Malaysia Berhad ("TV3") forecast that, in the absence of any unforeseen circumstances, the consolidated loss forecast of TV3 and its subsidiaries (together the "TV3 Group") for the financial year ending 31 August 2003 before the Corporate Proposals and the consolidated profit forecast of Media Prima Berhad (formerly known as Profitune Berhad) ("Newco") and its subsidiaries after the Corporate Proposals described in paragraph 3 below (together the "Newco Group") for the financial year ending 31 August 2003 will be approximately as follows:

	<u>TV3 Group</u> Before the Corporate Proposals Forecast 2003 RM'000	<u>Newco Group</u> After the Corporate Proposals Forecast 2003 RM'000
Consolidated profit/(loss) after taxation and minority interests	(32,540)	216,640
Included in the consolidated profit/(loss) after taxation and minority interests are the following non-recurring items:		
- Proposed debt waiver and proposed interest waiver, net of taxation	-	239,621

- 2 The consolidated profit/(loss) forecasts of TV3 Group and Newco Group for the financial year ending 31 August 2003 have been prepared based on the Directors' assessment of the present economic and operating conditions, and a number of best estimate assumptions regarding future events and actions which, at the date of the Circular to Shareholders, the Directors expect to take place. These future events may or may not take place. The principal assumptions are set out below and the risk factors which may impact their achievement are set out in Section 9 - "Risk Factors and Qualifications" of the Circular to Shareholders.

A forecast, by its very nature, is subject to uncertainties and unexpected events, many of which may be outside the control of TV3 Group/Newco Group and its Directors. Also, events and circumstances often do not occur as anticipated and therefore, actual results are likely to differ from the forecasts, and the differences may be material. Accordingly, the Directors cannot and do not guarantee the achievement of the forecasts.



SISTEM TELEVISYEN MALAYSIA BERHAD/
MEDIA PRIMA BERHAD (FORMERLY KNOWN AS PROFITUNE BERHAD)

CONSOLIDATED PROFIT/(LOSS) FORECASTS FOR THE FINANCIAL YEAR ENDING 31 AUGUST 2003
TOGETHER WITH THE ASSUMPTIONS THEREON (CONTINUED)

3 Description of the Corporate Proposals

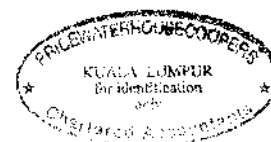
The principal steps to reflect the effects of the Corporate Proposals on the consolidated profit forecast of Newco Group after the Corporate Proposals for the financial year ending 31 August 2003 are set out below:

3.1 Time Frame for Completion

For the purposes of the profit forecast, all elements of the Corporate Proposals are deemed to be completed on 1 June 2003.

3.2 Proposed TV3 Debt Restructuring Scheme

- (i) The Proposed TV3 Capital Reconstruction which involves a 60% capital reduction of TV3's existing share capital and for TV3's share premium account to be reduced in full and set off against accumulated losses; and
- (ii) The Proposed TV3 Debt Settlement between TV3 and TV3 Scheme Creditors of RM644.9 million involves the following:
 - (a) Settlement in cash of RM6.0 million being the first RM50,000 of outstanding debts to each TV3 Scheme Creditor;
 - (b) Debt waiver of 30% or RM191.7 million of the debts outstanding after (a);
 - (c) Settlement of the remaining debts after (a) and (b), of RM447.2 million as follows:
 - 1) 30% or RM134.2 million in cash,
 - 2) 20% or RM89.4 million via issuance of Redeemable Unsecured Loan Stocks ("RULS"); and
 - 3) 50% or RM223.6 million through a debt equity swap on the basis of one TV3 share of RM1.00 at par for every RM1.00 remaining debt.
 - (d) Waiver of all interest accrued/accruing on the principal amount of the debts owed to:
 - 1) unsecured lenders and novated unsecured lenders of TV3 commencing from 1 July 2001 until 1 June 2003 (the assumed effective completion date of the Proposed TV3 Scheme of Arrangement); and
 - 2) unsecured creditors of TV3 commencing from 1 September 2000 until 1 June 2003 (the assumed effective completion date of the Proposed TV3 Scheme of Arrangement).



SISTEM TELEVISYEN MALAYSIA BERHAD/
MEDIA PRIMA BERHAD (FORMERLY KNOWN AS PROFITUNE BERHAD)

CONSOLIDATED PROFIT/(LOSS) FORECASTS FOR THE FINANCIAL YEAR ENDING 31 AUGUST 2003
TOGETHER WITH THE ASSUMPTIONS THEREON (CONTINUED)

3 Description of the Corporate Proposals (continued)

3.3 Proposed Reorganisation

The Proposed Reorganisation involves the following:

- (i) Proposed acquisition of 100% equity interest in TV3 by Media Prima Berhad (formerly known as Profitune Berhad) ("Newco"), a wholly owned subsidiary of Malaysian Resources Corporation Berhad ("MRCB"), for a total consideration of RM291.7 million to be satisfied by the issuance of rights of allotment to 265.2 million new ordinary shares of RM1.00 each in Newco at an issue price of RM1.10 per ordinary share; and
- (ii) Proposed acquisition of the rights of allotment to 234.5 million ordinary shares of Newco (representing the equity interest of Newco not already owned by MRCB) by MRCB for a total consideration of RM257.9 million to be satisfied by the issuance of 177.9 million new ordinary shares of RM1.00 each in MRCB at an issue price of RM1.45 per ordinary share.

3.4 Proposed Transfer of The New Straits Times Press (Malaysia) Berhad ("NSTP")

The Proposed Transfer of NSTP involves the proposed transfer of MRCB's entire 43.5% stake in NSTP to Newco for a total consideration of RM399.7 million to be satisfied by the issuance of 199.7 million new ordinary shares of RM1.00 each in Newco at an issue price of RM1.10 per ordinary share, RM180.0 million nominal amount of new Newco Irredeemable Convertible Unsecured Loan Stocks ("ICULS") and an undertaking to provide the Proposed Put Option on the Newco ICULS. This transfer is deemed to be an internal reorganisation because at the time of transfer, Newco is a wholly-owned subsidiary of MRCB.

3.5 Proposed Fund Raising

The Proposed Fund Raising involves the following:

- (i) Proposed restricted issue of 77.3 million new ordinary shares of Newco of RM1.00 each to MRCB at an issue price of RM1.10 per share for a total cash consideration of RM85.0 million; and
- (ii) Proposed issuance of RM125.0 million nominal amount of 4.5% 5-year Bonds at an issue price of RM87.5 million or 70% of the nominal amount of Bonds with 115 million detachable Warrants at an issue price of RM0.10 per Warrant by Newco to Gabungan Kesturi Sdn Bhd as placee.

3.6 Proposed Transfer of Listing Status of TV3 to Newco



SISTEM TELEVISYEN MALAYSIA BERHAD/
MEDIA PRIMA BERHAD (FORMERLY KNOWN AS PROFITUNE BERHAD)

CONSOLIDATED PROFIT/(LOSS) FORECASTS FOR THE FINANCIAL YEAR ENDING 31 AUGUST 2003
TOGETHER WITH THE ASSUMPTIONS THEREON (CONTINUED)

3 Description of the Corporate Proposals (continued)

3.7 Proposed Demerger of MRCB and Newco

The Proposed Demerger involves the proposed demerger of Newco from the MRCB Group, whereby for every three (3) MRCB shares held, there will be a capital repayment of one point three (1.3) Newco shares and capital reduction of one (1) MRCB share.

Assuming 70 million new MRCB shares are issued following the proposed private placement and/or the exercise of ESOS options prior to the demerger, MRCB's share capital after the proposed demerger will be 816.3 million shares of RM1.00 each.

3.8 Proposed put and call options of Newco shares between Realmild (M) Sdn Bhd and certain Scheme Creditors of TV3.

3.9 Proposed Restricted Offer for Sale of:

- (i) RM10.25 million nominal amount of Newco ICULS and 10.25 million Warrants to the minority shareholders of TV3; and
- (ii) RM138.1 million nominal amount of Newco ICULS to all shareholders of Newco other than the minority shareholders of TV3 and Realmild (M) Sdn Bhd.

3.10 Proposed exemption for Newco from having to undertake a mandatory offer in respect of the remaining shares of NSTP not owned by Newco following the proposed transfer of NSTP.

4 Upon the completion of paragraph 3.6 above, the listing status of TV3 will be transferred to Newco and Newco will be listed in place of TV3 on the official list of the Main Board of the Kuala Lumpur Stock Exchange.



SISTEM TELEVISYEN MALAYSIA BERHAD/
MEDIA PRIMA BERHAD (FORMERLY KNOWN AS PROFITUNE BERHAD)

CONSOLIDATED PROFIT/(LOSS) FORECASTS FOR THE FINANCIAL YEAR ENDING 31 AUGUST 2003
TOGETHER WITH THE ASSUMPTIONS THEREON (CONTINUED)

5 Going Concern

In December 1999, TV3 approached the Corporate Debt Restructuring Committee ("CDRC") of Bank Negara Malaysia to assist in a debt restructuring scheme with a view to ensure the continual financial and operational viability of the Group.

On 23 February 2001, TV3 announced that it is an affected listed issuer pursuant to Practice Note 4/2001 ("PN 4") of the Kuala Lumpur Stock Exchange ("KLSE") Listing Requirements. The Group was required to regularise its financial position within the time frame stipulated in "PN 4", latest by 22 September 2001. The Group obtained an extension of time to regularise its financial position by 22 December 2001. On 21 December 2001, the Group applied to the KLSE for a further extension of time to regularise its financial position. On 4 October 2002, TV3 announced that the KLSE has approved an extension of time for the Group to seek all the necessary approvals for the implementation of the CDRC Scheme until 31 December 2002.

On 6 April 2001, the Company filed an application to the High Court of Malaya pursuant to Section 176 (1) of the Companies Act, 1965 and announced a proposed restructuring scheme to regularise its financial condition. The Company was granted the Court Order on 17 April 2001. The proposed restructuring scheme was subsequently aborted on 8 August 2001. The Corporate Proposals described in paragraph 3 above was announced on 8 October 2001, 21 January 2002 and 16 August 2002. The Scheme Creditors approved the Proposed TV3 Scheme of Arrangement on 28 February 2002. On 9 October 2002, the Company announced that the Securities Commission has approved the Corporate Proposals, subject to Shareholders' approval.

The Directors have reviewed TV3 Group's operational cash flow requirements in light of the above Corporate Proposals and are confident that the above will be successfully implemented.

Accordingly, the Directors consider that it is appropriate to prepare the consolidated profit/(loss) forecasts on a going concern basis. The consolidated profit/(loss) forecasts do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that may be necessary if TV3 Group is unable to continue as a going concern.

Principal bases and assumptions

- 6 The principal bases and assumptions upon which the consolidated profit/(loss) forecasts for the financial year ending 31 August 2003 have been arrived at are set out below.



SISTEM TELEVISYEN MALAYSIA BERHAD/
MEDIA PRIMA BERHAD (FORMERLY KNOWN AS PROFITUNE BERHAD)

CONSOLIDATED PROFIT/(LOSS) FORECASTS FOR THE FINANCIAL YEAR ENDING 31 AUGUST 2003
TOGETHER WITH THE ASSUMPTIONS THEREON (CONTINUED)

7 General assumptions

- 7.1 All the necessary approvals from the relevant authorities and parties, including the sanction of the High Court of Malaysia for the TV3 Capital Reconstruction described in paragraph 3.2(i) above and the Proposed Demerger of MRCB from Newco described in paragraph 3.7 above will be obtained.
- 7.2 The consolidated profit forecast of Newco Group for the financial year ending 31 August 2003 includes Newco Group's share of results of its associate, NSTP as follows:

	Forecast 2003 RM'000
NSTP's consolidated profit after taxation and minority interests	19,061
Newco Group's equity shareholding in NSTP after the proposed transfer of NSTP from MRCB	43.53%
Newco Group's share of NSTP's consolidated profit after taxation and minority interests from 1 June 2003 to 31 August 2003	<u>2,074</u>

The share of results of NSTP for the financial year ending 31 August 2003 is based on NSTP's audited results for the financial year ended 31 August 2002 of RM343.2 million, after adjusting for a non-recurring gain arising from NSTP's disposal of a non-current investment of RM386.7 million, interest savings arising from the repayment of borrowings from the disposal proceeds and on the assumption that the operational performance and results of NSTP after adjusting for non-recurring items will be maintained at current level.

- 7.3 In respect of the proposed acquisition of TV3 referred to in paragraph 3.3 above, the Directors have applied merger accounting in accordance with the requirements of Malaysian Accounting Standards Board ("MASB") Standard No. 21 "Business Combinations". Accordingly, the consolidated loss forecast of TV3 for the financial year ending 31 August 2003 have been included in the consolidated profit forecast of Newco Group as if the merger had been in effect since the beginning of the financial year.



SISTEM TELEVISYEN MALAYSIA BERHAD/
MEDIA PRIMA BERHAD (FORMERLY KNOWN AS PROFITUNE BERHAD)

CONSOLIDATED PROFIT/(LOSS) FORECASTS FOR THE FINANCIAL YEAR ENDING 31 AUGUST 2003
TOGETHER WITH THE ASSUMPTIONS THEREON (CONTINUED)

7 General assumptions (continued)

- 7.4 In respect of the proposed acquisition of NSTP referred to in paragraph 3.4 above, the Directors have considered the requirements of MASB Standard No. 21 "Business Combinations" and the impact on the consolidated profit forecast of Newco Group for the financial year ending 31 August 2003 after the Corporate Proposals.

For the purpose of inclusion in the Circular to Shareholders, the Directors have assumed that the fair values of the separable identifiable assets and liabilities of NSTP approximate their respective book carrying values. A valuation of the said assets and liabilities of NSTP will be commissioned to ascertain the fair values of these net assets and liabilities upon implementation of the proposed acquisition.

- 7.5 The coupon rates of the financial instruments issued in connection with the Corporate Proposals are as follows:

(a)	Redeemable Unsecured Loan Stocks ("RULS")	4.5% per annum
(b)	Irredeemable Convertible Unsecured Loan Stocks ("ICULS")	2.0% per annum
(c)	Bonds	4.5% per annum

The effective yield of the Bonds, including the amortisation of the discount on issue, is approximately 12.8% per annum.

- 7.6 There will be no material changes in the structure of TV3 Group/Newco Group other than those set out in the Corporate Proposals described in paragraph 3 above.
- 7.7 Changes in the existing key personnel and management, if any, will not adversely affect the marketing capability and level of activities of TV3 Group's/Newco Group's operations.
- 7.8 There will be no significant changes in the prevailing Malaysian and world economic conditions that may directly or indirectly have an adverse effect on TV3 Group's/Newco Group's operations.
- 7.9 There will be no significant changes to the existing principal activities, operating and accounting policies of TV3 Group/Newco Group, with the exception of the change in accounting policy with respect to the accounting treatment for deferred taxation in compliance with the new MASB Standard No. 25 "Income Taxes", which has been applied retrospectively. The new accounting policy has no material effect on the profit forecast for the financial year ending 31 August 2003.
- 7.10 There will be no significant changes in the present legislation or Government regulations that will affect TV3 Group's/Newco Group's operations or the markets in which they operate.



SISTEM TELEVISYEN MALAYSIA BERHAD/
MEDIA PRIMA BERHAD (FORMERLY KNOWN AS PROFITUNE BERHAD)

CONSOLIDATED PROFIT/(LOSS) FORECASTS FOR THE FINANCIAL YEAR ENDING 31 AUGUST 2003
TOGETHER WITH THE ASSUMPTIONS THEREON (CONTINUED)

7 General assumptions (continued)

- 7.11 There will be no significant changes to the present income tax legislation applicable to TV3 Group/Newco Group. Income tax for the forecast year is provided for at the prevailing tax rate except where there are sufficient unutilised tax losses and unabsorbed capital allowances to offset against taxable income.
- 7.12 There will be no major breakdown or disruption in operations, marketing capability, industrial disputes or other abnormal factors, both domestic and overseas, which will adversely affect the level of activities of TV3 Group/Newco Group.
- 7.13 The rate of inflation will not vary significantly from the current level.
- 7.14 Other than inflationary increases, there will be no significant changes to the direct and indirect expenses, administrative and overhead expenses, cost of materials and labour used in the operations of TV3 Group/Newco Group.
- 7.15 There will be no significant fluctuations in the exchange rates of the relevant foreign currencies against Ringgit Malaysia.
- 7.16 All sales are assumed to be collectable and no allowance for doubtful debts is necessary.
- 7.17 Existing and additional financing facilities will continue to be made available to TV3 Group/Newco Group at interest rates, which will not vary significantly from the prevailing rates.

8 Assumptions specific to the media and broadcasting industry

- 8.1 There will be no significant changes in TV3's share of advertisement expenditure on television commercials and sponsorship, which will significantly impact TV3's airtime sales.
- 8.2 There will be no material changes in TV3's current approved rates for airtime sales as published in the "rate card".
- 8.3 The station will continue to maintain existing above average viewership ratings and programming (especially maintaining favourable audience share in its prime-time slots).
- 8.4 There will not be any significant changes in the "Advertising Code for Television and Radio" and any other advertising code or guidelines issued by the Ministry of Multimedia that will materially impact the operations of TV3.
- 8.5 TV3 will obtain the rights to telecast major events as planned.




SISTEM TELEVISYEN MALAYSIA BERHAD/
MEDIA PRIMA BERHAD (FORMERLY KNOWN AS PROFITUNE BERHAD)


CONSOLIDATED PROFIT/(LOSS) FORECASTS FOR THE FINANCIAL YEAR ENDING 31 AUGUST 2003
TOGETHER WITH THE ASSUMPTIONS THEREON (CONTINUED)

7 ~~Assumptions specific to the media and broadcasting industry~~ (continued)

- 8.6 The costs of local and foreign syndicated programmes, news, documentaries, entertainment, sports and magazine programmes as well as production costs will be incurred as planned.
- 8.7 It is assumed that advances in technology and/or media content of the satellite broadcasting industry will not have any significant impact on the forecast results of TV3 Group/Newco Group.
- 8.8 There will be no material fluctuation in the cost of newsprint to the media printing industry from the average costs used in the forecast.

On behalf of the Board of Directors,


Abdul Rahman Ahmad
Director


Amrin Hj Awatuddin
Director

30 January 2003



Between

SISTEM TELEVISYEN MALAYSIA BERHAD ("TV3")

And

THE TV3 SCHEME CREDITORS

And

THE TV3 SCHEME MEMBERS

And

MEDIA PRIMA BERHAD
(Formerly known as Profitune Berhad)

And

MALAYSIAN RESOURCES CORPORATION BERHAD

SCHEME OF ARRANGEMENT

Pursuant To Section 176 Of The Companies Act 1965

[date]

*Zaid Ibrahim and Co.
Level 19, Menara Milenium
Jalan Damansara, Pusat Bandar Damansara
50490 Kuala Lumpur
Malaysia. Tel: 60 3 257 9999
File Reference: 2013816
Docs No: 15700408*

THIS SCHEME OF ARRANGEMENT pursuant to section 176 of the Companies Act 1965 is entered into

BETWEEN

SISTEM TELEVISYEN MALAYSIA BERHAD (T 106645) ("**TV3**"), a public company limited by shares incorporated in Malaysia under the Companies Act 1965;

THE TV3 SCHEME CREDITORS, being the creditors of TV3 specified in the First Schedule;

THE TV3 SCHEME MEMBERS, being the members of TV3 who hold the TV3 Scheme Shares and whose names appear in the Record of Depositors of TV3 as of the Scheme Record Time;

MEDIA PRIMA BERHAD (formerly known as Profitune Berhad) (532975-A) ("**MEDIA**"), a public company limited by shares incorporated in Malaysia under the Companies Act 1965;

AND

MALAYSIAN RESOURCES CORPORATION BERHAD (7994-D) ("**MRCB**"), a public listed company limited by shares incorporated in Malaysia under the Companies Act 1965.

1. RECITALS

1.1 PARTIES

As of 31 October 2001:

- (a) the authorised share capital of TV3 is RM1,000,000,000.00 divided into 1,000,000,000 TV3 Shares, of which 170,318,012 TV3 Shares have been issued and are fully paid up;
- (b) the authorised share capital of MRCB is RM2,000,000,000.00 divided into 2,000,000,000.00 MRCB Shares, of which 976,549,499 MRCB Shares have been issued and are fully paid up; and
- (c) the authorised share capital of Media is RM500,000.00 divided into 500,000 Media Shares, of which 300,000 Media Shares have been issued and are fully paid up.

1.2 RESTRUCTURING EXERCISE

A restructuring exercise that involves, *inter alia*, the following proposals has been proposed:

- (a) a proposed debt and corporate restructuring exercise of TV3 by way of this Scheme;
- (b) the Proposed Media Capital Raising Issue, comprising:
 - (i) the Proposed Media Equity Issue; and
 - (ii) the Proposed Media Bond Issue;
- (c) the Proposed NSTP Transfer; and
- (d) the Proposed MRCB Capital Repayment.

1.3 PRINCIPAL OBJECTS

The principal object of this Scheme is to effect the restructuring and settlement of the TV3 Scheme Debts

1.4 RESULT OF THE RESTRUCTURING EXERCISE AND THIS SCHEME

Pursuant to the said restructuring exercise and this Scheme, *inter alia*:

- (a) a media focussed group which includes TV3 will be established under Media;
- (b) the listing status of TV3 will be transferred to Media, whereby Media Shares will be listed on the Main Board of the KLSE in place of TV3 Shares, and the entire issued share capital of Media will be listed and quoted on the Main Board of the KLSE; and
- (c) the members of the TV3 and the TV3 Scheme Creditors will, together with *inter alia* the members of MRCB, become members of Media.

1.5 MEDIA AND MRCB UNDERTAKINGS

Each of Media and MRCB agrees to appear by counsel at the hearing of the petition for the Court's approval of this Scheme, and thereat to undertake to the Court to be bound by this Scheme, and to execute and do, and procure to be executed and done, all such acts, things and documents as may be necessary or desirable to be executed or done by it for the purpose of giving effect to this Scheme.

2. DEFINITIONS AND INTERPRETATION

2.1 WORDS AND EXPRESSIONS

In this Scheme, unless the context otherwise requires, the following words and expressions shall bear the following meanings:

"ADI" means an authorised depositary institution

	which is a financial institution licensed under the Banking and Financial Institutions Act, 1989, who is a member of RENTAS and authorised or approved by BNM;
"Authorised Nominee"	means a person who is authorised to act as a nominee as specified in accordance with the schedule prescribed under part VIII of the Rules of MCD;
"BNM"	means Bank Negara Malaysia, a body corporate established under the Central Bank of Malaysia Act, 1958 of Jalan Dato' Onn, 50480 Kuala Lumpur;
"Business Day"	means a day on which the KLSE is open for the trading of securities, and "Business Days" shall be construed accordingly;
"Court"	means the High Court of Malaya;
"Court Meetings"	means the class meetings of TV3 Scheme Creditors, and the members of TV3 as of the Voting Record Time, summoned by order of the Court pursuant to section 176(1) of the Companies Act 1965, and includes any adjournment thereof;
"Effective Date"	means the day on which this Scheme becomes effective in accordance with clause 5;
"FAST"	means the Fully Automated System for Issuing/Tendering in respect of Private Debt Securities operated by BNM;
"FAST Rules"	means the rules on Fully Automated System for Tendering issued by BNM as amended from time to time or its replacement thereof;
"Hearing Date"	means the date on which the Order is made;
"Hearing Record Time"	means 5.00 p.m. on the day immediately preceding the Hearing Date;
"Holders of the TV3 Post-Scheme Shares"	means, collectively, the TV3 Scheme Members and the TV3 Scheme Creditors;
"Jumbo Certificate"	means the jumbo certificate described in section 20 of the Securities Industry (Central Depositories) Act 1991, and "Jumbo Certificates" shall be construed accordingly;

"KLSE"	means Kuala Lumpur Stock Exchange (30632-P), a stock exchange approved under the Securities Industry Act 1983;
"Letter of Intent"	means the letter of intent dated 4 January 2002 executed by the Placee in favour of Media;
"MCD"	means Malaysian Central Depository Sdn Bhd (165570-W), a central depository approved under the Securities Industry (Central Depositories) Act 1991;
"Media"	means Media Prima Berhad (formerly known as Profitune Berhad) (532975-A), a public company limited by shares incorporated in Malaysia under the Companies Act 1965 and its successors-in-title;
"Media Capital Shares"	means the 77,300,000 Media Shares to be allotted and issued at RM1.10 per Media Share comprising RM1.00 nominal value and RM0.10 premium (or such other sum as may be adjusted by the Securities Commission and accepted by Media and MRCB) pursuant to the Proposed Media Equity Issue, and "MediaCapital Share" shall be construed accordingly;
"Media Consideration ICULS"	means the RM180,000,000.00 nominal value irredeemable convertible unsecured loan stocks to be issued in accordance with the Media Consideration ICULS Documents and pursuant to the Proposed NSTP Transfer;
"Media Consideration ICULS Documents"	means the trust deed for the Media Consideration ICULS;
"Media Consideration Shares Tranche I"	means the 234,464,026 Media Shares to be allotted by Media as referred to in clause 3.1(d) and clause 3.3(e)(iii);
"Media Consideration Shares Tranche II"	means the 199,682,768 Media Shares to be allotted to MRCB pursuant to the Proposed NSTP Transfer at an issue price of RM1.10 per Media Share;
"Media Demerger Shares"	means, collectively, the Media Consideration Shares Tranche I, the Media Consideration Shares Tranche II and the Media Capital Shares including the rights of allotment thereof, and "Media Demerger Share" shall be

	construed accordingly;
"Media Scheme Shares"	means the 300,000 Media Shares that have been issued and are fully paid-up and that are held by the MRCB;
"Media Share"	means an ordinary share of RM1.00 only in the capital of Media, and "Media Shares" shall be construed accordingly;
"MRCB"	means Malaysian Resources Corporation Berhad (7994-D), a public company limited by shares incorporated in Malaysia under the Companies Act 1965 and its successors-in-title;
"MRCB Consideration Shares"	means the 177,869,261 MRCB Shares to be allotted and issued to the Holders of the TV3 Post-Scheme Shares (other than MRCB) pursuant to clause 3.4, and "MRCB Consideration Share" shall be construed accordingly;
"MRCB ESOS Shares"	means the MRCB Shares (if any) which are allotted and issued on or after the MRCB Voting Record Time but prior to the MRCB Hearing Record Time pursuant to the exercise of any option granted pursuant to the employee share option scheme approved by members of MRCB on 12 August 2002, including all amendments, variations and extensions thereof;
"MRCB Existing Share"	means any MRCB Share in issue prior to the MRCB Voting Record Time, and "MRCB Existing Shares" shall be construed accordingly;
"MRCB Hearing Record Time"	means 5.00 p.m. on the fourth Business Day immediately preceding the date on which the order of the court approving the Proposed MRCB Capital Repayment is made under Section 64 of the Companies Act 1965;
"MRCB Placement Shares"	means the MRCB Shares (if any) which are allotted and issued on or after the MRCB Voting Record Time but prior to the MRCB Hearing Record Time pursuant to the private placement proposed by MRCB and approved by the Securities Commission by letter dated 9 August 2002, including all amendments, variations and extensions thereof;

"MRCB Share"	means an ordinary share of nominal value RM1.00 only in the capital of MRCB, and "MRCB Shares" shall be construed accordingly;
"MRCB Specified Members"	means the members of MRCB who hold the MRCB Specified Shares and whose names appear in the Record of Depositors of MRCB as of 5.00 p.m. on the Business Day immediately preceding the day on which the Proposed MRCB Capital Repayment becomes effective in accordance with its terms;
"MRCB Specified Members"	means the members of MRCB who hold the MRCB Specified Shares and whose names appear in the Record of Depositors of MRCB as of 5.00 p.m. on the Business Day immediately preceding the day on which the Proposed MRCB Capital Repayment becomes effective in accordance with its terms;
"MRCB Specified Shares"	<p>means, collectively:</p> <ul style="list-style-type: none">(i) MRCB Existing Share;(ii) MRCB Consideration Shares;(iii) MRCB Placement Shares;(iv) MRCB ESOS Shares; and(v) any MRCB Share issued on or after the MRCB Voting Record Time and prior to the MRCB Hearing Record Time on terms that the holder thereof shall be bound by the Proposed MRCB Capital Repayment; <p>and "MRCB Specified Share" means any one of them;</p>
"MRCB Voting Record Time"	means 5.00 p.m. on the fourth Business Day immediately preceding the date of the general meetings of members of MRCB to consider and if thought fit, approve the Proposed MRCB Capital Repayment;
"NSTP"	means The New Straits Times Press (Malaysia) Berhad (4485-H), a public company limited by shares incorporated in Malaysia under the Companies Act 1965 and its successors-in-title;
"NSTP Scheme Shares"	means all 94,035,540 NSTP Shares which are

	the subject of the NSTP Share Sale Agreement;
"NSTP Share"	means an ordinary share of RM1.00 only in the capital of NSTP, and "NSTP Shares" shall be construed accordingly;
"NSTP Share Sale Agreement"	means the Share Sale Agreement dated 22 August 2001 (as amended by the Supplemental Share Sale Agreement dated 18 January 2002 and the Second Supplemental Share Sale Agreement dated 26 November 2002) both made between MRCB (as vendor) and Media (as purchaser) for the transfer of the NSTP Scheme Shares including any amendments or variations thereto;
"Order"	means the order of the Court approving this Scheme under section 176 of the Companies Act 1965;
"Placee"	means Gabungan Kesturi Sdn Bhd (553868-A), a company limited by shares incorporated in Malaysia under the Companies Act 1965 and its successors-in-title;
"Proposed Media Bond Issue"	means the proposed bonds with warrants issue, pursuant to the Letter of Intent entered into between Media and the Placee on 4 January 2002;
"Proposed Media Capital Raising Issue"	means, collectively, the Proposed Media Bond Issue and the Proposed Media Equity Issue;
"Proposed Media Equity Issue"	means the allotment and issue of the Media Capital Shares by Media to MRCB, at an issue price of RM1.10 per Media Capital Share, pursuant to the Share Subscription Agreement entered into between Media and MRCB on 22 October 2001;
"Proposed MRCB Capital Repayment"	means the capital repayment exercise referred to in clause 4;
"Proposed MRCB ESOS"	means the proposal as announced to the Kuala Lumpur Stock Exchange on 29 March 2002, whereby MRCB proposed to implement the Employees' Share Option Scheme for the eligible employees and executive directors of MRCB and its subsidiaries;
"Proposed MRCB Private Placement"	means the proposal as announced on 16 August 2002 to the Kuala Lumpur Stock

	Exchange, whereby MRCB proposed a private placement of up to 10% of its existing issued and paid-up share capital;
"Proposed NSTP Transfer"	<p>means the transfer of all of the NSTP Scheme Shares from MRCB to Media pursuant to the NSTP Share Sale Agreement, in consideration for which Media shall:</p> <ul style="list-style-type: none">(i) allot and issue to MRCB:<ul style="list-style-type: none">(A) the Media Consideration Shares Tranche II; and(B) the Media Consideration ICULS; and(ii) execute the Proposed Put Option and all security documents relating thereto;
"Proposed Put Option"	<p>means the put option written by Media in favour of the lenders of MRCB (to be identified by MRCB with the consent of Media) whereby the said lenders may require Media to purchase the Media Consideration ICULS at the nominal value thereof, as part of the consideration pursuant to the Proposed NSTP Transfer;</p>
"RM"	<p>means the lawful currency of Malaysia;</p>
"Record of Depositors"	<p>means a record of depositors as described in section 34 of the Securities Industry (Central Depositories) Act 1991;</p>
"RENTAS"	<p>means the scripless book-entry securities trading and funds transfer system known as Real Time Electronic Transfer of Funds and Securities operated and managed by BNM as varied, upgraded or substituted from time to time;</p>
"RENTAS Rules"	<p>means the rules on the scripless securities under the Real Time Electronic Transfer of Funds and Securities issued by BNM as amended from time to time or its replacement thereof;</p>
"Restructured Debt Documents"	<p>means the documents described in the Second Schedule and subscribed by the Chairman of TV3 for identification purposes;</p>
"Restructured TV3 Debts"	<p>means the TV3 Scheme Debts as restructured, reconstituted and/or settled pursuant to clause</p>

3.3;

"Rules of MCD"	means the rules issued by MCD as defined in section 2(1) of the Securities Industry (Central Depositories) Act 1991;
"Scheme"	means this scheme of arrangement set forth in the terms herein (inclusive of the First and Second Schedules), in its present form or with any modification thereof, or addition thereto or condition approved or imposed by the Court and/or the Securities Commission;
"Scheme Record Time"	means 5.00 p.m. on the Business Day immediately preceding the Effective Date;
"Scrip"	means a scrip as defined in section 2(1) of the Securities Industry (Central Depositories) Act 1991, and "Scrips" shall be construed accordingly;
"Securities Account"	means a securities account as defined in section 2(1) of the Securities Industry (Central Depositories) Act 1991, and "Securities Accounts" shall be construed accordingly;
"TV3"	means Sistem Televisyen Malaysia Berhad (106645-T), a public company limited by shares incorporated in Malaysia under the Companies Act 1965;
"TV3-RULS"	means any one or more of the loan stock as constituted by the TV3-RULS Trust Deed;
"TV3-RULS Trust Deed"	means the trust deed described in the Second Schedule and subscribed by the Chairman of TV3 for identification purposes;
"TV3 Capital Reduction"	means the reduction of capital referred to in clause 3.1;
"TV3 Debt Restructuring and Settlement"	means the debt restructuring exercise referred to in clause 3.3;
"TV3 Debt Settlement Shares"	means the 223,611,424 TV3 Shares to be allotted and issued to the TV3 Scheme Creditors pursuant to the Proposed TV3 Debt Restructuring and Settlement under the TV3 Scheme;
"TV3 Post Reduction Shares"	means the 68,127,205 TV3 Shares in the issued share capital of TV3 immediately after the

	completion of the Proposed TV3 Capital Reduction;
"TV3 Post-Scheme Shares"	means, collectively, the TV3 Post-Reduction Shares and the TV3 Debt Settlement Shares;
"TV3 Post Waiver Scheme Debts"	means the TV3 Scheme Debts after deducting the RM50,000.00 to be paid pursuant to clause 3.3(b) and after the 30% debt waiver by the TV3 Scheme Creditors pursuant to clause 3.3(c);
"TV3 Scheme"	means the scheme of arrangement dated [date] pursuant to section 176 of the Companies Act 1965 (in its present form or with any modification thereof, or addition thereto or condition approved or imposed by the Court) between TV3, the TV3 Scheme Creditors, the TV3 Scheme Members and Mediae;
"TV3 Scheme Creditors"	means collectively the creditors of TV3 as specified in the First Schedule and "TV3 Scheme Creditor" means any one of them;
"TV3 Scheme Debt"	means, in respect of a TV3 Scheme Creditor, the amount of debt due from TV3 to that TV3 Scheme Creditor as specified in the TV3 Scheme as at 31 August 2000, to the extent such debt remains outstanding, and "TV3 Scheme Debts" means any two or more of these debts;
"TV3 Scheme Members"	means the members of TV3 who hold the TV3 Scheme Shares and whose names appear on the Record of Depositors of TV3 as of the Scheme Record Time;
"TV3 Scheme Shares"	means, collectively: <ul style="list-style-type: none">(i) all TV3 Shares in issue prior to the Voting Record Time; and(ii) all TV3 Shares issued on or after the Voting Record Time and prior to the Hearing Record Time on terms that the holder thereof shall be bound by the TV3 Scheme;
"TV3 Subsidiaries"	means the TV3 subsidiaries with debts secured by corporate guarantees from TV3 as stated in the Third Schedule;
"Voting Record Time"	means 5.00 p.m. on the fourth Business Day

immediately preceding the date of the first of the Court Meetings convened for the members of TV3.

2.2 OTHER REFERENCES

In this Scheme, unless the context otherwise requires:

- (a) any word denoting:
 - (i) the singular shall include the plural number and *vice versa*;
 - (ii) a gender shall include any gender; and
 - (iii) a person shall includes a natural person, company, corporation, partnership, association, any two or more persons having a joint or common interest, or any other legal or commercial entity or undertaking;
- (b) any reference to a provision of any legislation includes any modification, amendment, revision, replacement or re-enactment thereof; and
- (c) any reference to a date or time is a reference to that date or time in Malaysia.

2.3 CLAUSES, SCHEDULES AND HEADINGS

Unless otherwise expressly provided, a reference in this Scheme to a clause is a reference to the relevant clause of this Scheme. The headings to the provisions of this Scheme are for the purposes of ease of reference only, and shall be ignored when construing the meaning of any provision of this Scheme.

3. SCHEME OF ARRANGEMENT

3.1 Capital Reduction

On the Effective Date:-

- (a) the issued share capital of the TV3 shall be reduced from RM170,318,012.00 to RM68,127,205.00 by the cancellation of paid-up capital of RM0.60 upon each TV3 Scheme Share and reducing the nominal amount of that TV3 Scheme Share to RM0.40;
- (b) forthwith and contingent upon the reduction of capital referred to in clause 3.1(a), every five (5) TV3 Scheme Shares each with the nominal value of RM0.40 shall be consolidated so as to become one ordinary share in TV3 of nominal value RM2.00 only upon which the sum of RM2.00 shall be credited as having been fully paid up (provided that

fractions of an ordinary share in TV3 of nominal value RM2.00 only arising from that consolidation shall be dealt with by the directors of TV3 at their sole discretion);

- (c) forthwith and contingent upon the consolidation of shares referred to in clause 3.1(b), every one ordinary share in TV3 of nominal value RM2.00 each shall be divided so as to become two ordinary shares in TV3 of nominal value RM1.00 only (provided that fractions of an ordinary share in TV3 of nominal value RM1.00 only arising from that division shall be dealt with by the directors of TV3 at their sole discretion); and
- (d) the TV3 Scheme Members shall immediately transfer the ordinary TV3 Shares of nominal value RM1.00 only each arising pursuant to clause 3.1(c) to Media in consideration for which Media shall allot to the TV3 Scheme Members one MediaConsideration Share Tranche I for every 1.1 such TV3 Share.

3.2 Share Premium Account Reduction

On the Effective Date, the share premium account of TV3, amounting to RM2.3 million, shall be reduced to zero. The credit of RM2.3 million arising therefrom shall be applied so as to be set-off against an equal amount from the accumulated losses of TV3 as of the Effective Date.

3.3 Debt Restructuring

Forthwith upon the completion of the capital reductions referred to in clauses 3.1 and 3.2:-

- (a) the debts of the TV3 Subsidiaries shall be novated by the TV3 Subsidiaries to TV3, pursuant to which:-
 - (i) TV3 agrees and undertakes to perform the obligations of the TV3 Subsidiaries in respect of these debts, and to be bound by the terms of these debts, in every way as if TV3 were a party to these debts in lieu of the respective TV3 Subsidiary;
 - (ii) each of the TV3 Scheme Creditors in respect of these debts:-
 - (A) releases and discharges the relevant TV3 Subsidiary from all claims, obligations and demands whatsoever in relation to the respective debt;
 - (B) accepts the liability of TV3 under these debts in lieu of the liability of the relevant TV3 Subsidiary; and
 - (C) agrees to be bound by the terms of their respective debt owed them in every way as if TV3 were a party thereto in place of the relevant TV3 Subsidiary.

- (b) thereafter, TV3 will settle in full by way of cash the creditors of TV3 (including, for the avoidance of doubt, the creditors of the debts novated pursuant to clause 3.3(a)):-
 - (i) with amounts outstanding of RM50,000.00 and below; and
 - (ii) in the case of those with amounts outstanding in excess of RM50,000.00, the first RM50,000.00 of the outstanding debt;
- (c) forthwith, each of the TV3 Scheme Creditors will waive 30% of the portion of the TV3 Scheme Debts (namely after deducting the RM50,000.00 paid pursuant to clause 3.3(b)) respectively owed to them;
- (d) forthwith and contingent upon the debt waiver referred to in clause 3.3(c), the TV3 Post Waiver Scheme Debts will be settled as follows :-
 - (i) TV3 shall pay to each TV3 Scheme Creditor the cash equivalent of 30% of the respective TV3 Post Waiver Scheme Debt of that TV3 Scheme Creditor in full;
 - (ii) TV3 shall allot and issue to each TV3 Scheme Creditor an amount of TV3-RULS (on the basis of RM1.00 nominal value TV3-RULS for every RM1.00 of TV3 Post Waiver Scheme Debt) equivalent to 20% of the respective TV3 Post Waiver Scheme Debt; and
 - (iii) TV3 shall allot to each TV3 Scheme Creditor the TV3 Debt Settlement Shares (on the basis of one (1) TV3 Debt Settlement Share for every RM1.00 of TV3 Post Waiver Scheme Debt) equivalent to 50% of the respective TV3 Post Waiver Scheme Debt;
- (e) the TV3 Scheme Creditors agree and acknowledge that:-
 - (i) all interest accrued (as specified in the applicable agreements in respect of the relevant TV3 Scheme Debt) and unpaid on the TV3 Scheme Debt up to (and including) 31 August 2000 has already been capitalised and added to the principal amount of TV3 Scheme Debt as specified in the First Schedule, and will accordingly have been treated as provided in clause 3.3(a) to clause 3.3(d);
 - (ii) any and all interest accrued on the TV3 Scheme Debt with respect to the period from (and including) 1 September 2000 onwards, and any and all penalties, charges, fees, costs and expenses and indemnity payment obligations for any period, will be waived (unless the same has already been paid); and

- (iii) the rights to allotment or issue to the TV3 Debt Settlement Shares allotted pursuant to clause 3.3(d)(iii) shall be renounced in favour of Media in consideration for which Media shall allot and issue one (1) Media Share for every 1.1 TV3 Debt Settlement Share (the right to which is so renounced) to the TV3 Scheme Creditors;
- (f) any corporate guarantees subsisting as of the Effective Date in relation to any and all of the TV3 Scheme Debts shall be released as of the Effective Date;
- (g) the TV3 Scheme Creditors and TV3's rights and obligations in respect of the TV3-RULS shall be set forth in the applicable Restructured Debt Documents;
- (h) upon the completion of the matters described in clause 3.3(a) to clause 3.3(d), any and all claims by the TV3 Scheme Creditors against TV3 in relation to the TV3 Scheme Debts shall be deemed to be fully and irrevocably satisfied and discharged and, consequently, no action, suit or other proceedings may thereafter be initiated or maintained by any TV3 Scheme Creditor against TV3, save in respect of any breach of the terms of the Restructured TV3 Debts.

3.4 Share Acquisition by MRCB

Forthwith and contingent upon the TV3 Capital Reduction and the TV3 Debt Restructuring and Settlement, the TV3 Scheme Creditors (except MRCB) and TV3 Scheme Members (except MRCB) collectively who are entitled to be allotted the Media Consideration Shares Tranche I pursuant to clauses 3.1(d) and 3.3(e)(iii) shall transfer to MRCB all rights to allotment of these Media Consideration Shares Tranche I, in consideration for which MRCB shall allot and issue, to and amongst the Holders of the TV3 Post Scheme Shares, the MRCB Consideration Shares, on the basis of 1.1 MRCB Consideration Share for every 1.45 Media Consideration Share Tranche I. The MRCB Consideration Shares allotted and issued pursuant to this clause 3.4 shall be allotted and issued to the TV3 Scheme Creditors and TV3 Scheme Members on terms that the MRCB Consideration Shares shall rank for and be bound by the Proposed MRCB Capital Repayment.

4. PROPOSED MRCB CAPITAL REPAYMENT

The Proposed MRCB Capital Repayment will involve the following:-

- (a) the reduction of the MRCB Specified Shares by cancelling paid up capital of RM0.33 $\frac{1}{4}$ upon each share and reducing the nominal amount of each share to RM0.66 $\frac{3}{4}$;
- (b) the cancellation of the share premium account of MRCB;

- (c) the consolidation of the reduced MRCB Specified Shares in such manner so as to become ordinary shares in MRCB of nominal value RM1.00 each;
- (d) the credit arising from the said capital reduction shall be returned to the MRCB Specified Members by way of a distribution in specie of the Media Demerger Shares and the Media Scheme Shares to and amongst the MRCB Specified Members in the proportion of 1.3 Media Shares for every 3 MRCB Specified Shares.

The Proposed MRCB Capital Repayment is subject to, *inter alia*, the confirmation of the Court pursuant to section 64 of the Companies Act 1965.

5. EFFECTIVE DATE

This Scheme shall become effective upon the satisfaction of all of the following conditions:

- (a) the approval of the members of TV3 for this Scheme at a general meeting to be convened;
- (b) the approval of the Securities Commission for this Scheme;
- (c) the approval of the Foreign Investment Committee for this Scheme (if applicable);
- (d) an office copy of the order of the Court confirming the TV3 Capital Reduction pursuant to section 64 of the Companies Act 1965 shall have been duly lodged with the Registrar of Companies; and
- (e) the due lodgement of an office copy of the Order with the Registrar of Companies.

6. CASH SETTLEMENT

- (a) TV3 shall (subject to clause 6(b)) settle in full by way of cheque or any other mode of payment at the discretion of the directors of TV3 the amount due to the creditors of TV3 pursuant to clause 3.3(b) and clause 3.3(d)(i) to give effect to this Scheme.
- (b) The cheques referred to in clause 6(a) above shall be sent by prepaid acknowledged receipt registered post or by courier service to those persons at their respective addresses as furnished by those persons (or in the absence thereof, as are in the records in possession of TV3) and TV3 shall not be responsible for any loss in the course of such delivery.
- (c) Notwithstanding clauses 6(a) and 6(b), if any person who is entitled to receive payment pursuant to clause 3.3(b) and/or clause 3.3(d)(i) does not furnish TV3 with full and complete details of that person for the purpose of issuance of the cheque or any other form of payment

before the expiry of five Business Days after the Effective Date, or (if despatched pursuant to clauses 6(a) and (b)) the said cheques or other forms of payment are returned to TV3, or the same have not been encashed or the amounts are otherwise not paid, these moneys to be paid to such respective creditors shall be dealt with in accordance with the Unclaimed Moneys Act 1965.

7. ISSUE OF TV3-RULS

- (a) If any TV3 Scheme Creditor does not furnish TV3 with full and complete details of the ADI of that TV3 Scheme Creditor before the expiry of five Business Days after the Effective Date (or in any case if, by the expiry of this five-Business day period, such full and complete details of the ADI of that TV3 Scheme Creditor is otherwise not known to TV3):
 - (i) TV3 shall cause the entitlement of that person to TV3-RULS to be credited to the ADI of a person or company which is designated to act as a trustee by the directors of TV3 at their sole discretion (the "Trustee"), and the Trustee shall (subject to clause 7(a)(ii)) hold these TV3-RULS pursuant to such entitlement on trust for that TV3 Scheme Creditor;
 - (ii) the Trustee shall hold all monies received pursuant to the TV3-RULS on trust for the TV3 Scheme Creditors mentioned in clause 7(a)(i) above and the Trustee shall pay such monies received to these TV Scheme Creditors once these creditors have proven to its satisfaction that they are entitled to the TV3-RULS and all monies paid pursuant to it;
 - (iii) thereafter, TV3 shall procure the redemption of the said TV3-RULS so held by the Trustee pursuant to this clause in accordance with the redemption dates as specified in the TV3-RULS Trust Deed, and for that purpose TV3 may (or TV3 may authorise the Trustee to) so redeem the TV3-RULS; and
 - (iv) the proceeds from the said TV3-RULS so redeemed and all interest received pursuant to it shall (to the extent that the full and complete details of a TV3 Scheme Creditor is then not known to TV3 to enable payment to it thereof) be dealt with in accordance to the Unclaimed Moneys Act 1965.

8. ALLOTMENTS OF MRCB SHARES

- (a) As soon as practicable after the Effective Date, MRCB shall (subject to clause 8(b)):
 - (i) make all allotments of such MRCB Shares, as are required to be allotted by it to give effect to this Scheme, to the persons respectively entitled thereto;

- (ii) give notices of allotment in respect of the MRCB Shares so allotted to these persons;
 - (iii) deliver to MCD the Scrips (or, if requested by MCD, the Jumbo Certificates) for all of the MRCB Shares so allotted pursuant to this Scheme for deposit pursuant to the Securities Industry (Central Depositories) Act 1991 and in accordance with the Rules of MCD; and
 - (iv) cause the Securities Accounts of each of these persons to be credited with the MRCB Shares so allotted to him.
- (b) Notwithstanding clause 8(a), if any person who is entitled to be allotted with MRCB Shares pursuant to this Scheme does not furnish MRCB with full and complete details of the Securities Account of that person before the expiry of five Business Days after the Effective Date (or in any case if, by the expiry of this five-Business day period, such full and complete details of the Securities Account of that person is otherwise not known to MRCB):
- (i) MRCB shall cause the entitlement of that person to MRCB Shares to be credited to the Securities Account of an Authorised Nominee which is designated by the directors of MRCB at their sole discretion to be the trustee for such MRCB Shares (the "Shares Trustee"), and this Authorised Nominee shall (subject to clause 8(b)(ii)) hold these MRCB Shares (and all dividends and distributions arising from these MRCB Shares, including any stock, share, right, security and/or interest accruing or deriving after the Effective Date from any MRCB Share ("Derivative Asset"), or which, after the Effective Date, is distributed by MRCB in respect of any such MRCB Share whether by way of bonus, dividend, exchange, purchase, substitution, conversion, consolidation, sub-division, preference, option, or otherwise attributable to any such MRCB Share or any Derivative Asset) pursuant to such entitlement on trust for that person; and
 - (ii) thereafter, where (after a period of not less than three (3) years) MRCB is still unable to discover the said full and complete details of the Securities Account of that person:
 - (A) MRCB shall (at any time after the said three-year period) cause an advertisement to be published in one English language daily newspaper and one Malay language daily newspaper distributed locally in Malaysia stating that MRCB, after the expiration of one month from the date of publication of that advertisement, intends to procure the sale by the Shares Trustee of the said MRCB Shares (and/or any distribution, right, entitlement ;

- (B) if, after the expiration of one month from the date of the advertisement the said full and complete details of the Securities Account of such person remain unknown to MRCB, MRCB shall procure the Share Trustee to sell the said MRCB Shares (and any Derivative Asset thereto) to such third party or parties, at such price or prices, and at such time or times as may be determined by the directors of MRCB at their sole discretion; and
 - (C) the proceeds from that sale, and all dividends and other monetary distributions arising from these MRCB Shares and Derivative Assets after the Effective Date, will be dealt with by MRCB in accordance with the Unclaimed Moneys Act 1965.
- (c) The notices of allotment to be despatched to the persons referred to in clause 8(a)(ii) shall be sent by ordinary post in pre-paid envelopes to those persons at their respective addresses in :-
 - (i) the Record of Depositors (as of the Scheme Record Time, as issued by MCD) of TV3 for the TV3 Scheme Members; and
 - (ii) the records in possession of TV3 for TV3 Scheme Creditors,and MRCB shall not be responsible for any loss in the postage of any of those notices of allotment.
- (d) The Scrips (or Jumbo Certificates, as the case may be) referred to in clause 8(a)(iii) shall be delivered by MRCB to MCD in accordance with the Rules of MCD, and MRCB shall not in either case be responsible for any loss in the course of such delivery.
- (e) The obligation of MRCB to cause the Securities Account of the person referred to in clause 8(a)(iv) (or the Securities Account of the Authorised Nominee referred to in clause 8(b)(i), as the case may be) to be credited with the MRCB Shares to be allotted to the relevant person shall be sufficiently discharged by MRCB supplying to MCD the details received by MRCB of the Securities Account of such person together with the amount of MRCB Shares to be credited in the manner stipulated in this clause 8, and MRCB shall otherwise not be responsible for any loss or failure to so credit such Securities Account.
- (f) All Media Shares that are to be allotted and distributed pursuant to clause 4(e) shall be so allotted and distributed in accordance with the terms of the Proposed MRCB Capital Repayment.

8A. PROOF OF DEBT EXERCISE & FINALITY

- (a) TV3 reserves the right to require a TV3 Scheme Creditor to prove for the amount claimed. TV3 shall only be obliged to settle any TV3 Scheme Debt to the extent that the TV3 Scheme Creditor is able to

provide the necessary documentary evidence establishing the claim for such amount and such amount remains due and payable as at the Effective Date.

- (b) Within thirty (30) days after receipt by the TV3 Scheme Creditor of notice of Court sanction of the TV3 Scheme, such TV3 Scheme Creditor who has had notice of;
 - (i) the terms of the proposals envisaged under the TV3 Scheme applicable to the TV3 Scheme Creditor;
 - (ii) the meeting of the TV3 Scheme Creditors pursuant to the TV3 Scheme;

and who has been furnished with a copy of this section shall, if such TV3 Scheme Creditor fails to submit its claim within the period stipulated by TV3, be deemed to have abandoned its claim against TV3.

9. RESTRUCTURED DEBT DOCUMENTS

- (a) The use of the applicable Restructured Debt Documents to reflect and document the Restructured TV3 Debts will be binding on TV3 and the TV3 Scheme Creditors, as the case may be. However, changes to any of these Restructured Debt Documents may be agreed to by TV3 and the person appointed to act as Trustee for the TV3 Scheme Creditors.
- (b) In the event that there is any inconsistency between any provision of this Scheme, and any of the Restructured Debt Documents or any other instrument or document created or executed pursuant to this Scheme, that provision of this Scheme shall prevail. Without prejudice to the generality of the foregoing, upon the execution and delivery by TV3 of any of the Restructured Debt Documents, and any other document or agreement pursuant to this Scheme, the rights and obligations of TV3 and the applicable TV3 Scheme Creditor (as the case may be) shall be solely governed by such Restructured Debt Document, document or agreement.

10. CALCULATIONS

All calculations as to the amounts the TV3 Scheme Debts and the Restructured TV3 Debts for the purposes of this Scheme shall be made by TV3 and (in the absence of any manifest error) such calculations shall be binding on TV3, and the TV3 Scheme Creditors.

11. MANAGEMENT

On and after the Effective Date, TV3, Media and MRCB will continue to be managed by their respective boards of directors, who shall so manage in accordance with the Companies Act 1965 and these companies' respective memorandum and articles of association.

12. FURTHER ASSURANCES

On and after the Effective Date, the TV3 Scheme Creditors will take all such actions, and execute and/or file all such documents, as may be necessary or appropriate, or as may be reasonably requested by TV3 to:

- (a) terminate and discontinue any and all legal, execution or other proceedings with respect to the TV3 Scheme Debts (with no orders or requirements as to reimbursement of costs);
- (b) release and/or discharge any guarantee, charge and/or other security to the extent that the same is restructured or discharged pursuant to this Scheme and/or the Restructured Debt Documents; and/or
- (c) implement the provisions of this Scheme and the Restructured Debt Documents.

13. CLAIMS AND CAUSES OF ACTION

Any claim and cause of action by TV3 against any person arising under contract, by operation of law or otherwise will be retained and will survive the effectiveness of this Scheme.

14. TRANSFERS OF RIGHTS AND CLAIMS

No TV3 Scheme Creditor may transfer, sell or assign any right or claim in respect of any TV3 Scheme Debt (or any part thereof) between the date of the first of the Court Meetings and the Effective Date (both dates inclusive). As from the date of the first of the Court Meetings, TV3 will have no obligation whatsoever to recognise any transferee, buyer or assignee of any such right or claim.

15. MODIFICATION

TV3, Media and MRCB may jointly consent on behalf of all persons concerned or otherwise intended to be bound by this Scheme to any modification of or addition to this Scheme, or to any condition that the Court may think fit to approve or impose.

16. LIABILITY

Neither TV3, Media nor MRCB, nor any of their respective directors, officers, employees or agents, nor any professional adviser engaged by any of them, shall have or incur any liability to any person for any act taken, or omission made, in good faith in connection with or related to formulating, negotiating, preparing, implementing, confirming and/or consummating this Scheme or any other instrument, agreement or document created in connection with this Scheme.

17. RIGHTS AND OBLIGATIONS

The rights, benefits and obligations of any person named or referred to in this Scheme shall be binding upon, and shall enure for the benefit of, the heir, executor, administrator, successor or assignee of such person.

18. GOVERNING LAW

This Scheme, and the rights, benefits and obligations arising under this Scheme, shall be governed by and construed in accordance with Malaysian law.

19. COSTS AND EXPENSES

All the costs, charges and expenses of and incidental to the formulation, negotiation, preparation, implementation, confirmation and/or consummation of this Scheme, and/or any other instrument, agreement or document created in connection with this Scheme, shall be borne by TV3. Any stamp duty that shall be payable in respect of this Scheme and/or any other instrument, agreement or document created in connection with this Scheme shall be borne by TV3.

20. DURATION

Unless this Scheme shall become effective on or before 4 March 2003 or such later date, if any, as TV3 and Media may agree and the Court may approve, this Scheme shall never become effective.

21. DATE OF THIS SCHEME

This Scheme is dated [].

FIRST SCHEDULE
TV3 SCHEME CREDITORS AND TV3 SCHEME DEBTS
[list of TV3 Scheme Creditors]

SECOND SCHEDULE
RESTRUCTURED DEBT DOCUMENTS
[TV3-RULS Trust Deed]

THIRD SCHEDULE
TV3 SUBSIDIARIES

XV. FURTHER INFORMATION

1. DIRECTORS' RESPONSIBILITY

This document has been seen and approved by the directors of MRCB and they collectively and individually accept full responsibility for the accuracy of the information given herein and confirm that after having made all reasonable enquiries and to the best of their knowledge and belief, there are no other facts, the omission of which would make any statement herein misleading.

Information relating to TV3 has been extracted from documents furnished by TV3. The responsibility of the Board of Directors of MRCB is therefore restricted to the accurate reproduction of the relevant extracted information as included in this Circular.

Information relating to NSTP has been extracted from available public information. The responsibility of the Board of Directors of MRCB is therefore restricted to the accurate reproduction of the relevant extracted information as included in this Circular.

2. CONSENT

The written consent of AmMerchant Bank, BNP, Alliance, and Messrs PwC to the inclusion of their names and/or letter in the form and context in which they appear herein in this document have been given and have not been subsequently withdrawn before the issue of this document.

3. MATERIAL LITIGATION**3.1. MRCB**

Save as disclosed below, MRCB and its subsidiary companies are not engaged in any material litigation, claims or arbitration either as plaintiff or defendant and the Directors of MRCB have no knowledge of any proceedings pending or threatened against MRCB and any of its subsidiaries or of any facts likely to give rise to any proceedings which might materially affect the position or business of MRCB and its subsidiary companies:-

**(1) HIGH COURT OF MALAYA AT KUALA LUMPUR CIVIL SUIT NO. D7-22-1600-2000
HEE CHOI, KHOO CHEE MING & KHOO CHEE KEONG V MRCB**

The plaintiffs being Hee Choi, Khoo Chee Ming and Khoo Chee Keong were the previous owners of 1,440,000 ordinary shares of Region Resources Sdn Bhd ("Region Resources"). By a Sale and Purchase Agreement dated 21 December 1998 ("Sale and Purchase Agreement"), MRCB acquired the said shares in Region Resources from the plaintiffs for the sum of RM1,656,000.00. In addition thereto, MRCB agreed to procure the release and discharge of the personal guarantees furnished by the plaintiffs to secure the borrowings of Region Resources.

By the abovementioned suit, the plaintiffs are seeking an order for the specific performance of the said Sale and Purchase Agreement, in that MRCB must obtain the release and discharge of the said personal guarantees furnished by the plaintiffs. In its defence, MRCB is contending that it has discharged its obligations under the said Sale and Purchase Agreement.

The hearing date for the matter has been fixed by the Court to be on 5 February 2003.

The Directors of MRCB are of the opinion that there are reasonable grounds of defence in this claim made by the plaintiffs.

**(2) HIGH COURT OF MALAYA AT KUALA LUMPUR ORIGINATING SUMMONS NO. D1-24-294-2001
MRCB V JURANAS SDN BHD**

Juranas Sdn Bhd ("Juranas") is claiming against MRCB the sum of RM6,000,000.00 allegedly as agreed commission fees for the Skudai Army Camp Project. Juranas had served a notice dated 9 January 2002 pursuant to section 218 of the Act on MRCB demanding payment of such sum. MRCB is disputing the claim by Juranas and on 28 February 2002 had obtained an injunction from the Court whereby Juranas is prevented from presenting a winding up petition against MRCB.

Juranas then filed a Notice of Appeal against the Court's decision on 18 March 2002 and pursuant thereto had served MRCB with the Record of Appeal on 25 June 2002. The matter is now pending for MRCB to reply to the said Record of Appeal to which no date has been fixed by the Court.

The Directors of MRCB are of the opinion that there are reasonable grounds of defence in this matter.

(3) HIGH COURT OF MALAYA AT SHAH ALAM WRIT SUMMONS NO. MT5-22-846-2001 INXCEL PROPERTIES SDN BHD (FORMERLY KNOWN AS PERSADA WILAYAH SDN BHD) V MRCB

In this matter, MRCB has received a letter of demand dated 10 October 2001 from Inxcel claiming the sum of RM4,500,000 as damages for breach of contract. A Writ of Summons dated 10 November 2001 in respect of the claim was served on MRCB on 24 January 2002. MRCB entered appearance on 31 January 2002 and its defence was filed on 14 February 2002. The Court has fixed a pre-trial Case Management to be heard on 10 February 2003.

MRCB is disputing the claim and the Directors of MRCB are of the opinion that there are reasonable grounds defence in this claim.

(4) HIGH COURT OF MALAYA AT SHAH ALAM SUIT NO. MT4-22-240-2000 LEE CHEE THING V MILMIX SDN BHD (FORMERLY KNOWN AS MRCB CONSTRUCTION SDN BHD) & MOHD. ZAMRI MOHD YUSOFF

The plaintiff is suing Milmix Sdn Bhd ("Milmix") and the second defendant, Mohd Zamri Mohd Yusoff ("Zamri") who was a senior manager of Milmix, for defamation or libel based on the allegation that Zamri had written libellous statements in July 2000 in a letter addressed to the plaintiff which was published to other third persons. The plaintiff's claim is for the sum of RM2,000,000 in damages together with aggravated damages and costs. Milmix has filed its defence and disputes the claims on the basis of inter alia qualified privilege and justification.

Hearing of the plaintiff's application for pre-trial Case Management is currently ongoing of which the latest date has been fixed on 27 January 2003.

The Directors of MRCB are of the opinion that Milmix has a reasonable defence against the claims.

(5) CLAIM BY HT MALTEC CONSULTANTS SDN BHD AGAINST SERI IPOH-LUMUT EXPRESSWAY SDN BHD FOR THE SUM OF RM10,092,800.00

By a letter of demand dated 2 August 2001, HT Maltec Consultants Sdn Bhd ("Maltec") has claimed against Seri Ipoh-Lumut Expressway Sdn Bhd ("Silex") the sum of RM10,092,080.00 owing by Silex to Maltec pursuant to a consultancy agreement dated 27 October 1999. Maltec has stated in the said letter of demand that it will refer the matter to arbitration in the event of non-payment of the said outstanding sum. Silex disputes any such liability pertaining to the said outstanding sum, and the matter is now pending a referral to arbitration by Maltec.

The Directors of MRCB are of the opinion that there are reasonable grounds of defence in this matter.

**(6) HIGH COURT MALAYA AT SHAH ALAM CIVIL SUIT NO. MT2-22-879-01
MRCB V ZAFRAN HOLDINGS SDN BHD**

In this matter, MRCB agreed with 5 individuals, being Jamalluddin Mahmud, Mariam Abdul Aziz, Diba Jamalluddin Mahmud, Amir Jamalluddin Mahmud and Zaid Jamalluddin Mahmud (the "5 Individuals") for the purchase of 80% of the equity of Zafran Holdings Sdn Bhd ("Zafran Holdings") for the sum of RM1,539,353.50 on the condition that Zafran Holdings would acquire a piece of land known as HS(D) 83713-83727, Mukim Ampang, Daerah Wilayah Persekutuan ("the Land"). MRCB made advances to Zafran Holdings for the purchase of such Land in the sum of RM2,889,873.50.

A petition to wind up Zafran Holdings was filed by RHB Bank Berhad on 11 July 2000. MRCB has filed a Notice of Intention to Appear in Support of the said Petition on 15 September 2000. MRCB has instructed its solicitors to institute an action against Zafran Holdings and the 5 Individuals, pending the hearing of the said winding up petition, to claim the refund of the purchase consideration together with interest accruing in the sum of RM1,086,937.70 as at 26 April 2000. The sealed copy of the Writ of Summons was extracted from the Court on 21 February 2002.

Pursuant to this, MRCB had filed a summary judgement application against the defendants on 25 July 2002. On 12 November 2002, MRCB has abstained a summary judgement against all the Defendants.

The Directors of MRCB are of the opinion that it has a reasonable chance of recovery in its claim against the 5 Individuals.

(7) HIGH COURT OF MALAYA AT KUALA LUMPUR CIVIL SUIT NO. D7-22-1919-2000
MRCB V MOHD RAZI BIN SHAHADAK, MOHD ZUHDI BIN MUDA AND ST INDUSTRIAL CLAY SDN BHD

The first two defendants being Mohd. Razi bin Shahadak and Mohd. Zuhdi bin Muda are shareholders and directors of the third defendant, ST Industrial Clay Sdn Bhd ("STI Clay"). MRCB has filed a claim against them to recover the total sum of RM6,673,140.00 comprising as follows:-

- (i) RM6,500,000.00 being amounts paid to the first and second defendants under a conditional Shareholders' Agreement dated 4 April 1997 (the "Shareholders' Agreement") for the acquisition of the rights of allotment of 6,000,000 ordinary shares in the capital of STI Clay pursuant to rights issue to be undertaken by STI Clay;
- (ii) RM173,140.00 being an amount advanced to STI Clay in respect of a mining lease.

The Court has yet to set the date for case management.

The Directors of MRCB are of the opinion that it has merit and a reasonable chance of success in its claim.

(8) HIGH COURT OF MALAYA AT SHAH ALAM WINDING UP NO. 28-90-2001
MRCB V CSK VENTURE SDN BHD

Vide Kuala Lumpur High Court Civil Suit No. D3-22-3341-1998 filed by MRCB against CSK Venture Sdn Bhd ("CSK"), MRCB sued CSK for breaching the conditions under a share sale and purchase agreement made between them whereby MRCB was to acquire the shares in a company known as Galian Bersama Sdn Bhd. MRCB obtained an order for summary judgment against CSK for the sum of RM6,000,000.00 together with interest at the rate of 12% per annum from 2 June 1998.

A petition for the winding up of CSK was presented by MRCB on 4 May 2001 but it was subsequently discovered that CSK was already wound up prior to the hearing of the petition (i.e., by Hong Leong Finance Berhad on 14 February 2001). MRCB has therefore withdrawn its petition for winding up and on 8 March 2002 a proof of debt has already been lodged with the Official Assignee who as at the date of this Circular has yet to call for a creditors' meeting.

The Directors of MRCB are of the opinion that it has merit and a reasonable chance of success in its claim.

(9) CLAIM BY MILMIX AGAINST RICH ANNEXE SDN BHD ("RICH ANNEXE) FOR THE SUM OF RM2,845,196.51

Rich Annexe Sdn Bhd ("Rich Annexe") is the developer of a 12-storey condominium project known as Mutiara Sentul. MRCB Construction is its main contractor for the said project. MRCB Construction is claiming the sum of RM2,845,196.51 as outstanding due for work done pursuant to interim building certificates for the said project. MRCB Construction has served a winding-up notice pursuant to section 218(1)(e) of the Companies Act 1965 on Rich Annexe on 21 November 2001.

On 4 April 2002, a Notice of Appeal was filed to appeal against the Court's decision and the case is currently pending for the appeal to be heard.

The Directors of MRCB are of the opinion that it has merit and a reasonable chance of success in its claim.

(10) HIGH COURT OF MALAYA AT SHAH ALAM WRIT SUMMONS NO. MT5-21-200-2001 MAJLIS BANDARAYA SHAH ALAM V MRCB SELBORN CORPORATION SDN BHD

Majlis Bandaraya Shah Alam ("MBSA") served a Writ of Summons dated 1 November 2001 on MRCB Selborn Corporation Sdn Bhd ("MSCSB") on 1 February 2002, claiming arrears of assessment tax totalling RM2,208,101.20 due and owing by MSCSB. Currently, negotiations are taking place between the parties to settle the matter amicably. It is understood that both MBSA and MSCSB are agreeable to setting-off the amounts owing to MBSA by MSCSB by way of transferring to MBSA properties belonging to the MRCB Group.

Pursuant to a meeting between MRCB and MBSA's Head of Legal Division on 18 April 2002, MBSA had agreed to withdraw its action against MSCSB but it is also agreed between the parties that MBSA are at liberty to re-file the same.

The Directors are of the opinion that this matter can be amicably settled.

(11) HIGH COURT OF SABAH & SARAWAK IN THE FEDERAL TERRITORY OF LABUAN WRIT SUMMONS NO. L22-05-2002 SYARIKAT DAYAUSAHA BUMIPUTRA-PUTRA ENTREPRENEUR JV (SUING AS A FIRM) V MRCB ENGINEERING SDN BHD & MRCB

A Writ of Summons dated 11 March 2002 was served on MRCB Engineering Sdn Bhd ("the First Defendant") and MRCB ("the Second Defendant") by Syarikat Dayausaha Bumiputra Putra Entrepreneur JV ("the Plaintiff") whereby the Plaintiff has made a total claim of RM16,612,611.35 against the First Defendant (or alternatively, the Second Defendant) for wrongful and premature termination of a sub-contract allegedly entered into between the Plaintiff and the First Defendant in relation to the construction and completion of a proposed matriculation college at Jalan OKK Daud, Jalan Merinding, Labuan.

A Striking Out application and a Stay of Proceeding application was subsequently filed by the First Defendant and the Second Defendant on 24 April 2002. These two applications by the Court on 21 January 2003 and the First Defendant and the Second Defendant have been given to 30 January 2003 to file their appeal against the decision. The Court has also the First Defendant and the Second Defendant to file a defence by 3 February 2003.

The Directors of MRCB are of the opinion that there are reasonable grounds of defence in this matter.

(12) CLAIM AGAINST MRCB BY SUEDY SUWENDY, SUWENDY, ISKANDAR KADRY BIN ABDUL KADIR, DEWI SUWENDY, ADIL, ROSAINI BINTI HAJI ABDUL LATIF, AND SAW KHENG HOE (COLLECTIVELY "THE CLAIMANTS") FOR A SUM OF APPROXIMATELY RM30,350,000.00

MRCB Property Development Sdn Bhd ("MPD"), a wholly owned subsidiary of the Company, had entered into a Share Sale Agreement dated 2 January 2001 ("SSA") with the Claimants whereby MPD had agreed to purchase 24,000,006 fully paid ordinary shares of RM1.00 each ("the Sale Shares") representing the Claimants' entire shareholding in Taman Ratu Sdn Bhd ("TRSB") and also representing 100% of the issued and paid-up capital of TRSB for a total purchase consideration not exceeding RM15,417,000.00.

Alleging delays and/or failure on the part of MPD in completing the transaction, Messrs. KT Tan & Co (solicitors for the Claimants) had by letter dated 28 February 2002 demanded the following:

- a sum of RM10,563,000.00 to be released to Messrs. KT Tan & Co (as stakeholders of the Claimants) for the purposes of disbursement to TRSB's creditors;
- a sum of RM9,020,000.00 to be disbursed to Aseambankers Malaysia Berhad ("Aseambankers");
- a sum of RM9,417,000.00 to be paid to the Claimants' authorised representative, Mr. Suedy Suwendy;
- a sum amounting to approximately RM600,000.00 to be paid to Messrs. KT Tan & Co as stakeholders for late payment interest on the balance sum (excluding the sum to be paid to Aseambankers) from the date of the FIC Approval until end February 2002; and
- a sum of approximately RM750,000.00 being penalty or late payment interest owing to Aseambankers.

MPD has denied liability and alleged that the conditions precedent to the SSA have not been fulfilled. At the same time, MPD has demanded repayment of RM6,000,000.00 being the monies already by paid by MPD under the terms of the SSA. Subsequently, MPD had filed an application to serve a summon outside jurisdiction against the Claimants on 23 October 2002. The hearing for this application is pending confirmation by the Court.

The Directors of MRCB are of the opinion that MPD has reasonable grounds of defence to the Claimants' demands and that MPD's claim has merit and a reasonable chance of success.

(13) WINDING UP NOTICE BY HOHUA GLAZIER SDN BHD V MILMIX

Milmix had been served with a Winding-Up Notice dated 9 July 2002 under Section 218 of the Act by Hohua Glazier Sdn Bhd ("HGSB") who are claiming payment amounting to RM31,615.09 for works completed by the Claimant for the Kota Kemuning Project.

Subsequently, the Board of Directors of Milmix had on 22 August 2002 approved a Proposed Debt Settlement through a Scheme of Arrangement ("the Scheme") pursuant to Section 176 of the Companies Act 1965 ("section 176"). The Court had on 23 September 2002 granted Milmix a Restraining Order pursuant to section 176 ("RO") for a period of 3 months from the date of the RO. On 18 December 2002, Milmix's creditors have approved the Scheme and the matter as pending filing an application in Court to sanction the creditors' approval. The matter is pending for Milmix to settle HGSB's claim in accordance with the terms of the Scheme.

The Directors of MRCB are of the opinion that the matter will be amicably settled.

(14) HIGH COURT OF MALAYA AT SHAH ALAM_WINDING UP PETITION NO: 28-187-2002 BETWEEN CLASSIC ALUMINIUM & GLAZIER SDN BHD AND MILMIX

Milmix had been served with a Winding-Up Notice under Section 218 of Act dated 9 July 2002 by Classic Aluminium & Glazier Sdn Bhd ("CAGSB") who are claiming payment of up to RM134,047.76 for works completed by the Claimant in relation to the Kota Kemuning Project. A Winding-Up petition was served on Milmix on 2 October 2002 and the date for hearing the petition has been fixed by the Court to be on 28 April 2003

The Board of Directors of Milmix had on 22 August 2002 approved a Proposed Debt Settlement through a Scheme of Arrangement ("the Scheme") pursuant to Section 176 of the Companies Act 1965 ("section 176"). The Court had on 23 September 2002 granted Milmix a Restraining Order pursuant to section 176 ("RO") for a period of 3 months from the date of the RO. On 18 December 2002, Milmix's creditors have approved the Scheme and the matter as pending filing an application in Court to sanction the creditors' approval. The matter is pending for Milmix to settle CAGSB's claim in accordance with the terms of the Scheme.

The Directors of MRCB are of the opinion that the matter will be amicably settled.

(15) WINDING UP NOTICE BY OMAZOL CORPORATION SDN BHD V MILMIX

Milmix had been served with a Winding-Up Notice under Section 218 of Act dated 7 June 2002 by Omozol Corporation Sdn Bhd ("Omozol") whereby the Claimant has made a claim for the sum of RM124,676.93 being the outstanding amount due and owing by Milmix to Omozol as at 6 December 2001 pursuant to a Statement of Account issued by Milmix in respect of the execution and completion of a Single Storey Bungalow (Type A, B & C), 124 Units and external work at A'Famosa Golf Resort, Mukim Pagoh, Daerah Alor Gajah, Melaka for Gymtech Development Sdn Bhd.

Subsequently, the Board of Directors of Milmix had on 22 August 2002 approved a Proposed Debt Settlement through a Scheme of Arrangement ("the Scheme") pursuant to Section 176 of the Companies Act 1965 ("section 176"). The Court had on 23 September 2002, granted Milmix, a Restraining Order pursuant to section 176 ("RO") for a period of 3 months from the date of the RO. On 18 December 2002, Milmix's creditors have approved the Scheme and the matter as pending filing an application in Court to sanction the creditors' approval. The matter is pending for Milmix on to settle Omozol's claim in accordance with the terms of the Scheme. Omozol had agreed to withdraw its Winding-Up Notice.

The Directors of MRCB are of the opinion that the matter will be amicably settled.

(16) HIGH COURT OF MALAYA AT KUALA LUMPUR_WINDING UP PETITION NO: 28-675-2002 BETWEEN EVERTREND (M) SDN BHD AND MILMIX

Milmix had been served with a Winding-Up Notice under Section 218 of the Act dated 28 June 2002 by Evertrend (M) Sdn Bhd ("Evertrend") on 8 July 2002 who are claiming an amount of RM186,303.30 being payment due and owing to Evertrend from Milmix. Evertrend is a subcontractor for the supply and instalment of parquet for the Company.

Subsequently, the Board of Directors of Milmix had on 22 August 2002 approved a Proposed Debt Settlement through a Scheme of Arrangement ("the Scheme") pursuant to Section 176 of the Companies Act 1965 ("section 176"). The Court had on 23 September 2002, granted Milmix, a Restraining Order pursuant to section 176 ("RO") for a period of 3 months from the date of the RO. On 18 December 2002, Milmix's creditors have approved the Scheme and the matter as pending filing an

application in Court to sanction the creditors' approval. The matter is pending for Milmix to settle Evertrend's claim in accordance with the terms of the Scheme.

It was however agreed that as settlement be obtained via the Scheme. Evertrend shall proceed with its winding-up petition of which its next mention date has been fixed by the Court on 28 March 2003.

MCSB is currently negotiating for a settlement with Evertrend. The Directors of MRCB are of the opinion that the matter will be amicably settled.

(17) NOTICE OF DEMAND (PURSUANT TO SECTION 218 OF THE ACT) BY APEXJAYA INDUSTRIES SDN BHD AGAINST MILMIX FOR THE SUM OF RM14,506.11

Vide a Notice of Demand dated 30 July 2002 sent by their solicitors Messrs. Yip & Co., Apexjaya Industries Sdn Bhd ("Apexjaya") has made a claim for the sum of RM14,506.11 ("the said sum") being the balance due and payable for goods sold and delivered and services rendered to Milmix. The said Notice of Demand has given Milmix a total of twenty-one (21) days from receipt thereof to repay the said sum, failure of which action will be taken to wind up Milmix under section 218 of the Act. Milmix received the said Notice of Demand on 31 July 2002.

On 18 December 2002, Milmix's creditors have approved the Scheme and the matter as pending filing an application in Court to sanction the creditors' approval. The matter is pending Milmix to Apexjaya's claim settle in accordance with the terms of the Scheme.

The Directors of MRCB are of the opinion that the matter will be amicably settled.

(18) HIGH COURT OF MALAYA AT KUALA LUMPUR CIVIL SUIT NO: D-22-1666-02 BETWEEN EKOVEST-KMZ-Dragages SDN BHD AND HSBC BANK MALAYSIA BERHAD AND KUALA LUMPUR SENTRAL SDN BHD.

Pursuant to a contract between Kuala Lumpur Sentral Sdn Bhd (the Second Defendant) and Ekovest-KMZ-Dragages Sdn Bhd ("the Plaintiff") whereby the Plaintiff had agreed to be the main contractor for the KL Sentral development and its related infrastructure works ("the Project"), the Plaintiff had provided a performance security by way of a bank guarantee issued by HSBC Bank Malaysia Berhad ("the First Defendant") in favour of the Second Defendant for the amount of RM35,687,400.00 on 30 April 1997 and which was further renewed by another bank guarantee issued on 12 January 2001 ("the Bank Guarantee").

Subsequently, the Second Defendant refused to issue the Taking Over Certificate on the basis that there still remained uncompleted works. In response, the Plaintiff issued a Writ of Summons dated 17 October 2002 whereby the Plaintiff accused the Second Defendant of having acted fraudulently, unconscionably and in bad faith and in breach of the Contract.

The Plaintiff also filed an ex-parte application on 17 October 2002 whereby the Plaintiff has prayed for, inter alia, an injunction that the First Defendant be restrained from making payment to the Second Defendant on any claim and/or demand made by the Second Defendant on the Bank Guarantee or an injunction that the Second Defendant be restrained from calling or demanding payment on the Bank Guarantee.

All submissions have been completed and the Court has fixed the decision to be given on 29 January 2003.

The Directors of MRCB are of the opinion that the Second Defendant has reasonable grounds of defence to the Plaintiff's application for an injunction.

(19) KUALA LUMPUR HIGH COURT WINDING UP NO. D2-28-857-2002 JURANAS SDN BHD V MRCB

Juranas Sdn Bhd ("Juranas") is claiming from MRCB the sum of RM48,399,100.00 for Project Management fees, damages and loss of profit in relation to MRCB Project with PKINK in 1997. On 5 November 2002, Juranas advertised a winding-up petition against MRCB in The Sun newspaper. MRCB immediately appointed solicitors and obtained a copy of Summons, Judgement in Default dated 8 July 2002 and the winding-up petition from the court files. On 8 November 2002, MRCB filed the following applications for:

1. Setting Aside Judgement in Default dated 8 July 2002;
2. Validation Order;
3. Stay of Execution of Judgement in Default; and
4. Stay and striking out of Winding-up Proceeding.

The court had on 11 November 2002 granted MRCB an Interim Order for Stay of Execution of Judgement against Juranas until an Inter Parte hearing of the application be heard on 19 December 2002. Juranas's solicitors duly served MRCB the winding-up petition on 15 November 2002. Juranas withdrawn its winding-up petition and MRCB withdrawn its application for a Validation Order respectively on 12 December 2002. The hearing of MRCB's application to Set Aside Judgement in Default dated 8 July 2002 and Stay of Execution of Judgement originally fixed on 19 December 2002 is postponed to 18 February 2003.

The Directors of MRCB are of the opinion that there are reasonable grounds of defence in this claim made by the Plaintiffs.

3.2. TV3

Save as disclosed below, TV3 and its subsidiary companies are not engaged in any material litigation, claims or arbitration either as plaintiff or defendant and the directors of TV3 have no knowledge of any proceedings pending or threatened against TV3 and any of its subsidiaries or of any facts likely to give rise to any proceedings which might materially affect the position or business of TV3 and its subsidiary companies:-

(1) IN THE HIGH COURT OF MALAYA (CIVIL DIVISION) CIVIL SUIT NO. (S2-23-35 – 1998) : HALIM BIN ARSYAT v SISTEM TELEVISYEN MALAYSIA BHD; YUNUS BIN SAID; ROZAIREEN BTE IBRAHIM

This is a suit brought by the plaintiff against the defendants for an alleged libel published in a television broadcast by the plaintiff. The plaintiff claims that the defendant had falsely and maliciously caused to be broadcast news which inferred that the newspaper " Harakah" had published an article that suggested that the Prime Minister of Malaysia had become an apostate. The claim for damages is RM20.0 million against each of the defendants. The directors of TV3, as advised by the solicitors for the case are of the opinion that the defendants would be able to successfully defend this case. The matter was fixed for decision on 2 July 2001. After considering all facts before him, the Court ordered that the plaintiff's case be dismissed with costs. The plaintiff has appealed against the decision, and the parties are awaiting a hearing date for the appeal. The hearing for the taxation of costs is fixed for hearing on 11 February 2003.

- (2) **IN THE HIGH COURT OF MALAYA (CIVIL DIVISION) CIVIL SUIT NO. (S2-21-01 - 2001): BADRUL ZAMAN B. P.S MD ZAKARIAH v JABATAN PENYIARAN RADIO DAN TELEVISYEN MALAYSIA; DATUK ASEH CHE MAT; KERAJAAN MALAYSIA; SISTEM TELEVISYEN MALAYSIA BHD**

This is a suit brought by the plaintiff against the defendants for an alleged defamation of him in a television broadcast. He alleged that a news report of two persons of Indian nationality and one of Bangladesh nationality being detained in remand by the Immigration Department for fraudulently renewing passports and a visual of him walking and allowing him to be handcuffed, affected his business and reputation. The claim for damages is RM100.0 million against each of the defendants. The directors of TV3, as advised by the solicitors for the case are of the opinion that the defendants would be able to successfully defend this case. The Attorney General's Chambers had made an application on 19 November 2001 to the High Court for all the actions involving the same plaintiff to be consolidated and heard by the same Judge which was approved by the Chief Justice on 24 November 2001. The case is now fixed for further case management on 23 April 2003. The matter is also pending the hearing date for the plaintiff's appeal to the Court of Appeal relating to the setting aside of the default judgment

- (3) **KUALA LUMPUR HIGH COURT SUIT NO. D5-22-1376-97: DUTA GALAKSI SDN BHD v ANIMATED AND POST-PRODUCTION TECHNIQUES SDN BHD, A SUBSIDIARY OF TV3**

This is a suit brought by the plaintiff against the defendant for the purported violation of the plaintiff's rights as the sole and exclusive holder of the production and distribution rights of a music video for the A. R. Rahman Live In Concert staged in Shah Alam. It was alleged that the Defendants had through the production of videos for local and worldwide distribution of the same violated the said right. The claim for damages is for RM4,084,050.00. The directors of TV3, as advised by the solicitors for the case are of the opinion that at this juncture, it is premature to deduce the outcome of this case. The case, which was initially fixed for hearing on 8 and 9 April 2002, was struck off by the High Court Judge when the solicitor for the plaintiff failed in his request for the postponement of the hearing. The Court subsequently granted the plaintiff's application for reinstatement and fixed the matter for hearing on 24 and 25 February 2003.

- (4) **IN THE HIGH COURT OF MALAYA AT SHAH ALAM (CIVIL DIVISION) CIVIL SUIT NO.22-414-2001: PRIME TIME COMMUNICATION SDN BHD v SISTEM TELEVISYEN MALAYSIA BERHAD**

This suit is brought by the plaintiff against the defendant for payment owed by the defendant to the plaintiff for various titles of photoplay that have been produced and delivered, namely, Asia Hebat, Muamalah, Niaga 5th, Niaga 6th and Niaga 7th seasons which have been telecast by the defendant. They are claiming an amount of RM1,955,234.52. The directors of TV3, as advised by the solicitors for the case, are of the opinion that at this juncture, it is premature to deduce the outcome of this case. The case is fixed for further case management on 11 March 2003.

- (5) **IN THE HIGH COURT OF MALAYA AT SHAH ALAM (CIVIL DIVISION) CIVIL SUIT NO. MT2-22-848-2000: NEW M & M PRODUCTS SDN BHD v AMBANG KLASIK SDN BHD, A SUBSIDIARY OF TV3**

This suit is brought by the plaintiff against the defendant for the alleged breach of contract for failing to provide the stipulated airtime to promote "Senario" products. The plaintiff is claiming for special damages of RM38 million against the defendant. The matter has been set for pre-trial case management on 25 July 2002. However, the court has struck off the plaintiff's claim due to the plaintiff's lawyer's absenteeism. The court has also issued a show cause letter and fixed the matter for hearing on 28 November 2002. Since the plaintiff's case has been struck off, the solicitors for the defendant had filed a case management notice to hear the defendant's counter claim. Nevertheless, the court held that the defendant ought to have filed the said notice earlier and the court had exercised its discretion to strike out the matter without costs.

(6) IN THE HIGH COURT OF MALAYA AT KUALA LUMPUR CIVIL SUIT NO. S6-22-749-2002: INMEDIA SERVICES SDN. BHD. v SISTEM TELEVISYEN MALAYSIA BERHAD

This suit is brought by the plaintiff against the defendant for the alleged breach of contract for the award of the "Indian Belt" airtime marketing rights on TV3 to the plaintiff. The plaintiff is claiming for RM4,410,000.00 as special damages and RM20 million as general damages being losses incurred due to a breach of contract by the defendant. The directors of TV3, as advised by the solicitors for the case are of the opinion that at this juncture, it is premature to deduce the outcome of this case. The matter is now fixed for hearing of the plaintiff's summary judgment application on 20 February 2003.

(7) IN THE HIGH COURT OF MALAYA AT KUALA LUMPUR SUIT NO. S2-23-33-1998: MOHAMAD AZWAN ALI BIN HAJI ALI v SISTEM TELEVISYEM MALAYSIA BERHAD; AMBANG KLASIK SDN BHD; MICHAEL CHRISTIAN SOMON; FAUZIAH DATO AHMAD DAUD (A.M.N)

This is a suit brought by the plaintiff against the defendants for an alleged defamation in a life television broadcast program, "Melodi". The statement which the plaintiff complains of in the programme was an ad-lib by the third defendant made in the course of presenting the programme. The claim for damages is RM1.0 million against the first and second defendants. The directors of TV3, as advised by the solicitors for the case are of the opinion that the defendants would be able to successfully defend this case. On 3 July 2000, the Court ordered that the plaintiff's case be dismissed with costs. The plaintiff has appealed against the decision. The date of the appeal has not yet been fixed by the Court of Appeal. In the meantime, the plaintiff was unsuccessful in obtaining an order to defer the payment of costs due to TV3 pending the outcome of the appeal. Since then, bankruptcy proceedings have been commenced against him and TV3 is currently awaiting the hearing of its creditor's petition.

3.3. NSTP

To the best knowledge of the Directors of MRCB, NSTP and its subsidiary companies are not engaged in any material litigation, claims or arbitration either as plaintiff or defendant and the Directors of MRCB have no knowledge of any proceedings pending or threatened against NSTP and any of its subsidiaries or of any facts likely to give rise to any proceedings which might materially affect the position or business of NSTP and its subsidiary companies.

4. MATERIAL CONTRACTS

4.1. MRCB

Save as disclosed below, there are no other material contracts (not being contracts entered into the ordinary course of business) which have been entered into by MRCB or its subsidiaries within the two (2) years immediately preceding the date of this document:-

1. A conditional Agreement dated 22 October 2001 between MRCB, TV3 and Newco, in respect of the parties' mutual intention and obligation to carry out the Proposed Schemes.
2. A conditional Agreement dated 22 October 2001 between MRCB and Newco wherein MRCB agreed to sell, and Newco agreed to purchase, 94,035,540 ordinary shares of RM1.00 each representing approximately 43.5% of the issued and paid up capital of The New Straits Times Press (Malaysia) Berhad ("NSTP") for the total purchase consideration of RM338,200,000.00 or RM3.60 per NSTP share. The purchase consideration is to be satisfied by Newco as follows:-
 - (a) the issuance of RM182.7 million nominal value of the ICULS;
 - (b) the issue at an issue price of RM1.10 per share of 141,300,000 new ordinary shares of RM1.00 each in Newco credited as fully paid-up; and

- (c) the grant of the Put Option(s) to all holders of private debt securities issued by a special purpose company ("SPC-PDS").

Subsequent to the SSA, on 21 January 2002, MRCB entered into a Supplemental Share Sale Agreement ("Supplemental SSA") with Newco for the proposed transfer of the Sale Shares to the Purchaser. The consideration for the sale, purchase and transfer of the Sale Shares was changed to the aggregate of RM357,335,052 or RM3.80 per share based on a willing buyer willing seller basis and to be satisfied as follows:-

- (a) the issuance of RM180.0 million nominal amount of Newco ICULS in accordance with the terms and conditions more specifically set out in the Schedule 1 of the SSA without any payment on the part of MRCB;
- (b) the issuance at an issue price of RM1.10 per share of 161,213,684 new ordinary shares of RM1.00 each in Newco ranking *pari passu* in all respects with the existing issued shares in Newco as at the date of issue and allotment and credited as fully paid-up and free from encumbrances to MRCB; and
- (c) the grant of the Put Option(s) by Newco to all holders of SPC-PDS, the performance of which is to be secured by a pledge given by Newco over 47,368,421 NSTP shares comprising part of the Sale Shares comprising and totaling 21.9% of the entire issued and paid up capital of NSTP.

Subsequent to the First Supplemental SSA, MRCB had on 26 November 2002 entered into a Second Supplemental Share Sale Agreement with Newco for the proposed transfer of the Sale Shares to the Purchaser. The consideration for the sale, purchase and transfer of the Sale Shares was changed to the aggregate of RM399,651,045 or RM4.25 per share based on a willing buyer willing seller basis and to be satisfied as follows:-

- a. the issuance of RM180.0 million nominal amount of Newco ICULS in accordance with the terms and conditions more specifically set out in the Schedule 1 of the SSA without any payment on the part of MRCB;
 - b. the issuance at an issue price of RM1.10 per share of 199,682,768 new ordinary shares of RM1.00 each in Newco ranking *pari passu* in all respects with the existing issued shares in Newco as at the date of issue and allotment and credited as fully paid-up and free from encumbrances to MRCB; and
 - c. Newco writing (at the request of MRCB) one or more put options in favour of one or more of the lenders of MRCB (whose identities shall be subject to the approval of Newco, such approval not to be unreasonably withheld) whereby the holders of the Put Option can require Newco to purchase up to all the Newco ICULS, which Put Option shall be secured by a charge over 47,368,421 NSTP shares comprising part of the Sale Shares and which comprises 21.9% of the entire issued and paid-up capital of NSTP.
3. A conditional Share Subscription Agreement dated 22 October 2001 between MRCB and Newco wherein MRCB agreed to subscribe for 77,300,000 ordinary shares of RM1.00 each in Newco at the subscription price of RM1.10 per share or a total subscription price of RM85,030,000.00.
 4. Share sale agreement dated 23 November 2001 between MRCB and Tenaga Nasional Berhad ("TNB") whereby MRCB agrees to dispose to TNB its entire 70% equity interest in Sepang Power Sdn Bhd (amounting to 700,000 Sale Shares) for a total cash consideration of RM115,000,000.00. The initial payment of 10% of the consideration was paid upon execution of the said Agreement and the balance of 90% of the consideration was paid upon completion. The Share sale agreement was varied by a variation agreement dated 17 May 2002 entered into between MRCB and TNB which incorporated a new Completion Date (i.e. 20 May 2002) on which MRCB had to affect the transfer and registration of 300,000 Sale Shares to TNB. In addition thereto, MRCB is to continue to be the legal owner of the other 400,000 Sale Shares and shall transfer this portion to TNB or its nominees upon TNB's instructions. A sum of RM65,700,000.00 shall be considered as an interest free non-refundable advance

by TNB to MRCB and which shall be converted into full and final payment for the 400,000 Sale Shares to MRCB upon the occurrence of the earlier of:

- (a) the instructions of TNB to transfer and register the 400,000 Sale Shares to TNB or its nominees;
 - (b) the sale and purchase agreement for the 400,000 Sale Shares between TNB and Mastika Lagenda Sdn Bhd ("Mastika") not being executed within three months from 17 May 2002; or
 - (c) the sale and purchase agreement for the 400,000 Sale Shares between TNB and Mastika not being completed within nine months from 17 May 2002.
5. Share sale agreement dated 9 February 2002 between MRCB and TNB whereby MRCB agrees to dispose to TNB its entire 20% equity interest in Fibrecomm Network (M) Sdn Bhd ("FNMSB") for a cash consideration of RM22,000,000.00. The initial payment of RM1,500,000.00 was made upon execution of the said agreement and the balance of RM20,500,000.00 was paid upon completion. It was announced to the KLSE that the Share sale agreement was completed on 26 August 2002. A further cash payment of RM23,000,000.00 will be made upon the successful award of a licence under the Communications and Multimedia Act 1998 to TNB, its subsidiaries or FNMSB, provided always that the licence shall be obtained within three (3) years from the date of this agreement. On 12 August 2002, all conditions precedent of this share sale agreement had been fulfilled.
6. A Letter of Award dated 25 February 2002 ("the Letter of Award") issued by Sabah Electricity Sdn Bhd ("SESB") to Transmission Technology Sdn Bhd and Sharikat Permodalan Kebangsaan Berhad (collectively, the "TTSB-SPK Consortium") whereby SESB has agreed to award the Survey Works and Wayleave Services for the East-West Grid Interconnection Project ("the Project") to the TTSB-SPK Consortium. Pursuant to the Letter of Award, SESB and the TTSB-SPK Consortium subsequently entered into a Survey Works & Wayleave Services Agreement which was signed on the 25 March 2002 for the TTSB-SPK Consortium to undertake, carry out, execute, complete the Survey Works and Wayleave Services in relation to the Project for a consideration sum of Ringgit Malaysia Eight Million Two Hundred and Forty Five Thousand Only (RM8,245,000.00)
7. The conditional sale and purchase agreement dated 20 March 2002 ("SPA") entered into between MRCB and Utama Banking Group Berhad ("UBGB") in relation to the disposal of 105,127,000 ordinary shares of RM1.00 each representing approximately 22.7% of the existing issued and paid-up capital of Rashid Hussain Berhad ("RHB") by MRCB to UBGB for a total cash consideration of RM504,609,600 (the "RHB Disposal"). The RHB Disposal was duly completed on 31 December 2002.
8. A survey work and way leave services agreement dated 21 March 2002 between Transmission Technology Sdn Bhd ("TTSB") in collaboration with Sharikat Permodalan Kebangsaan Berhad ("SPK") (jointly known herein as the TTSB-SPK Consortium) and Sabah Electricity Sdn Bhd ("SESB") for the TTSB-SPK Consortium to undertake, carry out, execute, complete the survey work and wayleave services in relation to the East-West Grid Interconnection Project for a consideration of RM2,824,500.
9. A Letter of Award dated 26 March 2002 from SESB to the TTSB-SPK Consortium wherein TTSB-SPK Consortium was awarded to undertake the Implementation of 275kilovolt ("kV") and 132kV Transmission Lines Project For East-West Grid Interconnection ("the Sabah East-West Project") subject to the final approval from the Federal Treasury, Ministry of Finance at a contract price of RM425,000,000. On 12 July 2002, SESB issued its Letter of Acceptance based on a contract price of RM400,000,000. Subsequently, on 4 October 2002, the TTSB-SPK Consortium entered into a Main Contract with SESB in relation to the Sabah East-West Project. The total contract price is RM400,000,000 which includes a provisional sum of

RM10,000,000 for telecommunication equipment. Among the salient terms of the contract include:

- (a) The duration of the contract is thirty-six (36) months from the date of acceptance of the Letter of Award;
- (b) Provision of a Performance Bond by the TTSB-SPK Consortium for the sum of RM20,000,000 being 5% of the total Contract Price;
- (c) Validity of the Performance Bond is for sixty (60) months;
- (d) The TTSB-SPK Consortium shall maximise the usage of locally manufactured goods. Priority shall be given to manufacturers developed under the Tenaga Nasional Berhad and/or SESB Vendor Development Programme

10. A conditional Sale and Purchase of Share Agreement dated 29 August 2002 between ZMSB, Sasaran Bahagia Sdn Bhd ("SBSB") and Zelleco Engineering Sdn Bhd ("ZESB") whereby Zelleco (M) Sdn Bhd ("ZMSB") has agreed to sell to SBSB 11,983,300 ordinary shares ("the Sale Shares") of RM1.00 each representing 70% of the enlarged issued and paid up capital of ZESB ("Proposed Disposal"). The consideration for the Sale Shares shall be satisfied as follows:

- (a) SBSB shall pay ZMSB RM1.00 upon the execution of the Sale and Purchase of Share Agreement;
- (b) SBSB shall cause to be settled to ZESB's creditor, i.e. MRCB, a sum of RM10,500,000.00 ("the Debt Amounts") through the creation and issuance of redeemable secured term debt ("RSTD") by ZESB to MRCB

In consideration of the Sale Shares and as a continuing security for the repayment of the Debt Amounts and the due performance of SBSB, a Memorandum of Deposit dated 29 August 2002 was entered into between SBSB and MRCB whereby SBSB as beneficial owner of the Sale Shares, has charged by way of a first legal mortgage to MRCB all the rights, title and interests of SBSB in and to the Sale Shares.

11. A Joint Venture and Shareholders' Agreement dated 24 October 2002 between MRCB and Wira Kristal Sdn Bhd ("WKSB") whereby the parties herein have agreed to establish a joint venture company known as Nuzen Corporation Sdn Bhd ("NCSB") which in turn will wholly own a company known as Konsortium Lebuhraya Utara-Timur (KL) Sdn Bhd ("KLUT"). By a Letter of Exclusivity dated 10 May 2001, the Government of Malaysia ("the Government") has agreed to privatise the design, construction, operation and management of the Kuala Lumpur North East Expressway ("the Project") whereby KLUT has been awarded with the Project. Both MRCB and WKSB via NCSB have agreed to use KLUT as the vehicle for the joint venture between the parties to undertake the implementation of the Project in accordance with the terms and conditions of a concession agreement to be negotiated and entered into with the Government. All the issued share capital of NCSB shall be held by the parties in the following proportions:

<u>Party</u>	<u>Percentage of Shareholding</u>
WKSB	70%
MRCB	30%

12. A conditional sale and purchase agreement dated 15 January 2003 ("SPA") entered into between MRCB and 9 individual vendors ("Vendors") for the proposed acquisition by MRCB ("the Proposed Acquisition") of 100% equity interest in Landas Utama Sdn Bhd ("LUSB") comprising of 320,000 ordinary shares of RM1.00 each ("the Sale Shares"). The consideration for the Proposed Acquisition comprises of:-
 - a. a cash consideration amounting to RM88,000,591.00 ("the Cash Consideration"); and
 - b. the procurement by MRCB of the unconditional release of the personal guarantees ("Guarantee") given by the Vendors in relation to a banking facility of RM134,999,409.99 ("the Banking Facility") which was granted to LUSB by Bumiputra-Commerce Bank Berhad ("the Lender") under a Facilities Agreement dated 4 May 2000.

4.2. TV3

Save as disclosed below, neither TV3 nor its subsidiaries have entered into any material contracts outside the ordinary course of business within two (2) years preceding the date of this document:-

1. On 15 March 2001, TV3 had issued an irrevocable letter of undertaking to CAHB to dispose of 74,516,998 units in First Malaysia Property Trust ("FMPT") representing approximately 70.39% interest in FMPT for a total cash consideration of RM46,573,124. The disposal was approved by the shareholders of TV3 at an EGM on 1 October 2001.
2. A conditional agreement dated 22 October 2001 between MRCB, TV3 and Newco in respect of the parties' mutual intention and obligation to carry out the Proposed Demerger, Proposed TV3 Scheme of Arrangement and Proposed IT Scheme.
3. A Deed of Settlement dated 15 August 2002 between TV3 and Cableview Services Sdn Bhd ("CVS") to allow CVS to transfer certain equipment useful for broadcasting purposes and other kinds of equipment to TV3, and TV3 would release CVS from all claims to the value of RM1,318,294.03 and any further advances to be made by TV3 up to the amount of RM3,251,766.76.

4.3. NSTP

To the best knowledge of the Directors of MRCB and save as disclosed below, there are no material contracts (not being contracts entered into the ordinary course of business) entered into by NSTP and its subsidiaries during the two (2) years preceding the date of this document:-

On 26 December 2001, NSTP announced the proposed disposal of 140,000,000 ordinary shares in CAHB representing 11.82% of the issued and paid-up share capital to EPF for a purchase consideration of RM910.0 million. The proposed disposal was completed on 2 April 2002.

5. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the registered office of MRCB at Aras 10, Menara MRCB, No.2, Jalan Majlis 14/10, Seksyen 14, 40000 Shah Alam, Selangor Darul Ehsan, from the date of this document up to and including the date of the latest date of any of the respective meetings during normal business hours (9.00 a.m. to 5.00 p.m.) from Mondays to Fridays (except public holidays):-

- (i) Memorandum and Articles of Association of MRCB, NSTP, TV3, Newco;
- (ii) The audited accounts of MRCB, NSTP, TV3 for the past five (5) financial years ended 31 August 2002 and their respective unaudited quarterly report for the quarter ended 30 November 2002;
- (iii) The audited accounts of Newco for the period ended 31 August 2001 and the financial year ended 31 August 2002 and its latest management report for the period ended 30 November 2002;
- (iv) The letters of consent referred to in this document under Paragraph 2 of this Appendix;
- (v) Writ of litigation relating to the material litigation referred to in Paragraph 3 of this Appendix;
- (vi) Material contracts referred to in this document under Paragraph 4 of this Appendix;
- (vii) The draft TV3 Scheme of Arrangement document;
- (viii) The draft trust deed for the RULS and ICULS;
- (ix) The draft deed poll for the Bonds and Warrants;
- (x) Proforma Consolidated Balance Sheets of MRCB, Newco and TV3 as at 31 August 2002 together with the reporting accountant's letters thereon; and
- (xi) Consolidated profit forecasts of MRCB and TV3/Newco and the bases and assumptions thereof for the financial year ending 31 August 2003 together with the reporting accountant's letters thereon.



MALAYSIAN RESOURCES CORPORATION BERHAD

(Company No: 7994-D)
(Incorporated in Malaysia)

NOTICE OF EXTRAORDINARY GENERAL MEETING

Notice is hereby given that an Extraordinary General Meeting of MALAYSIAN RESOURCES CORPORATION BERHAD ("MRCB" or the "Company") will be held at Dewan Perdana, Aras 2, Hotel Grand Bluewave, Persiaran Perbandaran, Seksyen 14, 40000 Shah Alam, Selangor Darul Ehsan on Tuesday, 25 February 2003 at 10.30 a.m. (or immediately following the conclusion or adjournment of the Company's 32nd Annual General Meeting to be held on the same day at 10.00 a.m.) for the purpose of considering and, if thought fit, passing the following resolutions:

RESOLUTION NO. 1 – PROPOSED ACQUISITION OF TV3

To be passed as an Ordinary Resolution

THAT approval be and is hereby given for Media Prima Berhad (*formerly known as Profitune Berhad*) ("MPB") (532975-A), a company which is currently a wholly owned subsidiary of MRCB, to undertake the proposed acquisition of the entire issued and paid up capital of Sistem Televisyen Malaysia Berhad ("TV3") (T 106645), comprising the following which will be issued, pursuant to the proposed scheme of arrangement between TV3 and its shareholders as well as TV3 and its scheme creditors (herein referred to as the "Proposed TV3 Scheme of Arrangement"):-

- (a) 68,127,204 ordinary shares of RM1.00 each in the capital of TV3 held by TV3's existing shareholders after its proposed capital reduction, consolidation and subdivision (as set out in section 2.1.1 of the circular to shareholders of MRCB dated 31 January 2003); and
- (b) the rights of allotment to up to 223,611,425 new TV3 shares to be issued to TV3's scheme creditors pursuant to TV3's proposed debt settlement (as set out in section 2.1.2 of the circular to shareholders of MRCB dated 31 January 2003);

at a total consideration of up to RM291,738,629 or RM1.00 per TV3 share to be fully satisfied by the issue of rights to allotment of up to 265,216,935 new ordinary shares of RM1.00 each in the capital of MPB credited as fully paid at an issue price of RM1.10 per MPB share, in accordance with the terms of the Proposed TV3 Scheme of Arrangement, such new ordinary shares of MPB to rank *pari passu* in all respects with the existing issued and paid-up ordinary shares of MPB but shall not be entitled to any dividend, right, allotment or other form of distribution that may be declared, made or paid prior to the date of allotment of the new shares (herein referred to as the "Proposed Acquisition of TV3");

AND THAT the directors of MRCB be and are hereby authorised to do all things to give effect to and for the purposes of completing or implementing the Proposed Acquisition of TV3, with full power to assent to any condition, modification, variation and/or amendment as may be required or permitted by any relevant authority.

RESOLUTION NO. 2 – PROPOSED ACQUISITION OF NEWCO

To be passed as an Ordinary Resolution

THAT approval be and is hereby given for MRCB to acquire all the shares in the capital of Media Prima Berhad (*formerly known as Profitune Berhad*) ("MPB") (532975-A) not held by MRCB, being the rights to allotment of up to 234,464,026 new MPB shares to be issued under the Proposed Acquisition of TV3 (as defined in resolution no. 1), at a total consideration of up to RM257,910,429 or RM1.10 per MPB share to be fully satisfied by the issue of up to 177,869,261 new ordinary shares of RM1.00 each in the capital of MRCB credited as fully paid at an issue price of RM1.45 per MRCB share, in accordance with the terms of the Proposed TV3 Scheme of Arrangement (defined in resolution no. 1 above) (herein referred to as the "Proposed Acquisition of Newco");

AND THAT the directors of MRCB be and are hereby authorised pursuant to and in accordance with section 132D of the Companies Act 1965 to give effect to the Proposed Acquisition of Newco and accordingly to effect the allotment and issue of the new ordinary shares in the capital of MRCB, such new ordinary shares to rank pari passu in all respects with the existing issued and paid-up ordinary shares of MRCB and shall participate in the Proposed Demerger (defined in resolution no. 7 below) but shall not be entitled to any dividend, right, allotment or other form of distribution that may be declared, made or paid prior to the date of allotment of the new shares;

AND THAT the directors of MRCB be and are hereby authorised to do all things to give effect to and for the purposes of completing or implementing the Proposed Acquisition of Newco and the issue of new MRCB shares with full power to assent to any condition, modification, variation and/or amendment as may be required or permitted by any relevant authority;

AND THAT this authority shall be without prejudice to any other authority to issue shares under the said section 132D previously granted before or on the date on which this resolution is passed.

RESOLUTION NO. 3 – PROPOSED TRANSFER OF NSTP

To be passed as an Ordinary Resolution

THAT subject to all approvals for the resolutions tabled at the Extraordinary General Meeting and Court convened meeting of Sistem Televisyen Malaysia Berhad (a 49.6% owned associated company of MRCB) be obtained, approval be and is hereby given for MRCB to dispose to Media Prima Berhad (formerly known as Profitune Berhad) ("MPB") (532975-A) 94,035,540 ordinary shares of RM1.00 each in the capital of The New Straits Times Press (Malaysia) Berhad ("NSTP") (4485-H), comprising approximately 43.5% of the entire issued and paid up capital of NSTP, for a total consideration of RM 399,651,045 (or RM 4.25 per NSTP share) to be satisfied as follows:

- (a) MPB to issue to MRCB 199,682,768 new ordinary shares of RM1.00 each in the capital of MPB credited as fully paid at an issue price of RM1.10 per MPB share, such new ordinary shares to rank pari passu in all respects with the existing issued and paid-up ordinary shares of MPB but shall not be entitled to any dividend, right, allotment or other form of distribution that may be declared, made or paid prior to the date of allotment of the new shares;
- (b) MPB to issue to MRCB RM 180 million nominal amount of 2% 5-year irredeemable convertible unsecured loan stocks ("ICULS") credited as fully paid at an issue price equal to its nominal value, which ICULS are convertible at RM3.00 nominal value of ICULS for 2 new ordinary shares of RM1.00 each of MPB from the 2nd anniversary up to the 5th anniversary of the issue date of the ICULS, such new ordinary shares to rank pari passu in all respects with the existing issued and paid-up ordinary shares of MPB but shall not be entitled to any dividend, right, allotment or other form of distribution that may be declared, made or paid prior to the date of allotment of the new shares; and
- (c) MPB to write put options (which can be exercised within 5 years from the date of issue of the ICULS) in favour of the lenders of MRCB in respect of all the ICULS at a strike price equal to the nominal value of the ICULS and to be secured by a charge over 47,368,421 ordinary shares of NSTP held by MPB, with authority for the directors of MRCB to waive this put option. The directors of MRCB will waive the put option;

(herein referred to as the "Proposed Transfer of NSTP");

AND THAT the directors of Newco be and are hereby authorised to issue up to 120 million ordinary shares of RM1.00 each in Newco pursuant to the conversion of the ICULS;

AND THAT the directors of MRCB be and are hereby authorised to do all things to give effect to and for the purposes of completing or implementing the Proposed Transfer of NSTP, with full power to assent to any condition, modification, variation and/or amendment as may be required or permitted by any relevant authority.

RESOLUTION NO. 4 – PROPOSED RESTRICTED ISSUE

To be passed as an Ordinary Resolution

THAT approval be and is hereby given for MRCB to subscribe for 77,300,000 new ordinary shares of RM1.00 each in the capital of Media Prima Berhad (*formerly known as Profitune Berhad*) ("MPB") (532975-A) for RM85,030,000 or at an issue price of RM1.10 per MPB share payable in cash, such new ordinary shares to rank pari passu in all respects with the existing issued and paid-up ordinary shares of MPB but shall not be entitled to any dividend, right, allotment or other form of distribution that may be declared, made or paid prior to the date of allotment of the new shares (herein referred to as the "Proposed Restricted Issue");

AND THAT the directors of MRCB be and are hereby authorised to do all things to give effect to and for the purposes of completing or implementing the Proposed Restricted Issue, with full power to assent to any condition, modification, variation and/or amendment as may be required or permitted by any relevant authority.

RESOLUTION NO. 5 – PROPOSED BONDS WITH WARRANTS ISSUE

To be passed as an Ordinary Resolution

THAT approval be and is hereby given for Media Prima Berhad (*formerly known as Profitune Berhad*) ("MPB") (532975-A), a company which is currently a wholly owned subsidiary of MRCB, to undertake the proposed issue to Gabungan Kesturi Sdn Bhd (553868-A) of:

- (a) RM 125 million nominal amount of 5-year 4.5% bonds at an issue price equal to 70% of the nominal amount totalling RM87,500,000;
- (b) with 115 million detachable warrants at an issue price of RM11,500,000 or RM0.10 per warrant, each warrant having the right to subscribe to one new ordinary share of MPB at exercise price of RM1.10, such new ordinary shares to rank pari passu in all respects with the existing issued and paid-up ordinary shares of MPB but shall not be entitled to any dividend, right, allotment or other form of distribution that may be declared, made or paid prior to the date of allotment of the new shares. The warrants can be exercised at any time on or before the maturity date falling five (5) years from the date of issue of the warrants;

details of which has been set out in section 2.4.2 of the circular to shareholders of MRCB dated 31 January 2003 (herein referred to as the "Proposed Bonds with Warrants Issue");

AND THAT the directors of Newco be and are hereby authorised to issue up to 115 million ordinary shares of RM1.00 each in Newco pursuant to the exercise of the warrants;

AND THAT the directors of MRCB be and are hereby authorised to do all things to give effect to and for the purposes of completing or implementing the Proposed Bonds with Warrants Issue, with full power to assent to any condition, modification, variation and/or amendment as may be required or permitted by any relevant authority.

RESOLUTION NO. 6 – PROPOSED TRANSFER OF LISTING

To be passed as an Ordinary Resolution

THAT approval be and is hereby given for Media Prima Berhad (*formerly known as Profitune Berhad*) ("MPB") (532975-A), a company which is currently a wholly owned subsidiary of MRCB, to be listed on the main board of the Kuala Lumpur Stock Exchange in the place of Sistem Televisyen Malaysia Berhad ("TV3") (T 106645) (herein referred to as the "Proposed Transfer of Listing");

AND THAT the directors of MRCB be and are hereby authorised to do all things to give effect to and for the purposes of completing or implementing the Proposed Transfer of Listing, with full power to assent to any condition, modification, variation and/or amendment as may be required or permitted by any relevant authority.

RESOLUTION NO. 7 – PROPOSED DEMERGER

To be passed as a Special Resolution

THAT the paid up share capital and the share premium account of MRCB be reduced and capital repaid to the shareholders of MRCB in the following manner (herein referred to as the "Proposed Demerger"):

- (a)
 - (i) that the Specified Shares in the capital of MRCB be reduced by cancelling paid up capital of RM0.33 $\frac{1}{2}$ upon each share and reducing the nominal amount of each share to RM0.66 $\frac{2}{3}$;
 - (ii) for purposes of avoiding fractions of an ordinary share arising upon the consolidation and subdivision in paragraph (b) below, if (and only if) the number of issued ordinary shares in the capital of MRCB when multiplied by $\frac{3}{2}$ is not equal to a whole number, then immediately after the said capital reduction referred to in paragraph (a)(i) above:
 - (1) where the fraction arising when the said number of issued ordinary shares is multiplied by $\frac{3}{2}$ is $\frac{1}{2}$, then 1 of the ordinary shares of RM 0.66 $\frac{2}{3}$ held by Norsham binti Ishak (or such other person as the directors of MRCB may nominate and who shall have consented to this additional reduction) shall be further cancelled entirely; or
 - (2) where the fraction arising when the said number of issued ordinary shares is multiplied by $\frac{3}{2}$ is $\frac{1}{3}$, then 2 of the ordinary shares of RM 0.66 $\frac{2}{3}$ held by Norsham Binti Ishak (or such other person as the directors of MRCB may nominate and who shall have consented to this additional reduction) shall be further cancelled entirely;
 - (iii) that the entire share premium account of MRCB as at the Hearing Record Time (comprising approximately RM1,008.5 million audited share premium account as at 31 August 2002 and the share premium arising from the issue of the Consideration Shares, the Placement Shares and the ESOS Shares) shall be cancelled;
- (b) immediately after the said capital reduction referred to in paragraph (a) above, each issued ordinary share of RM0.66 $\frac{2}{3}$ in MRCB shall be consolidated and subdivided on the basis of three (3) ordinary shares of RM0.66 $\frac{2}{3}$ each into one (1) ordinary share of RM2.00 each, which will in turn be divided into two (2) ordinary shares of RM1.00 each upon which the sum of RM1.00 shall be credited as having been fully paid up (hereinafter referred to as the "consolidated shares") fractions to be disregarded and the consolidated shares which represent fractional interests shall be dealt with by the directors of MRCB at their sole discretion;
- (c) immediately after the said capital consolidation and subdivision referred to in paragraph (b) above, the authorised share capital of MRCB which has been reduced pursuant to paragraph (a) above shall be increased by an amount equal to the capital reduced pursuant to paragraph (a) above (which shall not exceed RM416,979,586) so as to restore the authorised capital to its original amount prior to the said capital reduction of RM2,000,000,000 by the creation of the requisite number of new ordinary shares of RM 1.00 each ranking pari passu with the ordinary shares of RM 1.00 each resulting from the said capital consolidation and subdivision;
- (d) the credit arising from the said capital reduction will be utilised as follows:
 - (i) all of the credit of RM0.33 $\frac{1}{2}$ per Specified Share or up to RM 417.0 million arising from the reduction referred to in sub-paragraph (a)(i) above plus the necessary part of the credit arising from the reduction referred to in sub-paragraph (a)(iii) above will be utilised to return capital to the members of MRCB, to be fully satisfied by MRCB distributing in specie of up to 542,499,703 ordinary shares in the capital of Media Prima Berhad (*formerly known as Profitune Berhad*) ("MPB") (532975-A) or procuring that the rights of allotment to shares in the capital of MPB held by MRCB shall be allotted, credited as fully paid up and such new ordinary shares to rank pari passu in

all respects with the existing issued and paid-up ordinary shares of MPB but shall not be entitled to any dividend, right, allotment or other form of distribution that may be declared, made or paid prior to the date of allotment of the new shares, to the relevant holders of the Specified Shares being so reduced on the basis of 1.3 MPB shares for every 3 Specified Shares being so reduced;

PROVIDED THAT fractions of a share (or right of allotment to a share) in the capital of MPB will not be distributed to the relevant holders of the Specified Shares being so reduced but will be dealt with by the directors of MRCB at their sole discretion;

- (ii) the balance of the credit arising from the said capital reduction referred to in subparagraph (a)(iii) above plus any credit arising from the cancellation of the additional share or shares pursuant to paragraph (a)(ii) above will be utilised to reduce the accumulated losses of MRCB;
- (e) the directors of MRCB be and are hereby authorised to do all things to give effect to and for the purposes of completing or implementing the Proposed Demerger, with full power to assent to any condition, modification, variation and/or amendment as may be required by any relevant authority or by the Court;
- (f) for the purpose of this resolution:
 - (i) the "Specified Shares" means up to 1,250,938,760 ordinary shares in the capital of MRCB, comprising:
 - (1) the Existing Shares, namely all the ordinary shares in the capital of MRCB in issue on the Voting Record Time;
 - (2) the Consideration Shares, namely all the ordinary shares in the capital of MRCB to be allotted and issued at an issue price of RM1.45 per share as purchase consideration pursuant to the Proposed Acquisition of Newco (defined in resolution no. 2 above);
 - (3) the Placement Shares, namely all the ordinary shares in the capital of MRCB to be allotted and issued on or after the Voting Record Time and prior to the Hearing Record Time pursuant to the private placement proposed by MRCB and approved by the Securities Commission by letter dated 9 August 2002, including all amendments, variations and extensions thereof; and
 - (4) the ESOS Shares, namely all the ordinary shares in the capital of MRCB to be allotted and issued on or after the Voting Record Time and prior to the Hearing Record Time pursuant to the exercise of any option granted pursuant to the employee share option scheme approved by members of MRCB on 12 August 2002;
 - (ii) "Voting Record Time" means 5.00 p.m. on the fourth Business Day (i.e. a day on which the KLSE is open for the trading of securities) immediately preceding the date of the general meeting of MRCB approving this resolution;
 - (iii) "Hearing Record Time" means 5.00 p.m. on the fourth Business Day (i.e. a day on which the KLSE is open for the trading of securities) immediately preceding the day on which the order confirming this capital reduction is made pursuant to section 64 of the Companies Act 1965.

RESOLUTION NO. 8 – PROPOSED RESTRICTED OFFER FOR SALE

To be passed as an Ordinary Resolution

THAT approval be and is hereby given for MRCB to undertake a restricted offer for sale of up to RM152.9 million 2% 5-year irredeemable convertible unsecured loan stocks ("ICULS"), to be issued by Media Prima Berhad (formerly known as Profitune Berhad) ("MPB") (532975-A) as part of the consideration for the transfer to MPB of the 94,035,540 ordinary shares of RM1.00 each in the capital of The New Straits Times Press (Malaysia) Berhad (4485-H), on the basis of RM1.00 nominal amount of ICULS for every one (1) ordinary share in Newco held by shareholders of TV3 after the Proposed Demerger (as set out in section 2.8.1 of the circular to shareholders of MRCB dated 31 January 2003) at an offer price not less than the intended issue price for the ICULS of RM1.00, and a basis of RM1.00 nominal amount of ICULS for every three (3) ordinary shares of Newco held by all shareholders of MPB after the Proposed Demerger except the abovementioned shareholders of TV3 and Realmild (as set out in section 2.8.2 of the circular to shareholders of MRCB dated 31 January 2003) at an offer price not less than the intended issue price for the ICULS of RM1.00 (herein referred to as the "Proposed Restricted Offer for Sale of Newco ICULS"), together with Gabungan Kesturi Sdn Bhd (553868-A) to undertake a restricted offer for sale of up to RM115 million detachable warrants (as described in resolution No.5) on the basis of one (1) warrant for every one (1) ordinary share in Newco held by shareholders of TV3 after the Proposed Demerger (as set out in section 2.8.1 of the circular to shareholders of MRCB dated 31 January 2003) at an offer price not less than the intended issue price for the Warrants of RM0.10,

AND THAT the directors of MRCB be and are hereby authorised to do all things to give effect to and for the purposes of completing or implementing the Proposed Restricted Offer for Sale of Newco ICULS, with full power to assent to any condition, modification, variation and/or amendment as may be required or permitted by any relevant authority.

By order of the Board

Mohd Noor Rahim Yahaya (MAICSA 0866820)
Yuslizal Monek (MAICSA 7003822)
Company Secretaries
Shah Alam

31 January 2003

Notes:-

1. A member entitled to attend and vote at the Meeting is entitled to appoint a proxy (or in the case of a corporation, to appoint a representative) to attend and vote in his/her stead. A proxy need not be a member of the Company.
2. The Proxy Form must be signed by the appointor or his attorney duly authorised in writing. In the case of a corporation, it shall be executed under its Common Seal or signed by its attorney duly authorised in writing or by an officer on behalf of the corporation.
3. The instrument appointing the proxy must be deposited at the Share Registrar of the Company, Malaysian Share Registration Services Sdn Bhd, 7th Floor, Exchange Square, Bukit Kewangan, 50200 Kuala Lumpur not less than forty-eight (48) hours before the time appointed for holding the meeting or any adjournment thereof.

MRCB

MALAYSIAN RESOURCES CORPORATION BERHAD

(Company No: 7994-D)
(Incorporated in Malaysia)

FORM OF PROXY

No. of shares held

I/We*
(FULL NAME IN BLOCK LETTERS)

of
(FULL ADDRESS IN BLOCK LETTERS)

being a shareholder of **MALAYSIAN RESOURCES CORPORATION BERHAD ("MRCB")** hereby appoint

..... NRIC Number.....
(FULL NAME IN BLOCK LETTERS)

of
(FULL ADDRESS IN BLOCK LETTERS)

or failing him/her the CHAIRMAN OF THE MEETING as my/our* proxy to vote for me/us* on my/our* behalf at the Extraordinary General Meeting of MRCB to be held at Dewan Perdana, Aras 2, Hotel Grand Bluewave, Persiaran Perbandaran, Seksyen 14, 40000 Shah Alam, Selangor Darul Ehsan on Tuesday, 25 February 2003 at 10.30 a.m. (or immediately following the conclusion or adjournment of the Company's 32nd Annual General Meeting to be held on the same day at 10.00 a.m.) or at any adjournment thereof.

Please indicate the manner in which you wish your votes should be cast with an "X" in the appropriate spaces below. Unless voting instructions are specified herein, the proxy will vote or abstain from voting as he/she* thinks fit.

	FOR	AGAINST
Resolution 1 – Proposed Acquisition Of TV3		
Resolution 2 – Proposed Acquisition Of Newco		
Resolution 3 – Proposed Transfer Of NSTP		
Resolution 4 – Proposed Restricted Issue		
Resolution 5 – Proposed Bonds With Warrants Issue		
Resolution 6 – Proposed Transfer Of Listing		
Resolution 7 – Proposed Demerger		
Resolution 8 – Proposed Restricted Offer For Sale		

Dated this _____ day of _____ 2003

SIGNATURE (S) / COMMON SEAL

