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Annual Report



HARVEST COURT INDUSTRIES BERHAD

(Company No. 36998-T)



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NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Twenty-Second Annual General Meeting of the Company will be held at the **Crystal 2 (1st Floor), Crystal Crown Hotel Harbour View, 217, Persiaran Raja Muda Musa, 42000 Port Klang** on **Friday, 23rd June 2000 at 9.30 a.m.** to transact the following business :

1. To receive and adopt the Statement of Accounts for the year ended 31st December 1999 together with the Reports of Directors and Auditors thereon. **Resolution 1**
2. To consider, and if thought fit, to pass the following resolution
"That Mr. Ng Chuan Seng @ Ng Teck Huat, who has attained the age of seventy years, and retiring in accordance with Section 129(2) of the Companies Act 1965, be and is hereby re-appointed as a Director of the Company pursuant to Sub-section (6) of the same section of the Companies Act 1965, to hold office until the conclusion of the next Annual General Meeting". **Resolution 2**
3. To re-elect Mr. Ng Swee Keong who retires in accordance with the Company's Articles of Association, and being eligible offers himself for re-election. **Resolution 3**
4. To approve the payment of Directors' fees for the year ended 31st December 1999. **Resolution 4**
5. To re-appoint Messrs K.C. Chia & Noor as Auditors of the Company and to authorise the Directors to fix their remuneration. **Resolution 5**
6. To transact any other business of which due notice shall have been received,

By Order Of The Board

HU SIEW POH
SECRETARY
MAICSA 7017313

Klang
7th June 2000

Notes:

1. A member entitled to attend and vote at the Meeting is entitled to appoint a proxy or proxies to attend and vote in his stead. A member shall not be entitled to appoint a person who is not a member as his proxy unless that person is a qualified legal practitioner or an approved company auditor or a person approved by the Registrar of Companies in a particular case. Where a member appoints two or more proxies, the appointment shall be invalid unless he specifies the proportion of his holdings to be represented by each proxy.
2. The instrument appointing a proxy in the case of an individual shall be signed by the appointer or his attorney, and in the case of a corporation, executed either under its common seal or under the hand of an officer or attorney duly authorised in writing.
3. The proxy form must be deposited at the Company's Registered Office at 111, Pusat Perniagaan NBC, Jalan Meru, 41050 Klang, Selangor Darul Ehsan not less than 48 hours before the time set for holding the Meeting or any adjournment thereof.



CORPORATE INFORMATION

BOARD OF DIRECTORS

Ng Chuan Seng @ Ng Teck Huat
(Executive Chairman)

Ng Swee Kiat
(Managing Director)

Ng Swee Keong
(Executive Director)

Ng Ai Cheng
(Executive Director)

Yet Kiong Siang

Sukhinderjit Singh Muker

AUDIT COMMITTEE

Sukhinderjit Singh Muker
(Chairman and Independent Non-Executive Director)

Yet Kiong Siang
(Independent Non-Executive Director)

Ng Swee Kiat
(Managing Director)

SECRETARY

Hu Siew Poh (MAICSA 7017313)

REGISTERED OFFICE

No. 111, Pusat Perniagaan NBC
Jalan Meru
41050 Klang
Selangor Darul Ehsan
Tel : 03-3451150
Fax : 03-3451151/2

SHARE REGISTRAR

Malaysian Share Registration Services Sdn. Bhd.
7th Floor, Exchange Square
Bukit Kewangan
50200 Kuala Lumpur
Tel : 03-2068099
Fax : 03-2063736

PRINCIPAL BANKERS

Public Bank Berhad
Overseas Union Bank (Malaysia) Berhad
Perwira Affin Bank Berhad
Amanah Merchant Bank Berhad
Utama Merchant Bank Berhad
Arab-Malaysian Bank Berhad

AUDITORS

K.C. Chia & Noor
Public Accountants

SOLICITORS

Ariffin & Thava
Muker & Associates
DeCosta & Co.

STOCK EXCHANGE LISTING

The Kuala Lumpur Stock Exchange
(Second Board)



EXECUTIVE CHAIRMAN'S STATEMENT

On behalf of the Board of Directors of Harvest Court Industries Berhad, I have pleasure in presenting to you the Annual Report and Audited Accounts of the Group and of the Company for year ended 31st December 1999.

FINANCIAL PERFORMANCE

The Group recorded a loss after taxation of RM 12.97 million, which was attributed mainly to the exceptional losses after taking into account for the write down of stocks and investments amounting to RM10.53 million. However, Shareholders' funds and total assets of the Group as at 31st December 1999 stood at RM8.55 million and RM59.67 million respectively.

OPERATION OVERVIEW

During the year under review the timber export markets in Europe, America and Australia remain buoyant. The Group's timber manufacturing operations continue to be the main contributor to the Group performance. Efforts are taken to penetrate new markets and to strengthen its existing customer base. Towards this end, significant in-roads were established in China, Bangladesh, Middle-East and Poland.

The Group's website "www.harvestcourt.com" was established in January 1999. We are encouraged by the numbers of enquiries for our timber products. Further improvement to the website will be undertaken to include news update in the timber industry in Malaysia as well as overseas and a special web-page will be dedicated solely in marketing our timber products at ex-factory price.

FOCUS AND FUTURE PROSPECT

Whilst the timber export markets are expected to remain favourable, efforts will be taken in improving productivity, and increasing market shares, both in export and the local domestic markets.

The Group will also continue to explore new opportunities in the upstream activities to enhance steady supply of sawn timber for the Group's manufacturing operation. Barring any unforeseen circumstances and with the experience in the timber industry, the Group is confident that it would be able to improve its overall performance in the current year.

ACKNOWLEDGMENT

I would like to express my appreciation to the Management and Staff for their hard work and effort as well as dedication and loyalty to the Group. I would also like to express my gratitude to the Board of Directors for their continued supports.

In God We Trust

Ng Chuan Seng @ Ng Teck Huat
(Executive Chairman)

Klang
24th May 2000



AUDIT COMMITTEE

TERMS OF REFERENCE

COMPOSITION

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

- i) Executive Directors of the Company or any related corporation;
- ii) A spouse, parent, brother, sister, son or adopted son or daughter or adopted daughter of an Executive Director of the Company or of any related corporation; or
- iii) Any person having a relationship which, in the opinion of the Board of Directors, would interfere with the exercise of independent judgement in carrying out the functions of the Committee.

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

If a member of the Audit Committee resigns, dies or for any other reason ceases to be a member with the result that the number of the members is reduced below three (3), the Board of Directors shall, within three (3) months of that event, appoint such number of new members as may be required to make up the minimum number of three (3) members.

AUTHORITY

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

The Committee is also authorised by the Board to obtain outside legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary.

DUTIES

The duties of the Committee shall be:

- i) To consider the appointment of the External Auditors, the Audit fee, and any question of resignation or dismissal.
- ii) To discuss with the External Auditors before the audit commences, the nature and scope of the audit, and ensure co-ordination where more than one audit firm is involved.
- iii) To review the quarterly and annual financial statements before submission to the Board, focusing particularly on:
 - any changes in accounting policies and practices
 - major judgemental areas
 - significant adjustments resulting from the audit
 - the going concern assumption
 - compliance with accounting standards
 - compliance with stock exchange and legal requirements



AUDIT COMMITTEE

DUTIES (CONT'D)

- iv) To review any related party transactions that may arise within the Group.
- v) To review with the External Auditors.
 - their Audit reports
 - their evaluation of the system of internal control procedures
 - the assistance given to the External Auditors by the officers of the Company or any related corporation.
- vi) To discuss problems and reservations arising from the interim and final audits, and any matters the Auditors may wish to discuss (in the absence of Executive Directors where necessary).
- vii) To review the Internal Audit programme, consider the major findings of Internal Audit investigations and management's responses, and ensure co-ordination between the Internal and External Auditors.
- viii) To keep under review the effectiveness of internal control systems, and in particular review the External Auditors' management letters and management's responses.
- ix) To consider other topics, such as health and safety issues etc as may be agreed to by the Committee of the Board of Directors.

PROCEDURES

The Audit Committee may regulate its own procedures and in particular the calling of meetings, the notice to be given of such meetings, the voting and proceedings thereat, the keeping of minutes and the custody, production and inspection of such minutes.

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

ATTENDANCE AT MEETINGS

A quorum of the Audit Committee shall be two (2) members.

The Head of Finance and the Head of Internal Audit shall normally attend meetings of the Committee. The External Auditors shall have the right to appear and be heard at any meeting of the Audit Committee and shall appear before the Committee when required to do so by the Committee.

The Company Secretary shall be the Secretary of the Committee.

FREQUENCY OF MEETINGS

Meetings shall be held not less than three (3) times a year. The External Auditors may request a meeting if they consider that one is necessary, to consider any matter the External Auditors wish to bring to the attention of the directors or shareholders of the Company.



DIRECTORS' REPORT

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

SIGNIFICANT EVENT

During the financial year, the Group undertook a rationalization and restructuring exercise by transferring the Company's four core activities namely manufacturing of solid timber doors and related products, manufacturing of engineered timber doors, sawmilling and marketing of sawn timber, and kiln drying to four respective subsidiaries. The entire exercise was completed in June 1999.

PRINCIPAL ACTIVITIES

As abovementioned, the Company is principally engaged in manufacturing and marketing of solid and engineered timber doors and related products and services. Upon completion of the said exercise, the principal activities of the Company consist of investment holdings and acting as managing and marketing agents for and providing management services to its subsidiaries.

The principal activities of the subsidiaries are described in Note 15 to the accounts.

Except as abovestated, there were no other significant changes in these activities of the Company and of the Group during the financial year.

RESULTS

	Group RM	Company RM
Operating (loss)/profit before taxation	(2,012,955)	259,918
Exceptional items	<u>(12,027,793)</u>	-
(Loss)/profit before taxation	(14,040,748)	259,918
Taxation	<u>433,361</u>	<u>870,000</u>
(Loss)/Profit after taxation but before minority interests	(13,607,387)	1,129,918
Minority interests	<u>120,000</u>	-
(Loss)/Profit after taxation and minority interests	(13,487,387)	1,129,918
Retained profits brought forward	<u>2,260,270</u>	<u>2,181,670</u>
(Accumulated loss)/Retained profits carried forward	<u>(11,227,117)</u>	<u>3,311,588</u>

DIVIDENDS

No dividends were paid or declared or recommended to be paid by the Company since the end of the previous financial year.

RESERVES AND PROVISIONS

Except as those disclosed in Note 18 to the accounts, there were no other material transfers to or from reserves or provisions during the financial year.

BAD AND DOUBTFUL DEBTS

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

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

DIRECTORS' REPORT

CURRENT ASSETS

Before the profit and loss accounts and balance sheets were made out, the directors took reasonable steps to ensure that any current assets which were unlikely to be realised in the ordinary course of business their values as shown in the accounting records of the Company and of the Group have been written down to an amount which they might be expected so to realise.

At the date of this report, the directors are not aware of any circumstances which would render the values attributed to the current assets in the accounts of the Company and of the Group misleading.

VALUATION METHODS

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

CONTINGENT AND OTHER LIABILITIES

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

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

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

CHANGE OF CIRCUMSTANCES

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

ITEMS OF AN UNUSUAL NATURE

Except as exceptional items disclosed in Note 20 to the accounts, the results of the operations of the Company and of the Group during the financial year were not, in the opinion of the directors, substantially affected by any item, transaction or event of a material and unusual nature.

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

DIRECTORS

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

Ng Chuan Seng @ Ng Teck Huat
Ng Swee Kiat
Ng Swee Keong
Ng Ai Cheng (f)
Yet Kiong Siang
Sukhinderjit Singh Muker

In accordance with Section 129(2) of the Companies Act, 1965, Ng Chuan Seng @ Ng Teck Huat retires and being eligible, offers himself for re-election.

In accordance with the Company's Articles of Association, Ng Swee Keong retires at the forthcoming Annual General Meeting and, being eligible, offers himself for re-election.



DIRECTORS' REPORT

DIRECTORS' BENEFITS

During and at the end of the financial year, no arrangements subsisted to which the Company or its subsidiaries is a party with the object of enabling directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the directors as shown in the accounts or the fixed salary of a full time employee of the Company and those transactions as disclosed in Note 25 to the accounts) by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

DIRECTORS' INTEREST

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

		Number of Ordinary Shares of RM1 each			
		1 January, 1999	Bought	Sold	31 December, 1999
The Company -					
NG CHUAN SENG					
@ NG TECK HUAT	- direct	-	-	-	-
	- indirect	8,164,200	-	-	8,164,200
NG SWEE KIAT					
	- direct	495,000	-	-	495,000
	- indirect	8,164,200	-	-	8,164,200
NG SWEE KEONG					
	- direct	495,000	-	-	495,000
	- indirect	8,164,200	-	-	8,164,200
NG AI CHENG					
YET KIONG SIANG					
SUKHINDERJIT SINGH MUKER					
		10,000	-	-	10,000

By virtue of Section 6A of the Companies Act, 1965, Ng Chuan Seng @ Ng Teck Huat, Ng Swee Kiat, Ng Swee Keong and Ng Ai Cheng are deemed interested in the shares of all subsidiaries to the extent that the Company has an interest.

AUDITORS

K. C. Chia & Noor retire and have indicated their willingness to accept re-appointment.

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

NG SWEE KIAT

NG AI CHENG

Kuala Lumpur
18 April 2000



STATEMENT BY DIRECTORS

We, NG SWEE KIAT and NG AI CHENG, being two of the directors of HARVEST COURT INDUSTRIES BERHAD, do hereby state that in the opinion of the directors, the accompanying balance sheets of the Company and of the Group as at 31 December, 1999 and the profit and loss accounts of the Company and of the Group and cash flow statement of the Group for the year then ended, together with the notes thereto, give a true and fair view of the state of affairs of the Company and of the Group as at 31 December, 1999 and of the results of the Company and of the Group and cash flows of the Group for the year then ended, and have been properly drawn up in accordance with applicable approved accounting standards.

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

NG SWEE KIAT

NG AI CHENG

Kuala Lumpur
18 April 2000

STATUTORY DECLARATION

I, NG SWEE KIAT, the director primarily responsible for the financial management of HARVEST COURT INDUSTRIES BERHAD, do solemnly and sincerely declare that the accompanying balance sheets of the Company and of the Group as at 31 December, 1999 and the profit and loss accounts of the Company and of the Group and cash flow statement of the Group for the year then ended, together with the notes thereto are, to the best of my knowledge and belief correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared)
by the abovenamed NG SWEE KIAT)
at Kuala Lumpur in the Federal)
Territory on 18 April 2000.) NG SWEE KIAT

Before me,

Manmohan Singh A/L Chanan Singh (W186)
Commissioner for Oaths



AUDITORS' REPORT

TO THE SHAREHOLDERS OF HARVEST COURT INDUSTRIES BERHAD

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

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

In our opinion,

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

We have considered the accounts and the auditors' report of a subsidiary of which we have not acted as auditors, as indicated in Note 15 to the accounts, being accounts that have been included in the consolidated accounts.

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

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

K. C. CHIA & NOOR (AF : 0922)
Public Accountants

CHIA KWONG CHOW
1127/1/02(J)

Kuala Lumpur
18 April 2000



CONSOLIDATED BALANCE SHEET

AS AT 31 DECEMBER, 1999

	<u>Note</u>	<u>1999</u> RM	<u>1998</u> RM
CURRENT ASSETS			
Cash and bank balances		300,585	455,799
Fixed deposits with licensed financial institutions		975,217	502,572
Trade debtors	2	7,902,652	13,813,400
Other debtors, deposits and prepayments		1,133,387	1,140,621
Stocks	4	10,666,234	19,114,675
		<u>20,978,075</u>	<u>35,027,067</u>
CURRENT LIABILITIES			
Short term borrowings	5	24,498,073	23,432,736
Trade creditors		2,713,598	4,838,271
Other creditors and accruals	6	4,745,165	5,664,124
Hire purchase and lease creditors	8	784,182	812,949
Term loans	9	5,503,013	1,378,972
Provision for taxation		3,491,520	3,437,289
		<u>41,735,551</u>	<u>39,564,341</u>
NET CURRENT LIABILITIES		(20,757,476)	(4,537,274)
GOODWILL ON CONSOLIDATION	10	415,223	433,276
EXPENDITURE CARRIED FORWARD	11	552,141	416,383
FIXED ASSETS	12	18,768,362	17,590,807
PROPERTY DEVELOPMENT EXPENDITURE	13	18,910,000	22,966,144
INTEREST IN ASSOCIATED COMPANY	14	44,285	44,285
OTHER CREDITORS & ACCRUALS	6	(1,504,898)	(2,000,000)
HIRE PURCHASE AND LEASE CREDITORS	8	(857,714)	(797,480)
TERM LOANS	9	(6,371,019)	(10,790,872)
DEFERRED TAXATION	16	(652,500)	(1,139,000)
MINORITY INTERESTS		-	(120,000)
		<u>8,546,404</u>	<u>22,066,269</u>
SHAREHOLDERS' FUNDS			
Share capital	17	19,800,000	19,800,000
(Deficits)/Reserves	18	(11,253,596)	2,266,269
		<u>8,546,404</u>	<u>22,066,269</u>

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



CONSOLIDATED PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31ST DECEMBER, 1999

<u>Note</u>		<u>1999</u> RM	<u>1998</u> RM
Turnover		<u>35,747,707</u>	<u>52,540,186</u>
Cost of sales		<u>29,403,356</u>	<u>40,884,917</u>
Operating (loss)/profit before taxation	19	(2,012,955)	283,454
Exceptional items	20	<u>(12,027,793)</u>	<u>(3,747,770)</u>
Loss before taxation		(14,040,748)	(3,464,316)
Taxation	21	<u>433,361</u>	<u>(86,489)</u>
Loss after taxation but before minority interests		(13,607,387)	(3,550,805)
Minority interests		120,000	-
Loss after taxation and minority interests		<u>(13,487,387)</u>	<u>(3,550,805)</u>
Retained profits brought forward		2,260,270	5,811,075
(Accumulated loss)/Retained profits carried forward		<u>(11,227,117)</u>	<u>2,260,270</u>
(Accumulated)/Retained by :			
The Company		3,311,588	2,181,670
Subsidiaries		(14,552,990)	64,315
Associated Company		14,285	14,285
		<u>(11,227,117)</u>	<u>2,260,270</u>
Loss per share (sen)	22	<u>(68.12)</u>	<u>(17.93)</u>

The accompanying notes are an integral part of this account.



CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31ST DECEMBER 1999

	<u>1999</u> RM	<u>1998</u> RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(14,040,748)	(3,464,316)
Adjustments for :		
Preliminary expenses written off	9,800	-
Pre-operating expenses written off	17,899	-
Provision for doubtful debts no longer required	(94,564)	-
Fixed assets written off	-	83,138
Bad debts written off	107,945	5,579
Exceptional items	12,027,793	3,747,770
Depreciation of fixed assets	1,609,213	1,606,851
Amortisation of goodwill on consolidation	18,053	18,053
Exchange translation adjustment	(32,478)	19,746
Loss/(Gain) on disposal of fixed assets	42,963	(6,702)
Interest expense	1,821,471	2,036,446
Interest income	(41,066)	(62,993)
Operating profit before working capital changes	<u>1,446,281</u>	<u>3,983,572</u>
Decrease in stocks	4,375,683	2,964,954
Decrease in debtors	4,404,601	71,735
(Decrease)/increase in creditors	(3,591,470)	5,878,643
Cash generated from operations	<u>6,635,095</u>	<u>12,898,904</u>
Interest paid	(1,953,326)	(3,609,575)
Property development expenditure	(2,566,147)	(5,258,962)
Pre-operating expenses	(80,193)	(127,986)
Net cash from operating activities	<u>2,035,429</u>	<u>3,902,381</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	41,066	62,993
Net proceeds from disposal of fixed assets	598,635	22,300
Purchase of fixed assets	(2,938,029)	(4,405,827)
Disposal of subsidiaries net of cash disposed of (Note B)	-	1,788,494
Net cash used in investing activities	<u>(2,298,328)</u>	<u>(2,532,040)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from term loans	-	7,433,000
Repayment of hire purchase and lease creditors	(734,533)	(956,220)
Repayment of term loans	(295,812)	(44,368)
Net cash (used in)/from financing activities	<u>(1,030,345)</u>	<u>6,432,412</u>
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(1,293,244)	7,802,753
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	(10,990,549)	(18,775,474)
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note C)	<u>(12,283,793)</u>	<u>(10,972,721)</u>



CONSOLIDATED CASH FLOW STATEMENT

NOTES :

A. Summary of the Acquisition of Subsidiaries

	<u>1999</u> RM	<u>1998</u> RM
Current assets	2	102
Current liabilities	(2,500)	(8,490)
Expenditure carried forward	2,500	8,490
Total purchase price	<u>2</u>	<u>102</u>
Cash acquired	(2)	(102)
Cash flow on acquisition net of cash acquired	<u>-</u>	<u>-</u>

B. Summary of the Disposal of Subsidiaries

	<u>1999</u> RM	<u>1998</u> RM
Fixed assets	-	1,860,093
Current assets	-	4,383,703
Current liabilities	-	(6,313,343)
Non-current liabilities	-	(1,106,362)
Expenditure carried forward	-	11,196
Total net liabilities	<u>-</u>	<u>(1,164,713)</u>
Gain on disposal	-	1,164,805
Total disposal price	-	92
Cash and bank balances disposed of	<u>-</u>	<u>1,788,402</u>
Cash flow on disposal net of cash disposed of	<u>-</u>	<u>1,788,494</u>

C. Cash and Cash Equivalents comprise the following :

	<u>1999</u> RM	<u>1998</u> RM
Cash and bank balances	300,585	455,799
Fixed deposits with licensed financial institutions	975,217	502,572
Bank overdrafts	(4,358,784)	(2,731,092)
Revolving credits	(9,200,811)	(9,200,000)
	<u>(12,283,793)</u>	<u>(10,972,721)</u>

The accompanying notes are an integral part of this statement.



BALANCE SHEET

AS AT 31ST DECEMBER 1999

	<u>Note</u>	<u>1999</u> RM	<u>1998</u> RM
CURRENT ASSETS			
Cash and bank balances		219,555	-
Trade debtors	2	2,165,030	4,127,209
Other debtors and deposits		494,522	750,926
Due from subsidiaries	3	32,568,477	26,937,063
Stocks	4	-	15,457,872
		<u>35,447,584</u>	<u>47,273,070</u>
CURRENT LIABILITIES			
Short term borrowings	5	21,793,564	21,504,433
Trade creditors		1,641,518	4,062,880
Other creditors and accruals	6	1,927,455	3,152,541
Due to subsidiaries	7	5,951,736	6,306,358
Hire purchase and lease creditors	8	625,480	605,276
Term loan	9	1,000,000	750,000
Provision for taxation		859,000	859,000
		<u>33,798,753</u>	<u>37,240,488</u>
NET CURRENT ASSETS		1,648,831	10,032,582
FIXED ASSETS	12	409,199	9,397,683
INTEREST IN ASSOCIATED COMPANY	14	30,000	30,000
INVESTMENT IN SUBSIDIARIES	15	26,666,091	9,266,095
HIRE PURCHASE AND LEASE CREDITORS	8	(629,533)	(611,690)
TERM LOAN	9	(4,933,000)	(5,183,000)
DEFERRED TAXATION	16	(80,000)	(950,000)
		<u>23,111,588</u>	<u>21,981,670</u>
SHAREHOLDERS' FUNDS			
Share capital	17	19,800,000	19,800,000
Reserves	18	3,311,588	2,181,670
		<u>23,111,588</u>	<u>21,981,670</u>

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31ST DECEMBER, 1999

	<u>Note</u>	<u>1999</u> RM	<u>1998</u> RM
Turnover		57,836,921	47,332,434
Cost of sales		<u>55,061,103</u>	<u>37,963,348</u>
Operating profit before taxation	19	259,918	974,110
Exceptional items	20	-	(4,418,460)
Profit/(Loss) before taxation		259,918	(3,444,350)
Taxation	21	870,000	-
Profit/(Loss) after taxation		1,129,918	(3,444,350)
Retained profits brought forward		2,181,670	5,626,020
Retained profits carried forward		<u>3,311,588</u>	<u>2,181,670</u>

The accompanying notes are an integral part of this account.



NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST DECEMBER, 1999

1. SIGNIFICANT ACCOUNTING POLICIES

a. **Basis of Accounting**

The accounts have been prepared under the historical cost convention modified by revaluation of certain assets and in accordance with the applicable approved accounting standards.

b. **Depreciation**

Depreciation is computed on the straight line method over the estimated useful lives of the related assets. The annual rates of depreciation are as follows :

	%
Freehold buildings	2
Leasehold buildings	2
Plant and machinery	5 - 10
Office furniture, fittings and equipment	10
Motor vehicles	10 - 20
Renovation	20

c. **Interest Capitalisation**

Interest incurred on external borrowing to fixed assets and development properties under construction is capitalised. Interest related to fixed assets is capitalised until the assets are ready for their intended use and interest related to development properties is capitalised during the period in which the activities to prepare and develop the properties are carried out.

d. **Property Development Expenditure**

Expenditure for properties in the course of development consists of the cost of land and development expenditure which includes direct costs and related overheads.

e. **Basis of Consolidation**

The consolidated accounts include the audited accounts of the Company and its subsidiaries made up to the end of the financial year. The results of the subsidiaries acquired or disposed of are included in the consolidated accounts from the date of acquisition or up to the date of disposal.

The excess of the purchase price over the value of the net assets of subsidiaries at the date of acquisition is treated as goodwill arising on consolidation. It is amortised in the profit and loss account in the following year from the date of acquisition over a period of twenty five years.

f. **Associated Company**

The associated company is a company in which the Company has a long term equity investment of 20% to 50% and where the Company is in a position to exercise significant influence through management participation.

The post-acquisition results of the associated company are equity accounted for based on the latest audited accounts of the associated company.



NOTES TO THE ACCOUNTS

SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

- g. **Investments**
Investments are stated at cost or valuation less provision for permanent diminution in value, if any.
- h. **Stocks**
Stocks are stated at the lower of cost (determined principally on the first-in first-out basis) and net realisable value. Cost of manufactured goods includes raw materials, direct labour and an appropriate proportion of production overheads.
- i. **Debtors**
Debts considered to be irrecoverable are written off while provisions are made for debts considered to be doubtful of collection.
- j. **Expenditure Carried Forward**
Expenditure carried forward comprises preliminary and pre-operating expenses of the subsidiaries.

They are to be charged to the profit and loss account upon commencement of business operations.
- k. **Deferred Taxation**
Deferred taxation is provided under the liability method in respect of all material timing differences except where it is reasonably expected that the tax effects of such deferrals will continue in the foreseeable future.
- l. **Turnover**
Turnover of the Company and of the Group consists of the net invoiced value of goods sold and services rendered.
- m. **Leases**
Assets held under finance leases and the related lease obligations are recorded in the balance sheet at the fair value of the leased assets at the inception of the leases. The excess of the lease payments over the recorded lease obligations are treated as finance charges which are amortised over each lease term to give a constant rate of charge on the remaining balance of the obligations. The assets are depreciated as Company-owned depreciable assets.
- n. **Foreign Currencies**
Transactions in foreign currencies are converted into Ringgit Malaysia at the rate of exchange ruling at the date of the transactions. Assets and liabilities in foreign currencies at the balance sheet date have been converted into Ringgit Malaysia at the rate of exchange ruling at the date. Gains or losses arising are charged to profit and loss account.

For consolidation purposes, assets and liabilities of foreign subsidiary are translated into Ringgit Malaysia at the rate of exchange which approximate those ruling at the balance sheet date except for share capital, which is recorded at historical rate, while profit and loss account is translated at average rates for the period. Exchange difference is transferred to the Exchange Translation (Deficit)/Reserve.



NOTES TO THE ACCOUNTS

2. TRADE DEBTORS

	Group		Company	
	<u>1999</u> RM	<u>1998</u> RM	<u>1999</u> RM	<u>1998</u> RM
Trade debtors	5,375,089	8,663,450	2,165,030	4,279,636
Due from director related companies	4,201,070	5,418,021	-	-
	<u>9,576,159</u>	<u>14,081,471</u>	<u>2,165,030</u>	<u>4,279,636</u>
Provision for doubtful debts	(1,673,507)	(268,071)	-	(152,427)
	<u>7,902,652</u>	<u>13,813,400</u>	<u>2,165,030</u>	<u>4,127,209</u>

3. DUE FROM SUBSIDIARIES

The amounts due from subsidiaries bearing interest at 3.70% to 13.00% (1998 : 7.90% to 10.30%) per annum are unsecured and have no fixed terms of repayment.

4. STOCKS

	Group		Company	
	<u>1999</u> RM	<u>1998</u> RM	<u>1999</u> RM	<u>1998</u> RM
Raw materials	5,639,371	8,399,332	-	8,399,332
Work-in-progress	2,917,398	3,368,483	-	3,362,389
Finished goods	5,669,867	7,346,860	-	3,696,151
Others	12,000	-	-	-
	<u>14,238,636</u>	<u>19,114,675</u>	<u>-</u>	<u>15,457,872</u>
Provision for obsolescence	(3,572,402)	-	-	-
	<u>10,666,234</u>	<u>19,114,675</u>	<u>-</u>	<u>15,457,872</u>

5. SHORT TERM BORROWINGS

	Group		Company	
	<u>1999</u> RM	<u>1998</u> RM	<u>1999</u> RM	<u>1998</u> RM
Bankers' acceptances	9,181,821	8,594,000	8,216,821	8,594,000
Bank overdrafts	4,358,784	2,731,092	3,920,086	2,102,789
Bills payable	343,114	2,441,752	343,114	2,441,752
Export credit refinancing	1,385,000	-	1,385,000	-
Revolving credits	9,200,811	9,200,000	7,900,000	7,900,000
Trust receipts	28,543	465,892	28,543	465,892
	<u>24,498,073</u>	<u>23,432,736</u>	<u>21,793,564</u>	<u>21,504,433</u>

Group

Short term borrowings of the subsidiaries are secured by negative pledges over the assets of the subsidiaries and corporate guarantees executed by the Company. Interest rates ranging from 6.50% to 10.80% (1998 : 10.50% to 20.00%) per annum.

Company

Short term borrowings of the Company are secured by negative pledges over the assets of the Company. Interest rates ranging from 6.50% to 10.80% (1998 : 10.50% to 20.00%) per annum.



NOTES TO THE ACCOUNTS

6. OTHER CREDITORS AND ACCRUALS

	Group		Company	
	<u>1999</u> RM	<u>1998</u> RM	<u>1999</u> RM	<u>1998</u> RM
Other creditors and accruals	6,247,863	7,595,963	1,927,455	3,084,380
Due to director related companies	-	64,849	-	64,849
Due to director	2,200	3,312	-	3,312
	<u>6,250,063</u>	<u>7,664,124</u>	<u>1,927,455</u>	<u>3,152,541</u>
Due within 12 months included in current liabilities	(4,745,165)	(5,664,124)	(1,927,455)	(3,152,541)
Due after 12 months	<u>1,504,898</u>	<u>2,000,000</u>	<u>-</u>	<u>-</u>

7. DUE TO SUBSIDIARIES

The amounts due to subsidiaries bearing interest at 3.91% to 4.30% (1998 : 7.90%) per annum are unsecured and have no fixed terms of repayment.

8. HIRE PURCHASE AND LEASE CREDITORS

	Group		Company	
	<u>1999</u> RM	<u>1998</u> RM	<u>1999</u> RM	<u>1998</u> RM
Hire purchase and lease creditors	2,025,307	2,019,038	1,538,355	1,522,809
Interest in suspense	(383,411)	(408,609)	(283,342)	(305,843)
	<u>1,641,896</u>	<u>1,610,429</u>	<u>1,255,013</u>	<u>1,216,966</u>
Due within 12 months included in current liabilities	(784,182)	(812,949)	(625,480)	(605,276)
Due after 12 months	<u>857,714</u>	<u>797,480</u>	<u>629,533</u>	<u>611,690</u>

Interest rates ranging from 5.39% to 8.00% (1998 : 5.39% to 8.00%) flat per annum.



NOTES TO THE ACCOUNTS

9. TERM LOANS (SECURED)

	Group		Company	
	<u>1999</u> RM	<u>1998</u> RM	<u>1999</u> RM	<u>1998</u> RM
Term loan repayable by 12 instalments commencing October, 1999	4,061,161	4,076,667	-	-
Term loan repayable by 16 instalments commencing May, 1999	5,933,000	5,933,000	5,933,000	5,933,000
Term loan repayable by 84 instalments commencing December, 1998	1,283,425	1,487,598	-	-
Term loan repayable by 72 instalments commencing January, 1998	596,446	672,579	-	-
	<u>11,874,032</u>	<u>12,169,844</u>	<u>5,933,000</u>	<u>5,933,000</u>
Due within 12 months included in current liabilities	(5,503,013)	(1,378,972)	(1,000,000)	(750,000)
Due after 12 months	<u>6,371,019</u>	<u>10,790,872</u>	<u>4,933,000</u>	<u>5,183,000</u>

Term loans are secured by way of legal charges over the landed properties and/or negative pledges over other assets of the subsidiaries and corporate guarantees executed by the Company.

Interest rates ranging from 6.50% to 10.80% (1998 : 5.39% to 8.00%) per annum.

10. GOODWILL ON CONSOLIDATION

	Group	
	<u>1999</u> RM	<u>1998</u> RM
Beginning of year	433,276	451,329
Current year's amortisation	(18,053)	(18,053)
End of year	<u>415,223</u>	<u>433,276</u>



NOTES TO THE ACCOUNTS

11. EXPENDITURE CARRIED FORWARD

	Group	
	<u>1999</u>	<u>1998</u>
	RM	RM
At Cost :		
Preliminary expenses	10,688	18,052
Pre-operating expenses	541,453	398,331
	<u>552,141</u>	<u>416,383</u>

Included in pre-operating expenses are :-

	Group	
	<u>1999</u>	<u>1998</u>
	RM	RM
Auditors' remuneration	2,600	3,500
Depreciation of fixed assets	80,528	39,717
Term loan interest	56,851	87,932
	<u>139,979</u>	<u>131,149</u>

12. FIXED ASSETS

Group 1999	Land and <u>buildings</u> *	Plant and <u>machinery</u>	Office furniture, fittings, equipment and motor <u>vehicles</u>	<u>Total</u>
	RM	RM	RM	RM
At Cost				
Beginning of year	8,372,751	14,807,525	2,629,276	25,809,552
Additions	653,711	2,683,175	367,142	3,704,028
Disposal	(636,137)	(349,365)	(184,849)	(1,170,351)
End of year	<u>8,390,325</u>	<u>17,141,335</u>	<u>2,811,569</u>	<u>28,343,229</u>
Accumulated Depreciation				
Beginning of year	470,003	6,889,913	858,829	8,218,745
Additions	218,340	1,199,482	279,195	1,697,017
Disposal	(25,444)	(259,996)	(55,455)	(340,895)
End of year	<u>662,899</u>	<u>7,829,399</u>	<u>1,082,569</u>	<u>9,574,867</u>
Net Book Value	<u>7,727,426</u>	<u>9,311,936</u>	<u>1,729,000</u>	<u>18,768,362</u>



NOTES TO THE ACCOUNTS

* Land and buildings

	Leasehold buildings-in- progress RM	Freehold land and buildings RM	Leasehold buildings RM	Renovation RM	Total RM
At Cost					
Beginning of year	2,783,405	2,456,418	2,963,516	169,412	8,372,751
Additions	651,111	-	-	2,600	653,711
Disposal	-	(636,137)	-	-	(636,137)
Reclassification	(3,434,516)	-	3,434,516	-	-
End of year	-	1,820,281	6,398,032	172,012	8,390,325
Accumulated Depreciation					
Beginning of year	-	51,584	418,419	-	470,003
Additions	-	24,737	125,318	68,285	218,340
Disposal	-	(25,444)	-	-	(25,444)
End of year	-	50,877	543,737	68,285	662,899
Net Book Value	-	1,769,404	5,854,295	103,727	7,727,426

Group 1998	Land and buildings * RM	Plant and machinery RM	Office furniture, fittings, equipment and motor vehicles RM	Total RM
At Cost				
Beginning of year	7,048,983	14,005,072	2,752,233	23,806,288
Additions	2,959,137	1,004,039	442,651	4,405,827
Disposal	(1,635,369)	(201,586)	(565,608)	(2,402,563)
End of year	8,372,751	14,807,525	2,629,276	25,809,552
Accumulated Depreciation				
Beginning of year	424,524	5,801,300	829,804	7,055,628
Additions	85,062	1,228,777	293,012	1,606,851
Disposal	(39,583)	(140,164)	(263,987)	(443,734)
End of year	470,003	6,889,913	858,829	8,218,745
Net Book Value	7,902,748	7,917,612	1,770,447	17,590,807



NOTES TO THE ACCOUNTS

* Land and buildings

	Leasehold buildings-in- progress RM	Freehold land and buildings RM	Leasehold buildings RM	Renovation RM	Total RM
At Cost					
Beginning of year	-	4,057,244	2,957,196	34,543	7,048,983
Additions	2,783,405	-	6,320	169,412	2,959,137
Disposal	-	(1,600,826)	-	(34,543)	(1,635,369)
End of year	2,783,405	2,456,418	2,963,516	169,412	8,372,751
Accumulated Depreciation					
Beginning of year	-	57,809	359,149	7,566	424,524
Additions	-	25,792	59,270	-	85,062
Disposal	-	(32,017)	-	(7,566)	(39,583)
End of year	-	51,584	418,419	-	470,003
Net Book Value	2,783,405	2,404,834	2,545,097	169,412	7,902,748

Company 1999	Leasehold buildings RM	Plant and machinery RM	Office furniture, fittings, equipment and motor vehicles RM	Total RM
At Cost				
Beginning of year	2,963,516	11,086,821	764,610	14,814,947
Additions	-	496,809	25,209	522,018
Disposal	(2,963,516)	(11,583,630)	-	(14,547,146)
End of year	-	-	789,819	789,819
Accumulated Depreciation				
Beginning of year	418,419	4,690,613	308,232	5,417,264
Additions	17,889	268,377	72,388	358,654
Disposal	(436,308)	(4,958,990)	-	(5,395,298)
End of year	-	-	380,620	380,620
Net Book Value	-	-	409,199	409,199



NOTES TO THE ACCOUNTS

Company 1998	Leasehold <u>buildings</u> RM	Plant and <u>machinery</u> RM	Office furniture, fittings, equipment and motor <u>vehicles</u> RM	<u>Total</u> RM
At Cost				
Beginning of year	2,957,196	10,850,488	674,674	14,482,358
Additions	6,320	261,183	114,936	382,439
Disposal	-	(24,850)	(25,000)	(49,850)
End of year	<u>2,963,516</u>	<u>11,086,821</u>	<u>764,610</u>	<u>14,814,947</u>
Accumulated Depreciation				
Beginning of year	359,149	3,840,788	253,533	4,453,470
Additions	59,270	863,035	75,741	998,046
Disposal	-	(13,210)	(21,042)	(34,252)
End of year	<u>418,419</u>	<u>4,690,613</u>	<u>308,232</u>	<u>5,417,264</u>
Net Book Value	<u>2,545,097</u>	<u>6,396,208</u>	<u>456,378</u>	<u>9,397,683</u>

Freehold land and buildings of the subsidiaries are pledged to banks as securities for banking facilities extended to the Company and its subsidiaries.

Net book values of fixed assets held under hire purchase and lease agreements are as follows :

	Group		Company	
	<u>1999</u> RM	<u>1998</u> RM	<u>1999</u> RM	<u>1998</u> RM
Plant and machinery	2,069,777	1,775,623	-	1,775,623
Motor vehicles	555,032	800,646	87,350	101,943
	<u>2,624,809</u>	<u>2,576,269</u>	<u>87,350</u>	<u>1,877,566</u>



NOTES TO THE ACCOUNTS

13. PROPERTY DEVELOPMENT EXPENDITURE

	Group	
	<u>1999</u> RM	<u>1998</u> RM
At Cost :		
Freehold land	5,574,500	5,574,500
Leasehold land	7,630,110	7,630,110
Development expenditure	12,327,681	9,761,534
	<u>25,532,291</u>	<u>22,966,144</u>
Development expenditure written down/off	(6,622,291)	-
	<u>18,910,000</u>	<u>22,966,144</u>

Till the balance sheet date, the subsidiaries have yet to commence the sales on the development properties and accordingly, no profit has been recognized in the accounts. Included in development expenditure is interest expenses of RM2,536,774 (1998 : RM2,913,889).

Freehold and leasehold land are charged to banks as securities for banking facilities extended to the Company and its subsidiaries.

14. INTEREST IN ASSOCIATED COMPANY

	Group		Company	
	<u>1999</u> RM	<u>1998</u> RM	<u>1999</u> RM	<u>1998</u> RM
Unquoted shares, at cost	30,000	30,000	30,000	30,000
Share of post acquisition profit	14,285	14,285	-	-
	<u>44,285</u>	<u>44,285</u>	<u>30,000</u>	<u>30,000</u>

The associated company, of which incorporated in Malaysia, is :

<u>Name of Company</u>	<u>Effective Interest</u>		<u>Principal Activity</u>
	1999	1998	
	%	%	
Rentak Cindai Sdn. Bhd.	30	30	Inactive.



NOTES TO THE ACCOUNTS

15. INVESTMENT IN SUBSIDIARIES

	Company	
	<u>1999</u> RM	<u>1998</u> RM
Unquoted Shares		
- At cost	18,580,102	1,180,106
- At 1993 valuation	15,085,989	15,085,989
Provision for diminution in value	(7,000,000)	(7,000,000)
	<u>8,085,989</u>	<u>8,085,989</u>
	<u>26,666,091</u>	<u>9,266,095</u>

Details of the subsidiaries are as follows :-

<u>Name of Company</u>	<u>Effective Interest</u>		<u>Principal Activities</u>
	1999 %	1998 %	
Incorporated in Malaysia :			
Harvest Court (M) Sdn. Bhd.	100	100	Sawmilling and marketing of sawn timber.
Harvest Court Marketing Sdn. Bhd.	100	100	Marketing of timber doors and other related products.
Harvest Court Corporation Sdn. Bhd.	100	100	Manufacturing of engineered timber doors.
Harvest Court Development Sdn. Bhd.	100	100	Construction.
Harvest Court Properties Sdn. Bhd.	100	100	Property development.
Harvest Nation Sdn. Bhd.	100	100	Property development.
Harvest Court Management Sdn. Bhd.	100	100	Investment holdings.
Harvest Rimba Sdn. Bhd.	70	70	Property development.
Harvest Lumber Sdn. Bhd.	100	100	Timber door and moulding manufacturing.
Quantum Pro Sdn. Bhd.	100	100	Timber kiln drying.
Harvest Exporter Sdn. Bhd.	100	-	Sawn timber export and related products.
Incorporated in Australia :			
Subsidiary of Harvest Court Management Sdn. Bhd.			
Harvest Timber Products (Australia) Pty. Ltd. *	100	100	Marketing of woodbased products.

* Not audited by K. C. Chia & Noor.



NOTES TO THE ACCOUNTS

16. DEFERRED TAXATION

	Group		Company	
	1999 RM	1998 RM	1999 RM	1998 RM
Beginning of year	1,139,000	1,161,000	950,000	950,000
Transfer to profit and loss account	(486,500)	(22,000)	(870,000)	-
End of year	<u>652,500</u>	<u>1,139,000</u>	<u>80,000</u>	<u>950,000</u>

Deferred taxation is mainly in respect of timing differences between book depreciation and corresponding capital allowances.

17. SHARE CAPITAL

	Group and Company	
	1999 RM	1998 RM
Authorised :		
25,000,000 ordinary shares of RM1 each	<u>25,000,000</u>	<u>25,000,000</u>
Issued and fully paid :		
19,800,000 ordinary shares of RM1 each	<u>19,800,000</u>	<u>19,800,000</u>

18. (DEFICITS)/RESERVES

	Group		Company	
	1999 RM	1998 RM	1999 RM	1998 RM
Non-distributable :				
Exchange Translation (Deficit)/Reserve:				
Beginning of year	5,999	(13,747)	-	-
Current year's translation adjustment	(32,478)	19,746	-	-
End of year	<u>(26,479)</u>	<u>5,999</u>	<u>-</u>	<u>-</u>
Distributable :				
(Accumulated Loss)/ Retained Profits	<u>(11,227,117)</u>	<u>2,260,270</u>	<u>3,311,588</u>	<u>2,181,670</u>
	<u>(11,253,596)</u>	<u>2,266,269</u>	<u>3,311,588</u>	<u>2,181,670</u>



NOTES TO THE ACCOUNTS

19. OPERATING (LOSS)/PROFIT BEFORE TAXATION

	Group		Company	
	<u>1999</u> RM	<u>1998</u> RM	<u>1999</u> RM	<u>1998</u> RM
This has been arrived at After Charging :				
Amortization of goodwill on consolidation	18,053	18,053	-	-
Auditors' remuneration	65,000	45,200	20,000	25,000
Bad debts written off	107,945	5,579	-	-
Depreciation of fixed assets	1,609,213	1,606,851	358,654	998,046
Directors' remuneration				
- fees	1,550	-	1,550	-
- other emoluments	650,400	607,800	650,400	607,800
Fixed assets written off	-	83,138	-	-
Interest on				
- amount owing to subsidiaries	-	-	63,049	703,652
- bank overdrafts	328,524	351,664	195,882	245,702
- bankers' acceptances	367,702	1,003,157	325,490	971,762
- bills payable	100,043	177,519	100,043	177,519
- export credit refinancing	33,030	-	33,030	-
- hire purchase & lease	215,090	210,143	161,370	158,095
- revolving credits	668,549	119,425	509,496	1,911,232
- term loans	94,651	-	-	-
- trust receipts	13,882	79,525	13,882	79,525
Loss on disposal of fixed assets	42,963	-	-	-
Loss on foreign exchange	79,718	187,302	76,597	189,617
Preliminary expenses written off	9,800	-	-	-
Pre-operating expenses written off	17,899	-	-	-
Rental of premises paid to director related company	<u>652,660</u>	<u>24,000</u>	<u>194,000</u>	<u>24,000</u>
And Crediting :				
Fixed deposit interest	41,066	62,993	-	9,191
Gain on disposal of fixed assets	-	6,702	11,098	6,702
Interest income from subsidiaries	-	-	2,283,314	2,972,587
Provision for doubtful debts no longer required	94,564	-	152,427	-
Rental income	<u>35,808</u>	<u>23,994</u>	<u>-</u>	<u>-</u>



NOTES TO THE ACCOUNTS

20. EXCEPTIONAL ITEMS

	Group		Company	
	1999 RM	1998 RM	1999 RM	1998 RM
Gain on disposal of subsidiaries	-	1,164,805	-	-
Loss on disposal of landed properties	(187,858)	-	-	-
Property development expenditure written down/off	(6,622,291)	-	-	-
Provision for diminution in value in investment and other liabilities of subsidiaries	(145,242)	(4,912,575)	-	(4,418,460)
Provision for doubtful debts	(1,500,000)	-	-	-
Stocks written down	(3,572,402)	-	-	-
	<u>(12,027,793)</u>	<u>(3,747,770)</u>	<u>-</u>	<u>(4,418,460)</u>

Exceptional items consist of adjustments arising from the rationalization and restructuring exercise.

21. TAXATION

	Group		Company	
	1999 RM	1998 RM	1999 RM	1998 RM
Current year's provision				
- Malaysian	-	133,000	-	-
- overseas	48,139	-	-	-
Under/(Over) provision in prior years	5,000	(24,511)	-	-
	<u>53,139</u>	<u>108,489</u>	<u>-</u>	<u>-</u>
Deferred taxation	(486,500)	(22,000)	(870,000)	-
	<u>(433,361)</u>	<u>86,489</u>	<u>(870,000)</u>	<u>-</u>

Except for overseas taxation, there is no tax charge for the current year as the income tax for the financial year 1999 is waived under the Income Tax (Amendment) Act, 1999.

Group

The prior year tax charge was due mainly to certain expenses being disallowed for tax purposes in respect of taxation for certain subsidiaries.

Company

There was no tax charge in the prior year due mainly to claim of incentives for promoting exports.

Subject to agreement with the Inland Revenue Board, the Company has :

- Unabsorbed tax loss and unrelieved capital allowances amounting to approximately RM1,010,000 (1998 : RM1,010,000) and RM1,173,000 (1998 : RM1,068,000) respectively available to offset against its future taxable profits;
- Tax exempt reserve amounting to approximately RM5,632,000 (1998 : RM4,960,000) to frank the payment of tax exempt dividends; and
- Sufficient Section 108 tax credit to frank the payment of dividends out of its entire distributable profits without incurring additional tax liability.



NOTES TO THE ACCOUNTS

22. LOSS PER SHARE

Loss per share is calculated based on loss after taxation and minority interests of RM13,487,387 (1998 : RM3,550,805) divided by the number of shares in issue during the year of RM19,800,000 (1998 : RM19,800,000).

23. CAPITAL COMMITMENTS

	Group	
	<u>1999</u> RM	<u>1998</u> RM
Authorised and contracted for but not provided for in the accounts	<u>800,000</u>	<u>2,629,000</u>

24. CONTINGENT LIABILITIES

As at the balance sheet date, the contingent liabilities are in respect of:

	Group		Company	
	<u>1999</u> RM	<u>1998</u> RM	<u>1999</u> RM	<u>1998</u> RM
Corporate Guarantees :				
- given to financial institutions for banking/credit facilities extended to subsidiaries	-	-	8,679,871	7,536,843
- given to financial institutions for banking facilities extended to the then subsidiary	1,089,478	1,103,566	-	-
- given to third parties for trade purposes	<u>950,000</u>	<u>-</u>	<u>950,000</u>	<u>-</u>

25. SIGNIFICANT RELATED PARTY TRANSACTIONS

Significant related party transactions entered in the normal course of business during the year were as follows :-

	Group		Company	
	<u>1999</u> RM	<u>1998</u> RM	<u>1999</u> RM	<u>1998</u> RM
Sales to subsidiaries	-	-	28,885,131	7,348,320
Purchases from subsidiaries	-	-	20,746,072	-
Interest income from subsidiaries	-	-	2,283,314	2,972,587
Management income from subsidiaries	-	-	152,311	-
Interest expenses paid to subsidiaries	-	-	63,049	703,652
Rental paid to director related company	<u>652,660</u>	<u>24,000</u>	<u>194,000</u>	<u>24,000</u>



NOTES TO THE ACCOUNTS

26. SEGMENT ANALYSIS

	Turnover RM'000	Operating Profit/(Loss) Before Taxation RM'000	Assets Employed RM'000
Group 1999			
Timber product manufacturing	35,748	(1,961)	36,040
Construction	-	(42)	2,724
Property development	-	(10)	19,250
Investment holdings	-	-	1,653
	<u>35,748</u>	<u>(2,013)</u>	<u>59,667</u>
1998			
Timber product manufacturing	52,540	447	45,303
Construction	-	(211)	5,844
Property development	-	56	23,748
Investment holdings	-	(8)	1,564
	<u>52,540</u>	<u>284</u>	<u>76,459</u>

No geographical segment is presented as the Group principally operates within Malaysia.

27. SUBSEQUENT EVENTS

- i) On 15 March 2000, the Company has obtained the approval from the Securities Commission for the following Corporate Exercise :
 - a) Private Placement of 1,980,000 new ordinary shares of RM1 each at a price to be determined on a later date;
 - b) allocation for the Employee Share Option Scheme ("ESOS") for the Directors and eligible Employees involving an issue of up to a maximum of 10% of the issued and paid-up share capital of the Company for a duration of five(5) years; and
 - c) listing and quotation of the new ordinary shares to be issued pursuant to the Private Placement and ESOS on the Kuala Lumpur Stock Exchange.

The proceeds will be utilized to partially repay the Company's existing bank borrowings and for working capital purposes. The Company has yet to implement the above Corporate Exercise.

- ii) In the months of March and April 2000, the Group has obtained additional RM7 million banking facilities from several financial institutions for working capital purposes.

28. COMPARATIVE FIGURES

Certain comparative figures, where appropriate, have been reclassified to conform with current year's presentation.



SHAREHOLDINGS STATISTICS

AS AT 2ND MAY 2000

Authorised Capital	: RM 25,000,000.00
Issued and fully paid-up capital	: RM 19,800,000.00
Class of Shares	: Ordinary shares of RM 1.00 each
Voting Rights	: One vote per ordinary share

DISTRIBUTION OF SHAREHOLDINGS

AS AT 2ND MAY 2000

Size By Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares	% of Shares
1-1,000	1,374	58.12	1,374,000	6.95
1,001-5,000	818	34.60	2,224,000	11.23
5,001-10,000	98	4.15	773,000	3.90
10,000 AND ABOVE	74	3.13	15,429,000	77.92
GRAND TOTAL	2,364	100.00	19,800,000	100.00

LIST OF TWENTY (20) LARGEST SHAREHOLDERS

AS AT 2ND MAY 2000

NAME	SHAREHOLDINGS	(%)
1. HARVEST COURT HOLDINGS (M) SDN BHD	8,164,200	41.23
2. CITICORP NOMINEES (ASING) SDN BHD [MLPFS FOR TEH ,THOMAS KOK MENG]	1,602,000	8.09
3. TAN CHING CHING	932,000	4.71
4. ARAB-MALAYSIAN NOMINEES (TEMPATAN) SDN BHD [FOR ARAB-MALAYSIAN FINANCE BHD FOR MADAM WONG WEI SHAN]	783,000	3.95
5. TENAGA KAWALAN SEJATI SDN BHD	770,000	3.89
6. NG SWEE KEONG	495,000	2.50
7. NG SWEE KIAT	495,000	2.50
8. MAYFIN NOMINEES (TEMPATAN) SDN BHD [FOR YAP KWEE HUAT (SHAS)]	200,000	1.01
9. AHMAD KAMARUZAMAN BIN MOHAMED BARIA	168,800	0.85
10. YANG SIN TZONG	145,000	0.73
11. LIN SHU-SHUN	132,000	0.67
12. CITICORP NOMINEES (TEMPATAN) SDN BHD [FOR LAI VOON HUEY]	125,000	0.63
13. MAYFIN NOMINEES (TEMPATAN) SDN BHD [FOR YAP KWEE LIM]	107,000	0.54
14. POO CHOO @ ONG POO CHOI	92,000	0.46
15. SYED ABDULLAH BIN SYED OMAR	65,000	0.33
16. M I T NOMINEES(TEMPATAN) SDN BHD [FOR CHAN CHEE MAY]	60,000	0.30
17. AFFIN - UOB NOMINEES (TEMPATAN) SDN BHD [FOR TAN TING HUAT]	55,000	0.28
18. TAN HAN CHUAN	51,000	0.26
19. AMSEC NOMINEES (TEMPATAN) SDN BHD [FOR AHMAD KAMARUZAMAN BIN MOHAMED BARIA]	50,000	0.25
20. SYARIKAT NOMINEE BUMIPUTRA (TEMPATAN) SDN BHD [AA ANTHONY & CO. SDN BHD]	50,000	0.25
TOTAL	14,542,000	73.43



LIST OF SUBSTANTIAL SHAREHOLDERS

AS AT 2ND MAY 2000

NAME	SHAREHOLDINGS	(%)
1. HARVEST COURT HOLDINGS (M) SDN BHD	8,164,200	41.23
2. CITICORP NOMINEES (ASING) SDN BHD (MLPFS FOR TEH , THOMAS KOK MENG)	1,602,000	8.09
3. TAN CHING CHING	932,000	4.71
4. ARAB-MALAYSIAN NOMINEES (TEMPATAN) SDN BHD (FOR ARAB-MALAYSIAN FINANCE FOR WONG WEI SHAN)	783,000	3.95
5. TENAGA KAWALAN SEJATI SDN BHD	770,000	3.89
6. NG SWEE KEONG	495,000	2.50
7. NG SWEE KIAT	495,000	2.50

LIST OF DIRECTORS' SHAREHOLDINGS

AS AT 21ST JAN 2000

SHARES HELD IN THE COMPANY

NAME	NO. OF SHARES		PERCENTAGE	
	Direct	Indirect*	Direct	Indirect
1. NG CHUAN SENG @ NG TECK HUAT	-	8,164,200	-	41,23
2. NG SWEE KIAT	495,000	8,164,200	2,50	41,23
3. NG SWEE KEONG	495,000	8,164,200	2,50	41,23
4. NG AI CHENG	-	-	-	-
5. YET KIONG SIANG	-	-	-	-
6. SUKHINDERJIT SINGH MUKER	10,000	-	0,05	-

* Indirectly held by Harvest Court Holdings (M) Sdn Bhd



GROUP PROPERTIES

AS AT 31ST DECEMBER 1999

Location	Description	Tenure	Area sq. m.	Approximate Age (Years)	Expiry date of Lease hold buildings/ properties	Net book value of the buildings/ properties
1. Unit B -11-1 Megan Phileo Promenade Section 43 Town of Kuala Lumpur	- Office lots	Freehold	210	3	-	614,259.94
2. Lot 450 & 452, Jalan Papan Pandamaran Industrial Area 42000 Port Klang Selangor Darul Ehsan	- Main office - 4 factory buildings - 6 storage yards - 1 packing area - Boiler houses & workshop	* Not applicable	36,000	10 10 10 10 3	} } } } }	} } } 2,485,826.02 } }
3. Mukim of Kuala Linggi District of Alor Gajah State of Melaka	- Land held for development	Leasehold (Pending issuance of title)	141,640	-	99 years	10,700,000
4. Geran Mukim No. GM 1320 Lot No 5902 Tempat Telok Gadong Mukim Kelang, Selangor	- Land held for development purposes	Freehold	1,686	-	-	} } } } 7,693,810.68 }
5. Geran No 24162 Lot No 5993 Mukim Kelang Daerah Kelang, Selangor Darul Ehsan	- Land held for development purposes	Freehold	8,671	-	-	} } } }
6. H.S. (D) 36100 P.T.20852 Mukim Kapar 111, Pusat Perniagaan NBC, Jalan Meru, 41050 Klang Selangor Darul Ehsan	- 4 storey office buildings	Freehold	650.32	4	-	1,358,617.12
7. H.S. (D) 51P.T.L.O No. 991 Mukim Pulau Tawar, Daerah Jerantut Pahang Darul Makmur	- Land held for development purposes	Leasehold (Pending issuance of title)	607,027.5	-	99 years	1,497,000
8. Lot 10568, Jalan Papan Pandamaran Industrial Area 42000 Port Klang	Warehouse -KD Plant	* Not applicable	4,181	1	-	3,422,015.89

* The buildings are erected on lands belonging to a company in which certain directors have interest.



Proxy Form

No. of Shares Held	
--------------------	--

I/We NRIC No.
(PLEASE USE BLOCK LETTER)

of
(FULL ADDRESS)

being a member / members of Harvest Court Industries Berhad do hereby appoint

Mr/Mrs/Ms

of
or failing him the Chairman of the Meeting as my/our proxy to attend and vote for me/us on me/our behalf at the Twenty-Second Annual General Meeting of the Company to be held at Crystal 2 (1st Floor), Crystal Crown Hotel Harbour View, 217 Persiaran Raja Muda Musa, 42000 Port Klang on 23rd June 2000 at 9.30am and at any adjournment thereof.

(Please indicate with an "X" in the space provided below how you wish your votes to be casted on the resolutions specified in the Notice Of Meeting. If you do not do so, the Proxy will vote or abstain from voting at his discretion).

Ordinary Resolution	For	Against
RESOLUTION 1		
RESOLUTION 2		
RESOLUTION 3		
RESOLUTION 4		
RESOLUTION 5		

Signed this day of2000
Signature of shareholder(s)

Notes :

1. A member entitled to attend and vote at the Meeting is entitled to appoint a proxy or proxies to attend and vote in his stead, A member shall not be entitled to appoint a person who is not a member as his proxy unless that person is a qualified legal practitioner or an approved company auditor or a person approved by the Registrar of Companies in a particular case. Where a member appoints two or more proxies, the appointment shall be invalid unless he specifies the proportion of his holdings to be represented by each proxy.
2. The instrument appointing a proxy in the case of an individual shall be signed by the appointer or his attorney, and in the case of a corporation, executed either under its common seal or under the hand of an officer or attorney duly authorised in writing.
3. The proxy form must be deposited at the Company's Registered Office at 111, Pusat Perniagaan NBC, Jalan Meru, 41050 Klang, Selangor Darul Ehsan not less than 48 hours before the time set for holding the Meeting or any adjournment thereof.