THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt as to the course of action to be taken, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

If you have sold or transferred all your shares in **Malaysian Resources Corporation Berhad** ("MRCB" or the "Company"), you should at once hand this Circular together with the enclosed Form of Proxy to the agent through whom the sale or transfer was effected for onward transmission to the purchaser or the transferee.

Bursa Malaysia Securities Berhad takes no responsibility for the contents of this Circular, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Circular.

Malaysian Resources Corporation Berhad

(Company No.: 7994-D)
(Incorporated in Malaysia under the Companies Act, 1965)

CIRCULAR TO SHAREHOLDERS IN RELATION TO THE APPROVAL TO BE OBTAINED FROM THE SHAREHOLDERS OF MRCB TO ALLOW LANDAS UTAMA SDN BHD, A WHOLLY-OWNED SUBSIDIARY OF MRCB TO VOTE IN FAVOUR OF THE SPECIAL RESOLUTION PURSUANT TO THE PROPOSED SELECTIVE CAPITAL REPAYMENT EXERCISE UNDER SECTION 64 OF THE COMPANIES ACT, 1965 BY UDA HOLDINGS BERHAD ("UDA"), A 24.93% OWNED ASSOCIATED COMPANY OF MRCB

Joint Financial Advisers

AVENUE SECURITIES SDN BHD
(Company No.: 682-X)
(A member of the ECM Libra Avenue Group)

NEWFIELDS ADVISORS SDN BHD
(Company No.: 296051-V)

AND

NOTICE OF EXTRAORDINARY GENERAL MEETING

The Notice of the Extraordinary General Meeting of MRCB which will be held at Selangor 1, Lobby Floor, Sheraton Subang Hotel and Towers, Jalan SS12/1, 47500 Subang Jaya, Selangor Darul Ehsan, on Friday, 1 December 2006 at 10.30 a.m. or at any adjournment thereof together with the Form of Proxy is enclosed. The Form of Proxy (if you are unable to attend) should be lodged at the share registrar, Symphony Share Registrars Sdn Bhd, Level 26, Menara Multi-Purpose, Capital Square, 8, Jalan Munshi Abdullah, 50100 Kuala Lumpur, Malaysian, not less than forty-eight (48) hours before the time appointed for holding the meeting or adjournment thereof. The lodgement of the Form of Proxy will not preclude you from attending and voting in person at the meeting should you subsequently wish to do so.

Last day and time for lodging of Form of Proxy	:	Wednesday, 29 November 2006 at 10.30 a.m.
Date and time of Extraordinary General Meeting	:	Friday, 1 December 2006 at 10.30 a.m.

This Circular is dated 16 November 2006

DEFINITIONS

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

"Act"	:	Companies Act, 1965 or any statutory modification, amendments or re-enactment thereof for the time being in force
"Avenue"	:	Avenue Securities Sdn Bhd *(a member of ECM Libra Avenue Group)*
"Board of MRCB"	:	Board of Directors of MRCB
"Board of UDA"	:	Board of Directors of UDA
"Bursa Securities"	:	Bursa Malaysia Securities Berhad
"Circular"	:	This Circular to shareholders of MRCB dated 16 November 2006
"EGM"	:	Extraordinary General Meeting
"EPS"	:	Earnings per share
"Entitlement Date"	:	Close of business on a date to be determined and announced by UDA later
"FYE"	:	Financial year ended
"Khazanah"	:	Khazanah Nasional Berhad
"LBT"	:	Loss before taxation
"LAT"	:	Loss after taxation
"Listing Requirements"	:	Listing Requirements of Bursa Securities Berhad
"LUSB"	:	Landas Utama Sdn Bhd (*a wholly-owned subsidiary of MRCB*), an investment holding company whose only investment is 87,999,606 UDA Shares representing 24.93% equity interest in UDA
"Latest Practicable Date"	:	1 November 2006, being the latest practicable date for the purposes of ascertaining certain information contained in this Circular
"MRCB" or "Company"	:	Malaysian Resources Corporation Berhad
"MRCB Group	:	MRCB, its subsidiaries and associated companies, collectively
"MRCB Share(s)"	:	Ordinary share(s) of RM1.00 each in MRCB
"NTA"	:	Net tangible assets
"Other Shareholders of UDA"	:	All shareholders of UDA other than Khazanah
"PAT"	:	Profit after taxation
"PBT"	:	Profit before taxation
"PBR"	:	Price-to-book ratio
"PER"	:	Price-to-earnings ratio

"Proposed SCR"	:	UDA's proposed selective capital repayment under Section 64 of the Act involving the reduction of the enlarged issued and paid-up share capital of UDA of RM705,884,004 comprising 705,884,004 UDA Shares after the UDA's Proposed Bonus Issue to RM176,577,186 comprising 176,577,186 UDA Shares by way of cancellation of 529,306,818 UDA Shares held by UDA's shareholders. The Other Shareholders of UDA, whose names appear in the Record of Depositors of UDA on the Entitlement Date pursuant to which the Other Shareholders of UDA, shall receive a proposed cash amount of RM3.00 for each existing UDA Share held before UDA's Proposed Bonus Issue
"Proposed Voting"	:	The approval to be obtained from the shareholders of MRCB at an EGM to be held at Selangor 1, Lobby Floor, Sheraton Subang Hotel and Towers, Jalan SS12/1, 47500 Subang Jaya, Selangor Darul Ehsan, on Friday, 1 December 2006 at 10.30 a.m. or at any adjournment thereof, to allow MRCB via LUSB, or any authorised personnel of MRCB, to vote in favour of the special resolution pursuant to the Proposed SCR in the forthcoming EGM of UDA
"RM" and "sen"	:	Ringgit Malaysia and sen, respectively
"UDA"	:	UDA Holdings Berhad
"UDA Group"	:	UDA, its subsidiaries and associated companies, collectively
"UDA's Proposed Bonus Issue"	:	Proposed bonus issue of 352,942,002 new UDA Shares by UDA, to be credited as fully paid-up, on the basis of 1 new UDA Share for every 1 existing UDA Share held on the Entitlement Date
"UDA's Proposed IASC"	:	Proposed increase in UDA's authorised share capital from RM500,000,001 comprising 500,000,000 UDA Shares and 1 special rights redeemable preference share of RM1.00 to RM1,000,000,001 comprising 1,000,000,000 UDA Shares and 1 special rights redeemable preference share of RM1.00 by the creation of an additional 500,000,000 new UDA Shares
"UDA Share(s)"	:	Ordinary share(s) of RM1.00 in UDA
"VWAMP"	:	Volume weighted average market price

In this Circular, words importing the singular shall, where applicable, include the plural and vice versa and words importing the masculine gender shall, where applicable, include the feminine and vice versa. Reference to persons shall, where applicable, include corporations.

Any reference in this Circular to any act, code, regulation, listing requirements, guidelines or similar regulatory regime is a reference to that document as for the time being amended or re-enacted.

For the purpose of this Circular, any reference to time of day shall be a reference to Malaysian time, unless otherwise stated.

CONTENTS

LETTER TO SHAREHOLDERS OF MRCB IN RELATION TO THE PROPOSED VOTING

		PAGE
1.	INTRODUCTION	1
2.	DETAILS OF THE PROPOSED SCR	2
3.	RATIONALE OF THE PROPOSED SCR AND PROPOSED VOTING	4
4.	RISK FACTORS	7
5.	EFFECTS OF THE PROPOSED SCR	8
6.	APPROVALS REQUIRED	10
7.	DISCLOSURE OF DIRECTORS' AND MAJOR SHAREHOLDERS' INTERESTS	10
8.	DIRECTORS' RECOMMENDATION	11
9.	ESTIMATED TIMEFRAME FOR COMPLETION OF THE PROPOSED SCR	11
10.	EGM	11
11.	FURTHER INFORMATION	11

APPENDICES

I	INFORMATION ON UDA	12
II	THE LATEST AUDITED FINANCIAL STATEMENTS OF UDA AS AT 31 DECEMBER 2005 TOGETHER WITH THE NOTES AND THE AUDITORS' REPORT	20
III	FURTHER INFORMATION	83
NOTICE OF EGM		**Enclosed**
FORM OF PROXY		**Enclosed**

THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK

MRCB

Malaysian Resources Corporation Berhad

(Company No.: 7994-D)
(Incorporated in Malaysia under the Companies Act, 1965)

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

16 November 2006

The Board of Directors

YBhg. Datuk Azlan Zainol *(Chairman)*
Shahril Ridza Ridzuan *(Group Managing Director)*
YBhg. Dato' Ahmad Hj Ibnihajar *(Independent Non-Executive Director)*
YBhg. Dato' Dr. Mohd Shahari Ahmad Jabar *(Independent Non-Executive Director)*
Abdul Rahman Ahmad *(Non-Independent, Non-Executive Director)*
Dr. Roslan A. Ghaffar *(Non-Independent, Non-Executive Director)*
Ahmad Zaki Zahid *(Independent Non-Executive Director)*
Mohamad Lotfy Mohamad Noh *(Non-Independent, Non-Executive Director)*

To: The Shareholders Of Malaysian Resources Corporation Berhad

Dear Sir/Madam,

THE APPROVAL TO BE OBTAINED FROM THE SHAREHOLDERS OF MRCB TO ALLOW LANDAS UTAMA SDN BHD, A WHOLLY-OWNED SUBSIDIARY OF MRCB TO VOTE IN FAVOUR OF THE SPECIAL RESOLUTION PURSUANT TO THE PROPOSED SELECTIVE CAPITAL REPAYMENT EXERCISE UNDER SECTION 64 OF THE COMPANIES ACT, 1965 BY UDA HOLDINGS BERHAD ("UDA"), A 24.93% OWNED ASSOCIATED COMPANY OF MRCB

1. INTRODUCTION

On 28 June 2006, CIMB Investment Bank Berhad *(formerly known as "Commerce International Merchant Bankers Berhad")* ("CIMB"), on behalf of the Board of UDA, announced that UDA intends to reorganise its capital structure via a selective capital repayment exercise under Section 64 of the Act ("UDA's First Announcement").

Subsequently on 1 September 2006, CIMB, on behalf of the Board of UDA, announced that UDA and Khazanah had entered into an agreement on 1 September 2006 to take UDA private via a selective capital repayment exercise. Upon completion of the Proposed SCR, UDA will be wholly-owned by Khazanah ("UDA's Second Announcement").

On 15 November 2006, UDA had issued a circular to its shareholders in relation to the Proposed SCR ("UDA's Circular") and a notice of extraordinary general meeting to be held on 8 December 2006 to approve the Proposed SCR.

Further to the abovesaid announcements and UDA's Circular, on behalf of the Board of MRCB, Avenue had on 15 November 2006 announced that the Board of MRCB has deliberated on the Proposed SCR based on the terms contained in UDA's Circular, following which the Board of MRCB intends to

convene an EGM of MRCB for the shareholders of MRCB to authorise LUSB to vote in favour of the Proposed SCR in UDA's EGM.

THE PURPOSE OF THIS CIRCULAR IS TO PROVIDE YOU WITH RELEVANT INFORMATION OF THE PROPOSED SCR AND TO SEEK YOUR APPROVAL FOR THE ORDINARY RESOLUTION PERTAINING TO THE PROPOSED VOTING AT THE FORTHCOMING EGM. THE NOTICE OF THE EGM TOGETHER WITH THE FORM OF PROXY ARE ENCLOSED WITH THIS CIRCULAR.

YOU ARE ADVISED TO READ AND CAREFULLY CONSIDER THE CONTENTS OF THIS CIRCULAR, BEFORE VOTING ON THE ORDINARY RESOLUTION TO GIVE EFFECT TO THE PROPOSED VOTING.

2. DETAILS OF THE PROPOSED SCR

2.1 Proposed SCR

As stated in UDA's Circular, the Proposed SCR entails the following:

(i) The Proposed SCR entails a selective capital repayment under Section 64 of the Act which will result in the reduction of UDA's enlarged issued and paid-up share capital of RM705,884,004 comprising 705,884,004 UDA Shares after UDA's Proposed Bonus Issue to RM176,577,186 comprising 176,577,186 UDA Shares by way of cancellation of 529,306,818 UDA Shares held by UDA's shareholders, of which 352,871,212 UDA Shares are held by the Other Shareholders of UDA and 176,435,606 UDA Shares are held by Khazanah. The Other Shareholders of UDA, whose names appear in UDA's Record of Depositors on the Entitlement Date, shall receive a proposed cash amount of RM3.00 for each existing UDA Share held before UDA's Proposed Bonus Issue pursuant to the said cancellation. Khazanah will waive its entitlement to the repayment of capital pursuant to the Proposed SCR.

(ii) Prior to the implementation of the selective capital repayment exercise, a bonus issue of 352,942,002 new UDA Shares on the basis of 1 new UDA Share for every 1 existing UDA Share held on the Entitlement Date will be carried out. To facilitate UDA's Proposed Bonus Issue, UDA's authorised share capital shall be increased from RM500,000,001 comprising 500,000,000 UDA Shares and 1 special rights redeemable preference share of RM1.00 to RM1,000,000,001 comprising 1,000,000,000 UDA Shares and 1 special rights redeemable preference share of RM1.00 by creation of an additional 500,000,000 new UDA Shares. UDA's Proposed Bonus Issue and UDA's Proposed IASC will be implemented solely for the purposes of facilitating the Proposed SCR.

(iii) UDA's Proposed Bonus Issue will be effected by way of capitalisation of RM22,873,905 and RM330,068,097 from UDA's share premium and retained profits respectively. Based on UDA's latest audited consolidated financial statements for the financial year ended 31 December 2005, the UDA Group has share premium and retained profits of RM22,873,905 and RM772,889,083 respectively whilst at its company level, UDA has share premium and retained profits of RM22,873,905 and RM625,836,384 respectively.

(iv) The new UDA Shares to be issued pursuant to UDA's Proposed Bonus Issue ("Bonus Shares") shall, upon allotment and issue, rank equally in all respects with UDA's existing UDA Shares, save and except that they shall not be entitled to participate in any rights, allotments, dividends and/or other distributions, the entitlement date of which is before the date of allotment of new UDA Shares. Out of the total 352,942,002 Bonus Shares to be issued, an amount of 352,871,212 Bonus Shares will be cancelled subsequently to facilitate the Proposed SCR. As such, the Bonus Shares will not be credited into the Central Depository System accounts of the Other Shareholders of UDA including LUSB. **It is not UDA's intention to list the**

Bonus Shares on the Official List of Bursa Securities in view that UDA is expected to be delisted and removed from the Official List of Bursa Securities upon completion of the Proposed SCR.

2.2 Basis of the proposed cash consideration

As stated in UDA's Circular, the total capital repayment of a proposed cash amount of RM529,306,818 or RM3.00 per UDA Share prior to UDA's Proposed Bonus Issue was arrived at after taking into consideration, among others, the following:

(i) 5-day, 3-month and 1-year VWAMP of UDA Shares of RM2.15, RM2.20 and RM2.15 respectively up to and including 26 June 2006, being the latest trading day immediately prior to UDA's First Announcement;

(ii) EPS of the UDA Group based on its audited consolidated financial statements for the past 2 financial years ended 31 December 2004 and 31 December 2005 are 5.61 sen and 9.01 sen respectively. Based on the proposed cash consideration of RM3.00 per UDA Share, this represents a price-earning multiple of 53.48 times and 33.30 times, respectively; and

(iii) gross dividend per share of UDA of 8.0 sen per annum based on its audited financial statements for the past 2 financial years ended 31 December 2004 and 31 December 2005. Based on the proposed cash consideration of RM3.00 per UDA Share, this represents a gross dividend yield of 2.67% per annum.

2.3 Cost of Investment

On 4 April 2003, MRCB acquired the entire equity interest in LUSB, an investment holding company whose only investment is 87,999,606 UDA Shares representing 24.93% equity interest in UDA, for a cash consideration of RM85.40 million and assumed the liabilities of LUSB of approximately RM134.60 million, equivalent to RM2.50 per UDA Share.

The fair value of the investment in UDA was recorded at RM299.33 million at the acquisition date resulting in a reserve on consolidation of approximately RM79.33 million.

Please refer to Section 5.6 for the financial effects of the Proposed SCR on the earnings of MRCB Group.

2.4 Listing Status of the UDA Shares upon the completion of the Proposed SCR

Upon the completion of the Proposed SCR, UDA will become a wholly-owned subsidiary of Khazanah. Khazanah does not intend to maintain UDA's listing status on the Main Board of Bursa Securities. UDA will be delisted and removed from the Official List of Bursa Securities as it would not have the minimum required public spread for listing pursuant to Paragraph 8.15 of the Listing Requirements.

2.5 Conditions of the Proposed SCR

As stated in UDA's Circular, the Proposed SCR is conditional upon the following:

(i) The consent of the Minister of Finance (Incorporated) ("MOF Inc") in its capacity as UDA's special rights redeemable preference shareholder, which was obtained on 26 September 2006;

(ii) The approval of shareholders of UDA at UDA's forthcoming EGM;

(iii) The Order of the High Court of Malaya ("Order") sanctioning the Proposed SCR; and

(iv) The approvals of any other regulatory authorities, creditors and/or parties, if required.

UDA's Proposed Bonus Issue and UDA's Proposed IASC, which are all integral part of the Proposed SCR, are subject to the approval of the shareholders of UDA at an EGM to be convened.

Upon obtaining the above approvals, the Proposed SCR will become effective once an office copy of the Order is filed with the Companies Commission of Malaysia.

2.6 Information on UDA

Please refer to Appendix I for further information of UDA.

3 RATIONALE OF THE PROPOSED SCR AND PROPOSED VOTING

3.1 Rationale for the Proposed SCR

As stated in UDA's Circular, the rationale for the Proposed SCR is as follows:

"Over the years, the Board of UDA has worked to balance its duty to maximise value to its shareholders, while ensuring that UDA's corporate social responsibility, in the context of Bumiputera agenda, which stems from its origins as the Urban Development Authority, has been properly served. At this time, the Board of UDA has proposed this exercise as it feels that UDA's corporate social responsibility going forward will be best served as a privately held entity.

The Proposed SCR also offers an opportunity to the Other Shareholders of UDA to realise their investments in UDA at an attractive premium above the market price prior to the UDA's First Announcement. For the past 5 years up to and including 26 June 2006, being the latest trading day immediately prior to UDA's First Announcement, the closing prices of UDA Shares range between RM0.87 and RM2.61.

The capital repayment of a proposed cash amount of RM3.00 per UDA Share represents a premium of approximately 28.21%, 39.53%, 36.36% and 39.53% to the closing price of UDA Shares on 26 June 2006, and the 5-day, 3-month and 1-year weighted average market price of UDA Shares up to and including 26 June 2006 of RM2.34, RM2.15, RM2.20 and RM2.15 respectively.

In addition, UDA has paid a gross dividend per share at the rate of 8.0 sen per annum over the past 5 financial years ended 31 December 2005. Based on the capital repayment of a proposed cash amount of RM3.00 per UDA Share, this represents an average gross dividend yield of 2.67% per annum for the past 5 financial years."

3.2 Rationale for the Proposed Voting

Since the acquisition of the entire equity interest in LUSB in 2003, MRCB has not been able to derive significant synergistic benefits from its investment in UDA. MRCB has previously attempted a merger with UDA, as announced on 28 February 2005, but the proposal was called off when MRCB made an announcement on 13 May 2005 to that effect, due to non-agreement on the terms and details of the proposed merger.

Pursuant to the above and the Proposed SCR, the Board of MRCB had taken into consideration of the rationale and evaluation as follows:

3.2.1. Utilisation of gross proceeds derived from the Proposed SCR

The Proposed SCR represents an avenue for MRCB to realise its investment in UDA in return for gross cash proceeds of approximately RM264.00 million if the Proposed SCR becomes unconditional, and should MRCB elect to accept the Proposed SCR. The gross cash proceeds will enable MRCB to reduce the MRCB Group's

borrowings, finance its working capital and relevant expenses pursuant to the Proposed Voting, as detailed below:

	RM'000
Repayment of the MRCB Group's bank borrowings[1]	219,206
Working capital	43,793
Expenses related to this Proposed Voting[2]	1,000
Total	**263,999**

Notes:

1. *Part of the MRCB Group's total bank borrowings of RM1,193.54 million* to be repaid include the outstanding principal term loan as at 31 December 2005 which was RM131.99 million, procured by LUSB for its investment in UDA. (* The MRCB Group's total bank borrowing as of the Latest Practicable Date is RM1,095.88 million.)*
2. *Expenses include advisory fees, regulatory fees and other expenses related to the events required for the purpose of carrying out the Proposed Voting*

The repayment of bank borrowings by MRCB will result in savings in interest payment of RM14.25 million per annum, assuming the borrowings carry an average cost of approximately 6.5% per annum. This will enable MRCB to reduce its net gearing levels from 1.91 times as at FYE 31 December 2005 to 1.44 times and raise the balance for working capital for its existing and future projects.

3.2.2. Evaluation on proposed capital repayment of RM3.00 per UDA Share compared to UDA's historical share price

Pursuant to the Proposed SCR, the proposed capital repayment of RM3.00 per UDA Share represents a premium over the following:

- The historical share price of UDA Shares for the past twelve (12) months up to the Latest Practicable Date which ranged from a low of RM1.88[1] to a high of RM2.91[1] per UDA Share;
- The historical share price of UDA Shares since its listing in 1999 up to the Latest Practicable Date which ranged from a low of RM0.83[1] to a high of RM2.91[1] per UDA Share;
- The 5-day VWAMP of RM2.15[3] up to 26 June 2006[2]; and
- The 3-month VWAMP of RM2.20[3] up to 26 June 2006[2].

Notes:

1	*Source : Bloomberg*
2	*Being the latest trading day immediately prior to UDA's First Announcement*
3	*Source : UDA's Second Announcement*

3.2.3. Evaluation on the proposed capital repayment of RM3.00 per UDA Share in terms of PBR

Set out below are the lowest and highest PBR of UDA since its listing based on RM3.00 per UDA Share:

Lowest PBR (17 September 2001)* since UDA's listing in 1999	0.25 times
Highest PBR (4 August 2006)* since UDA's listing in 1999	0.86 times
PBR based on the proposed capital repayment of RM3.00 per UDA Share	^0.90 times

Notes:

* *Source : Bloomberg*

^ *Based on UDA Group's audited net asset per share of RM3.32 for the financial year ended 31 December 2005.*

Based on the above, the corresponding PBR of 0.90 times based on the proposed capital repayment of RM3.00 per UDA Share represents a relatively higher PBR as compared with the previous lowest and highest PBR since UDA's listing.

3.2.4. Evaluation on the proposed capital repayment of RM3.00 per UDA Share in terms of PBR and PER compared to PBR and PER of recent privatisation proposals for companies in the property sector

Examples of the comparisons of PBR and PER ratio of the recent privatisation/take-over offer proposals for companies in the property sector are as follows:

(i) Privatisation of E&O Property Development Berhad ("EOPD") via a conditional mandatory take-over offer by Eastern & Oriental Berhad ("E&O");

(ii) Voluntary take-over offer of Selangor Properties Berhad ("SPB") undertaken by Kayin Holdings Sdn. Berhad; and

(iii) Privatisation of Kejora Harta Berhad ("Kejora").

	PBR	**PER**
EOPD	1.20 times[1]	19.17 times[1]
SPB	0.59 times[2]	14.06 times[2]
Kejora	0.66 times[3]	55.56 times[3]
Average	0.81 times	29.60 times
UDA's Proposed SCR	0.90 times[4]	33.30 times[4]

(The proposals above by EOPD, SPB and Kejora are collectively known as "Comparable Transactions")

Notes:

1 *Source : Independent Advice Letter to Shareholders of EOPD dated 22 August 2005.*

2 *Source : Independent Advice Letter to Shareholders of SPB dated 21 September 2005.*

3 *Source : Independent Advice Letter to Shareholders of Kejora dated 11 March 2006.*

4 *Based on UDA Group's audited net asset per share of RM3.32 and EPS of 9.01 sen for the financial year ended 31 December 2005.*

The corresponding PBR based on the proposed repayment price of RM3.00 per UDA Share is 0.90 times, which is:

- within the range of PBR of the Comparable Transactions from 0.59 times to 1.20 times; and
- higher than the average PBR of the Comparable Transactions of 0.81 times.

The corresponding PER based on the proposed repayment price of RM3.00 per UDA Share is 33.30 times, which is:

- within the range of PER of the Comparable Transactions from 14.06 times to 55.56 times; and
- higher than the average PER of the Comparable Transactions of 29.60 times.

4 RISK FACTORS

4.1 Loss Of Entire Interest In UDA

As at the Latest Practicable Date, MRCB holds a 24.93% equity interest in UDA via MRCB's wholly-owned subsidiary LUSB. Upon completion of the Proposed SCR, MRCB will not be holding any interest in UDA and as such, MRCB will not be able to account for any part of UDA's earnings in the future. From the FYEs 31 December 2003 to 2005, the average PBT contribution by UDA to the MRCB Group's PBT is approximately 10.6% per annum. However, the utilisation of the proceeds from the proposed capital repayment of UDA for repayment of bank borrowings by MRCB will result in savings in interest payment of RM14.25 million per annum, assuming the borrowings carry an average cost of approximately 6.5% per annum.

The disposal of MRCB's equity interest in UDA may also result in MRCB not receiving any amount of dividends from UDA in the future. For the FYE 31 December 2003 until FYE 31 December 2005, MRCB has received a net dividend of approximately RM5.07 million for each of the financial years, giving total net dividends received of RM15.21 million. However, the proceeds from the proposed capital repayment of approximately RM264 million or RM3.00 per UDA Share represents approximately 52 years of dividends upfront.

4.2 Completion Of The Proposed SCR

The Proposed SCR is subject to the approval of the shareholders of UDA, except for Khazanah who shall abstain from voting, via the passing of a special resolution by a majority of not less than three-fourths of such shareholders entitled to vote in person or, where proxies are allowed, by proxy, at a general meeting. The Proposed SCR is also subject to the High Court's confirmation.

Unless the required approval by the shareholders of UDA and the confirmation by the High Court in respect of the Proposed SCR is obtained, the Proposed SCR may not be completed and hence MRCB will not be able to receive the total proceeds of approximately RM264 million arising from the Proposed SCR.

There is no assurance that all the relevant approvals for the Proposed SCR, will be obtained in order for the Proposed SCR to be completed.

4.3 Impact on the reserve account of MRCB Group

The Proposed SCR is expected to result in an accounting loss of approximately RM25.56 million in the consolidated income statement of MRCB Group. This loss is mainly attributable to the fact that, for accounting purpose, the 87,999,606 UDA Shares held by MRCB Group were previously recorded in the books of MRCB Group at RM299.33 million, even though the original cost of investment of the UDA Shares to MRCB Group was approximately RM220.00 million (RM2.50 per UDA Share based on 87,999,606 UDA Shares held by MRCB Group). The difference between the carrying value of the UDA Shares in MRCB Group's books (RM299.33 million) and the original cost of investment of the UDA Shares to MRCB Group (RM220.00 million) of RM79.33 million was recorded as reserve on consolidation. On the adoption of the Financial Reporting Standards 3 Business Combination, issued by the Malaysian Accounting Standards Board, by MRCB effective from 1 January 2006, the reserve on consolidation of approximately RM79.33 million was de-recognised against the accumulated losses of the MRCB Group. As a result, the accumulated losses of the MRCB Group was decreased by the corresponding amount of RM79.33 million. Therefore, upon the completion of the Proposed SCR, the accounting losses to be recorded in the consolidated income statement of MRCB Group would be calculated as follows:

	RM '000
Proceeds from Proposed SCR	263,999
Less: Carrying value of UDA Shares in MRCB Group's books at the date of acquisition	(299,332)
	(35,333)
Adjustments for:	
MRCB Group's share of UDA's post acquisition profits *	(5,435)
Net dividends received by MRCB Group from UDA	15,206
MRCB Group recognised loss on disposal	**(25,562)**

Note:

* *Based on the share of UDA's result which was equity accounted for by MRCB Group up to 31 December 2005.*

The above stated accounting loss of RM25.56 million will increase the accumulated losses of MRCB Group by RM25.56 million. However, on the adoption of Financial Reporting Standards 3 Business Combination, the MRCB Group has de-recognised RM79.33 million (reserve on consolidation) against the accumulated losses of MRCB Group. **Consequently, on an aggregated basis the accumulated losses of MRCB Group will be reduced by approximately RM53.77 million.** This is illustrated in the following table:

	RM'000
Impact on MRCB Group's accumulated losses pursuant to the de-recognition of reserve on consolidation	79,331
Impact on MRCB Group's accumulated losses pursuant to the recognition of loss on disposal	(25,562)
Net reduction in MRCB Group's accumulated losses due to MRCB Group's investment in UDA Shares and its disposal pursuant to the Proposed SCR	**53,769**

5 EFFECTS OF THE PROPOSED SCR

The effects of the Proposed SCR on the share capital, substantial shareholders, gearing, net assets, cash inflow and earnings of the MRCB Group are as follows:-

5.1 Share Capital

The Proposed SCR will not have any effect on the issued and paid-up share capital of MRCB.

5.2 Substantial Shareholders' Shareholdings

The Proposed SCR is not expected to have any effect on the shareholdings of the substantial shareholders of MRCB.

5.3 Gearing

For illustrative purposes, the proforma effects of the Proposed SCR on the gearing ratio of the MRCB Group based on the latest audited financial statements of the MRCB Group as at 31 December 2005 is set out below:

	Audited FYE 31 December 2005 (RM'000)	**After Proposed SCR (RM'000)**
Total borrowings	1,193,539	974,333
Minus : Cash or cash equivalent	(278,189)	(321,982)
Net borrowings	915,350	652,351
Shareholders' fund	479,996	453,434
Net gearing ratio (times)	1.91	1.44

5.4 Net Assets ("NA")

For illustrative purposes, the proforma effects of the Proposed SCR on the NA of the MRCB Group based on the latest audited financial statements of the MRCB Group as at 31 December 2005 is set out below:

	Audited FYE 31 December 2005 (RM'000)	**After Proposed SCR (RM'000)**
Share capital	768,186	768,186
Reserves	(288,190)	(314,752)[2]
Shareholders' funds / NA[1]	479,996	453,434
No. of MRCB Shares in issue ('000)	768,186	768,186
NA per MRCB Share (RM)	0.62	0.59

Notes:

1 Attributable to the equity holders of the parent company

2 Reserves were derived from

	RM'000
Reserves as at 31 December 2005	*(288,190)*
Less:	
Loss on disposal pursuant to the Proposed SCR	*(25,562)*
Relevant expenses pursuant to the Proposed Voting	*(1,000)*
	(314,752)

5.5 Cash Inflow

Upon completion of the Proposed SCR, MRCB will be able to realise its investment in UDA for total gross proceeds of approximately RM264.00 million, giving the MRCB Group a total cash return of approximately RM26.17 million on its investment after taking into account the following:

	RM'000
Gross proceeds from the Proposed SCR	263,999
Less:	

	RM'000
Initial investment cost by MRCB[1]	(85,400)
Repayment of liabilities of LUSB[2]	(134,600)
Total interest cost on bank borrowings paid as at Latest Practicable Date	(32,037)[3]
Relevant expenses pursuant to the Proposed Voting	(1,000)
Add:	
Total net dividends received from UDA	15,206
Total cash return on investment[4]	**26,168**

Notes:

1 *MRCB acquired its effective interest in UDA of 24.93% on 4 April 2003 for an initial cash outlay of RM85.40 million for the entire equity interest in LUSB (which holds the UDA Shares) and assumed all liabilities of LUSB of approximately RM134.60 million*

2 *Included in the liabilities of LUSB as at 31 December 2005 were bank borrowings of RM131.99 million.*

3 *Additional interest cost will incur from the Latest Practicable Date up to the completion of the Proposed SCR*

4 *Total cash return on investment may vary subject to the additional interest cost incurred up to the completion of the Proposed SCR*

5.6 Earnings

The Proposed SCR will result in the MRCB Group recognising a loss on disposal of approximately RM25.56 million on its investment in UDA in the current financial year.

	RM'000
Proceeds from the Proposed SCR	263,999
Less:	
MRCB Group's carrying value of its investment in UDA as at the date of acquisition	(299,332)
	(35,333)
Adjustment:	
MRCB Group's share of UDA's post acquisition profits*	(5,435)
Net dividends received by the MRCB Group from UDA	15,206
Loss on disposal of investment in UDA	**(25,562)**

Note:

* *Based on the share of UDA's result which is equity accounted for by MRCB Group up to 31 December 2005.*

6 APPROVALS REQUIRED

The Proposed Voting is subject only to the approval of the shareholders of MRCB, which is being sought in the forthcoming EGM.

7 DISCLOSURE OF DIRECTORS' AND MAJOR SHAREHOLDERS' INTERESTS

None of the directors and/or major shareholders of MRCB, and/or persons connected with such directors and/or major shareholders, has any interest, direct or indirect, in the Proposed SCR and/or UDA's Proposed Bonus Issue, save for Encik Shahril Ridza Ridzuan, a director of MRCB who is also a

member of the Board of UDA which is proposing the Proposed SCR and UDA's Proposed Bonus Issue and who, due to his conflict of interest, therefore has abstained and will continue to abstain from all deliberations and voting by the Board of MRCB on the Proposed Voting.

Encik Shahril Ridza Ridzuan does not have any shareholding in MRCB and UDA and has no other interest such as commission or other benefits received from MRCB or UDA pursuant to the Proposed Voting, hence the Proposed Voting is not deemed a related party transaction by virtue of Encik Shahril Ridza Ridzuan's common directorship in MRCB and UDA.

8 DIRECTORS' RECOMMENDATION

The Board of MRCB (save for Encik Shahril Ridza Ridzuan, a director of MRCB who is also a member of the Board of UDA and who, due to his conflict of interest, therefore has abstained and will continue to abstain from all deliberations and voting by the Board of MRCB on the Proposed Voting), having considered all aspects of the Proposed Voting, is of the opinion that the Proposed SCR is fair and reasonable and the approval of the Proposed Voting is in the best interests of MRCB. Accordingly, the Board of MRCB recommends that you vote in favour of the resolution approving the Proposed Voting to be tabled at the forthcoming EGM.

9 ESTIMATED TIMEFRAME FOR COMPLETION OF THE PROPOSED SCR

As stated in UDA's Circular, the Proposed SCR is expected to be completed by early 2007.

10 EGM

The forthcoming EGM of MRCB, notice of which is enclosed in this Circular, will be held at Selangor 1, Lobby Floor, Sheraton Subang Hotel and Towers, Jalan SS12/1, 47500 Subang Jaya, Selangor Darul Ehsan, on Friday, 1 December 2006 at 10.30 a.m. or at any adjournment thereof, for the purpose of considering and if thought fit, passing with or without modifications, the ordinary resolution to approve the Proposed Voting.

If you are unable to attend and vote at the EGM in person, you will find enclosed in this Circular, a Form of Proxy which you are requested to complete, sign and return in accordance with the instructions contained therein as soon as possible and, in any event, so as to arrive at the share registrar, Symphony Share Registrars Sdn Bhd, Level 26, Menara Multi-Purpose, Capital Square, 8, Jalan Munshi Abdullah, 50100 Kuala Lumpur, Malaysia, at the date and time stated at the cover page to be valid. The lodgment of the Form of Proxy will not preclude you from attending and voting at the EGM if you subsequently wish to do so.

11 FURTHER INFORMATION

Shareholders are advised to refer to the attached appendices for further information.

Yours faithfully
For and on behalf of the Board of Directors
MALAYSIAN RESOURCES CORPORATION BERHAD

DATUK AZLAN ZAINOL
Chairman

INFORMATION ON UDA

All information relating to UDA below has been obtained from published or publicly available sources and management of UDA and the sole responsibility of the Directors of MRCB is limited to ensuring that such information has been correctly reproduced herein.

1. History And Business

UDA, formerly known as UDA (Urban Development Authority), was established as a government agency to promote planned urban development and Bumiputera economic participation in urban areas. UDA was subsequently corporatised and incorporated on 1 September 1996 in Malaysia as a private limited company and converted into a public company on 14 July 1999, with the Ministry of Finance (Incorporated) as its holding corporation. On 18 November 1999, UDA was listed on the Main Board of Bursa Securities.

The principal activities of UDA are that of property development, property investment and investment holdings while the principal activities of the UDA Group are in land and property development, property investment and, hospitality and the retail business.

2. Share Capital

As at 1 November 2006, the authorised and issued and paid-up share capital of UDA are as follows:

	No. of UDA Shares	Par Value (RM)	Total Value (RM)
Authorised			
Ordinary shares	500,000,000	1.00	500,000,000
Issued and fully paid-up			
Ordinary shares	352,942,002	1.00	352,942,002
Special rights redeemable preference share	1	1.00	1

The changes in the issued and paid-up share capital of UDA since the date of incorporation to 1 November 2006 is as follows:

Date of allotment	No. of ordinary shares allotted	Par Value RM	Type of issue/Consideration	Total issued and paid-up share capital RM
20.06.1999	2	1.00	Subscribers' share	2
20.11.1999	300,000,000	1.00	Capitalisation of RM300,000,000 of treasury loan	300,000,002
18.11.1999	52,942,000	1.00	Public issue of 52,942,000 new ordinary share	352,942,002

3. Substantial Shareholders

As at 1 November 2006, the substantial shareholders (holding 5% or more interest in the shares of UDA) and their respective shareholdings in UDA are as follows:

Name of Substantial Shareholders	Place of incorporation	←— Direct —→ No. of UDA Shares	%	←— Indirect —→ No. of UDA Shares	%
Khazanah	Malaysia	176,506,396	50.01	-	-
LUSB	Malaysia	87,999,606	24.93	-	-
MRCB	Malaysia	-	-	87,999,606[1]	24.93

Note:

1 Deemed interested by virtue of its shareholdings in MRCB pursuant to Section 6A of the Act.

4. Directors

As at 1 November 2006 based on the Register of Directors and the Register of Directors' Shareholdings of UDA, the Directors and their respective shareholdings in UDA are as follows:

Name of Directors	Nationality	←— Direct —→ No. of UDA Shares	%	←— Indirect —→ No. of UDA Shares	%
Hj Baharum bin Hj Mohamed	Malaysian	-	-	-	-
Datin Latifah binti Datuk Abu Mansor	Malaysian	-	-	-	-
Datuk Zakiah binti Hashim	Malaysian	-	-	-	-
Dato' Halipah binti Esa	Malaysian	-	-	-	-
Dr. Iskandar bin Ismail	Malaysian	-	-	-	-
Encik Shahril Ridza bin Ridzuan	Malaysian	-	-	-	-
Datuk Yahya bin Ya'acob	Malaysian	10,000	0.003	-	-
Dato' Zainuddin bin Muhammad	Malaysian	-	-	-	-
Tuan Haji Abd Talib bin Baba	Malaysian	-	-	-	-
Jaafar Haji bin Abu Hassan	Malaysian	-	-	-	-

Name of Directors	Nationality	←— Direct —→ No. of UDA Shares	%	←— Indirect —→ No. of UDA Shares	%
Tuan Haji Adzmy bin Abdullah *(Alternate Director to Datuk Zakiah binti Hashim)*	Malaysian	-	-	-	-
Muhamad bin Idris *(Alternate Director to Dato' Halipah binti Esa)*	Malaysian	-	-	-	-

5. Subsidiary and Associated Companies

Based on UDA's annual report for the financial year ended 31 December 2005, the subsidiaries of UDA are as follows:

Name Of Company	Date/Place Of Incorporation	Issued And Paid-up Ordinary Share Capital (RM)	Effective Equity Interest Held (%)	Principal Activities
Direct Holdings				
UDA Land (East) Sdn Bhd	18.2.1974 Malaysia	1,000,000	100	Property development and project management
UDA Residences Sdn Bhd	15.05.1974 Malaysia	250,000	100	Property development and project management
UDA Mall Sdn Bhd	21.08.1975 Malaysia	450,000	100	Property management
UDA Dayaurus Sdn Bhd	23.05.1978 Malaysia	300,000	100	Property management
UDA Land (South) Sdn Bhd	17.07.1975 Malaysia	1,000,000	100	Property management and projects development
UDA Land (North) Sdn Bhd	29.03.1975 Malaysia	1,000,000	100	Project and property management and agent for development projects
UDA Pertama Sdn Bhd	29.06.1972 Malaysia	3,600,002	100	Property investment and management
UDA Pertama Management Sdn Bhd	11.05.1976 Malaysia	2	100	Property management
UDA Land (Central) Sdn Bhd	26.05.1987 Malaysia	1,000,000	100	Property development and project management
UDA Harta Sdn Bhd	20.05.1980 Malaysia	2,546,872	100	Project management consultant
UDA Land (Peruda) Sdn Bhd	14.4.1975 Malaysia	1,000,002	100	Property development and project management

Name Of Company	Date/Place Of Incorporation	Issued And Paid-up Ordinary Share Capital (RM)	Effective Equity Interest Held (%)	Principal Activities
				projects
Syarikat Tiga Beradek Sdn Bhd	18.09.1974 Malaysia	211,540	100	Investment holdings
Dermuda Sdn Bhd	03.08.1974 Malaysia	550,000	100	Management of bowling alleys
KT Golf Resort Berhad	03.05.1995 Malaysia	9,062,000	77	Development and management of golf course
UDA Dara Sdn Bhd	25.08.1993 Malaysia	100,003	51	Dormant
Betaplan Sdn Bhd	22.01.1996 Malaysia	50,000	51	Dormant
Sepang Ceramics Industries (M) Sdn Bhd	04.11.1961 Malaysia	5,943,317	50	Dormant
Handi Home Sdn Bhd	21.03.1997 Malaysia	800,000	100	Dormant
Tropical Island Resort Sdn Bhd	18.08.1992 Malaysia	31,500,000	51	Property development
Koridor Saga Sdn Bhd	23.05.2001 Malaysia	2	100	Dormant
UDA AnCasa Sdn Bhd	19.11.1997 Malaysia	50,000	100	Resort and hotel management
Promising Quality Sdn Bhd	13.03.1997 Malaysia	15,000,004	100	Property development
Standard Might Sdn Bhd	15.04.2004 Malaysia	2	100	Dormant
Assorted World Sdn Bhd	05.04.2004 Malaysia	2	100	Dormant
Avo Garden Sdn Bhd	10.04.2004 Malaysia	2	100	Dormant
UDA Bukit Bintang Properties Sdn Bhd	11.01.1973 Malaysia	245,000	100	Property Development
Indirect Holdings				
Standard Maintenance Sdn Bhd	05.10.1984 Malaysia	200,000	100	Cleaning contractors and landscape maintenance
Perumahan Pertama Sdn Bhd	12.03.1969 Malaysia	816,000	100	Dormant

Name Of Company	Date/Place Of Incorporation	Issued And Paid-up Ordinary Share Capital (RM)	Effective Equity Interest Held (%)	Principal Activities
Sepang Ceramics Industries (M) Sdn Bhd	04.11.1961 Malaysia	5,943,317	50	Dormant
City Guards Sdn Bhd	01.12.1986 Malaysia	100,002	100	Security services
UDA Angsana Sdn Bhd	26.07.1996 Malaysia	400,000	100	Property management
Kurnia Sepadu Sdn Bhd	01.12.1984 Malaysia	200,000	100	Property investment
Ezra Sdn Bhd	28.08.1984 Malaysia	2,000	100	Dormant
Duitech Sdn Bhd	09.01.1997 Malaysia	100,000	60	Computer software development
Titbits Restaurant Sdn Bhd	15.08.1997 Malaysia	300,000	100	Restaurant and café operators
Bestari Hospitality Management Sdn Bhd	04.08.1997 Malaysia	25,002	51	Restaurant and hotel management
Pinnacle Might Sdn Bhd	16.03.1999 Malaysia	2	100	Dormant
Colossus Harvest Sdn Bhd	13.03.1997 Malaysia	2	100	Dormant
Perpetual Morning Sdn Bhd	08.03.1997 Malaysia	2	100	Dormant
Gallant Horizon Sdn Bhd	14.03.1997 Malaysia	2	100	Dormant
Rainbow Precious Sdn Bhd	13.03.1997 Malaysia	2	100	Dormant
Fine Calibre Sdn Bhd	17.03.1999 Malaysia	2	100	Dormant
High Entity Sdn Bhd	10.04.2004 Malaysia	2	100	Dormant
Major Privilege Sdn Bhd	05.04.2004 Malaysia	2	100	Dormant
Priority Smart Sdn Bhd	10.04.2004 Malaysia	2	100	Dormant
Quality Gallery Sdn Bhd	02.04.2004 Malaysia	2	100	Dormant

Based on UDA's annual report for the financial year ended 31 December 2005, the associated companies of UDA are as follows:

Name Of Company	Date/Place Of Incorporation	Issued And Paid-up Ordinary Share Capital (RM)	Effective Equity Interest Held (%)	Principal Activities
Direct Holdings				
Syarikat Peruda Sarawak Sdn Bhd	24.01.1978 Malaysia	20,002	50	Dormant
Temasya Development Co Sdn Bhd	14.08.1974 Malaysia	11,429,000	30	Property development
Capital Square Sdn Bhd	19.11.1965 Malaysia	12,500,000	30	Property development
Bertam Properties Sdn Bhd	29.10.1991 Malaysia	60,000,000	20	Property development
TSR Usahasama Sdn Bhd	31.12.1999 Malaysia	300,010	40	Property development
Indirect Holdings				
Foseas Resources Sdn Bhd	01.03.1985 Malaysia	1,200,000	30	Dormant
Capital Square Hotels Sdn Bhd	11.03.1986 Malaysia	49,207,000	30	Dormant
Capital Square Management Sdn Bhd	11.03.1986 Malaysia	2	30	Dormant
Capital Square Car Park Sdn Bhd	11.03.1986 Malaysia	2	30	Dormant
Capital Square Properties Sdn Bhd	11.03.1986 Malaysia	2	30	Dormant
Penang Golf Resort Sdn Bhd	28.08.1987 Malaysia	5,000,002	20	Operation of a golf resort
Bertam Golf Management Services Sdn Bhd	01.10.1994 Malaysia	25,000	20	Landscape contractors and nursery operators
Mutiara Golf Properties Sdn Bhd	06.03.1992 Malaysia	2	20	Dormant
BP Plantations Sdn Bhd	28.08.1987 Malaysia	5,000,002	20	Oil palm cultivation
Overseas Union Insurance (Malaysia) Sdn Bhd	10.10.1983 Malaysia	50,000,000	10	Insurance services

6. Profit And Dividend Record

A summary of the consolidated audited results of UDA for the past five (5) financial years ended 31 December 2005 and the interim results for six (6) months ended 30 June 2006 are as follows:

	<---------- Financial years ended 31 December ---------->					
	2001	**2002**	**2003**	**2004**	**2005**	**Unaudited six (6) months ended 30 June 2006**
	RM '000	**RM '000**	**RM '000**	**RM '000**	**RM '000**	**RM '000**
Turnover	488,339	488,831	412,134	538,245	350,320	137,131
(LBT)/PBT	44,920	51,643	(9,235)	43,636	54,487	43,769
Taxation	(13,889)	(19,451)	(2,976)	(25,971)	(23,774)	(9,859)
(LAT)/PAT	31,031	32,192	(12,211)	17,665	30,713	33,910
Minority Interest	(80)	384	2,420	2,132	1,090	(803)
(Loss)/profit attributable to shareholders	30,951	32,576	(9,791)	19,797	31,803	33,107
Weighted average number of shares in issue ('000)	352,942	352,942	352,942	352,942	352,942	352,942
Gross EPS/(LPS)(sen)	12.73	14.63	(2.62)	12.36	15.44	12.40
Net EPS/(LPS) (sen)	8.77	9.23	(2.77)	5.61	9.01	9.38
Gross dividend rate (%)	8.00	8.00	8.00	8.00	8.00	-
Net assets	1,218	1,205	1,172	1,172	1,173	1,196

Note:

UDA did not record any extraordinary item/exceptional item for the past five (5) financial years ended 31 December 2005 and the interim results for six (6) months ended 30 June 2006.

Commentaries:

1. The improved revenue of RM488.3 million for 2001 compared to RM420.8 million in 2000 was mainly contributed to the higher billings from its property development segment.

2. The UDA Group recorded a pre-tax profit of RM51.6 million in 2002 compared to RM44.9 million in the previous year mainly due to the gain of RM8.3 million on the disposal of shares in Udapakat Sdn Bhd and higher contributions from other associated companies.

3. UDA's turnover decreased from RM488.8 million for 2002 to RM412.1 million in 2003 due to lower sales of properties and lower progress billings generated as compared to the prior year. UDA reported a LBT of RM12.2 million in 2003 compared to PAT of RM32.2 million in 2002, mainly due to the impairment losses and allowances for doubtful debts and development expenditure amounting to RM46.0 million.

4. In the year 2004, UDA generated revenue of RM538.2 million, representing an increase of 30.6% as compared to the revenue achieved for the previous year. The improved performance is mainly due to higher revenue generated from property development and property management activities. UDA has achieved a PBT for the year of RM43.6 million compared to the loss incurred in the previous year of RM9.2 million.

5. In year 2005, UDA achieved total revenue of RM350.3 million as compared to RM538.2 million in year 2004. The decrease of RM187.9 million was mainly due to the decrease in revenue from the property development segment and the disposal of UDA' retail business activities, which took effect in May 2005. However the overall performance UDA was better as compared to year 2004 as this reflected by the 25% increase in the PBT to RM54.5 million during the year 2005 compared to RM43.6 million in 2004.

7. The latest audited financial statement of UDA together with the notes and the auditors' report is attached as Appendix II

THE LATEST AUDITED FINANCIAL STATEMENT OF UDA AS AT 31 DECEMBER 2005 TOGETHER WITH THE NOTES AND THE AUDITORS' REPORT

UDA HOLDINGS BERHAD

(347508-T)
(Incorporated in Malaysia)

STATUTORY FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31ST DECEMBER, 2005

azman, wong, salleh & co.
(AF: 0012)
chartered accountants

CORPORATE INFORMATION

Board of Directors

Dato' Haji Mohd Zihin Haji Mohd Hassan (Chairman)

Jaafar Haji Abu Hassan (Managing Director)

Datuk Zakiah Hashim

Dato' Halipah Esa

Datin Latifah Datuk Abu Mansor

Dr. Iskandar Ismail

Shahril Ridza Ridzuan

Datuk Yahya Ya'acob

Dato' Zainuddin Muhammad

Tuan Haji Abd.Talib Baba

Adzmy Abdullah - alternate director to Datuk Zakiah Hashim

Muhamad Idris - alternate director to Dato' Halipah Esa

Audit Committee

Datuk Yahya Ya'acob (Chairman)
Tuan Haji Abd. Talib Baba
Dato' Zainuddin Muhammad
Shahril Ridza Ridzuan
Datin Latifah Datuk Abu Mansor

Registered Office

BB Plaza
Lot 111, Jalan Bukit Bintang
55100 Kuala Lumpur
(Tel: 03 - 27308500)

Administrative and Correspondence Address

10th Floor, BB Plaza
Lot 111, Jalan Bukit Bintang
55100 Kuala Lumpur
(Tel: 03 - 27308500)

Company Secretary

Abd. Rashid Atan

Auditors

Azman, Wong, Salleh & Co.
(AF: 0012)
Chartered Accountants

Stock Exchange Listing

Bursa Malaysia
Main Board

Currency

Ringgit Malaysia (RM)

DIRECTORS' REPORT

The directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2005.

1. PRINCIPAL ACTIVITIES

The principal activities of the Company consist of property development, property investment and investment holdings.

The principal activities of the subsidiary and associated companies are stated in Notes 7 and 8 to the financial statements respectively.

There have been no significant changes in the nature of the Group's activities during the year except for the disposal of a subsidiary company as disclosed in Note 7 to the financial statements.

2. FINANCIAL RESULTS

The audited results of the Group and of the Company for the financial year ended 31 December 2005 are as follows:-

	Group RM'000	Company RM'000
Profit for the year after taxation	30,713	20,973
Minority interest	1,090	-
Net profit for the year	31,803	20,973

3. DIVIDENDS

Dividends paid or declared by the Company since the end of the previous financial year are as follows:-

	RM'000
For the year ended 31 December 2004, a final gross dividend of 4% less 28% income tax, paid on 16 June 2005	10,165
For the year ended 31 December 2005, an interim gross dividend of 4% less 28% income tax, declared on 22 November 2005 and paid on 30 December 2005	10,165
	20,330

The directors recommend the payment of a final gross dividend in respect of the financial year ended 31 December 2005 of 4% less 28% income tax, amounting to RM10,164,730 which is subject to the approval of members at the forthcoming Annual General Meeting.

4. RESERVES AND PROVISIONS

All material transfers to and from reserves and provisions during the year are shown in the financial statements.

5. ISSUE OF SHARES

There were no changes in the issued and paid-up share capital of the Company.

6. OPTIONS OVER UNISSUED SHARE CAPITAL

No options were granted to any person to take up unissued shares of the Company during the year.

7. DIRECTORS

The directors who held office since the date of the last Directors' Report are as follows:-

Dato' Haji Mohd Zihin Haji Mohd Hassan (Chairman)
Jaafar Haji Abu Hassan (Managing Director)(appointed on 26 May 2005)
Datuk Zakiah Hashim
Dato' Halipah Esa (appointed on 1 March 2006)
Datin Latifah Datuk Abu Mansor (appointed on 17 April 2006)
Dr. Iskandar Ismail (appointed on 26 August 2005)
Shahril Ridza Ridzuan
Datuk Yahya Ya'acob
Dato' Zainuddin Muhammad
Tuan Haji Abd. Talib Baba
Adzmy Abdullah - alternate director to Datuk Zakiah Hashim (appointed on 27 June 2005)
Muhamad Idris - alternate director to Dato' Halipah Esa (appointed on 1 March 2006)
Nasution Mohamed (appointed on 26 May 2005 and resigned on 23 August 2005)
Datuk Zahari Omar (resigned on 26 May 2005)
Y.M. Raja Dato' Zaharaton Raja Zainal Abidin (resigned on 31 October 2005)
Asiah Ahmad - alternate director to Datuk Zakiah Hashim (resigned on 27 June 2005)
Mohd Zarif Mohd Zaman - alternate director to Y.M. Raja Dato' Zaharaton Raja Zainal Abidin (resigned on 31 October 2005)
Datuk Ab. Khalil Ab. Hamid (resigned on 28 February 2006)

In accordance with Article 87 of the Company's Articles of Association, Jaafar Haji Abu Hassan, Dr. Iskandar Ismail, Dato' Halipah Esa and Datin Latifah Datuk Abu Mansor retire at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

In accordance with Article 89 of the Company's Articles of Association, Dato' Haji Mohd Zihin Haji Mohd Hassan, Dato' Zainuddin Muhammad and Shahril Ridza Ridzuan retire by rotation at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

8. DIRECTORS' INTERESTS

According to the Register of Directors' Shareholdings, the interest of the directors in office at end of the financial year in the ordinary shares of the Company during the period covered by the income statement are as follows:-

	No. of Ordinary Shares of RM1.00 Each			
	At 1.1.2005	Purchased	Sold	At 31.12.2005
Direct interest:-				
Dato' Haji Mohd Zihin Haji Mohd Hassan	30,000	-	(30,000)	-
Datuk Yahya Ya'acob	10,000	-	-	10,000

None of the other directors in office at the end of the financial year held any interest in the ordinary shares of the Company and its related companies.

9. DIRECTORS' BENEFITS

Since the end of the previous financial year, no director of the Company has received or become entitled to receive any benefit (other than benefits disclosed as directors' remuneration in Note 25 to the financial statements) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

Neither during nor at the end of the financial year was the Company a party to any arrangement whose object was to enable the directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

10. OTHER STATUTORY INFORMATION

(a) BAD AND DOUBTFUL DEBTS

Before the income statements and the 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 allowances for doubtful debts, and have satisfied themselves that all known bad debts have been written off and that adequate allowances had been made for doubtful debts.

At the date of this report, the directors are not aware of any circumstances which would render the amounts written off for bad debts or the amount of allowances for doubtful debts in the financial statements of the Company and of its subsidiary companies inadequate to any substantial extent.

(b) CURRENT ASSETS

Before the income statements and the balance sheets were made out, the directors took reasonable steps to ensure that any current assets, other than debts, which were unlikely to realise in the ordinary course of business, their values as shown in the accounting records of the Company and of its subsidiary companies have been written down to an amount which they might be expected to realise.

At the date of this report, the directors are not aware of any circumstances which would render the values attributed to current assets in the financial statements of the Company and of its subsidiary companies misleading.

(c) VALUATION METHODS

At the date of this report, the directors are not aware of any circumtances which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Company and of its subsidiary companies misleading or inappropriate.

10. OTHER STATUTORY INFORMATION (CONTD)

(d) CONTINGENT AND OTHER LIABILITIES

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

(i) any charge on the assets of the Company and of its subsidiary companies which has arisen since the end of the financial year which secures the liabilities of any other person, or

(ii) any contingent liability of the Company and of its subsidiary companies 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 affect the ability of the Company and of its subsidiary companies to meet their obligations as and when they fall due.

(e) 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 financial statements, which would render any amount stated in the financial statements misleading.

(f) ITEMS OF AN UNUSUAL NATURE

The results of the operations of the Company and of its subsidiary companies for the year ended 31 December 2005 were not, in the opinion of the directors, substantially affected by any item, transaction or event of a material and unusual nature.

(g) EVENTS SUBSEQUENT TO BALANCE SHEET DATE

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 and of its subsidiary companies for the financial year in which this report is made.

11. ULTIMATE HOLDING CORPORATION / COMPANY

The ultimate holding company is Khazanah Nasional Berhad, a company incorporated in Malaysia.

12. AUDITORS

The retiring auditors, Azman, Wong, Salleh & Co., have expressed their willingness to accept reappointment.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors,

DATO' HAJI MOHD ZIHIN HAJI MOHD HASSAN
Non-Executive Chairman

JAAFAR HAJI ABU HASSAN
Managing Director

Kuala Lumpur
Date:

BALANCE SHEETS AS AT 31 DECEMBER 2005

	Note	GROUP 2005 RM'000	GROUP 2004 RM'000	COMPANY 2005 RM'000	COMPANY 2004 RM'000
PROPERTY, PLANT AND EQUIPMENT	6	560,503	615,319	487,416	516,864
SUBSIDIARY COMPANIES	7	-	-	48,204	47,296
ASSOCIATED COMPANIES	8	93,915	102,407	17,947	25,244
LAND HELD FOR DEVELOPMENT	9 (a)	246,502	246,278	86,178	87,137
OTHER INVESTMENTS	10	23,085	23,100	22,912	22,912
DEFERRED TAX ASSETS	11	1,908	2,334	1,547	2,010
GOODWILL ON CONSOLIDATION	12	221	294	-	-
CURRENT ASSETS					
Development properties	9 (b)	332,668	304,903	318,422	316,059
Inventories	13	109,188	129,225	108,069	117,195
Receivables	14	119,965	186,065	185,356	250,338
Tax recoverable		2,298	2,032	-	-
Short term deposits	15	151,371	152,111	150,290	140,567
Cash and bank balances	16	104,087	118,755	86,042	92,038
		819,577	893,091	848,179	916,197
CURRENT LIABILITIES					
Payables	17	130,858	166,447	88,867	95,528
Treasury loans and interest payable	18	101,366	183,109	101,366	183,109
Taxation		4,601	2,939	4,189	911
		236,825	352,495	194,422	279,548
NET CURRENT ASSETS		582,752	540,596	653,757	636,649
		1,508,886	1,530,328	1,317,961	1,338,112

The notes on pages 37 to 79 form part of these financial statements.

BALANCE SHEETS AS AT 31 DECEMBER 2005

	Note	GROUP 2005 RM'000	GROUP 2004 RM'000	COMPANY 2005 RM'000	COMPANY 2004 RM'000
FINANCED BY:					
SHARE CAPITAL	19	352,942	352,942	352,942	352,942
RESERVES	20	808,561	806,512	648,710	648,067
SHAREHOLDERS' EQUITY		1,161,503	1,159,454	1,001,652	1,001,009
MINORITY INTERESTS		11,490	12,297	-	-
		1,172,993	1,171,751	1,001,652	1,001,009
LONG TERM LIABILITIES					
Treasury loans and interest payable	18	306,441	329,428	306,441	329,428
Other long term liabilities	21	29,452	29,149	9,868	7,675
		335,893	358,577	316,309	337,103
		1,508,886	1,530,328	1,317,961	1,338,112

The notes on pages 37 to 79 form part of these financial statements.

INCOME STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005

	Note	GROUP 2005 RM'000	GROUP 2004 RM'000	COMPANY 2005 RM'000	COMPANY 2004 RM'000
REVENUE	22	350,320	538,245	205,676	332,062
COST OF SALES / SERVICES		(227,422)	(410,553)	(126,531)	(255,786)
GROSS PROFIT		122,898	127,692	79,145	76,276
INVESTMENT AND OTHER INCOME	23	15,408	19,904	15,437	32,671
SELLING AND MARKETING EXPENSES		(4,319)	(6,059)	(471)	(803)
ADMINISTRATION AND GENERAL EXPENSES		(62,788)	(69,334)	(29,571)	(32,521)
OTHER OPERATING EXPENSES		(10,222)	(27,258)	(12,977)	(36,447)
OPERATING PROFIT BEFORE FINANCE CHARGES		60,977	44,945	51,563	39,176
FINANCE CHARGES	24	(13,947)	(13,445)	(13,389)	(12,830)
OPERATING PROFIT AFTER FINANCE CHARGES		47,030	31,500	38,174	26,346
SHARE OF PROFITS LESS LOSSES OF ASSOCIATED COMPANIES		7,457	12,136	-	-
PROFIT BEFORE TAXATION	25	54,487	43,636	38,174	26,346
TAXATION	26	(23,774)	(25,971)	(17,201)	(22,282)
PROFIT AFTER TAXATION		30,713	17,665	20,973	4,064
MINORITY INTERESTS		1,090	2,132	-	-
PROFIT ATTRIBUTABLE TO SHAREHOLDERS		31,803	19,797	20,973	4,064

The notes on pages 37 to 79 form part of these financial statements.

INCOME STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005

	Note	GROUP 2005 RM	GROUP 2004 RM	COMPANY 2005 RM	COMPANY 2004 RM
BASIC EARNINGS PER ORDINARY SHARE	27	9.01 sen	5.61 sen	5.94 sen	1.15 sen
DIVIDENDS PER ORDINARY SHARE					
- Gross	28	8.00 sen	8.00 sen	8.00 sen	8.00 sen
- Net (after tax)		5.76 sen	5.76 sen	5.76 sen	5.76 sen

The notes on pages 37 to 79 form part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2005

	NON-DISTRIBUTABLE					DISTRIBUTABLE	
	Share Capital RM'000	Share Premium RM'000	Capital Reserve RM'000	Revaluation Reserve RM'000	Reserve on Consolidation RM'000	Retained Profits RM'000	Total RM'000
GROUP - 2005							
Balance at 1 January 2005	352,942	22,874	2,204	9,424	12,798	759,212	1,159,454
Share of post - acquisition losses in an associated company (Note 8)	-	-	-	(9,424)	-	-	(9,424)
Reversal of reserves on liquidation of an investment of an associated company (Note 8)	-	-	(2,204)	-	-	2,204	-
Net profit for the year	-	-	-	-	-	31,803	31,803
Final dividend paid in respect of the year ended 31 December 2004	-	-	-	-	-	(10,165)	(10,165)
Interim dividend paid in respect of the year ended 31 December 2005	-	-	-	-	-	(10,165)	(10,165)
Balance at 31 December 2005	352,942	22,874	-	-	12,798	772,889	1,161,503

The notes on pages 37 to 79 form part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2005

	NON-DISTRIBUTABLE					DISTRIBUTABLE	
	Share Capital RM'000	Share Premium RM'000	Capital Reserve RM'000	Revaluation Reserve RM'000	Reserve on Consolidation RM'000	Retained Profits RM'000	Total RM'000
GROUP - 2004							
Balance at 1 January 2004	352,942	22,874	2,204	9,424	12,798	759,745	1,159,987
Net profit for the year	-	-	-	-	-	19,797	19,797
Final dividend paid in respect of the year ended 31 December 2003	-	-	-	-	-	(10,165)	(10,165)
Interim dividend paid in respect of the year ended 31 December 2004	-	-	-	-	-	(10,165)	(10,165)
Balance at 31 December 2004	352,942	22,874	2,204	9,424	12,798	759,212	1,159,454

The notes on pages 37 to 79 form part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2005

	NON-DISTRIBUTABLE		DISTRIBUTABLE	
	Share Capital RM'000	Share Premium RM'000	Retained Profits RM'000	Total RM'000
COMPANY - 2005				
Balance at 1 January 2005	352,942	22,874	625,193	1,001,009
Net profit for the year	-	-	20,973	20,973
Final dividend paid in respect of the year ended 31 December 2004	-	-	(10,165)	(10,165)
Interim dividend paid in respect of the year ended 31 December 2005	-	-	(10,165)	(10,165)
Balance at 31 December 2005	352,942	22,874	625,836	1,001,652
COMPANY - 2004				
Balance at 1 January 2004	352,942	22,874	641,459	1,017,275
Net profit for the year	-	-	4,064	4,064
Final dividend paid in respect of the year ended 31 December 2003	-	-	(10,165)	(10,165)
Interim dividend paid in respect of the year ended 31 December 2004	-	-	(10,165)	(10,165)
Balance at 31 December 2004	352,942	22,874	625,193	1,001,009

The notes on pages 37 to 79 form part of these financial statements.

CASH FLOW STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2005

	GROUP		COMPANY	
	2005	2004	2005	2004
	RM'000	RM'000	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before taxation	54,487	43,636	38,174	26,346
Adjustments:-				
Depreciation of property, plant and equipment	20,504	22,860	16,084	16,813
Amortisation of goodwill	73	73	-	-
Share of profits less losses of associated companies	(7,457)	(12,136)	-	-
Dividend income (gross)				
- unit trusts	-	(1,630)	-	(1,630)
- subsidiary companies	-	-	(520)	(10,421)
- associated companies	-	-	(4,801)	(9,549)
Interest on short-term deposits	(5,176)	(4,251)	(3,547)	(3,169)
Interest on hire purchase	43	43	-	-
Interest on Treasury loans	11,901	12,632	11,901	12,632
Interest on overdraft	417	451	-	-
Provision for retirement benefits	3,590	3,667	3,183	3,162
Allowance for diminution in value of investment in				
- subsidiary companies	-	-	-	17,578
- associated company	-	-	7,297	-
- quoted shares	10	-	-	-
Write back of allowance for diminution in value of other investment	(2)	-	-	-
Gain on disposal of				
- property, plant and equipment	(1,069)	(2,839)	(1,032)	(2,769)
- a subsidiary company	(756)	-	(109)	-
- other investments	(5)	(1,990)	-	(1,990)
Property, plant and equipment written off	3	44	-	13
Inventories written off	-	3	-	-
Write back of allowance for diminution in value of inventories of completed buildings	(658)	(1,761)	(658)	(1,761)
Allowance for bad and doubtful debts	918	1,464	-	447
Bad debts recovered	(139)	-	-	-
Write back of allowance for slow moving inventories	-	(4)	-	-
Write back of allowance for doubtful debts for				
- subsidiary company	-	-	(237)	-
- receivables	(4,516)	(411)	(4,386)	-
Bad debts written off	351	16	351	15
Impairment losses in respect of land held for development	1,364	14,000	1,364	14,000
Profit from operating activities before changes in working capital	73,883	73,867	63,064	59,717

CASH FLOW STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2005

	GROUP		COMPANY	
	2005	2004	2005	2004
	RM'000	RM'000	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit from operating activities before changes in working capital	73,883	73,867	63,064	59,717
(Increase)/decrease in development properties	(12,498)	137,961	12,904	110,697
Decrease in inventories	15,676	6,371	15,229	6,926
Decrease/(increase) in trade receivables	75,297	(89,083)	74,924	(62,443)
(Increase)/decrease in other receivables	(7,413)	18,795	(5,670)	(96,416)
(Decrease)/increase in trade payables	(21,572)	30,189	(12,767)	33,181
Increase /(decrease) in other payables	10,096	(146,553)	6,652	(25,031)
Cash generated from operating activities	133,469	31,547	154,336	26,631
Retirement benefits paid	(1,207)	(1,628)	(990)	(1,632)
Interest on short-term deposits	5,176	4,251	3,547	3,169
Payment of taxation	(20,180)	(9,321)	(13,460)	(254)
Net cash generated from operating activities	117,258	24,849	143,433	27,914
CASH FLOWS FROM INVESTING ACTIVITIES				
Increase in land held for development	(1,588)	(16,406)	(405)	(728)
Acquisition of subsidiary companies, net of cash (Note 29)	-	(15,000)	-	-
Net cashflow from disposal of subsidiary companies (Note 29)	(5,965)	-	-	-
Purchase of investment in subsidiary companies	-	-	(2,049)	(18,251)
Proceeds from disposal of subsidiary company	-	-	1,251	-
Proceeds from disposal of property, plant and equipment	16,788	4,915	1,699	4,280
Purchase of property, plant and equipment	(9,880)	(15,391)	(8,562)	(3,897)
Dividend income (net)				
- unit trusts	-	1,492	-	1,492
- subsidiary companies	-	-	520	7,708
- associated companies	4,801	8,220	4,801	8,220
Proceeds from the disposal of other investments	13	32,060	-	31,559
Net cash generated from/ (used in) investing activities	4,169	(110)	(2,745)	30,383

CASH FLOW STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2005

	GROUP		COMPANY	
	2005	2004	2005	2004
	RM'000	RM'000	RM'000	RM'000
CASH FLOWS FROM FINANCING ACTIVITIES				
Purchases of shares by minority interest	807	2,450	-	-
Dividends paid	(20,330)	(20,330)	(20,330)	(20,330)
Treasury loans paid	(116,631)	(38,537)	(116,631)	(38,537)
Hire purchase financing obtained	-	50	-	-
Repayment of bank borrowing (secured)	(642)	-	-	-
Repayment of hire purchase financing	(39)	(14)	-	-
Net cash used in financing activities	(136,835)	(56,381)	(136,961)	(58,867)
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS DURING THE YEAR	(15,408)	(31,642)	3,727	(570)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	270,866	302,508	232,605	233,175
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	255,458	270,866	236,332	232,605
CASH AND CASH EQUIVALENTS CONSISTS OF :-				
Short term deposits (Note 15)	151,371	152,111	150,290	140,567
Cash and bank balances (Note 16)	104,087	118,755	86,042	92,038
	255,458	270,866	236,332	232,605

The notes on pages 37 to 79 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2005

1. PRINCIPAL ACTIVITIES

The principal activities of the Company consist of property development, property investment and investment holdings. The principal activities of the subsidiary and associated companies are stated in Notes 7 and 8.

There have been no significant changes in the nature of the Group's activities during the year except for the disposal of a subsidiary company as disclosed in Note 7 to the financial statements.

2. BASIS OF ACCOUNTING

The financial statements of the Group and of the Company have been prepared under the historical cost convention, modified to include the revaluation of properties by an associated company, and comply with the applicable approved financial reporting standards in Malaysia and the provisions of the Companies Act, 1965.

The preparation of financial statements in conformity with the applicable approved financial reporting 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 year. Actual results could differ from those estimates.

3. GENERAL INFORMATION

The financial statements of the Group and of the Company were authorised for issue on 27 April, 2006 by the Board of Directors.

The Company is a public limited liability company incorporated and domiciled in Malaysia.

The Group and the Company had 1,341 and 282 employees respectively at the end of the financial year (2004: 1,908 and 201).

The address of the registered office and the principal place of business of the Company is BB Plaza, Lot 111, Jalan Bukit Bintang, 55100 Kuala Lumpur.

The administrative and corespondence address of the Company is 10th Floor, BB Plaza, Lot 111, Jalan Bukit Bintang, 55100 Kuala Lumpur.

The Company is listed on the Main Board of Bursa Malaysia.

4. FINANCIAL RISK MANAGEMENT POLICIES

The Group's activities expose it to a variety of financial risks, including liquidity risk, market risk, interest rate risk and credit risk.

(a) Market Risk

The Group's principal exposure to market risk arises mainly from the changes in economy, business environment and competition that affect the property market. In order to mitigate this risk, it is the Group's policy to carry out proper studies before a project is undertaken. In the formulation of a project, the target group is properly chosen and the price of the product is fixed at a competitive level to ensure a reasonable success for the project.

4. FINANCIAL RISK MANAGEMENT POLICIES (CONTD)

(b) Liquidity Risk

The Group practices prudent liquidity risk management to minimise the mismatch between financial assets and liabilities and to maintain sufficient credit facilities for contingent funding requirements for working capital.

(c) Credit Risk

The Group seeks to invest its cash assets safely and profitably. It also seeks to control credit risk by setting proper credit review processes for its property management unit and ensuring that sales of its property development projects are made to purchasers with an appropriate credit history. It is the Group's policy to monitor the financial standing of trade and other receivables on a going concern basis to ensure that the Group is exposed to minimal credit risk.

The Group considers the risk of material loss in respect of its property development projects to be unlikely as sales are supported through end financing arrangements. Adequate allowances are made for losses arising from its other operating activities.

(d) Interest Rate Risk

The Group's exposure to interest rate risk is minimal as its borrowings are principally long term loans from the Government of Malaysia.

5. ACCOUNTING POLICIES

The following accounting policies are adopted by the Group and the Company and are consistent with those adopted in previous years.

(a) Subsidiary Companies

A subsidiary company is a company in which the Group has power to exercise control over the financial and operating policies of the company so as to obtain benefits from its activities.

Investment in subsidiary companies are stated at cost less impairment losses, if any, in the financial statements of the Company. Details of subsidiary companies are disclosed in Note 7.

(b) Basis of Consolidation

The Group financial statements incorporate the audited financial statements of the Company and all its subsidiary companies made up to 31 December 2005.

Subsidiary companies are consolidated using the acquisition method of accounting. Under the acquisition method of accounting, the results of subsidiary companies acquired or disposed are included from the date of acquisition or up to the date of disposal respectively. At the date of acquisition, the fair values of the subsidiary companies' identifiable net assets are determined and these values are reflected in the consolidated financial statements.

The excess of the cost of acquisition over the fair values of the Group's share of the subsidiaries' identifiable net assets at the dates of acquisition is reflected as goodwill on consolidation. Goodwill is amortised over a period of five years.

5. ACCOUNTING POLICIES (CONTD)

(b) Basis of Consolidation (contd)

Reserve on consolidation represents the surplus of the fair values of the Group's share of the net identifiable assets of the subsidiary companies over cost at the dates of acquisition.

Inter-company transactions, balances and unrealised gains on transactions are eliminated on consolidation. Unrealised losses are also eliminated unless cost cannot be recovered. Where necessary, adjustments are made to the financial statements of subsidiary companies to ensure consistency of accounting policies with those of the Company.

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.

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

(c) Associated Companies

Investment in associated companies are stated at cost less impairment losses, if any, in the financial statements of the Company.

Associated companies 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 associated companies but not control over those policies. Investment in associated companies are accounted for in the consolidated financial statements by the equity method of accounting.

The Group income statement includes the Group's share of profits less losses and taxation of the associated companies based on the latest management accounts. The Group's share of the results and reserves of associated companies since the date of acquisition are included in the cost of investment in associated companies in the group balance sheet.

Equity accounting is discontinued when the carrying amount of the investment in an associated company reaches zero. The share of losses exceeding the cost of investments and retained profits are only accounted for to the extent of additional payment to increase the cost of investments or when the Group has incurred obligations or guaranteed obligations in respect of the associated company.

Unrealised gains on transactions between the Group and its associated companies are eliminated to the extent of the Group's interest in the associated companies.

Details of the associated companies are disclosed in Note 8.

(d) Property, Plant and Equipment

(i) Property

Properties are stated at cost less accumulated depreciation and impairment losses.

Cost of properties consists of land cost, construction cost and other directly related expenses.

5. ACCOUNTING POLICIES (CONTD)

(d) Property, Plant and Equipment (contd)

(i) Property (contd)

Freehold land is not amortised. Leasehold land is amortised over the period of the respective leases or 99 years, whichever is shorter. Buildings on freehold land are amortised at the rate of 2% per annum. Buildings on leasehold land are amortised at the rate of 2% per annum or the leasehold period, whichever is shorter.

(ii) Plant and Equipment

Plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Plant and equipment are depreciated on the straight line basis calculated to write off the cost of the assets over their estimated useful lives. The principal annual rates used for this purpose are as follows:-

	Percentage Per Annum
Renovation	10% - 33%
Motor vehicles	20%
Computers	25%
Furniture, fittings, machinery and office and operating equipment	10% - 20%

When property, plant and equipment are disposed, the resultant gain or loss on disposal is determined by comparing the disposal proceeds with the carrying amount and is included in the income statement.

(e) Property Development Activities

(i) Land held for development

Land held for development consist of land on which no significant development work has been undertaken or where development activities are not expected to be completed within the normal operating cycle. Such land is classified as non-current assets and is stated at cost less accumulated impairment losses.

Costs associated with the acquisition of land include the purchase price of land, professional fees, stamp duties, commissions, conversion fees and other relevant levies. Where an indication of impairment exists, the carrying amount of the asset is assessed and written down immediately to its recoverable amount.

Land held for development is transferred to development properties (under current assets) when development activities have commenced and where the development activities can be completed within the Group's normal operating cycle.

(ii) Development properties

Development properties comprise of costs associated with the acquisition of land and all costs directly attributable or allocated on a reasonable basis, to development activities.

5. ACCOUNTING POLICIES (CONTD)

(e) Property Development Activities (contd)

(ii) Development properties (contd)

When the outcome of a development activity can be estimated reliably, property development revenue and expenses are recognised by using the stage of completion method. The stage of completion is measured by reference to the proportion that property development costs incurred bear to the estimated total costs for the property development.

When the outcome of a development activity cannot be reliably estimated, property development revenue is recognised only to the extent of property development costs incurred that is likely to be recoverable; and property development costs on the development units sold are recognised when incurred.

Irrespective of whether the outcome of a property development activity can be estimated reliably, when it is probable that total property development costs (including expected defect liability expenditure) will exceed total property development revenue, the expected loss is recognised as an expense immediately.

Property development cost not recognised as an expense is recognised as an asset and is stated at the lower of cost and net realisable value.

Where revenue recognised in the income statement exceed billings to purchasers, the balance is shown as accrued billings under receivables, deposits and prepayments (within current assets). Where billings to purchasers exceed revenue recognised in the income statement, the balance is shown as progress billings under payables (within current liabilities).

(f) Other Investments

Investment in unquoted shares is stated at cost. Allowance for diminution in value is made where, in the opinion of the Directors, there is a permanent diminution in the value of such investment.

Investment in quoted shares is carried at the lower of cost and market value.

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

(g) Receivables

Trade receivables are carried at invoiced amount less an estimate made for doubtful debts based on a review of outstanding amounts at the end of the year. Bad debts are written off when identified.

5. ACCOUNTING POLICIES (CONTD)

(h) Inventories

Inventories of completed buildings represent the costs of completed buildings held for sale and are stated at the lower of cost and net realisable value. Cost of completed buildings consist of land cost, construction cost and other directly related expenses and is determined by using specific identification of their individual costs.

Other inventories are valued at the lower of cost and net realisable value after deducting allowance for obsolescence or damage. Costs of other inventories are determined on the first in, first out basis. Net realisable value is the estimated selling price in the ordinary course of business, less the cost of completion and selling expenses.

(i) Income Taxes

Income tax on the profit or loss for the year comprises of current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rate at the balance sheet date.

Deferred tax is provided for, using the liability method, on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts in the financial statements. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unabsorbed tax losses and unutilised capital allowances to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unabsorbed tax losses and unutilised capital allowances can be utilised.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantially enacted at the balance sheet date.

Deferred tax is recognised in the income statement, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also charged or credited directly to equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or negative goodwill.

(j) Recognition of Revenue / Income

Revenue from sales of completed buildings and land are recognised based on the date of the sale and purchase agreements provided that approval from the relevant authorities are not required. Where approval from the relevant authorities is required, revenue is only recognised on the date such approval is obtained.

Revenue from sale of housing and commercial projects are recognised on the percentage of completion method.

Rental income is recognised on an accrual basis.

Income from services are recognised based on services rendered during the year.

Income from trading is recognised at the point of sale.

Interest income is recognised on an accrual basis.

Dividend income is recognised when the right to receive payment is established.

5. ACCOUNTING POLICIES (CONTD)

(k) Employee Benefits

Short Term Benefits

Wages, salaries and bonuses are recognised as an expense in the year in which the associated services are rendered by employees of the Group. Short term accumulating compensated absences are recognised when services are rendered by employees that increase their entitlement to future compensated absences and short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

Defined Contribution Plans

As required by law, companies incorporated in Malaysia make contributions to the Employees Provident Fund ("EPF"). Such contributions are recognised as an expense in the income statement as incurred.

Defined Benefit Plans

The liability in respect of defined benefit plans is the present value of the defined benefit obligation at the balance sheet date minus the fair value of plan assets, together with adjustments for actuarial gains/losses and past service cost. The Company and certain subsidiary companies determine the present value of the defined benefit obligation and the fair value of any plan assets with sufficient regularity such that the amounts recognised in the financial statements do not differ materially from the amounts that would be determined at the balance sheet date.

The Company and certain subsidiary companies operate defined benefit plans, the assets of which are partially held in a separate trustee-administered fund.

An actuarial valuation of the defined benefits plan for the Company was carried out by a qualified actuary at 31 December 1999 and revised on 31 December 2002 and will be carried out at least once in every three years. The actuarial valuation of the defined benefits plan for the subsidiary companies, UDA Pertama Management Sdn. Bhd. and UDA Mall Sdn. Bhd. were carried out by a qualified actuary on 19 November 2002 and 18 June 2001 respectively and revised on 3 February 2005.

The actuary had used the "Projected Unit Credit" method with a three year control period. Under this method, Current Service Cost or Future Service Cost (expressed as a percentage of salaries) is calculated as the present value of benefits which will accrue in the next three years following the valuation date (by reference to service in those years and projected final salaries) divided by the present value of projected salaries over the same three years.

(l) Financial Instruments

Financial instruments carried on the balance sheet include cash and bank balances, investments, receivables, payables and borrowings. The particular recognition methods adopted are disclosed in the individual accounting policy statements associated with each item.

A financial asset is any asset that is cash; a contractual right to receive cash or another financial asset from another enterprise; a contractual right to exchange financial instrument with another enterprise under conditions that are potentially favourable; or an equity instrument of another enterprise.

5. ACCOUNTING POLICIES (CONTD)

(l) Financial Instruments (contd)

A financial instrument issued by the Group is classified as a liability or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument classified as liability are reported as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity. Financial instruments are offset when the Group has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

(m) Segmental Information

Segment revenues and expenses are those directly attributable to the segments and include any joint revenue and expenses where a reasonable basis of allocation exists. Segment assets include all assets used by a segment and consist principally of cash, receivables, inventories and property, plant and equipment, net of allowances and accumulated depreciation and amortisation. Most segment assets can be directly attributed to the segments on a reasonable basis. Segment assets and liabilities do not include income tax assets and liabilities respectively.

(n) Impairment of Assets

FRS 136_{2004} Impairment of Assets, requires that the carrying values of assets, other than inventories and financial assets, be regularly reviewed for impairment when there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. The recoverable amount is the higher of net realisable value and value in use, which is measured by reference to discounted future cash flows. Recoverable amounts are estimated for individual assets or, if it is not possible, for the relevant cash generating unit.

An impairment loss is charged to the income statement immediately. Any subsequent increase in the recoverable amount of an asset is treated as a reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in the income statement immediately.

(o) Cash and Cash Equivalents

Cash represents cash and bank balances while cash equivalents are short term, highly liquid placements that are readily convertible to cash with insignificant changes in value.

6. PROPERTY, PLANT AND EQUIPMENT

GROUP - 2005	Properties RM'000	Plant, Machinery and Operating Equipment RM'000	Furniture, Fittings and Office Equipment RM'000	Computers RM'000	Motor Vehicles RM'000	Renovation of Office and Buildings RM'000	Total RM'000
Cost:							
At 1 January	727,822	19,763	31,682	16,239	6,883	56,840	859,229
Additions	2,985	177	857	700	522	4,639	9,880
Disposals	(14,772)	(2,002)	(13,297)	(2,380)	(1,001)	(8,997)	(42,449)
Write-off	-	(191)	(69)	(1)	-	-	(261)
Reclassification	-	-	-	(1)	-	-	(1)
Transferred to property development (Note 9(b))	(20,712)	-	-	-	-	-	(20,712)
At 31 December	695,323	17,747	19,173	14,557	6,404	52,482	805,686
Less: Accumulated Depreciation:-							
At 1 January	135,308	10,358	21,649	14,033	3,892	42,596	227,836
Charge for the year	13,321	1,414	1,311	724	946	2,788	20,504
Eliminated on disposal	(648)	(1,213)	(9,306)	(1,984)	(777)	(5,046)	(18,974)
Eliminated on write - off	-	(189)	(68)	-	-	-	(257)
Reclassification	-	-	(4)	-	4	-	-
At 31 December	147,981	10,370	13,582	12,773	4,065	40,338	229,109
Less: Accumulated Impairment Losses:-							
At 1 January/31 December	15,433	631	10	-	-	-	16,074
Net Book Value at 31 December	531,909	6,746	5,581	1,784	2,339	12,144	560,503

6. PROPERTY, PLANT AND EQUIPMENT (CONTD)

GROUP - 2004	Properties RM'000	Plant, Machinery and Operating Equipment RM'000	Furniture, Fittings and Office Equipment RM'000	Computers RM'000	Motor Vehicles RM'000	Renovation of Office and Buildings RM'000	Total RM'000
Cost:							
At 1 January	724,392	19,017	28,254	14,808	6,114	54,944	847,529
Additions	5,083	1,042	4,119	1,445	1,749	1,953	15,391
Disposals	(1,653)	(296)	(627)	(10)	(975)	(57)	(3,618)
Write-off	-	-	(64)	(4)	(5)	-	(73)
At 31 December	727,822	19,763	31,682	16,239	6,883	56,840	859,229
Less: Accumulated Depreciation:-							
At 1 January	122,059	8,901	19,137	13,190	3,934	39,335	206,556
Charge for the year	13,624	1,526	2,625	851	938	3,296	22,860
Eliminated on disposal	(375)	(69)	(93)	(4)	(975)	(35)	(1,551)
Eliminated on write-off	-	-	(20)	(4)	(5)	-	(29)
At 31 December	135,308	10,358	21,649	14,033	3,892	42,596	227,836
Less: Accumulated Impairment Losses:-							
At 1 January/31 December	15,433	631	10	-	-	-	16,074
Net Book Value at 31 December	577,081	8,774	10,023	2,206	2,991	14,244	615,319

6. PROPERTY, PLANT AND EQUIPMENT (CONTD)

Properties consist of:

	Freehold Land and Buildings RM'000	Long Term Leasehold Land and Buildings RM'000	Capital Work-In-Progress RM'000	Total RM'000
GROUP - 2005				
Cost:				
At 1 January	121,961	602,581	3,280	727,822
Additions	715	2,270	-	2,985
Disposals	(1,566)	(13,206)	-	(14,772)
Reclassification	-	3,275	(3,275)	-
Transferred to property development (Note 9 (b))	(13,242)	(7,470)	-	(20,712)
At 31 December	107,868	587,450	5	695,323
Less: Accumulated Depreciation:				
At 1 January	38,045	97,263	-	135,308
Charge for the year	2,010	11,311	-	13,321
Eliminated on disposal	(143)	(505)	-	(648)
At 31 December	39,912	108,069	-	147,981
Less: Accumulated Impairment Losses:				
At 1 January/ 31 December	366	15,067	-	15,433
Net Book Value at 31 December	67,590	464,314	5	531,909
GROUP - 2004				
Cost:				
At 1 January	123,171	558,462	42,759	724,392
Additions	443	4,597	43	5,083
Disposals	(1,653)	-	-	(1,653)
Reclassification	-	39,522	(39,522)	-
At 31 December	121,961	602,581	3,280	727,822
Less: Accumulated Depreciation:				
At 1 January	36,328	85,731	-	122,059
Charge for the year	2,092	11,532	-	13,624
Eliminated on disposal	(375)	-	-	(375)
At 31 December	38,045	97,263	-	135,308
Less: Accumulated Impairment Losses:				
At 1 January/ 31 December	366	15,067	-	15,433
Net Book Value at 31 December	83,550	490,251	3,280	577,081

6. PROPERTY, PLANT AND EQUIPMENT (CONTD)

The cost of plant and equipment acquired under hire purchase agreements are as follows:

	GROUP	
	2005	2004
	RM'000	RM'000
Furniture, fittings and office equipment	-	359
Computers	-	261
Plant, machinery and operating equipment	-	75
Motor vehicles	1,745	898
	1,745	1,593

6. PROPERTY, PLANT AND EQUIPMENT (CONTD)

COMPANY - 2005	Properties RM'000	Plant, Machinery and Operating Equipment RM'000	Furniture, Fittings and Office Equipment RM'000	Computers RM'000	Motor Vehicles RM'000	Renovation of Office and Buildings RM'000	Total RM'000
Cost:							
At 1 January	623,072	13,978	6,709	9,371	2,486	47,138	702,754
Additions	2,971	126	350	242	414	4,459	8,562
Disposals	(139)	(1)	(126)	(84)	(508)	(571)	(1,429)
Transferred to development properties (Note 9(b))	(20,712)	-	-	-	-	-	(20,712)
Adjustment	(547)	-	-	-	-	-	(547)
At 31 December	604,645	14,103	6,933	9,529	2,392	51,026	688,628
Less: Accumulated Depreciation:-							
At 1 January	119,192	6,575	5,260	8,573	1,376	36,953	177,929
Charge for the year	11,127	1,226	348	346	414	2,623	16,084
Eliminated on disposal	(131)	-	(80)	(83)	(444)	(24)	(762)
At 31 December	130,188	7,801	5,528	8,836	1,346	39,552	193,251
Less: Accumulated Impairment Losses:-							
At 1 January / 31 December	7,961	-	-	-	-	-	7,961
Net Book Value at 31 December	466,496	6,302	1,405	693	1,046	11,474	487,416

6. PROPERTY, PLANT AND EQUIPMENT (CONTD)

COMPANY - 2004	Properties RM'000	Plant, Machinery and Operating Equipment RM'000	Furniture, Fittings and Office Equipment RM'000	Computers RM'000	Motor Vehicles RM'000	Renovation of Office and Buildings RM'000	Total RM'000
Cost:							
At 1 January	623,093	13,836	6,423	9,090	2,874	46,359	701,675
Additions	1,632	438	326	287	430	784	3,897
Disposals	(1,653)	(296)	-	(6)	(818)	(5)	(2,778)
Write-off	-	-	(40)	-	-	-	(40)
At 31 December	623,072	13,978	6,709	9,371	2,486	47,138	702,754
Less: Accumulated Depreciation:-							
At 1 January	107,872	5,352	4,698	8,232	1,856	34,400	162,410
Charge for the year	11,695	1,292	589	341	338	2,558	16,813
Eliminated on disposal	(375)	(69)	-	-	(818)	(5)	(1,267)
Eliminated on write-off	-	-	(27)	-	-	-	(27)
At 31 December	119,192	6,575	5,260	8,573	1,376	36,953	177,929
Less: Accumulated Impairment Losses:-							
At 1 January / 31 December	7,961	-	-	-	-	-	7,961
Net Book Value at 31 December	495,919	7,403	1,449	798	1,110	10,185	516,864

6. PROPERTY, PLANT AND EQUIPMENT (CONTD)

Properties consist of:

	Freehold Land and Buildings RM'000	Long Term Leasehold Land and Buildings RM'000	Capital Work-In-Progress RM'000	Total RM'000
COMPANY - 2005				
Cost:				
At 1 January	92,306	527,486	3,280	623,072
Additions	715	2,256	-	2,971
Disposals	(39)	(100)	-	(139)
Reclassification	-	3,275	(3,275)	-
Transferred to development properties (Note 9 (b))	(13,242)	(7,470)	-	(20,712)
Adjustment	(547)	-	-	(547)
At 31 December	79,193	525,447	5	604,645
Less: Accumulated Depreciation:				
At 1 January	28,500	90,692	-	119,192
Charge for the year	1,474	9,653	-	11,127
Eliminated on disposal	(116)	(15)	-	(131)
At 31 December	29,858	100,330	-	130,188
Less: Accumulated Impairment Losses:				
At 1 January/ 31 December	-	7,961	-	7,961
Net Book Value at 31 December	49,335	417,156	5	466,496
COMPANY - 2004				
Cost:				
At 1 January	93,516	526,340	3,237	623,093
Additions	443	1,146	43	1,632
Disposals	(1,653)	-	-	(1,653)
At 31 December	92,306	527,486	3,280	623,072
Less: Accumulated Depreciation:				
At 1 January	26,965	80,907	-	107,872
Charge for the year	1,910	9,785	-	11,695
Eliminated on disposal	(375)	-	-	(375)
At 31 December	28,500	90,692	-	119,192
Less: Accumulated Impairment Losses:				
At 1 January/ 31 December	-	7,961	-	7,961
Net Book Value at 31 December	63,806	428,833	3,280	495,919

6. PROPERTY, PLANT AND EQUIPMENT (CONTD)

Strata titles for 55 (2004: 57) shoplots in 3 (2004: 3) building complexes of the Group with a total cost of RM14,217,601 (2004: RM14,334,261) have yet to be obtained.

7. SUBSIDIARY COMPANIES

	COMPANY 2005 RM'000	2004 RM'000
Unquoted shares at cost	64,651	66,177
Accumulated impairment losses	(16,447)	(18,881)
	48,204	47,296

Details of subsidiary companies, all incorporated in Malaysia, with financial years ending 31 December, are as follows:-

(a) Direct Holdings

	Name of Company	Effective Equity Interest 2005 %	2004 %	Principal Activities
*	UDA Land (East) Sdn Bhd	100	100	Property development and project management
*	UDA Residences Sdn Bhd	100	100	Property development and project management
	UDA Mall Sdn Bhd	100	100	Property management
	UDA Dayaurus Sdn Bhd	100	100	Property management
	UDA Land (South) Sdn Bhd	100	100	Property development and project management
*	UDA Land (North) Sdn Bhd	100	100	Property development and project management
	UDA Pertama Sdn Bhd	100	100	Property investment and management
	UDA Pertama Management Sdn Bhd	100	100	Property management
	UDA Land (Central) Sdn Bhd	100	100	Property development and project management
	UDA Harta Sdn Bhd	100	100	Project management consultant

7. SUBSIDIARY COMPANIES (CONTD)

(a) Direct Holdings (contd)

	Name of Company	Effective Equity Interest 2005 %	2004 %	Principal Activities
*	UDA Land (Peruda) Sdn Bhd	100	100	Property development and project management
	Syarikat Tiga Beradek Sdn Bhd	100	100	Investment holding
	Dermuda Sdn Bhd	100	100	Management of bowling alley
	KT Golf Resort Berhad	77	77	Development and management of golf course
	UDA-Ocean Sdn Bhd	-	55	Management and operation of department stores and supermarkets
	UDA Dara Sdn Bhd	51	51	Dormant
	Betaplan Sdn Bhd	51	51	Dormant
	Sepang Ceramics Industries (M) Sdn Bhd	50	50	Dormant
	Handi Home Sdn Bhd	100	100	Dormant
	Tropical Island Resort Sdn Bhd	51	51	Property development
	Koridor Saga Sdn Bhd	100	100	Dormant
	UDA Ancasa Sdn Bhd	100	100	Resort and hotel management
	Promising Quality Sdn Bhd	100	100	Property development
	Standard Might Sdn Bhd	100	100	Dormant
	Assorted World Sdn Bhd	100	100	Dormant
	Avo Garden Sdn Bhd	100	100	Dormant
	UDA Bukit Bintang Properties Sdn Bhd	100	-	Property development

7. SUBSIDIARY COMPANIES (CONTD)

(b) Indirect Holdings

	Name of Company	Effective Equity Interest 2005 %	2004 %	Principal Activities
	Standard Maintenance Sdn Bhd	100	100	Cleaning contractors and landscape maintenance
	Perumahan Pertama Sdn Bhd	100	100	Dormant
	Sepang Ceramics Industries (M) Sdn Bhd	50	50	Dormant
	City Guards Sdn Bhd	100	100	Security services
	UDA Bukit Bintang Properties Sdn Bhd	-	100	Ceased operations
	UDA Angsana Sdn Bhd	100	100	Property management
	Kurnia Sepadu Sdn Bhd	100	100	Property management
*	Ezra Sdn Bhd	100	100	Dormant
	Rainbow Discount Store Sdn Bhd	-	55	Trading in merchandise
	Duitech Sdn Bhd	60	60	Computer software development
	Titbits Restaurant Sdn Bhd	100	100	Restaurant and café operators
	Bestari Hospitality Management Sdn Bhd	51	51	Resort and hotel management
	Pinnacle Might Sdn Bhd	100	100	Dormant
	Colossus Harvest Sdn Bhd	100	100	Dormant
	Perpetual Morning Sdn Bhd	100	100	Dormant
	Gallant Horizon Sdn Bhd	100	100	Dormant
	Rainbow Precious Sdn Bhd	100	100	Dormant
	Fine Calibre Sdn Bhd	100	100	Dormant
	High Entity Sdn Bhd	100	100	Dormant
	Major Privilege Sdn Bhd	100	100	Dormant
	Priority Smart Sdn Bhd	100	100	Dormant
	Quality Gallery Sdn Bhd	100	100	Dormant

* Not audited by Azman, Wong, Salleh & Co.

7. SUBSIDIARY COMPANIES (CONTD)

On 11 July 2005, the Company completed the disposal of 3,575,000 ordinary shares of RM1.00 each representing 55% equity interest in UDA-Ocean Sdn. Bhd. for a cash consideration of RM1,251,250. The financial effects of the disposal are disclosed in Note 29.

8. ASSOCIATED COMPANIES

	GROUP		COMPANY	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Unquoted shares at cost	25,273	25,273	25,273	25,273
Accumulated impairment losses	-	-	(7,326)	(29)
	25,273	25,273	17,947	25,244
Share of post-acquisition reserves:-				
Capital reserve	-	2,204	-	-
Revaluation reserve	-	9,424	-	-
Retained profits	68,642	65,506	-	-
	68,642	77,134	-	-
	93,915	102,407	17,947	25,244

	GROUP	
	2005 RM'000	2004 RM'000
Represented by:-		
Share of net assets of associated companies	93,915	102,407
Capital reserve:		
Balance at 1 January	2,204	2,204
Reversal of reserves on liquidation of an investment of an associated company	(2,204)	-
Balance at 31 December	-	2,204
Revaluation reserves:		
Balance at 1 January	9,424	9,424
Share of post-acquisition losses	(9,424)	-
Balance at 31 December	-	9,424
Retained profits:		
Balance at 1 January	65,506	64,548
Share of net retained profits for the year	3,136	958
Balance at 31 December	68,642	65,506

8. ASSOCIATED COMPANIES (CONTD)

Details of the associated companies, all incorporated in Malaysia, with financial years ending 31 December, are as follows:-

	Name of Company	Effective Equity Interest 2005 %	2004 %	Principal Activities
(a)	Direct Holdings			
*	Syarikat Peruda Sarawak Sdn Bhd	50	50	Dormant
*	Temasya Development Co Sdn Bhd	30	30	Property development
*	Capital Square Sdn Bhd	30	30	Property development
*	Bertam Properties Sdn Bhd	20	20	Property development
*	TSR Usahasama Sdn Bhd	40	40	Property development
(b)	Indirect Holdings			
*	Foseas Resources Sdn Bhd	30	30	Dormant
*	Capital Square Hotels Sdn Bhd	30	30	Dormant
*	Capital Square Management Sdn Bhd	30	30	Dormant
*	Capital Square Car Park Sdn Bhd	30	30	Dormant
*	Capital Square Properties Sdn Bhd	30	30	Dormant
*	Penang Golf Resort Sdn Bhd	20	20	Operation of a golf resort
*	Bertam Golf Management Services Sdn Bhd	20	20	Landscape contractors and nursery operators
*	Mutiara Golf Properties Sdn Bhd	20	20	Dormant
*	BP Plantations Sdn Bhd	20	20	Oil palm cultivation
*	Overseas Union Insurance (Malaysia) Sdn Bhd	10	10	Insurance services

* Not audited by Azman, Wong, Salleh & Co.

9. PROPERTY DEVELOPMENT ACTIVITIES

(a) Land held for development

	GROUP 2005 RM'000	GROUP 2004 RM'000	COMPANY 2005 RM'000	COMPANY 2004 RM'000
At 1 January				
Freehold land at cost	180,396	33,764	30,636	30,604
Long term leasehold land	65,882	80,984	56,501	69,805
	246,278	114,748	87,137	100,409
Addition during the year	2,193	146,419	405	728
Disposal during the year	(605)	-	-	-
Transfer to development properties (Note 9 (b))	-	(889)	-	-
Impairment loss during the year - Long term leasehold land	(1,364)	(14,000)	(1,364)	(14,000)
At 31 December	246,502	246,278	86,178	87,137

9. PROPERTY DEVELOPMENT ACTIVITIES (CONTD)

(b) Development Properties

	GROUP 2005 RM'000	GROUP 2004 RM'000	COMPANY 2005 RM'000	COMPANY 2004 RM'000
Land	242,196	280,462	228,934	287,627
Development costs	431,675	504,111	411,453	477,563
	673,871	784,573	640,387	765,190
Cost incurred during the year				
- transferred from property, plant and equipment (Note 6)	20,712	-	20,712	-
- transferred from land held for development (Note 9(a))	-	889	-	-
- land	884	14,699	884	14,701
- development costs	91,665	83,314	57,261	77,254
	113,261	98,902	78,857	91,955
Cost charged to income statement	(449,019)	(512,015)	(395,377)	(474,529)
Transferred to inventories	(5,445)	(66,557)	(5,445)	(66,557)
	332,668	304,903	318,422	316,059

10. OTHER INVESTMENTS

Investments quoted in Malaysia, at cost:				
- shares	20,937	20,943	20,899	20,899
Allowance for diminution in value	(24)	(25)	(14)	(14)
	20,913	20,918	20,885	20,885
Unquoted investments, at cost	2,172	2,182	2,027	2,027
	23,085	23,100	22,912	22,912
Market value of investments quoted in Malaysia:				
- shares	24,832	24,092	24,659	24,059

11. DEFERRED TAXATION

11.1 Deferred tax assets

	GROUP		COMPANY	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
At 1 January	(2,334)	(3,038)	(2,010)	(2,849)
Charged/(credited) to income statement				
- property, plant and equipment	3,243	2,984	1,077	2,988
- allowance for doubtful debts	(3)	9	-	-
- provision for retirement benefits	(2,814)	(2,285)	(614)	(2,149)
- others	-	(4)	-	-
	426	704	463	839
At 31 December	(1,908)	(2,334)	(1,547)	(2,010)
The components of deferred tax assets prior to offsetting are as follows:-				
Taxable temporary differences				
- property, plant and equipment	2,931	3,006	2,851	2,943
Deductible temporary differences				
- allowance for doubtful debts	(46)	(43)	-	-
- provision for retirement benefits	(3,158)	(2,493)	(2,763)	(2,149)
- unabsorbed capital allowances	(1,635)	(2,804)	(1,635)	(2,804)
	(4,839)	(5,340)	(4,398)	(4,953)
Presented after appropriate offsetting as follows:-				
Deferred tax liabilities	2,931	3,006	2,851	2,943
Deferred tax assets	(4,839)	(5,340)	(4,398)	(4,953)
	(1,908)	(2,334)	(1,547)	(2,010)

11.2 Deferred tax liabilities

	GROUP	
	2005 RM'000	2004 RM'000
At 1 January	757	555
Charged/(credited) to income statement		
- property, plant and equipment	132	149
- allowance for doubtful debts	31	(35)
- deferred tax assets previously not recognised	-	60
- others	4	28
	167	202
Less: Disposal of subsidiary	(521)	-
At 31 December (Note 21)	403	757

11. DEFERRED TAXATION (CONTD)

11.2 Deferred tax liabilities (contd)

	GROUP 2005 RM'000	GROUP 2004 RM'000
The components of deferred tax liabilities for the year prior to offsetting are as follows:-		
Taxable temporary differences		
- property, plant and equipment	407	690
- prepayment	-	128
- change in tax rate	-	(16)
	407	802
Deductible temporary differences		
- allowance for doubtful debts	(4)	(45)
Presented after appropriate offsetting as follows:-		
Deferred tax liabilities	407	802
Deferred tax assets	(4)	(45)
	403	757

12. GOODWILL ON CONSOLIDATION

	GROUP 2005 RM'000	GROUP 2004 RM'000
At 1 January	294	-
Goodwill on consolidation (Note 29)	-	367
Less : Amortisation	(73)	(73)
At 31 December	221	294

13. INVENTORIES

	GROUP 2005 RM'000	GROUP 2004 RM'000	COMPANY 2005 RM'000	COMPANY 2004 RM'000
Completed buildings	110,739	121,892	109,939	121,092
Trading inventories	350	11,268	-	-
Others	503	812	236	231
	111,592	133,972	110,175	121,323
Allowance for diminution in value				
- completed buildings	(2,106)	(4,128)	(2,106)	(4,128)
- trading inventories	-	(476)	-	-
- others	(298)	(143)	-	-
	(2,404)	(4,747)	(2,106)	(4,128)
	109,188	129,225	108,069	117,195

Included in inventories of the Group and of the Company is an amount of RM55,520,476 (2004: RM57,447,097) representing costs of completed buildings stated at net realisable value.

14. RECEIVABLES

	GROUP		COMPANY	
	2005	2004	2005	2004
	RM'000	RM'000	RM'000	RM'000
Trade receivables	98,955	160,774	77,238	138,663
Other receivables	27,647	21,336	14,512	7,219
Accrued billings in respect of property development	4,141	17,991	4,141	17,991
Amount due from subsidiary companies	-	-	112,470	111,577
Amount due from associated companies	6,485	9,001	6,485	9,001
	137,228	209,102	214,846	284,451
Allowance for doubtful debts				
- trade receivables	(13,661)	(17,415)	(9,372)	(13,011)
- other receivables	(3,602)	(5,622)	(2,627)	(3,374)
- amount due from subsidiary companies	-	-	(17,491)	(17,728)
	(17,263)	(23,037)	(29,490)	(34,113)
	119,965	186,065	185,356	250,338

14.1 Trade Receivables

The credit period granted to tenants for rental of premises range from 14 to 30 days (2004: 14 to 30 days) whilst for property projects and construction contracts, the credit period is 30 days (2004: 30 days).

The Group and the Company have no significant concentration of credit risk that may arise from exposure to a single debtor or to a group of debtors.

Included in trade receivables of the Company are stakeholders accounts amounting to RM1,143,820 (2004: RM2,257,904).

14.2 Amount due from subsidiary companies

Included in amount due from subsidiary companies are loans and advances totalling RM171,480,976 (2004: RM137,132,242). Loans and advances to the subsidiary companies amounting to RM5,100,000 (2004: RM5,100,000) and RM165,767,744 (2004: RM131,419,010) respectively have no fixed terms of repayment and are interest free.

Loans to a subsidiary company amounting to RM613,232 (2004: RM613,232) is repayable by ten equal instalments over a period of 10 years commencing one year after the loan agreement date. The loan is subject to interest at 8% per annum.

14.3 Amount due from associated companies

Included in amount due from associated companies is an advance to an associated company of RM6,285,121 (2004: RM8,802,459) which is subject to interest at 8% (2004: 8%) per annum. The remaining amount of RM200,300 (2004: RM198,408) is interest free. Both amounts are unsecured with no fixed terms of repayment.

15. SHORT TERM DEPOSITS

	GROUP		COMPANY	
	2005	2004	2005	2004
	RM'000	RM'000	RM'000	RM'000
Licensed banks	53,221	21,301	52,140	9,757
Other financial institutions	98,150	130,810	98,150	130,810
	151,371	152,111	150,290	140,567

The weighted average interest rates of short term deposits that were effective during the year were as follows:-

	GROUP		COMPANY	
	2005	2004	2005	2004
	%	%	%	%
Short term deposits	2.80	2.78	2.80	2.78

Deposits of the Group and the Company have average maturities ranging from 3 to 30 days (2004: 3 to 30 days).

16. CASH AND BANK BALANCES

Included in the cash and bank balances of the Group and of the Company are RM75,914,987 (2004: RM80,087,464) and RM70,702,886 (2004: RM77,794,018) respectively held under the Housing Developers (Housing Development Account) Regulations 1991.

17. PAYABLES

	GROUP		COMPANY	
	2005	2004	2005	2004
	RM'000	RM'000	RM'000	RM'000
Trade payables	54,429	94,183	52,014	61,611
Other payables	69,859	65,715	34,510	28,404
Progress billings in respect of property development	2,343	5,513	2,343	5,513
Amount due to Pulau Pinang state government	4,227	1,036	-	-
	130,858	166,447	88,867	95,528

Credit terms of trade payables average 30 days (2004: 30 days).

17.1 Amount Due To Pulau Pinang State Government

	GROUP	
	2005	2004
	RM'000	RM'000
Repayable within 12 months	4,227	1,036
Repayable after 12 months (Note 21)	8,412	9,233
	12,639	10,269

17. PAYABLES (CONTD)

17.1 Amount Due To Pulau Pinang State Government (contd)

The amount due to Pulau Pinang state government by a subsidiary company represents premium on purchase of land.

The amount is repayable over 10 years commencing from year 2004 and interest is charged at 4% per annum.

18. TREASURY LOANS AND INTEREST PAYABLE

	GROUP/COMPANY	
	2005	2004
	RM'000	RM'000
Treasury loans:		
Repayable within 12 months	79,242	119,235
Repayable after 12 months	253,083	279,165
	332,325	398,400
Interest payable:		
Repayable within 12 months	22,124	63,874
Repayable after 12 months	53,358	50,263
	75,482	114,137
	407,807	512,537
Total amount repayable:		
- within 12 months	101,366	183,109
- after 12 months	306,441	329,428
	407,807	512,537

In 1992, the Treasury, Ministry of Finance, Malaysia had rescheduled the balance of the loans outstanding as at 1 January 1992 amounting to RM730,000,352 (inclusive of interest accrued) by way of repayment of RM15 million per year from 1992 to 1995 and RM25 million per year in the subsequent years. The agreement between the Government of Malaysia and Perbadanan Pembangunan Bandar (PPB) was signed in 1995. An amount of RM300 million of the remaining balance was converted into share capital on the date of corporatisation, i.e. 1 September 1996. The balance outstanding on such loans inclusive of interest accrued at 31 December 2005 amounted to RM252,032,342 (2004: RM273,936,920).

The repayment terms for other Treasury loans not rescheduled vary from 2 to 15 years. Repayment will commence after an interest free period of 2 to 5 years. Interest is charged at rates ranging from 4% to 6% (2004: 4% to 6%) per annum. The balance outstanding on such loans inclusive of interest payable at 31 December 2005 amounted to RM155,774,910 (2004: RM238,600,471).

19. SHARE CAPITAL

	GROUP/COMPANY 2005 RM'000	GROUP/COMPANY 2004 RM'000
Authorised:		
500,000,000 ordinary shares of RM1 each	500,000	500,000
1 Special Rights Redeemable Preference share of RM1	* -	* -
	500,000	500,000
Issued and fully paid:		
352,942,002 Ordinary shares of RM1 each	352,942	352,942
1 Special Rights Redeemable Preference share of RM1	* -	* -
	352,942	352,942

* - Represents RM1

The Special Rights Redeemable Preference share, which is held by the Minister of Finance (Incorporated), has certain special rights as provided for in Article 19 of the Company's Articles of Association.

20. RESERVES

	GROUP 2005 RM'000	GROUP 2004 RM'000	COMPANY 2005 RM'000	COMPANY 2004 RM'000
Non-distributable:-				
Share premium	22,874	22,874	22,874	22,874
Capital reserve	-	2,204	-	-
Revaluation reserve	-	9,424	-	-
Reserve on consolidation	12,798	12,798	-	-
	35,672	47,300	22,874	22,874
Distributable:-				
Retained profits	772,889	759,212	625,836	625,193
	808,561	806,512	648,710	648,067

20.1 Capital Reserve

	GROUP 2005 RM'000	GROUP 2004 RM'000
At 1 January	2,204	2,204
Reversal of capital reserve of an associated company	(2,204)	-
At 31 December	-	2,204

20.2 Revaluation Reserve:

At 1 January	9,424	9,424
Share of post-acquisition losses in an associate company	(9,424)	-
At 31 December	-	9,424

20. RESERVES (CONTD)

20.3 Retained Profits

	GROUP		COMPANY	
	2005	2004	2005	2004
	RM'000	RM'000	RM'000	RM'000
At 1 January	759,212	759,745	625,193	641,459
Reversal of reserves on liquidation of an investment of an associated company	2,204	-	-	-
Net profit for the year	31,803	19,797	20,973	4,064
Dividend paid	(20,330)	(20,330)	(20,330)	(20,330)
At 31 December	772,889	759,212	625,836	625,193

The estimated tax exempt income (after deducting tax exempt dividends paid and incorporating the income from tax exempt dividends received) available at 31 December 2005 for distribution as tax exempt dividends for the Group and the Company are RM5,838,000 and RM4,279,000 (2004: RM8,192,000 and RM4,279,000) respectively.

Subject to agreement with the Inland Revenue Board, the Company has sufficient Section 108 balance to frank the payment of net dividends of up to RM186,000,000 (2004: RM153,000,000) out of its retained profits as at 31 December 2005. Dividends paid in excess of this amount and the amount of exempt profit mentioned above up to the total amount of retained profits will be subjected to tax at 28% and the tax payable shall be a debt due from the Company to the Government.

All subsidiary companies have sufficient Section 108 balance to frank the payment of dividends out of their respective retained profits as at 31 December 2005.

21. OTHER LONG TERM LIABILITIES

	GROUP		COMPANY	
	2005	2004	2005	2004
	RM'000	RM'000	RM'000	RM'000
Deferred tax liabilities (Note 11)	403	757	-	-
Amount due to Pulau Pinang state government (Note 17)	8,412	9,233	-	-
Hire purchase creditors	44	307	-	-
Provision for retirement benefits	11,335	8,952	9,868	7,675
Bank borrowings (secured)	9,258	9,900	-	-
	29,452	29,149	9,868	7,675

21.1 Hire purchase creditors

	GROUP	
	2005	2004
	RM'000	RM'000
Amount payable		
- within 12 months (included in other payables)	65	303
- after 12 months	44	307
	109	610

21. OTHER LONG TERM LIABILITIES (CONTD)

21.2 Provision for retirement benefits

a) Defined Contribution Plan

As required by law, companies incorporated in Malaysia make contributions to the Employees Provident Fund ("EPF"). Such contributions are recognised as an expense in the income statement as incurred.

b) Defined Benefit Plans

The Company and certain subsidiary companies operate defined benefit plans, the assets of which are partially held in a separate trustee-administered fund.

An actuarial valuation for the Company was carried out by a qualified actuary at 31 December 1999 and revised on 31 December 2002 and will be carried out at least once in every three years. The actuarial valuation for the subsidiary companies, UDA Pertama Management Sdn. Bhd. and UDA Mall Sdn. Bhd. were carried out by a qualified actuary on 19 November 2002 and 18 June 2001, respectively and revised on 3 February 2005.

The Company has set up an Inland Revenue approved retirement fund to partially fund its staff retirement benefits.

	GROUP		COMPANY	
	2005	2004	2005	2004
	RM'000	RM'000	RM'000	RM'000
At 1 January	8,952	6,913	7,675	6,145
Provision made (Note 25)	3,590	3,667	3,183	3,162
Payments	(1,207)	(1,628)	(990)	(1,632)
At 31 December	11,335	8,952	9,868	7,675

The amounts recognised in the balance sheet of the Group and the Company may be analysed as follows:-

	Lump Sum Retirement Benefit Plan	
	GROUP	COMPANY
	RM'000	RM'000
At 31 December 2005		
Present value of funded obligation	14,840	13,332
Future value of plan assets	(1,436)	(1,436)
Status of funded plan	13,404	11,896
Unrecognised transitional liability	(2,069)	(2,028)
Liability in balance sheet	11,335	9,868
At 31 December 2004		
Present value of funded obligation	14,186	12,686
Future value of plan assets	(1,968)	(1,968)
Status of funded plan	12,218	10,718
Unrecognised transitional liability	(3,266)	(3,043)
Liability in balance sheet	8,952	7,675

In accordance with paragraph 160 of FRS 119_{2004}, the Company has recognised the amount of increase in liability due to transition as an expense on a straight line basis over five years.

21. OTHER LONG TERM LIABILITIES (CONTD)

21.2 Provision for retirement benefits (contd)

The expense recognised in the income statements of the Group and the Company may be analysed as follows:-

	GROUP RM'000	COMPANY RM'000
Year ended 31 December 2005		
Current service cost	1,585	1,463
Interest cost	810	787
Expected return on plan assets	(81)	(81)
Actuarial loss recognised	1	-
Amortisation of transitional liability	1,275	1,014
Total included in staff costs	3,590	3,183
Year ended 31 December 2004		
Current service cost	1,649	1,529
Interest cost	866	730
Expected return on plan assets	(111)	(111)
Amortisation of transitional liability	1,263	1,014
Total included in staff costs	3,667	3,162

The principal actuarial assumptions used in respect of the Company's and the subsidiary companies defined benefit plans were as follows:-

		SUBSIDIARY COMPANIES	
	COMPANY %	UDA Mall Sdn Bhd %	UDA Pertama Management Sdn Bhd %
At 31 December 2005			
Discount rates	7.0	7.0	7.0
Expected return on plan assets	6.0	-	-
Expected rate of salary increases	5.0	5.0	6.0
At 31 December 2004			
Discount rates	7.0	8.0	7.0
Expected return on plan assets	6.0	-	-
Expected rate of salary increases	5.0	6.0	7.0

21.3 Bank borrowings

	GROUP 2005 RM'000	2004 RM'000
Term loan:		
Repayable within 12 months	633	-
Repayable after 12 months	9,258	9,900
	9,891	9,900

21. OTHER LONG TERM LIABILITIES (CONTD)

21.3 Bank borrowings (contd)

The above term loan is obtained by a subsidiary company to finance its development expenditure and purchase of property, plant and equipment. The loan is repayable over 120 monthly instalments commencing May 2005 and interest is charged at 3.75% per annum. The loan is secured by:

(a) First party fixed legal charge over land and building which has been / will be constructed on the land

(b) First fixed charge debenture by "Statutory Ship Mortgage" over property, plant and equipment financed by the bank.

22. REVENUE

	GROUP		COMPANY	
	2005	2004	2005	2004
	RM'000	RM'000	RM'000	RM'000
Revenue comprises the following:				
- sales of land and buildings from housing and residential projects	158,384	280,188	125,151	251,314
- income from hospitality	22,632	22,599	17,876	18,339
- rental income from properties	67,747	64,118	62,649	62,409
- management and professional services	36,491	44,561	-	-
- sale of trading inventories, food and beverages	65,066	126,779	-	-
	350,320	538,245	205,676	332,062

23. INVESTMENT AND OTHER INCOME

Gross dividends received from				
- subsidiary companies	-	-	520	10,421
- associated companies	-	-	4,801	9,549
- unit trusts	-	1,630	-	1,630
Gain on disposal of				
- properties	1,013	2,561	976	2,561
- other property, plant and equipment	56	278	56	208
Interest on short-term deposits	5,176	4,251	3,547	3,169
Gain on disposal of subsidiary company	756	-	109	-
Interest on late payments	1,065	1,249	1,043	1,287
Bad debts recovered	139	-	-	-
Gain on disposal of other investments	5	1,990	-	1,990
Others	7,198	7,945	4,385	1,856
	15,408	19,904	15,437	32,671

24. FINANCE CHARGES

Interest on Treasury loans	11,901	12,632	11,901	12,632
Interest on overdrafts	417	451	-	-
Hire purchase interest	43	43	-	-
Other interest expense	3	14	-	-
Bank charges	1,583	305	1,488	198
	13,947	13,445	13,389	12,830

25. PROFIT BEFORE TAXATION

	GROUP		COMPANY	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
(a) Profit before taxation is stated after charging/(crediting):				
Directors' fees				
- directors of the Company				
- current year	192	240	192	240
- over provision in previous years	-	(144)	-	(144)
- other directors	-	30	-	-
Directors' emoluments				
- directors of the Company	701	761	701	761
- other directors	513	251	-	-
Property, plant and equipment written off	3	44	-	-
Rental of premises	243	240	-	-
Rental of plant and equipment	27	444	-	177
Auditors' remuneration				
- statutory audit fees	292	297	120	120
- non-statutory audit fees	1	11	-	-
- non-audit fees - taxation fees	73	69	10	10
Management and consulting fees	1,567	651	-	-
Depreciation of property, plant and equipment	20,504	22,860	16,084	16,813
Provision for retirement benefits	3,590	3,667	3,183	3,162
Inventories written off	-	3	-	-
Allowance for diminution of investment in				
- subsidiary company	-	-	-	17,578
- associated company	-	-	7,297	-
- quoted shares	10	-	-	-
Write back of allowance for diminution in value of quoted shares	-	(2)	-	-
Amortisation of goodwill	73	73	-	-
Write back of allowance for diminution in value of inventory of completed buildings	(658)	(1,761)	(658)	(1,761)
Allowance for doubtful debts for				
- subsidiary company	-	-	-	262
- receivables	918	1,464	-	185
Write back of allowance for doubtful debts for				
- subsidiary company	-	-	(237)	-
- receivables	(4,516)	(411)	(4,386)	-
Write back of allowance for slow moving inventories	-	(4)	-	-
Bad debts written off	351	16	351	15
Impairment losses in respect of land held for development	1,364	14,000	1,364	14,000

25. PROFIT BEFORE TAXATION (CONTD)

	GROUP		COMPANY	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
(a) Profit before taxation is stated after charging/(crediting) (contd):				
Liquidated Ascertained Damages (LAD)				
- contractors	(5,246)	(3,067)	(3,462)	(2,269)
- purchasers	1,269	2,576	736	2,576
Property development revenue	(158,384)	(266,846)	(83,405)	(230,681)
Property development expenses	109,783	223,965	67,288	197,007
(b) Estimated cash value of benefits in kind of directors	41	17	41	17
(c) Employee information - staff costs				
Salaries, allowances and bonus	43,808	43,560	16,891	14,630
Defined contribution plan	4,682	4,935	2,066	1,758
Defined benefit plan	3,590	3,667	3,182	3,162
Other employee benefits	5,268	6,487	2,691	3,118
	57,348	58,649	24,830	22,668

The total number of employees of the Group and of the Company (including executive director) at year end are 1,341 (2004: 1,908) and 282 (2004: 201) respectively.

(d) The details of the remuneration for Directors of the Company comprising remuneration received/receivable from the Company and subsidiary companies during the financial year ended 31 December 2005 are as follows:

Aggregate remuneration categorised into appropriate components:

	Non - Executive		Executive	
	2005 RM	2004 RM	2005 RM	2004 RM
Salary	-	-	453,467	372,000
Defined contribution retirement plan	-	-	-	63,240
Other allowances	248,000	254,200	-	72,000
	248,000	254,200	453,467	507,240
Fees - current year	192,000	240,000	-	-
Benefits in kind	26,050	12,841	15,267	3,861
Total	466,050	507,041	468,734	511,101
Over provision in previous years	-	(144,000)	-	-

25. PROFIT BEFORE TAXATION (CONTD)

The remuneration of directors analysed into bands of RM50,000, is as follows:-

Range of Remuneration	Number Of Directors			
	Non - Executive		Executive	
	2005	2004	2005	2004
Below RM50,000	4	9	-	-
	4 *	3 *	-	-
RM50,001 to RM100,000	4	1	1 *	-
RM100,001 to RM150,000	1	-	1	-
RM150,001 to RM200,000	-	-	-	-
RM200,001 to RM250,000	-	-	-	-
RM250,001 to RM300,000	-	-	-	-
RM300,001 to RM350,000	-	-	1 *	-
RM350,001 to RM400,000	-	-	-	-
RM400,001 to RM450,000	-	-	-	-
RM450,001 to RM500,000	-	-	-	-
RM500,001 to RM550,000	-	-	-	1

* resigned

26. TAXATION

	GROUP		COMPANY	
	2005	2004	2005	2004
	RM'000	RM'000	RM'000	RM'000
Income tax charge for the year:				
- current year's results	20,637	17,217	15,782	15,087
- transfer from deferred taxation	593	906	463	839
- share of tax of associated companies	1,724	1,536	-	-
	22,954	19,659	16,245	15,926
Underprovision in respect of previous years	751	6,303	887	6,347
	23,705	25,962	17,132	22,273
Real property gains tax	69	9	69	9
	23,774	25,971	17,201	22,282

26. TAXATION (CONTD)

A numerical reconciliation between the average effective tax rate and the Malaysian statutory tax rate is as follows :-

	GROUP		COMPANY	
	2005	2004	2005	2004
	%	%	%	%
Malaysian statutory tax rate	28	28	28	28
Tax effects of:-				
- expenses not deductible for tax purposes	18	17	22	41
- income not subject to tax	(5)	(6)	(7)	(8)
- tax losses not recognised	(1)	-	-	-
- under provision in previous years (net)	3	14	2	24
- others	1	6	-	-
	44	59	45	85

Subject to the agreement of the Inland Revenue Board, the Company has unutilised capital allowances amounting to approximately RM5,840,000 (2004: RM10,000,000) that are available for set off against future taxable profits of its hotel operations.

Subject to the agreement of the Inland Revenue Board, certain subsidiary companies have unutilised capital allowances and unabsorbed tax losses amounting to approximately RM12,862,000 (2004: RM7,603,000) and RM19,617,000 (2004: RM16,128,000) respectively that are available for set off against future taxable profits.

27. BASIC EARNINGS PER ORDINARY SHARE

	GROUP		COMPANY	
	2005	2004	2005	2004
	RM'000	RM'000	RM'000	RM'000
The basis of calculating basic earnings per ordinary share is as follows:				
Net profit after taxation (and minority interest in the case of the Group)	31,803	19,797	20,973	4,064
Number of ordinary shares in issue	352,942	352,942	352,942	352,942

28. DIVIDENDS PER ORDINARY SHARE

		Dividend per ordinary share	
		Gross	Net
	Rate	sen	sen
GROUP / COMPANY - 2005			
Proposed final dividend in respect of year ended 31 December 2005	4% less 28% income tax	4.00	2.88
Interim dividend in respect of year ended 31 December 2005	4% less 28% income tax	4.00	2.88
		8.00	5.76

28. DIVIDENDS PER ORDINARY SHARE (CONTD)

	Rate	Dividend per ordinary share Gross sen	Net sen
GROUP / COMPANY - 2004			
Proposed final dividend in respect of year ended 31 December 2004	4% less 28% income tax	4.00	2.88
Interim dividend in respect of year ended 31 December 2004	4% less 28% income tax	4.00	2.88
		8.00	5.76

The directors recommend the payment of a final gross dividend in respect of the financial year ended 31 December 2005 of 4% less 28% income tax, amounting to RM10,164,730 which is subject to the approval of members at the forthcoming Annual General Meeting.

29. DISPOSAL AND ACQUISITION OF SUBSIDIARY COMPANIES DURING THE YEAR

(a) Disposal in financial year ended 31st December, 2005

The Company disposed of 3,575,000 ordinary shares of RM1.00 each representing 55% equity interest in UDA-Ocean Sdn. Bhd. for a cash consideration of RM1,251,250. The disposal was completed on 11 July 2005.

(i) Details of net assets disposed are as follows:-

	At date of disposal RM'000
Property, plant and equipment	7,758
Inventories	10,464
Trade receivables	183
Other receivables	1,598
Amount due from related companies	(596)
Cash and bank balances	7,216
Trade payables	(21,352)
Other payables	(2,998)
Amount due to holding company	(462)
Amount due to related companies	(57)
Hire purchase payables	(333)
Deferred tax liability	(521)
	900
Minority interest portion	(405)
Net assets disposed	495
Gain on disposal	756
Disposal consideration	1,251
Less: Cash and bank balances	(7,216)
Net cash outflow on disposal	(5,965)

29. DISPOSAL AND ACQUISITION OF SUBSIDIARY COMPANIES DURING THE YEAR (CONTD)

(a) Disposal in financial year ended 31st December, 2005 (contd)

(ii) The effect of the disposal on the financial results of the Group is as follows:-

	At date of disposal RM'000
Revenue	58,480
Other operating income	1,633
Operating costs	(60,209)
Loss from operations	(96)
Loss from other investments	(50)
Loss before and after tax	(146)

(iii) The effect of the disposal on the Group's financial position is as follows:-

Non-current assets	7,758
Current assets	18,865
Total assets	26,623
Non-current liabilities	(521)
Current liabilities	(25,202)
Total liabilities	(25,723)
Net assets	900

(b) Acquisition in financial year ended 31st December, 2004

On 30 March 2004, the Company subscribed for 15 million new ordinary shares of nominal value RM1.00 each at par representing approximately 100% of the enlarged capital share of Promising Quality Sdn. Bhd. for a cash consideration of RM15,000,000. The acquisition was accounted for using the acquisition method of accounting.

(i) Details of net assets acquired are as follows :-

	At date of acquisition RM'000
Property, plant and equipment	9
Land held for development	140,000
Other receivables	5
Cash	-
Other payables	(125,381)
Share of net assets acquired	14,633
Goodwill on acquisition (Note 12)	367
Total purchase consideration	15,000
Less: Cash	-
Net cash outflow on acquisition of subsidiary company	15,000

29. DISPOSAL AND ACQUISITION OF SUBSIDIARY COMPANIES DURING THE YEAR (CONTD)

(b) Acquisition in financial year ended 31st December, 2004 (contd)

	At date of acquisition RM'000
(ii) The effect of the acquisition on the financial results of the Group is as follows :-	
Turnover	-
Expenses (excluding finance expenses and taxation)	(828)
Loss from operations	(828)
Other income	2
Loss before taxation	(826)
Taxation	-
Net loss for the year	(826)
(iii) The effect of the acquisition on the Group's financial position at the year end is as follows :-	
Non-current assets	146,595
Current assets	7
Current liabilities	(7,428)
Non-current liabilities	(125,000)
Increase in net assets	14,174

30. 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:-

	COMPANY	
	2005 RM'000	2004 RM'000
With subsidiary companies:-		
Income:		
Dividends (gross)	360	10,421
Rental	6,614	8,715
Lease rental	56	75
	7,030	19,211
Expenditure:		
Promotions	-	377
Service charges	5,776	4,688
Commission expenses	2,414	3,848
Security expenses	187	165
Management fees paid	10,189	13,380
	18,566	22,458
With associated companies:		
Income :		
Dividends (gross)	4,801	9,549

31. COMMITMENTS

	GROUP 2005 RM'000	2004 RM'000
Commitments for capital expenditure		
Authorised and contracted for	-	927
Authorised but not contracted for	183	874
	183	1,801

32. CONTINGENT LIABILITIES

Contingent liability in respect of claims for alleged wrongful termination of contract.

(a) In this case, the plaintiff, Sulong Engineering Sdn Bhd, had on 21 November 2002 made a claim against UDA Land (South) Sdn Bhd for a total sum of RM10,629,304 and interest thereon at 8% per annum for alleged wrongful termination as a contractor.

UDA Land (South) Sdn Bhd filed their Counterclaim on 20 January 2003 and obtained a summary judgement on 15 September 2003 whereby the plaintiff had to pay RM4,172,538 with costs to UDA Land (South) Sdn Bhd.

On the same day, the plaintiff filed a Notice of Appeal to the Judge in Chamber against the summary judgement in respect of the counterclaim and also filed for stay of execution of the summary judgement. The Court heard the application of the Appeal on 12 October 2004 and decided in favour of the Appelant (Sulong Engineering).

UDA Land (South) Sdn Bhd filed an appeal on 19 January 2005 for an amount of RM4,172,538 and it is pending fixing of the hearing date by the Court of Appeal.

Pre Trial case management was heard on 26 January 2006 and the case management is fixed for hearing on 25 May 2006.

(b) In this case, the claimant, Indera Construction Sdn Bhd had on 10 October, 2003 made a claim for a total sum of RM6,755,397 for alleged wrongful termination. The claimant is also claiming for other damages to be assessed, interest from date of award until date of full settlement, the cost of arbitration and other relief as the Arbitrator deem fit. UDA Land (North) Sdn Bhd has submitted its defence and counter claim to the Arbitrator on 16 February 2004.

The hearing on preliminary issues proceeded on 28 July 2004 and continued on 17 August 2004. Both parties are fixing new hearing dates for case continuation.

Last hearing date was on 11 October 2005 and both parties have to submit their written submissions. The Claimant's solicitor submitted their reply to the respondent's written submission on 7 February 2006 and currently the respondent's solicitor is in the midst of preparing submission in reply to claimant's response which is to be submitted by 7 March 2006.

33. SEGMENTAL ANALYSIS

The Group operates solely in Malaysia. Accordingly, no geographical segment information has been provided.

The analysis of Group operations for the year ended 31 December 2005 into various business segments is as follows:-

2005	Property Development RM'000	Property Management RM'000	Retail RM'000	Hospitality RM'000	Elimination RM'000	Consolidated RM'000
Segment Revenue						
External Sales	154,685	114,416	58,480	22,739	-	350,320
Inter-segment sales	4,699	22,833	-	833	(28,365)	-
Total Revenue	**159,384**	**137,249**	**58,480**	**23,572**	**(28,365)**	**350,320**
Segment Results	**33,935**	**47,989**	**(136)**	**(1,213)**	**(5,321)**	**75,254**
Impairment losses on land held for development	(1,364)	-	-	-	-	(1,364)
						73,890
Unallocated corporate expenses						(19,910)
Operating loss before finance charges						53,980
Finance charges						(13,947)
Interest income						6,241
Gain on disposal of a subsidiary company						756
Share of net profits of associated companies						7,457
Income tax						(23,774)
Profit from ordinary activities						30,713
Minority Interest						1,090
Net profit						**31,803**
Other information:						
Segment assets	788,564	674,610	35	97,864	-	1,561,073
Associated company						93,915
Unallocated assets						90,723
Total assets						**1,745,711**
Segment liabilities	74,485	18,528	40	3,449	-	96,502
Unallocated liabilities						476,216
Total liabilities						**572,718**

33. SEGMENTAL ANALYSIS (CONTD)

2004	Property Development RM'000	Property Management RM'000	Retail RM'000	Hospitality RM'000	Elimination RM'000	Consolidated RM'000
Segment Revenue						
External Sales	279,055	112,646	122,986	23,558	-	538,245
Inter-segment sales	7,291	26,974	2	128	(34,395)	-
Total Revenue	**286,346**	**139,620**	**122,988**	**23,686**	**(34,395)**	**538,245**
Segment Results	**38,802**	**45,624**	**205**	**(539)**	**(28,381)**	**55,711**
Impairment losses on land held for development	(14,000)	-	-	-	-	(14,000)
						41,711
Unallocated corporate expenses						(2,266)
Operating profit before finance charges						39,445
Finance charges						(13,445)
Interest income						5,500
Gain on disposal of an associated company						-
Share of net profits of associated companies						12,136
Income tax						(25,971)
Profit from ordinary activities						17,665
Minority Interest						2,132
Net profit						**19,797**
Other information:						
Segment assets	820,387	665,665	36,016	83,587	-	1,605,655
Associated company						102,407
Unallocated assets						174,761
Total assets						**1,882,823**
Segment liabilities	83,352	41,146	34,978	3,504	-	162,980
Unallocated liabilities						548,092
Total liabilities						**711,072**

34. ULTIMATE HOLDING CORPORATION / COMPANY

The ultimate holding company is Khazanah Nasional Berhad, a company incorporated in Malaysia.

35. FAIR VALUES OF FINANCIAL INSTRUMENTS

The carrying amounts and estimated fair values of financial instruments of the Group and the Company as at 31 December 2005 are as follows:

	GROUP		COMPANY	
	Carrying Amount RM'000	Fair Value RM'000	Carrying Amount RM'000	Fair Value RM'000
2005				
Financial Assets				
Receivables	119,965	119,965	185,356	185,356
Short-term deposits	151,371	151,371	150,290	150,290
Cash and bank balances	104,087	104,087	86,042	86,042
Other investments	23,085	24,832	22,912	24,659
Financial Liabilities				
Payables	130,858	130,858	88,867	88,867
Treasury loans and interest payable	101,366	Refer (d)	101,366	Refer (d)
2004				
Financial Assets				
Receivables	186,065	186,065	250,338	250,338
Short-term deposits	152,111	152,111	140,567	140,567
Cash and bank balances	118,755	118,755	92,038	92,038
Other investments	23,100	26,274	22,912	26,086
Financial Liabilities				
Payables	166,447	166,447	95,528	95,528
Treasury loans and interest payable	183,109	Refer (d)	183,109	Refer (d)

The following methods and assumptions are used to estimate the fair value of each class of financial instruments:-

(a) Receivables and Payables

The carrying amounts of receivables and payables are subject to normal credit terms and approximate fair value because of their short maturity.

(b) Short-term deposits, cash and bank balances

The carrying amounts of short-term deposits, cash and bank balances approximate fair value due to the relatively short term maturity of these balances.

35. FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTD)

(c) Other investments

Publicly traded instruments are stated at the lower of cost and market value. Accordingly the carrying value reflects the fair values at year end.

Unquoted investments are principally club memberships and fair value is reflective of estimated market value.

(d) Treasury loans and interest payable

The Treasury loans were obtained from the Government of Malaysia when the Company was still a statutory body. It is not practicable to estimate the fair value of the loans due to the lack of similar type of instruments in the market.

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

In the opinion of the directors, the financial statements set out on pages 27 to 79 are drawn up in accordance with the applicable approved financial reporting standards in Malaysia and the provisions of the Companies Act, 1965 so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2005 and of the results and cash flows of the Group and of the Company for the year ended on that date.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors,

DATO' HAJI MOHD ZIHIN HAJI MOHD HASSAN
Non-Executive Chairman

JAAFAR HAJI ABU HASSAN
Managing Director

STATUTORY DECLARATION

I, NOOR SA'ADAH HAJI ISMAIL, being the officer primarily responsible for the financial management of UDA HOLDINGS BERHAD, do solemnly and sincerely declare that to the best of my knowledge and belief the financial statements set out on pages 27 to 79 are 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, NOOR SA'ADAH HAJI ISMAIL, at)
Kuala Lumpur in Wilayah Persekutuan on)
.....

NOOR SA'ADAH HAJI ISMAIL

Before me,

REPORT OF THE AUDITORS TO THE MEMBERS OF

UDA HOLDINGS BERHAD
(Company No: 347508-T)

We have audited the financial statements as set out on pages 27 to 79. These financial statements are the responsibility of the Company's directors.

It is our responsibility to form an independent opinion, based on our audit, on these financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act,1965 and for no other purpose. We do not assume responsibility towards any other person for the contents of this report.

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 as to whether the financial statements are free of material misstatement. Our audit includes an examination, on a test basis, of evidence supporting the amounts and disclosures in the financial statements. Our audit also includes an assessment of the accounting principles used and significant estimates made by the directors, as well as an evaluation of the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:-

(a) the financial statements are properly drawn up in accordance with the applicable approved financial reporting standards in Malaysia and the provisions of the Companies Act, 1965, 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 December 2005 and of their results and cash flows for the year then ended;

   and

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

We have considered the financial statements and the auditors' reports of the subsidiary companies for which we have not acted as auditors as indicated in Note 7 to the financial statements.

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.

REPORT OF THE AUDITORS TO THE MEMBERS OF

UDA HOLDINGS BERHAD
(Company No: 347508-T)

The auditors' reports on the financial statements of the subsidiary companies were not subject to any qualification and did not include any comments made under subsection 3 of Section 174 of the Act.

AZMAN, WONG, SALLEH & CO.
AF: 0012
Chartered Accountants

NG ENG KIAT
1064/03/07(J/PH)
Partner of the Firm

Kuala Lumpur,
Date:

FURTHER INFORMATION

1. Directors' Responsibility Statement

This circular 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 and confirm that after making all reasonable enquiries, to the best of their knowledge and belief, there are no other facts, the omission of which would make any statement herein misleading.

2. Consent

Avenue and Newfields Advisors Sdn Bhd each has given and has not subsequently withdrawn their written consent to the inclusion in this Circular of their names and/or letters and all references to them in the form and context in which they appear.

3. Material Litigation

3.1. MRCB

Neither MRCB nor its subsidiaries are engaged in any material litigation, claims or arbitration either as a plaintiff or defendant or claimant or respondent, and as at the Latest Practicable Date, the directors of MRCB are not aware of any proceeding pending or threatened against MRCB and its subsidiaries, or of any fact likely to give rise to any proceeding, which may materially affect the position or business of MRCB and its subsidiaries, financially or otherwise, save for the following:-

3.1.1 High Court Of Malaya At Shah Alam, Civil Suit MT5-22-846-2001, Inxcel Properties Sdn Bhd v Malaysian Resources Corporation Berhad

In this matter, the plaintiff claimed breach of contract on the part of the Company in relation to a parcel of land which the plaintiff alleges should have been sold by the Company to the plaintiff, via a sale and purchase agreement which (the plaintiff alleges) ought to have been executed by the Company, but was not. The plaintiff claimed that it had relied on the Company's representations that the terms of the transaction had been finalised, even though the sale and purchase agreement was not, eventually, executed. Consequently, the plaintiff claimed for RM4.5 million as loss of profits, and other damages for losses suffered due to its alleged reliance on the Company's alleged representations. The court has fixed the hearing of this case on 20 to 22 August 2007.

The Company disputes the plaintiff's claim. The directors of the Company are of the opinion that the Company has reasonable grounds of defence against the plaintiff's claim.

3.1.2 Claim by HT Maltec Consultants Sdn Bhd Against Seri Ipoh-Lumut Expressway Sdn Bhd For The Sum Of RM19,318,796.00 And Other Damages To Be Assessed

By a letter of demand dated 2 August 2001, HT Maltec Consultants Sdn Bhd ("Maltec") had claimed against Seri Ipoh-Lumut Expressway Sdn Bhd ("Silex") a lump sum of RM19,318,796.00 which it alleges is owing by Silex to Maltec pursuant to a consultancy agreement dated 27 October 1999, which Maltec claims Silex had wrongfully terminated. Silex disputes any such liability pertaining to the said outstanding sum and the matter has been referred to arbitration. The arbitration hearing commenced in October 2006 and is not yet concluded, but the arbitrator is yet to fix the next hearing date for arbitration.

The directors of the Company are of the opinion that Silex has reasonable grounds of defence in this matter.

3.1.3 High Court Of Malaya At Kuala Lumpur, Civil Suit D7-22-1919-2000, Malaysian Resources Corporation Berhad v Mohd Razi Bin Shahadak And Two Others

The first two defendants, Mohd Razi bin Shahadak and Mohd. Zuhdi bin Muda, are shareholders and directors of the third defendant, ST Industrial Clay Sdn Bhd ("STI Clay"). The Company had on 12 October 2000 filed a claim against them to recover:

(a) the refund of RM6,500,000.00 being amounts paid to the first and second defendants under a conditional shareholders' agreement dated 4 April 1997 ("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;

(b) RM173,140.00 being an amount advanced to STI Clay in respect of a mining lease; and

(c) interest and costs.

A case management hearing is scheduled on 29 January 2007.

The directors of the Company are of the opinion that the Company's claim has merit and a reasonable chance of success.

3.1.4 High Court Of Sabah And Sarawak In The Federal Territory Of Labuan, Civil Suit L22-05-2002, Syarikat Dayausaha Bumiputra-Putra Entrepreneur JV (Suing As A Firm) v MRCB Engineering Sdn Bhd And Malaysian Resources Corporation Berhad

In this matter, the plaintiff claimed that MRCB Engineering Sdn Bhd, a subsidiary of the Company, and the Company had wrongfully terminated a sub-contract that had been awarded to the plaintiff in connection with the construction of a college in Labuan. Consequently, the plaintiff claimed for total damages of approximately RM16.6 million. On 24 April 2002, the defendants had filed applications to strike-out and for a stay of proceedings. These 2 applications were dismissed by the court on 21 January 2003. A notice of appeal was filed by the 2 defendants on 28 January 2003. The court has fixed the hearing of these appeals on 9 February 2007.

MRCB Engineering Sdn Bhd and the Company dispute the plaintiff's claim. The directors of the Company believe that there are reasonable grounds of defence against the plaintiff's claim.

3.1.5 High Court Of Malaya At Kuala Lumpur, Civil Suit D2-22-648-2003, MRCB Property Development Sdn Bhd v Suedy Suwendy And Six Others

MRCB Property Development Sdn Bhd ("MPD"), a wholly owned subsidiary of MRCB, had entered into a Share Sale Agreement dated 2 January 2001 ("SSA") with the defendants whereby MPD had agreed to purchase 24,000,006 fully paid ordinary shares of RM1.00 each ("Sale Shares") representing the defendants' 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.

MPD alleged that the conditions precedent to the SSA have not been fulfilled and demanded a refund of RM6,000,000.00, plus interest and costs, being the monies already by paid by MPD under the terms of the SSA. Service out of jurisdiction on the foreign defendants is pending, after the court granted MPD's application to do so

on 28 May 2003. In the meantime, summary judgement was entered against the 1st, 3rd, 6th and 7th defendants on 18 November 2005. The appeal of these defendants against the summary judgment was allowed on 16 August 2006. The matter is yet to be fixed for trial.

The directors of the Company are of the opinion that MPD has reasonable grounds of success in its claim.

3.1.6 High Court Of Malaya At Shah Alam, Civil Suit MT3-22-69-2004, Kota Francais (M) Sdn Bhd v MRCB Selborn Corporation Sdn Bhd

A writ of summons was served on MRCB Selborn Corporation Sdn Bhd ("MSCSB") by the plaintiff on 8 March 2004, claiming (among others) RM27,300,000.00, damages, cost, interest and declarations, due to an alleged wrongful termination by MSCSB of a memorandum of agreement between MSCSB and the plaintiff. MSCSB had on 15 March 2003 filed a memorandum of appearance, and its defence was filed on 30 March 2004. The matter is yet to be fixed for trial.

The directors of the Company are of the opinion that MSCSB has reasonable grounds of defence to the plaintiff's claim.

3.1.7 Arbitration On A Claim For Breach Of Contract Between Kuala Lumpur Sentral Sdn Bhd And Express Rail Link Sdn Bhd

Kuala Lumpur Sentral Sdn Bhd ("KLSSB") alleges that Express Rail Link Sdn Bhd ("ERL") had breached an interface agreement entered into between KLSSB and ERL, and is claiming damages amounting to approximately RM8,700,000.00. ERL has counterclaimed for damages amounting to approximately RM11,400,000.00. KLSSB's claim in arbitration commenced on 2 February 2005. The arbitration commenced in October 2006 and has not yet concluded, but the arbitrator is yet to fix the next hearing date for arbitration.

The directors of the Company are of the opinion that KLSSB's claim has merit, and that it has reasonable grounds of defence against the counterclaim.

3.1.8 Arbitration On A Dispute Pertaining To Supply Of Chilled Water Between Semasa Sentral Sdn Bhd And Express Rail Link Sdn Bhd

Semasa Sentral Sdn Bhd ("SSSB") and ERL are disputing the price charged in respect of chilled water supplied by SSSB to ERL. Both parties have agreed to refer the matter to arbitration to determine the rate of the price that should be payable for the chilled water supply. The panel of arbitrators are presently being appointed. After the panel is appointed, the parties will await the arbitrators' directions on progressing the matter for hearing.

The directors of the Company are of the opinion that SSSB's claim has merits and a reasonable chance of success.

3.1.9 High Court Of Malaya At Shah Alam, Civil Suit, MT4-22-495-2004, Intelligent Essence Sdn Bhd v TT Dotcom Sdn Bhd And Kuala Lumpur Sentral Sdn Bhd

TT Dotcom Sdn Bhd ("TDSB") had claimed against Intelligent Essence Sdn Bhd ("IESB") for a sum of RM939,331.96 being payment for telecommunication services rendered. IESB then filed a counterclaim against TDSB as the first defendant for a sum of RM446,987.78 and Kuala Lumpur Sentral Sdn Bhd ("KLSSB") as the second defendant for a sum of RM1,319,239.00 being loss of profits for wrongful termination of contract, and RM108,872.02 being the unpaid telecommunication services. KLSSB had then counterclaimed against IESB inter alia for loss of profits amounting to RM42,500,000.00. The parties have been directed to file additional cause papers by the court by 25 November 2006.

The directors of the Company are of the opinion that KLSSB has reasonable grounds of defence to the plaintiff's claim.

3.2 UDA

Save as disclosed below, which is extracted from UDA's Circular, the Board of MRCB is not aware of any material litigation, claims or arbitration in which UDA or any of its subsidiaries is involved either as a plaintiff or defendant or claimant or respondent, and neither are the directors of MRCB aware of any proceeding pending or threatened against UDA and its subsidiaries, or of any fact likely to give rise to any proceeding, which may materially affect the position or business of UDA and its subsidiaries, financially or otherwise:

3.2.1 Court of Appeal Civil Appeal No: W-02-735-2006
High Court of Malaya at Kuala Lumpur Civil Suit No. S2-21-153-97
Koperasi Pasaraya Malaysia Berhad ("Kopasar") vs
1. UDA
2. Dewan Bandaraya Kuala Lumpur ("DBKL")
3. Government of Malaysia
(Collectively referred to as the "Defendants")

On 11 November 1997, Kopasar filed a suit against the Defendants for public nuisance by reason of the closure of Lorong Haji Hussein 3, Kuala Lumpur wherein Kopasar claimed that it suffered losses as a result thereof. Kopasar is claiming against the Defendants jointly and severally for a total sum of RM23,743,157.00 for loss of profit, value of loss of premises, loss of goodwill, and loss of business, together with interest and costs. The Court had on 12 June 2006 awarded judgement in favour of Kopasar to the sum of RM23,743,157.00 with interest from the date of filing of the writ on 11 November 1997 to the date of full settlement and cost. The Court ruled that the Defendants were jointly liable but did not apportion the liability between the Defendants.

On 3 July 2006, UDA filed an appeal to the Court of Appeal against the judgment of the High Court of 12 June 2006. DBKL and the Government of Malaysia have also appealed against the decision of the Court on 12 June 2006. The solicitors acting for UDA are of the opinion that UDA has strong grounds of appeal against the judgement awarded on 12 June 2006. On 9 August 2006, UDA filed an application for stay of execution of the judgement pending appeal which was allowed by the High Court on 4 September 2006. On 29 August 2006, UDA's solicitors filed an application to consolidate the appeals of all the 3 Defendants. The application was heard by the High Court on 25 September 2006 and the High Court rejected the application on the a basis that there was no provision for such application in the Rules of the High Court Kopasar then filed a notice of motion to strike out UDA's appeal and the motion has been fixed for hearing on 20 November 2006.

3.2.2 High Court of Malaya at Kuala Lumpur Civil Suit No. S6-22-416-2001
UDA vs Melewar Leisure Sdn Bhd ("Melewar")

On 25 May 2001, UDA filed a claim against Melewar for an amount of RM9,409,367.00 ("Compensation") arising from the acquisition by the Government of Malaysia ("Government") of a portion of a parcel of land that was leased by UDA to Melewar ("Acquisition"). The Government paid the Compensation to Melewar for the Acquisition. UDA claimed that it is entitled to the whole sum of the Compensation less the costs incurred by Melewar in renovating the premises on the said land in accordance with the provisions of its lease agreement with Melewar dated 5 September 1989. The matter is fixed for trial from 24 July 2006 to 28 July 2006 and was fixed for mention on 29 September 2006 for the counsels of the respective parties to obtain the notes of evidence from the High Court to enable them to prepare written submissions in respect of the trial of the matter. The matter is now

fixed for mention on 30 November 2006 as the notes of evidence was not available from the High Court on 29 September 2006.

The solicitors acting for UDA are of the opinion that UDA has a very good chance of succeeding at trial and that there is no question of liability being incurred by UDA in this matter, save for the question of costs payable to Melewar in the event that UDA is unsuccessful in its claim.

3.2.3 Court of Appeal Civil Appeal No. J-02-16-2005
Johor Bahru High Court of Malaya (Civil Suit No. 22-831-2002)
SBBU Sdn Bhd (now known as UDA Land (South) Sdn Bhd) ("UDA South") vs Sulong Engineering Sdn Bhd ("Sulong")

On 21 November 2002, Sulong filed a suit against UDA South claiming for RM11,461,914.86 for additional works and renovation works done as at 28 May 2002; progress payments with interest at 8% p.a. from service of the summons until the date of judgement; additional works for building and variation order as at 28 February 2002 with interest at 8% p.a. from service of the summons until the date of judgement; refund of a performance bond; RM5,454,099.76 for special damages for loss of profit; and RM100,000,000.00 for defamation with interest at 8% p.a. from service of the summons until the date of judgement, costs on a solicitor-client basis and other relief deemed fit by the Court. The case management for Sulong's claim, which was initially set on 29 September 2006, has been postponed to 15 January 2007.

UDA South's solicitors are not able to comment or say with any degree of certainty what the outcome of the case will be as the parties have not reached the stage of exchange of documents.

On 20 January 2003, UDA South had filed a counterclaim against Sulong for RM4,172,538.19 together with interest at 8% p.a. from 9 January 2003 until realisation of the claim and costs. UDA South applied and obtained a summary judgement against Sulong for its counterclaim on 15 September 2003. Sulong appealed to the judge in chambers against the summary judgement and its appeal was allowed with costs on 12 October 2004. UDA South lodged an appeal to the Court of Appeal against the decision of the High Court Judge on 12 October 2004. The hearing date for the case management of UDA South's appeal has been fixed on 31 January 2007.

The solicitors acting for UDA South are of the opinion that UDA South has an arguable appeal based on case precedent but are unable to predict the outcome of the appeal.

3.2.4 Penang High Court of Malaya Originating Motion No. 25-61-2006
In the matter of an Arbitration between Indera Construction Sdn Bhd ("Indera") and PNS Development Sdn Bhd (now known as UDA Land (North) Sdn Bhd) ("UDA North")

On 10 October 2003, Indera filed a claim against UDA North in respect of disputes and differences arising from a construction contract between Indera as contractor and UDA North as employer in respect of the construction works for the project known as "Cadangan Pembangunan Taman Pauh Jaya Fasa 7" on P.T. 1460, Mukim 6, Jalan Baru, Seberang Perai Tengah, Pulau Pinang. Indera is claiming for the sum of RM6,755,396.80 and damages together with interest and costs of the arbitration for, among others, wrongful determination of the contract, wrongful imposition of liquidated ascertained damages, failure to grant extension of time for completion of the project and under certification by the superintending officer of the employer. On 4 December 2003, UDA North had filed a counterclaim for an amount of

RM3,762,213.07 as consequential losses arising from the termination and remedial works thereto.

Arbitration proceedings have commenced and the arbitrator had, on 24 July 2006, made an interim award in respect of liability to the effect that the termination of the contract by UDA North amounted to a repudiatory breach of contract. Evidence has yet to be given in respect of the amount claimed by Indera. On 6 September 2006, UDA North filed an application to challenge the interim award of the arbitrator in the High Court on the issue of liability which is fixed on 8 December 2006.

The solicitors acting for UDA North are of the opinion that the High Court may be reluctant to question a finding of fact decided by the arbitrator unless it is clear that there is a question of law which the arbitrator has erred upon and that UDA North may face difficulty in challenging the interim award as it appears from the interim award that the arbitrator had only decided on a factual issue as to whether there was in existence a supplemental agreement between the parties to extend time for completion of the project.

3.2.5 Johor Bahru High Court Suit No. 22-25-2005(2)
Teto Engineering Sdn Bhd ("Teto") vs UDA South

On 12 January 2005, Teto filed a suit against UDA South for the recovery of the sum of RM2,091,182.85 together with interest at the rate of 8% per annum from 24 November 2004 to the date of payment, and costs. On 24 August 2005, the Deputy Registrar of the High Court granted Teto a summary judgement to the sum of RM1,644,023.30 together with interest at 8% per annum from 14 November 2004 to the date of payment and costs and granted leave to UDA South to defend Teto's claim for the balance sum of RM427,059.55. Both parties subsequently appealed to the judge in chambers. On 14 December 2005, the Honourable Judicial Commissioner dismissed UDA South's appeal with costs and allowed the cross-appeal of Teto with costs. UDA South had since made payment of a sum of RM2,270,307.53 and filed an appeal against the decision of the Judicial Commissioner to the Court of Appeal. Teto had proceeded to tax the High Court proceedings. Four separate bill of costs were filed which amounts to a total of RM300,000.00. On 22 August 2006, the Registrar awarded a total sum of RM103,368.90 to Teto in respect of all the bills of costs.

The solicitors acting for UDA South are of the opinion that the prospect of the success in UDA's appeal is high.

3.2.6 Kuala Lumpur High Court Commercial Division Suit No. D1-22-423-05
ZAQ Construction Sdn Bhd ("ZAQ") vs UDA Land (Central) Sdn Bhd ("UDA Central")

On 6 June 1997 and 27 September 1999, ZAQ entered into agreements with UDA Central to develop a housing project in Selangor ("Agreements"). Pursuant to the Agreements, ZAQ provided UDA Central with a cash bond of RM533,454.31 to guarantee the fulfilment of its obligations under the Agreements. On 28 May 2005, ZAQ filed this action claiming the return of the cash bond, together with general damages to be assessed.

On 11 August 2005, UDA Central filed a counterclaim for an amount of RM2,595,189.80 for, among others, liquidated and ascertained damages for delay in the completion of the project.

On 8 May 2006, ZAQ's application to stay the counterclaim was dismissed by the Registrar of the High Court. ZAQ's appeal to the Judge to reverse the High Court Registrar's decision was dismissed with costs on 17 August 2006. ZAQ has also filed an application for summary judgement which was fixed for hearing on 7 September 2006. On 7 September 2006, the hearing of the summary judgment was adjourned to

8 November 2006. On 8 November 2006, the High Court fixed the matter for mention on 10 January 2007 pending filing of ZAQ's application to amend its statement of claim.

The solicitors acting for UDA Central are of the opinion that there are merits to contest ZAQ's claims and that the matter is likely to be contested at a full trial.

3.2.7 Kuala Lumpur High Court Civil Suit No: S7-22-1184-2005 UDA South vs ABI Construction Sdn Bhd ("ABI")

On 10 October 2005, UDA South had filed a civil suit against ABI for a sum of RM3,968,785.27 to recover the loss and/or damage caused as a result of the determination of ABI's employment under a contract dated 16 March 2001. On 6 January 2006, ABI filed a defence and counterclaim for the sum of RM749,747.40, alleging that the determination was wrongful, disputing UDA South's claim and claiming for work and materials allegedly unpaid. On 18 April 2006, UDA South had filed an application for a summary judgement which was contested by ABI. The matter was fixed for mention on 28 August 2006 for UDA South to file an affidavit in reply to the affidavit filed by ABI. The mention on 28 August 2006 was postponed to 16 November 2006 for the parties to file written submission in respect of the summary judgement application of UDA South.

The solicitors acting for UDA South are of the opinion that UDA South has merits to contest the claim against ABI and defending the counterclaim.

3.2.8 In the Matter of an Arbitration between Pilecon Industrial Engineering Sdn Bhd ("Pilecon") and UDA

Pilecon is claiming against UDA for the sum of RM1,902,773.57 in respect of disputes and differences arising from the construction contract for the design, building and commissioning of a sewage treatment plant by Pilecon as the contractor against UDA as the employer. Pilecon, among others, is claiming in respect of sheet pile works, piling works, extension of time and variation orders. During the first preliminary meeting convened by the arbitrator on 22 August 2006, the arbitrator fixed the matter for hearing from 5 November 2007 to 9 November 2007 and from 19 November 2007 to 23 November 2007.

The solicitors acting for UDA are unable to ascertain the outcome of this matter at this stage. This is due to the fact that the arbitration has not commenced, the consultants are still reviewing Pilecon's claims and contentions, and documents and the testimony of witnesses have not been ascertained and determined.

Material Contracts

The Board of MRCB is not aware of any material contract (not being contact entered into the ordinary course of business) entered into by the MRCB and its subsidiaries within the two (2) years preceding the Latest Practicable Date, save for the following:

4.1. MRCB

4.1.1 Share Sale Agreement dated 10 November 2004 between the Company and Irshad Consulting Sdn Bhd for the disposal of 1,124,000 ordinary shares of RM1.00 each in MRCB Multimedia Consortium Sdn Bhd for a cash consideration of RM1,124,000.00. The transaction has been completed.

4.1.2 Share Sale Agreement dated 20 December 2004 between Kumpulan Perangsang Selangor Berhad and the Company for the acquisition of 6,500,000 ordinary shares

representing 25% of the equity of MRCB Ceramics Sdn Bhd. The transaction has been completed.

4.1.3 Three Share Sale Agreements each dated 17 January 2005 between the Company, Sibexlink and Telekom Malaysia Berhad; South Investment, Trade and Technology Data Exchange Centre and Malaysian South-South Corporation Berhad respectively for the acquisition of a total of 3,450,000 ordinary shares of 1.00 each from these vendors for a total consideration of RM3.00. The transactions have been completed.

4.1.4 Loan Agreement dated 18 January 2005 between Bumiputra-Commerce Bank Berhad and the Company for a term loan facility of RM120,100,000.00.

4.1.5 Subscription Agreement dated 1 June 2005 between Konsortium Lebuhraya Utara-Timur (KL) Sdn Bhd ("Kesturi"), the Company and Ekovest Berhad for the subscription by the Company of 585 redeemable preference shares in Kesturi for a consideration of RM58,500,000.00. The transaction has been completed.

4.1.6 Credit Facilities Agreement dated 27 September 2005 between Bumiputra-Commerce Bank Berhad, Commerce International Merchant Bankers Berhad and the Company, a Memorandum of Deposit dated 27 September 2005 between Bumiputra-Commerce Bank Berhad and the Company, and a Supplemental Credit Facilities Agreement dated 29 September 2005 between Bumiputra-Commerce Bank Berhad, Commerce International Merchant Bankers Berhad and the Company for credit facilities of up to RM102,000,000.00 comprising bank guarantee facilities, a term loan and a revolving credit facility.

4.1.7 Sale and Purchase Agreement dated 20 September 2006 between MRCB Selborn Corporation Sdn Bhd ("MSC") and Bank Kerjasama Rakyat Malaysia Berhad ("Bank Rakyat") for the disposal of Menara MRCB to Bank Rakyat for a consideration of RM70,000,000.00 with an option for MSC to re-purchase the building after 10 years. The transaction is pending completion.

3.3 UDA

Save for the agreement signed between UDA and Khazanah on 1 September 2006 pursuant to the Proposed SCR, as disclosed in UDA's Circular, the Board of MRCB is not aware of any material contract (not being contact entered into the ordinary course of business) entered into by UDA and its subsidiaries within the two (2) years preceding the Latest Practicable Date.

4 Documents for Inspection

Copies of the following documents will be made available for inspection during normal business office hours on any weekday (except public holidays) 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 Circular up to and including the time and date of the EGM:

i. The Memorandum and Articles of Association of MRCB;

ii. Letters of Consent referred to in Section 2 above;

iii. The litigation cause papers referred to in Section 3.1 above;

iv. The material contracts referred to in Section 4.1 above;

v. Circular to shareholders of UDA dated 15 November 2006;

vi. The audited consolidated financial statements of MRCB for the two (2) financial years ended 31 December 2004 and 31 December 2005;

vii. The unaudited financial results of MRCB for the six (6) months period ended 30 June 2006; and

viii. Audited consolidated financial statements of UDA for the financial year ended 31 December 2005.

Note:

The litigation cause papers and material contract referred to in Section 3.2 and Section 4.2, respectively, will be made available for inspection by MRCB's shareholders at UDA's registered office at 10th Floor, Menara BB Plaza, Lot 111, Jalan Bukit Bintang, 55100 Kuala Lumpur from 9.00 a.m. to 5.00 p.m. from Mondays to Fridays (except public holidays) from the date of the MRCB's circular up to and including the date of the MRCB's forthcoming EGM.

MRCB

Malaysian Resources Corporation Berhad

(Company No.: 7994-D)
(Incorporated in Malaysia under the Companies Act, 1965)

NOTICE OF EXTRAORDINARY GENERAL MEETING

Notice is hereby given that an Extraordinary General Meeting ("EGM") of Malaysian Resources Corporation Berhad (7994-D) ("Company") will be held at Selangor 1, Lobby Floor, Sheraton Subang Hotel and Towers, Jalan SS12/1, 47500 Subang Jaya, Selangor Darul Ehsan, on Friday, 1 December 2006 at 10.30 a.m. or at any adjournment thereof, for the purpose of considering and if thought fit, passing with or without amendments the following resolution:

APPROVAL FOR LANDAS UTAMA SDN BHD, A SUBSIDIARY OF THE COMPANY, TO VOTE IN FAVOUR OF THE PROPOSED SELECTIVE CAPITAL REPAYMENT EXERCISE TO BE UNDERTAKEN BY UDA HOLDINGS BERHAD PURSUANT TO SECTION 64 OF THE COMPANIES ACT, 1965
(To be passed as an ordinary resolution)

That:

(a) approval and authority be and is given for Landas Utama Sdn Bhd, a subsidiary of the Company, to vote in favour of all the resolutions proposed by UDA Holdings Berhad to be passed at UDA Holdings Berhad's extraordinary general meeting to be convened to approve the Proposed SCR (all as defined and described in the Circular to Shareholders issued by the Company to the Company's shareholders dated 16 November 2006) and all matters pertaining thereto; and

(b) approval and authority be and is given for the directors of the Company to do all such things, and to approve and/or to execute all such documents and/or instruments, as may be necessary or desirable to give effect to the approval and authority referred to in resolution (a).

By order of the Board.

MOHD NOOR RAHIM YAHAYA
(MAICSA 0866820)
Company Secretary

Shah Alam
Selangor Darul Ehsan
16 November 2006

Notes:

1. *A member of the Company entitled to attend and vote at the meeting is entitled to appoint one or more proxies (or, in the case of a corporation, to appoint a representative) to attend and vote in its place. A proxy need not be a member of the Company.*

2. *The form of proxy must be signed by the appointer of the proxy, or its 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 a duly authorised officer on behalf of the corporation.*

3. *The form of proxy must be deposited with the Company's share registrar, Symphony Share Registrars Sdn Bhd at Level 26, Menara Multi-Purpose, Capital Square, 8, Jalan Munshi Abdullah, 50100 Kuala Lumpur, Malaysia not less than 48 hours before the time appointed for the holding of the meeting or any adjournment thereof.*

MRCB

Malaysian Resources Corporation Berhad

(Company No.: 7994-D)
(Incorporated in Malaysia under the Companies Act, 1965)

FORM OF PROXY

(Before completing this form of proxy, please refer to the notes thereto)

Number of shares held	

I/We, _____,
(full name in capital letters)

of _____,
(address)

being a member/members of Malaysian Resources Corporation Berhad ("Company"), appoint _____

_____,
(full name of proxy)

of _____,
(address)

or, failing him, _____,
(full name)

of _____,
(address)

or, failing him, the chairman of the extraordinary general meeting ("EGM") as my/our proxy to attend and vote for me/us on my/our behalf at the EGM of the Company to be held at Selangor 1, Lobby Floor, Sheraton Subang Hotel and Towers, Jalan SS12/1, 47500 Subang Jaya, Selangor Darul Ehsan, on Friday, 1 December 2006 at 10.30 a.m. or at any adjournment thereof.

My/Our proxy is to vote on the following resolutions as indicated by an "X" in the appropriate spaces; but if this form is returned without any indication as to how my/our proxy shall vote, the proxy shall vote or abstains as he/she thinks fit.

	RESOLUTION	FOR	AGAINST
1	Approval For Landas Utama Sdn Bhd, A Subsidiary Of The Company, To Vote In Favour Of The Proposed Selective Capital Repayment Exercise To Be Undertaken By UDA Holdings Berhad Pursuant To Section 64 Of The Companies Act, 1965 *(To be passed as an ordinary resolution)*		

Date: _____

_____
Signature of shareholder

Notes:

1. *A member of the Company entitled to attend and vote at the meeting is entitled to appoint one or more proxies (or, in the case of a corporation, to appoint a representative) to attend and vote in its place. A proxy need not be a member of the Company.*
2. *The form of proxy must be signed by the appointer of the proxy, or its 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 a duly authorised officer on behalf of the corporation.*
3. *The form of proxy must be deposited at the Company's share registrar, Symphony Share Registrars Sdn Bhd at Level 26, Menara Multi-Purpose, Capital Square, 8, Jalan Munshi Abdullah, 50100 Kuala Lumpur, Malaysia not less than 48 hours before the time appointed for the holding of the meeting or any adjournment thereof.*

Fold this flap for sealing

Then fold here

AFFIX
STAMP

SYMPHONY SHARE REGISTRARS SDN. BHD.
(Company No. 378993-D)
Level 26, Menara Multi-Purpose, Capital Square
No. 8, Jalan Munshi Abdullah
50100 Kuala Lumpur

1st fold here