

financial STATEMENT

10	Directors' Report	17	Profit and Loss Accounts
14	Statement by Directors	18	Consolidated Cash Flow Statement
14	Statutory Declaration	20	Note to the Consolidated Cash Flow Statement
15	Auditors' Report	21	Notes to the Accounts
16	Balance Sheets		



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

PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding. The principal activities of the subsidiary companies are set out in Note 5 to the Accounts.

There have been no significant changes in the nature of these activities during the financial year.

RESULTS

	<i>Group</i> <i>RM</i>	<i>Company</i> <i>RM</i>
(Loss)/profit after taxation	(60,471,410)	396,641
Minority interests	779,135	-
(Loss)/profit attributable to shareholders	(59,692,275)	396,641
Retained profits brought forward	7,088,870	58,920,027
(Accumulated loss)/Retained profits carried forward	(52,603,405)	59,316,668

DIVIDEND

No dividend has been paid or declared by the Company since the end of the previous financial year. The directors do not recommend any dividend in respect of the current financial year.

RESERVES AND PROVISIONS

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

ISSUE OF SHARES AND DEBENTURES

The Company has not issued any new shares or debentures during the financial year.



11 *directors'* **REPORT**

DIRECTORS

The directors who held office since the date of last report are:-

Tan Sri Dato' Haji Yahya Abdul Wahab, PSM, DPMJ, JSM (Chairman)
Chew Loy Chee (Deputy Chairman)
Tan Chon Sing @ Tan Kim Tieng
Gan Teck Chong @ Gan Kwan Chong
Lim Hong Liang
Wong Yew Fai
Kan Ah Chun

In accordance with the Company's Articles of Association, Messrs. Lim Hong Liang and Chew Loy Chee retire from the Board by rotation at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

DIRECTORS' INTERESTS

The directors holding office at the end of the financial year and their beneficial interests in the ordinary shares of the Company and its related corporations during the financial year ended 31 December 1999 as recorded in the Register of Directors' Shareholdings kept by the Company under Section 134 of the Companies Act, 1965 were as follows:-

	<i>Number of Ordinary Shares of RM1 each</i>			
	<i>Balance as at 1.1.1999</i>	<i>Bought</i>	<i>Sold</i>	<i>Balance as at 31.12.1999</i>
Shares in the Company				
Direct interest				
Chew Loy Chee	5,391,500	-	(498,000)	4,893,500
Tan Chon Sing @ Tan Kim Tieng	11,080,000	-	-	11,080,000
Gan Teck Chong @ Gan Kwan Chong	6,297,532	79,000	(921,000)	5,455,532
Lim Hong Liang	7,511,000	-	-	7,511,000
Kan Ah Chun	1,465,646	-	-	1,465,646

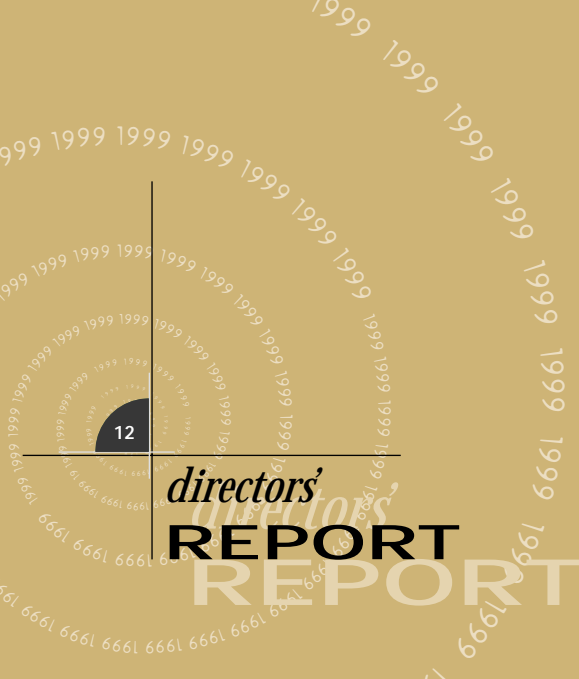
Shares in a subsidiary company

Malpac Securities Sdn. Bhd.

Direct interest

Chew Loy Chee	1	-	-	1
Tan Chon Sing @ Tan Kim Tieng	1	-	-	1
Gan Teck Chong @ Gan Kwan Chong	1	-	-	1

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



DIRECTORS' BENEFITS

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the directors shown in the accounts) 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 he has a substantial financial interest.

There were no arrangements during and at the end of the financial year, to which the Company is a party, which had the objects of enabling directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY:-

(I) AS AT THE END OF THE FINANCIAL YEAR

- (a) Before the profit and loss accounts and balance sheets of the Group and of the Company were made out, the directors took reasonable steps:-
 - (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and have satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and
 - (ii) to ensure that any current assets which were unlikely to realise their book values in the ordinary course of business had been written down to their estimated realisable values.
- (b) In the opinion of the directors, the results of the operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.

(II) FROM THE END OF THE FINANCIAL YEAR TO THE DATE OF THIS REPORT

- (c) The directors are not aware of any circumstances:-
 - (i) which would render the amount written off for bad debts or the amount of the provision for doubtful debts in the accounts of the Group and of the Company inadequate to any material extent; or
 - (ii) which would render the values attributed to current assets in the accounts of the Group and of the Company misleading; or
 - (iii) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.





directors' REPORT

(d) In the opinion of the directors:-

- (i) there has not arisen any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made; and
- (ii) 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 will or may affect the ability of the Group or of the Company to meet their obligations as and when they fall due.

(III) AS AT THE DATE OF THIS REPORT

- (e) There are no charges on the assets of the Group and the of Company which have arisen since the end of the financial year to secure the liabilities of any other person.
- (f) There are no contingent liabilities of the Group and of the Company which have arisen since the end of the financial year.
- (g) The directors are not aware of any circumstances not otherwise dealt with in the report or accounts which would render any amount stated in the accounts of the Group and of the Company misleading.

AUDITORS

The auditors, Messrs. BDO Binder, have expressed their willingness to continue in office.

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

Chew Loy Chee

Lim Hong Liang

Seremban
27th April 2000





statement by
DIRECTORS

In the opinion of the directors, the accounts set out on pages 16 to 33 have been drawn up in accordance with applicable approved accounting standards so as to give a true and fair view of:-

- (i) the state of affairs of the Group and of the Company as at 31 December 1999 and of their results for the financial year then ended; and
- (ii) the cash flows of the Group for the financial year ended 31 December 1999.

On behalf of the Board,

Chew Loy Chee

)
)
)
) DIRECTORS
)
)

Lim Hong Liang

Seremban
27th April 2000



statutory
DECLARATION

I, Tan Chon Sing @ Tan Kim Tieng, being the director primarily responsible for the financial management of Malpac Holdings Berhad, do solemnly and sincerely declare that the accounts set out on pages 16 to 33 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared)
by the abovenamed at Seremban,)
Negeri Sembilan Darul Khusus)
this 27th April 2000)

Before me,
V. Veeramalai (N024)
Commissioner of Oaths

Seremban
27th April 2000

report of the auditors
**TO THE MEMBERS OF
MALPAC HOLDINGS BERHAD**

We have audited the accounts set out on pages 16 to 33. The preparation of the accounts is the responsibility of the directors. Our responsibility is to express an opinion on the accounts based on our audit.

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

In our opinion:-

- (a) the accounts have been properly drawn up in accordance with applicable approved accounting standards and 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 1999 and of their results and the cash flows of the Group for the financial year then ended; and
- (b) the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiary companies have been properly kept in accordance with the provisions of the Act.

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

Our audit reports on the accounts of the subsidiary companies were not subject to any qualification and did not include any comment made under subsection (3) of Section 174 of the Act.

BDO Binder
AF: 0206
Public Accountants

Siew Kah Toong
1045/3/02 (J)
Partner

Seremban
27th April 2000



balance
SHEETS
as at 31 December 1999

		<i>Group</i>		<i>Company</i>	
		<i>1999</i>	<i>1998</i>	<i>1999</i>	<i>1998</i>
ASSETS EMPLOYED	<i>Note</i>	<i>RM</i>	<i>RM</i>	<i>RM</i>	<i>RM</i>
FIXED ASSETS	4	6,096,814	6,917,746	1,492,704	1,497,282
INTEREST IN SUBSIDIARY COMPANIES	5	-	-	159,736,710	158,077,381
GOODWILL ON CONSOLIDATION	6	1,360,358	1,587,084	-	-
DEFERRED EXPENDITURE	7	186,109	352,028	169,232	338,463
CURRENT ASSETS					
Investments	8	1,505,400	2,740,250	-	-
Amount due from brokers		4,023,691	5,455,675	-	-
Amount due from clients	9	213,069,585	142,797,901	-	-
Loan debtors	10	35,276,325	201,491,381	-	-
Sundry debtors, deposits and prepayments		1,962,848	2,006,125	382,240	1,421,445
Fixed deposits with licensed banks	11	6,492,536	765,680	-	-
Cash and bank balances	12	3,122,847	4,590,805	47,199	160,497
		265,453,232	359,847,817	429,439	1,581,942
LESS: CURRENT LIABILITIES					
Amount due to brokers		4,382,395	3,707,178	-	-
Amount due to clients		10,141,303	9,187,215	-	-
Sundry creditors and accruals		16,354,050	20,393,140	139,571	150,100
Taxation		-	706,247	-	-
Short term borrowings	13	172,113,030	204,078,750	2,991,253	2,989,348
		202,990,778	238,072,530	3,130,824	3,139,448
NET CURRENT ASSETS/ (LIABILITIES)		62,462,454	121,775,287	(2,701,385)	(1,557,506)
		70,105,735	130,632,145	158,697,261	158,355,620
FINANCED BY					
SHARE CAPITAL	14	75,000,000	75,000,000	75,000,000	75,000,000
RESERVES	15	(5,236,812)	54,455,463	83,683,261	83,286,620
SHAREHOLDERS' FUNDS		69,763,188	129,455,463	158,683,261	158,286,620
MINORITY INTERESTS		328,547	1,107,682	-	-
DEFERRED TAXATION	16	14,000	69,000	14,000	69,000
		70,105,735	130,632,145	158,697,261	158,355,620

The attached notes form an integral part of the Accounts.

profit and LOSS ACCOUNTS

for the financial year ended 31 December 1999

		Group		Company	
		1999 RM	1998 RM	1999 RM	1998 RM
TURNOVER	17	40,404,154	46,738,635	1,711,775	4,756,471
COST OF SALES		23,666,765	33,982,922	-	-
(LOSS)/PROFIT BEFORE TAXATION	18	(60,456,517)	(52,557,733)	409,170	(49,414)
TAXATION	19	(14,893)	(278,274)	(12,529)	26,340
(LOSS)/PROFIT AFTER TAXATION		(60,471,410)	(52,836,007)	396,641	(23,074)
MINORITY INTERESTS		779,135	370,422	-	-
(LOSS)/PROFIT ATTRIBUTABLE TO SHAREHOLDERS		(59,692,275)	(52,465,585)	396,641	(23,074)
RETAINED PROFITS BROUGHT FORWARD		7,088,870	59,554,455	58,920,027	58,943,101
(ACCUMULATED LOSSES)/RETAINED PROFITS CARRIED FORWARD		(52,603,405)	7,088,870	59,316,668	58,920,027
LOSS PER SHARE	20	(79.6) sen	(70.0) sen		

The attached notes form an integral part of the Accounts.

consolidated cash
CASH FLOW STATEMENT
for the financial year ended 31 December 1999

	1999 RM	1998 RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(60,456,517)	(52,557,733)
Adjustments for:-		
Written back of provision for diminution in value of investment	(1,232,949)	-
Provision for diminution in value of investment	-	1,609,028
Amortisation of goodwill on consolidation	226,726	226,726
Gain on disposal of fixed assets	(133,477)	(30,177)
Amortisation of deferred expenditure	169,231	169,231
Loss on disposal of investments	333,344	2,892,112
Dividend received	(7,134)	-
Interest income	(7,098,725)	(21,096,084)
Interest expenses	18,022,673	32,515,138
Preliminary and pre-operating expenses written off	-	41,388
Depreciation	1,376,516	1,327,822
Provision for doubtful debts	68,172,630	50,726,250
Bad debt written off	-	591,664
Operating profit before working capital changes	19,372,318	16,415,365
Decrease in debtors (Decrease)/Increase in creditors	29,132,285 (2,409,785)	11,267,846 11,878,124
Cash generated from operations	46,094,818	39,561,335
Interest received	7,098,725	21,096,084
Interest paid	(18,022,673)	(32,515,138)
Tax refund	1,218,984	-
Tax paid	(1,881,406)	(5,654,340)
Pre-operating expenses paid	(3,312)	(5,152)
Net cash from operating activities	34,505,136	22,482,789

The attached notes form an integral part of the Accounts.

19

consolidated cash

FLOW STATEMENT (cont'd)

for the financial year ended 31 December 1999

	1999	1998
	RM	RM
CASH FLOWS FROM INVESTING ACTIVITIES		
Dividend received	7,134	-
Placement of fixed deposits (Note A)	(18,915)	(459,414)
Proceeds from disposal of investments	2,134,455	1,984,513
Proceeds from disposal of fixed assets	153,579	121,220
Purchase of fixed assets	(575,686)	(287,959)
Purchase of investments	-	(3,579,504)
Net cash from/(used in) investing activities	1,700,567	(2,221,144)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of short term loans	(28,447,817)	(7,852,183)
Dividend paid	-	(540,000)
Net cash used in financing activities	(28,447,817)	(8,392,183)
NET INCREASE IN CASH AND CASH EQUIVALENTS	7,757,886	11,869,462
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR	(22,658,862)	(34,528,324)
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR (NOTE A)	(14,900,976)	(22,658,862)

The attached notes form an integral part of the Accounts.

note to the consolidated cash
FLOW STATEMENT
for the financial year ended 31 December 1999

A. CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the consolidated cash flow statement comprise the following balance sheet amounts:-

	1999 RM	1998 RM
Fixed deposits with licensed banks	6,492,536	765,680
Cash and bank balances	3,122,847	4,590,805
Bank overdrafts	(24,013,030)	(27,530,933)
	(14,397,647)	(22,174,448)
Less: Fixed deposits pledged to licensed banks	(503,329)	(484,414)
	(14,900,976)	(22,658,862)

The attached notes form an integral part of the Accounts.

THE ACCOUNTS

notes to

THE ACCOUNTS

for the year ended 31 December 1999

21

1. PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding. The principal activities of the subsidiary companies are set out in Note 5 to the Accounts.

There have been no significant changes in the nature of these activities during the financial year.

2. BASIS OF PREPARATION OF ACCOUNTS

The accounts of the Group and of the Company have been prepared in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of Accounting

The accounts of the Group and of the Company have been prepared under the historical cost convention.

3.2 Basis of Consolidation

The consolidated accounts incorporate the accounts of the Company and all its subsidiary companies made up to the end of the financial year. Inter-company transactions and balances are eliminated on consolidation and the consolidated accounts reflect external transactions only.

The difference between the purchase price and the fair value of the net assets of subsidiary companies at the date of acquisition is treated as goodwill or reserve on consolidation. Goodwill or reserve on consolidation is amortised over its expected useful economic life of fifteen years. The results of the subsidiary companies acquired or disposed of during the financial year are included in the consolidated accounts from the date of their acquisition or up to the date of their disposal.

3.3 Fixed Assets and Depreciation

Fixed assets are stated at cost less accumulated depreciation.

All fixed assets are depreciated on a straight line basis at rates which are intended to write off their cost over their estimated useful lives. The principal annual rates of depreciation used are as follows:-

Freehold land and buildings	2%
Computer equipment	20%
Motor vehicles	20%
Renovation, electrical installation, office equipment etc.	10% - 12%

notes to THE ACCOUNTS (cont'd)

- 31 December 1999

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.4 Deferred Taxation

Deferred taxation is provided under the liability method at the current tax rate in respect of all material timing differences except where it is reasonably probable that such timing differences will not crystallise in the foreseeable future.

Deferred tax benefits are recognised in the accounts only when there is reasonable assurance of their realisation.

3.5 Investments

(i) Subsidiary Companies

Investments in subsidiary companies which are eliminated on consolidation are stated at cost less provision for permanent diminution in value, if any.

(ii) Other Investments

Investments in quoted shares held on a short term basis are stated at the lower of cost and market value.

3.6 Deferred Expenditure

Expenditure incurred prior to commencement of operations of subsidiary companies are capitalised as preliminary and pre-operating expenses. Preliminary and pre-operating expenses are stated at cost and will be written off to the profit and loss account in the financial year in which the respective subsidiary company commenced business.

Expenditure incurred in connection to share listing expenses and Kuala Lumpur Stocks Exchange (KLSE) fees are deferred and amortised over 10 years.

3.7 Foreign Currency Transactions

Transactions in foreign currencies are converted into Ringgit Malaysia at the approximate rates of exchange ruling on transaction dates. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated into Ringgit Malaysia at the approximate rates of exchange on that date. Gains or losses on foreign exchange are taken up in the profit and loss account.

3.8 Debtors

Known bad debts are written off and provision is made for debts considered to be doubtful of collection.

3.9 Cash and cash equivalents

Cash and cash equivalents include cash and bank balances, bank overdrafts, deposits and other short term, highly liquid investments which are readily convertible to cash with insignificant risk of changes in value.

3.10 Income Recognition

Dividend from investment in subsidiary companies is accounted for on accruals basis while income from other investments is accounted for on receipt basis.

THE ACCOUNTS (cont'd)

notes to
- 31 December 1999

4. FIXED ASSETS

Group	Balance as at 1.1.1999	Additions	Disposals	Balance as at 31.12.1999
1999	RM	RM	RM	RM
Cost				
Freehold land and buildings	2,845,018	13,209	-	2,858,227
Computer equipment	2,228,524	322,053	-	2,550,577
Motor vehicles	3,661,996	217,469	(459,041)	3,420,424
Renovation, electrical installation, office equipment etc.	1,771,061	22,955	(28,261)	1,765,755
Total	10,506,599	575,686	(487,302)	10,594,983

Group	Balance as at 1.1.1999	Charge for the financial year	Disposals	Balance as at 31.12.1999
1999	RM	RM	RM	RM
Accumulated Depreciation				
Freehold land and buildings	199,084	43,137	-	242,221
Computer equipment	995,793	446,277	-	1,442,070
Motor vehicles	1,607,143	702,930	(455,189)	1,854,884
Renovation, electrical installation, office equipment etc.	786,833	184,172	(12,011)	958,994
Total	3,588,853	1,376,516	(467,200)	4,498,169

Group	Balance as at 1.1.1998	Additions	Disposals	Balance as at 31.12.1998
1998	RM	RM	RM	RM
Cost				
Freehold land and buildings	2,845,018	-	-	2,845,018
Computer equipment	1,981,491	256,753	(9,720)	2,228,524
Motor vehicles	3,995,715	-	(333,719)	3,661,996
Renovation, electrical installation, office equipment etc.	1,745,685	31,206	(5,830)	1,771,061
Total	10,567,909	287,959	(349,269)	10,506,599

notes to
THE ACCOUNTS (cont'd)
 - 31 December 1999

4. FIXED ASSETS (cont'd)

Group 1998	<i>Balance as at</i> <i>1.1.1998</i> <i>RM</i>	<i>Charge for the</i> <i>financial year</i> <i>RM</i>	<i>Disposals</i> <i>RM</i>	<i>Balance as at</i> <i>31.12.1998</i> <i>RM</i>
Accumulated Depreciation				
Freehold land and buildings	173,787	25,297	-	199,084
Computer equipment	614,301	382,737	(1,245)	995,793
Motor vehicles	1,128,754	734,216	(255,827)	1,607,143
Renovation, electrical installation, office equipment etc.	602,391	185,572	(1,130)	786,833
Total	2,519,233	1,327,822	(258,202)	3,588,853

Company 1999	<i>Balance as at</i> <i>1.1.1999</i> <i>RM</i>	<i>Additions</i> <i>RM</i>	<i>Disposals</i> <i>RM</i>	<i>Balance as at</i> <i>31.12.1999</i> <i>RM</i>
Cost				
Freehold land and buildings	960,614	13,209	-	973,823
Computer equipment	51,869	-	-	51,869
Motor vehicles	1,018,377	217,469	(459,041)	776,805
Renovation, electrical installation, office equipment etc.	232,088	791	-	232,879
Total	2,262,948	231,469	(459,041)	2,035,376

Company 1999	<i>Balance as at</i> <i>1.1.1999</i> <i>RM</i>	<i>Charge for the</i> <i>financial year</i> <i>RM</i>	<i>Disposals</i> <i>RM</i>	<i>Balance as at</i> <i>31.12.1999</i> <i>RM</i>
Accumulated Depreciation				
Freehold land and buildings	1,548	19,388	-	20,936
Computer equipment	31,530	7,527	-	39,057
Motor vehicles	628,840	172,390	(455,189)	346,041
Renovation, electrical installation, office equipment etc.	103,748	32,890	-	136,638
Total	765,666	232,195	(455,189)	542,672

THE ACCOUNTS (cont'd)

notes to
- 31 December 1999

4. FIXED ASSETS (cont'd)

Company	Balance as at 1.1.1998	Additions	Disposals	Balance as at 31.12.1998
1998	RM	RM	RM	RM
Cost				
Freehold land and buildings	-	960,614	-	960,614
Computer equipment	51,869	-	-	51,869
Motor vehicles	1,018,377	-	-	1,018,377
Renovation, electrical installation, office equipment etc.	231,481	2,687	(2,080)	232,088
Total	1,301,727	963,301	(2,080)	2,262,948

Company	Balance as at 1.1.1998	Charge for the financial year	Disposals	Balance as at 31.12.1998
1998	RM	RM	RM	RM
Accumulated Depreciation				
Freehold land and buildings	-	1,548	-	1,548
Computer equipment	21,157	10,373	-	31,530
Motor vehicles	425,164	203,676	-	628,840
Renovation, electrical installation, office equipment etc.	71,122	32,851	(225)	103,748
Total	517,443	248,448	(225)	765,666

	Group	Company
	1999	1998
	RM	RM
Net Book Value		
Freehold land and buildings	2,616,006	2,645,934
Computer equipment	1,108,507	1,232,731
Motor vehicles	1,565,540	2,054,853
Renovation, electrical installation, office equipment etc.	806,761	984,228
Total	6,096,814	6,917,746

notes to
THE ACCOUNTS (cont'd)
 - 31 December 1999

5. INTEREST IN SUBSIDIARY COMPANIES

	<i>Company</i>	
	<i>1999</i>	<i>1998</i>
	<i>RM</i>	<i>RM</i>
Unquoted shares - at cost	137,230,199	137,230,199
Amount due from subsidiary companies	22,506,511	23,422,366
Amount due to a subsidiary company	-	(2,575,184)
	22,506,511	20,847,182
	159,736,710	158,077,381

The amounts due from/(to) subsidiary companies represent advances and payments made on behalf which are unsecured with no fixed terms of repayment and bear interest at the rates of 7% to 12% (1998: 7% to 12%) per annum.

The details of the subsidiary companies, all incorporated in Malaysia, are as follows:-

<i>Name of Company</i>	<i>Effective Group Interest</i>		<i>Principal activities</i>
	<i>1999</i>	<i>1998</i>	
Malpac Securities Sdn. Bhd.	100%	100%	Stockbroking
Malpac Venture Capital Sdn. Bhd.	60%	60%	Share financing
Malpac Capital Sdn. Bhd.	100%	100%	Money lending
Malpac Assets Management Sdn. Bhd.	100%	100%	Dormant
Malpac Land Sdn. Bhd.	100%	100%	Dormant
Subsidiary companies of Malpac Securities Sdn. Bhd.			
Malpac Nominees (Asing) Sdn. Bhd.	100%	100%	Nominee services
Malpac Nominees (Tempatan) Sdn. Bhd.	100%	100%	Property holding and nominee services

The accounts of all the subsidiary companies are audited by BDO Binder.

THE ACCOUNTS (cont'd)

notes to
- 31 December 1999

27

6. GOODWILL ON CONSOLIDATION

	1999 RM	Group 1998 RM
Goodwill on consolidation, at cost	3,400,892	3,400,892
Accumulated amortisation		
Balance as at 1 January	1,813,808	1,587,082
Current amortisation	226,726	226,726
Balance as at 31 December	(2,040,534)	(1,813,808)
	1,360,358	1,587,084

7. DEFERRED EXPENDITURE

	1999 RM	Group 1998 RM	Company 1999 RM	Company 1998 RM
Share listing expenses and Kuala Lumpur Stock Exchange fees	1,699,787	1,699,787	1,699,787	1,699,787
Accumulated amortisation				
Balance as at 1 January	1,361,324	1,192,093	1,361,324	1,192,093
Current amortisation	169,231	169,231	169,231	169,231
Balance as at 31 December	(1,530,555)	(1,361,324)	(1,530,555)	(1,361,324)
Preliminary and pre-operating expenses, at cost	169,232	338,463	169,232	338,463
Less: Amount written off	16,877	54,953	-	-
	-	(41,388)	-	-
	186,109	352,028	169,232	338,463

notes to
THE ACCOUNTS (cont'd)
 - 31 December 1999

8. INVESTMENTS

	1999 RM	Group 1998 RM
In Malaysia		
Quoted shares - at cost	2,210,301	4,678,100
Unquoted shares - at cost	1,000	1,000
	2,211,301	4,679,100
Less: Provision for diminution in value	(705,901)	(1,938,850)
	1,505,400	2,740,250
Market value of quoted investments	1,505,400	2,739,250

9. AMOUNT DUE FROM CLIENTS

	1999 RM	Group 1998 RM
Amount due from clients	360,086,725	216,307,533
Less: Provision for doubtful debts	(147,017,140)	(73,509,632)
	213,069,585	142,797,901

10. LOAN DEBTORS

	1999 RM	Group 1998 RM
Loan debtors	57,406,632	228,956,566
Less: Provision for doubtful debts	(22,130,307)	(27,465,185)
	35,276,325	201,491,381

THE ACCOUNTS (cont'd)

notes to
- 31 December 1999

11. FIXED DEPOSITS WITH LICENSED BANKS - Group

Included in fixed deposits with licensed banks are:-

- (i) fixed deposits totalling RM503,329 (1998: RM484,414) have been pledged to licensed banks for banking facilities granted to a subsidiary company; and
- (ii) fixed deposits totalling RM5,718,000 (1998: Nil) have been maintained as trust monies in accordance with the requirements of the Kuala Lumpur Stock Exchange.

12. CASH AND BANK BALANCES - Group

Cash and bank balances amounting to RM1,557,877 (1998: RM441,093) have been maintained as trust monies in accordance with the requirements of the Kuala Lumpur Stock Exchange.

13. SHORT TERM BORROWINGS

	<i>Group</i>		<i>Company</i>	
	<i>1999</i>	<i>1998</i>	<i>1999</i>	<i>1998</i>
	<i>RM</i>	<i>RM</i>	<i>RM</i>	<i>RM</i>
Short term loans				
- Secured	10,000,000	20,000,000	-	-
- Unsecured	138,100,000	156,547,817	-	-
Bank overdrafts				
- Secured	13,016,202	7,422,296	-	-
- Unsecured	10,996,828	20,108,637	2,991,253	2,989,348
	172,113,030	204,078,750	2,991,253	2,989,348

The secured short term borrowings are secured by a registered memorandum of charge on quoted shares. The short term borrowings bear interest at various rates ranging from 1.75% to 2.5% (1998: 1.75% to 2.5%) per annum above the lending banks' base lending rate.

14. SHARE CAPITAL

	<i>Group and Company</i>	
	<i>1999</i>	<i>1998</i>
	<i>RM</i>	<i>RM</i>
Ordinary shares of RM1 each:-		
Authorised	200,000,000	200,000,000
Issued and fully paid	75,000,000	75,000,000

notes to THE ACCOUNTS (cont'd) - 31 December 1999

15. RESERVES

	Group		Company	
	1999 RM	1998 RM	1999 RM	1998 RM
Share premium	24,366,593	24,366,593	24,366,593	24,366,593
Other capital reserve	23,000,000	23,000,000	-	-
Non-distributable reserves (Accumulated losses)/retained profits	47,366,593	47,366,593	24,366,593	24,366,593
- distributable	(52,603,405)	7,088,870	59,316,668	58,920,027
	(5,236,812)	54,455,463	83,683,261	83,286,620

The other capital reserve arose from the bonus issue of shares in a subsidiary company by capitalising its post-acquisition retained profits.

Subject to the agreement by the Inland Revenue Board, the Company has:-

- approximately RM460,000 (1998: Nil) in its tax exempt account available for distribution of tax exempt dividend; and
- sufficient tax credit under Section 108 of the Income Tax Act, 1967 to frank approximately RM46,000,000 (1998: RM46,000,000) of the retained profits as at 31 December 1999 if paid as dividends. Any dividend paid in excess of this amount would result in a tax charge and payable calculated at 28% on the gross amount of the additional dividend paid.

16. DEFERRED TAXATION

	Group		Company	
	1999 RM	1998 RM	1999 RM	1998 RM
Balance as at 1 January	69,000	488,640	69,000	22,000
Transferred (to)/from profit and loss account	(55,000)	(419,640)	(55,000)	47,000
Balance as at 31 December	14,000	69,000	14,000	69,000

17. TURNOVER

Turnover of the Group comprises brokerage fees, commission, services charges, interest and rental income.

Turnover of the Company consists of commission, interest and rental income.

THE ACCOUNTS (cont'd)

notes to
- 31 December 1999

31

18. (LOSS)/PROFIT BEFORE TAXATION

	Group		Company	
	1999 RM	1998 RM	1999 RM	1998 RM
(Loss)/profit before taxation is stated after charging:-				
Directors' fees	65,000	125,000	60,000	60,000
Directors' emoluments other than fees	980,840	417,000	161,000	129,000
Computer and equipment rental	219,836	197,353	9,600	12,750
Rental of premises	111,876	116,918	111,876	116,918
Interest expenses:-				
- short term loans	15,601,847	27,861,895	-	-
- bank overdrafts	2,420,826	4,643,742	285,958	414,513
- subsidiary companies	-	-	26,246	3,265,305
- others	-	9,501	-	-
Auditors' remuneration:-				
- statutory audit	56,950	56,250	15,000	15,000
- overprovision in prior year	(7,620)	(1,500)	(1,000)	(1,500)
- others	12,000	-	-	-
Amortisation of deferred expenditure	169,231	169,231	169,231	169,231
Amortisation of goodwill on consolidation	226,726	226,726	-	-
Provision for diminution in value of investments	-	1,609,028	-	-
Provision for doubtful debts	68,172,630	50,726,250	-	-
Bad debts written off	-	591,664	-	-
Preliminary and pre-operating expenses written off	-	41,388	-	-
Loss on disposal of investments	333,344	2,892,112	-	-
Depreciation	1,376,516	1,327,822	232,195	248,448
And crediting:-				
Gross dividend income	7,134	-	-	-
Interest income:-				
- clients	7,066,244	20,976,368	-	-
- fixed deposits	32,481	119,716	-	-
- subsidiary companies	-	-	1,510,966	4,625,971
Written back of provision for diminution in value of investments	1,232,949	-	-	-
Rental income	107,916	106,743	114,000	4,500
Gain on disposal of fixed assets	133,477	30,177	132,148	-

notes to
THE ACCOUNTS (cont'd)
 - 31 December 1999

19. TAXATION

	Group		Company	
	1999 RM	1998 RM	1999 RM	1998 RM
Current year's provision	-	85,300	-	48,000
Transferred (from)/to deferred taxation	(55,000)	(419,640)	(55,000)	47,000
	(55,000)	(334,340)	(55,000)	95,000
Under/(over) provision in prior year	69,893	612,614	67,529	(121,340)
	14,893	278,274	12,529	(26,340)

No provision has been made in 1999 as tax on the income of the Company for the financial year ended 31 December 1999 would be waived in accordance with the Income Tax (Amendment) Act, 1999.

20. LOSS PER SHARE

Loss per share is calculated based on the consolidated loss after taxation and minority interests of RM59,692,275 (1998: RM52,465,585) divided by the weighted average number of ordinary shares in issue during the financial year of 75,000,000 (1998: 75,000,000) shares.

21. SIGNIFICANT RELATED PARTY TRANSACTIONS

	Company	
	1999 RM	1998 RM
Transactions with subsidiary companies:		
- Rental income	114,000	4,500
- Interest income	1,510,966	4,625,971
- Commission income	86,809	126,000
- Interest expenses	26,246	3,265,305

The terms of the above transactions are established by negotiations between the parties.

THE ACCOUNTS (cont'd)

notes to

- 31 December 1999

33

22. CONTINGENT LIABILITIES

Group

As at 31 December 1999, the Group has outstanding put options with vendors to purchase quoted shares for consideration amounting to RM15,620,000 (1998: RM30,000,000).

Company

As at 31 December 1999, the Company has given corporate guarantees for banking facilities granted to certain subsidiary companies amounting to RM218,550,000 (1998: RM223,800,000).

23. SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

As disclosed in last financial year's report, the Company announced the proposed subscription for up to 49% of the enlarged issued and paid up share capital of Malpac Securities Sdn. Bhd. (MSSB), a subsidiary company, for an aggregate consideration of not more than RM100 million by Vickers Ballas Holdings Ltd. The proposed subscription had been mutually terminated by both parties during the financial year.

24. SEGMENTAL REPORTING

Segmental information is not provided as the activities of the Group comprise principally of stockbroking and related services in Malaysia.

25. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the current financial year's presentation.



analysis of SHAREHOLDERS

Financial Year : 31st December 1999
Class of Share : RM1.00 Ordinary Share
Voting Rights : 1 vote per share

SIZE OF HOLDINGS AS AT 28TH APRIL 2000

<i>Size of Holdings</i>	<i>No. of Holders</i>	<i>% of Holders</i>	<i>No. of Shares</i>	<i>% of Shares</i>
Less than 500	11	0.20	1,180	0.00
500 - 5,000	4,456	80.96	9,552,284	12.74
5,001 - 10,000	573	10.41	4,782,000	6.38
10,001 - 100,000	420	7.63	10,951,005	14.60
100,001 - 1,000,000	35	0.64	10,436,043	13.91
Above 1,000,000	9	0.16	39,277,488	52.37
Total	5,504	100.00	75,000,000	100.00

TOP TWENTY SHAREHOLDERS REPORT AS AT 28TH APRIL 2000

<i>Name of Shareholders</i>	<i>No. of Shares</i>	<i>%</i>
HDM Nominees (Tempatan) Sdn. Bhd. Qualifier: Vickers Ballas & Co. Pte. Ltd. for United Merchant Group Berhad	24,675,000	32.90
HDM Nominees (Tempatan) Sdn. Bhd. Qualifier: Vickers Ballas & Co. Pte. Ltd. for Menara Tiara Sdn. Bhd.	2,941,000	3.92
Arab-Malaysian Nominees (Tempatan) Sdn. Bhd. Qualifier: AMMB International (L) Ltd for TA Securities Bhd	2,448,000	3.26
UOBM Nominees (Tempatan) Sdn. Bhd. Qualifier: Pledged Securities Account for Tan Chon Sing @ Tan Kim Tieng	1,978,250	2.63
Public Nominees (Tempatan) Sdn. Bhd. Qualifier: Pledged Securities Account for Omega Securities Sdn Bhd	1,724,000	2.29
Chiong Moi	1,606,000	2.14
Ten Ah Man	1,502,000	2.00
Lim Hong Liang	1,335,228	1.78
Gan Teck Chong @ Gan Kwan Chong	1,068,010	1.42
Chew Loy Chee	855,838	1.14
HDM Nominees (Tempatan) Sdn Bhd Qualifier: Pledged Securities Account for Lee Soon Huat	788,000	1.05
Top Pioneer Sdn Bhd	767,000	1.02
Chong Cha Kaw	658,000	0.87
UOBM Nominees (Tempatan) Sdn Bhd Qualifier: Pledged Securities Account for Tan Chon Sing @ Tan Kim Tieng	500,000	0.66
Right Development Activities Sdn. Bhd.	487,000	0.64
UOBM Nominees (Tempatan) Sdn. Bhd. Qualifier: Pledged Securities Account for Hai Soon Holdings Sdn Bhd	422,500	0.56
Tan Swee Eng	406,000	0.54
Tan Chon Sing @ Tan Kim Tieng	376,310	0.50
Lee Soon Huat	374,000	0.49
Chua Akau @ Chua Chang Chen	367,000	0.48
	45,279,136	60.29

analysis of SHAREHOLDERS (cont'd)

SUBSTANTIAL SHAREHOLDERS AS AT 28TH APRIL 2000

<i>Name of Shareholders</i>	<i>Direct Holding</i>	<i>Held in the Name of Nominee(s)</i>	<i>Total</i>	<i>%</i>
Tan Chon Sing @ Tan Kim Tieng	376,310	10,703,690	11,080,000	14.77
Lim Hong Liang	1,335,228	6,175,772	7,511,000	10.01
Gan Teck Chong @ Gan Kwan Chong	1,068,010	4,566,522	5,634,532	7.51
Chew Loy Chee	855,838	4,037,662	4,893,500	6.52
Menara Tiara Sdn. Bhd.	-	2,941,000	2,941,000	3.92
Garth Keith Albuquerque	-	2,000,000	2,000,000	2.67
Chiong Moi	1,606,000	-	1,606,000	2.14
Ten Ah Man	1,502,000	-	1,502,000	2.00

properties held
BY THE GROUP
as at 31 December 1999

<i>Description</i>	<i>Location</i>	<i>Age of Building</i>	<i>Tenure</i>	<i>Land Area</i>	<i>Audited Net Book Value as at 31.12.1999</i>	<i>Existing Use</i>
4 storey office complex	No. 19,20 & 21 Jalan Kong Sang 70000 Seremban Negeri Sembilan Darul Khusus	Ten years old	Freehold	5,699 sq.ft	1,663,094	Office
Double storey shophouse	No. 18 Jalan Kong Sang 70000 Seremban Negeri Sembilan Darul Khusus	Pre-war	Freehold	1,900sq.ft	469,931	Office
Double storey shophouse	No. 22 Jalan Kong Sang 70000 Seremban Negeri Sembilan Darul Khusus	Pre-war	Freehold	1,900sq.ft	482,956	Vacant



The Secretary
Malpac Holdings Berhad (197424-V)
Tingkat 2, 19, 20 & 21, Jalan Kong Sang,
70000 Seremban, N.S.D.K.

Proxy FORM

Number of Shares Held	
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I/We, _____
(BLOCK CAPITALS)
being member/members of MALPAC HOLDINGS BERHAD (197424-V), hereby appoint _____
of _____
or failing him _____
of _____

or failing him the Chairman of the Meeting as my/our proxy to vote for me/us on my /our behalf at the Tenth Annual General Meeting of the Company be held on 16th June 2000 and at every adjournment thereof on the following resolutions referred to in the notice of the Annual General Meeting.

Resolution		For	Against
No. 1	Adoption of Reports and Accounts		
	Re-election of Directors;		
No. 2	Mr. Chew Loy Chee		
No. 3	Mr. Lim Hong Liang		
No. 4	To re-appoint BDO Binder as Auditors of the Company		

Dated: _____

Signature

Notes:

1. A member entitled to attend and vote at the above Meeting may appoint a proxy to attend and vote on his behalf. Such proxy, if not a member of the Company, must be a qualified legal practitioner, an approved company auditor or a person approved by the Registrar of Companies in a particular case.

The Form of proxy, a copy of which is enclosed, must be deposited with the Company Secretary at the registered office of the Company not less than 48 hours before the time fixed for the Meeting.

2. The instrument appointing a proxy in the case of an individual shall be signed by the appointer or his attorney and in the case of a corporation must be executed under its common seal or under the hand of its duly authorised officer or attorney.
3. Please indicate with a " _/" in the appropriate box how you wish your proxy to vote. If this Proxy is returned without any indication as to how the proxy shall vote, the proxy shall vote or abstain at his discretion.
4. Any alteration made in this form must be initialed by the person who signs it.