



Rationale of Corporate Logo

The basic design of the logo is rooted on the concept of “microchip”. The chip symbolises the “brain of the system” in line with the function of Rumpun Hijau Capital as the holding company.

It incorporates two hexagons that are interlinked to symbolise a synergetic and harmonious working relationship within the group. The green strips originating from the lower part and running up the face of the logo depict the network of companies within the group. They also represent branches of healthy tree that radiates out to depict the company growth and expectation.



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FINANCIAL HIGHLIGHT

NOTICE IS HEREBY GIVEN THAT the Twenty-Second Annual General Meeting of the Company will be held at Bilik Kelang, Kelab Shah Alam Selangor, Persiaran Kayangan, Seksyen 13, 40000 Shah Alam, Selangor Darul Ehsan, on Tuesday, 27 June 2000 at 10.00 a.m for the following purposes :-

AGENDA

1. To receive the Report of the Directors and the Audited Accounts for the financial year ended 31 December 1999 together with the Report of the Auditors thereon. **(RESOLUTION 1)**
2. To approve the payment of Director's fees in respect of the financial year ended 31 December 1999. **(RESOLUTION 2)**
3. To re-elect as Director, DATO HAJI AHMAD BIN SAAD, who retires by rotation in accordance with Article 97 of the Company's Articles of Association and being eligible, offers himself for re-election. **(RESOLUTION 3)**
4. To re-elect as Director, TUAN HAJI MOHAMAD BIN JAAFAR, who retires by rotation in accordance with Article 97 of the Company's Articles of Association and being eligible, offers himself for re-election. **(RESOLUTION 4)**
5. To re-elect as Director, DATUK YAHYA BIN YAACOB, who retires by rotation in accordance with Article 97 of the Company's Articles of Association and being eligible, offers himself for re-election. **(RESOLUTION 5)**
6. To consider and, if thought fit, pass a resolution that pursuant to Section 129(6) of the Companies Act, 1965, TAN SRI DATUK ARSHAD BIN AYUB be re-appointed as a director of the Company to hold office until the next Annual General Meeting of the Company. **(RESOLUTION 6)**
7. To re-appoint Messrs. ARTHUR ANDERSEN & CO as auditors of the Company for the ensuing year and to authorise the directors to fix their remuneration. **(RESOLUTION 7)**



BOARD OF DIRECTORS





BOARD OF DIRECTORS

Dato' Mohd Nadzmi bin Mohd Salleh
Chairman

Tan Sri Datuk Arshad bin Ayub
Deputy Chairman

YB Dato' Haji Ahmad bin Saad
President

Tuan Haji Mohamad bin Jaafar
Deputy President

Tuan Haji Abdul Rashid bin Mohd Yusoff
Chief Operating Officer

Tuan Haji Mohd Noor bin Hassan

Mr. Ng Tiong Seng

Mr. Ng Chin Heng

Encik Azmi bin Arshad
(alternate to Tan Sri Datuk Arshad bin Ayub)

AUDIT COMMITTEE

Dato' Yahya bin Yaacob
(Chairman)
Independent Non-Executive Director

Dato' Mohd Nadzmi bin Mohd Salleh
Independent Non-Executive Director

Tan Sri Datuk Arshad bin Ayub
Non-Executive Director

SECRETARY

Mr Ng Say Or

AUDITORS

Arthur Andersen & Co
Level 23 A, Menara Millenium,
Jalan Damanlela,
Pusat Bandar Damansara,
50490 Kuala Lumpur.

REGISTRARS

Bina Management & Consultants
Lot 10, The Highway Centre,
Jalan 51/205, 46050 Petaling Jaya,
Selangor Darul Ehsan.
Tel : 03-794 3922
Fax : 03-794 1988

REGISTERED OFFICE

Lot 1282, Batu 8, Bukit Kemuning,
Jalan Kampung Jawa,
42450 Klang,
Selangor Darul Ehsan.
Tel : 603-521 1188
Fax : 603-521 1088
E-mail : lenbros@po.jaring.my

PRINCIPAL BANKERS

Public Bank Berhad
RHB Bank Berhad
Malayan Banking Berhad
Perwira Affin Bank Berhad
Sime Merchants Bank Berhad

STOCK EXCHANGE LISTING

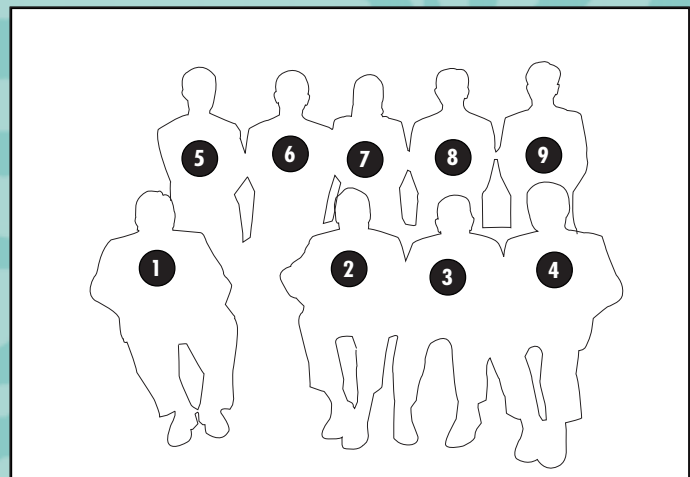
Kuala Lumpur Stock Exchange
Second Board



MANAGEMENT TEAM



- YB. Dato' Haji Ahmad bin Saad
President 1
- Tuan Haji Mohamad bin Jaafar
Deputy President 2
- Tuan Haji Abdul Rashid bin Mohd Yusoff
Chief Operating Officer / Senior Vice President 3
- Mr. Jeffry Ng Chin Heng
Vice President 4
- Encik Lokman bin Abdul Majid
Managing Director, Patco Malaysia Berhad 5
- Encik Abdul Jalil bin Ahmad
General Manager, LBR Industries Sdn. Bhd 6
- Puan Sabariah binti Rahmad
Executive Director, Jemco Sdn. Bhd 7
- Encik Abdul Halim bin Mohd Yusoff
General Manager, RH-IT Services Sdn. Bhd 8
- Mr. Steven Ng Chin Loong
Managing Director, Len Brothers Shoe Manufacturing Sdn.Bhd
Len Brothers Trading Sdn.Bhd 9





TERMS OF REFERENCE

The primary objective of the Audit Committee is to assist the Board of Directors in fulfilling its responsibilities relating to accounting and reporting practices of the Company and its subsidiary companies. In addition, the Audit Committee shall :

- a) oversee and appraise the quality of the audits conducted both by the Company's internal and external auditors;
- b) maintain open lines of communication between the Board of Directors and the internal auditors or the external auditors for the exchange of views and information, as well as to confirm their respective authority and responsibilities; and
- c) determine the adequacy of the Group's administrative, operating and accounting controls.

COMPOSITION

The Audit Committee shall be appointed by the directors from among their number (pursuant to a resolution of the Board of Directors) and shall be composed of not fewer than three members of whom majority shall not be :

- a) executive directors of the Company or any related corporation;
- b) a spouse, parent, brother, sister, son or adopted son, daughter or adopted daughter of an executive director of the Company or any related corporation; or
- c) any person having a relationship which, in the opinion of The Board of Directors, would interfere with the exercise of independent judgement in carrying out the function of the committee.

The members of the Audit Committee shall elect a chairman from among their number who is not an executive director or employee of the Company or any related corporation.

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

FUNCTIONS

The functions of the Audit Committee are as follows :-

- a) Review the audit plan with the external auditors;
- b) Review the system of internal accounting controls with the external auditors;
- c) Review the audit report with the external auditors;
- d) Review the assistance given by the Company's officers to the external auditors;



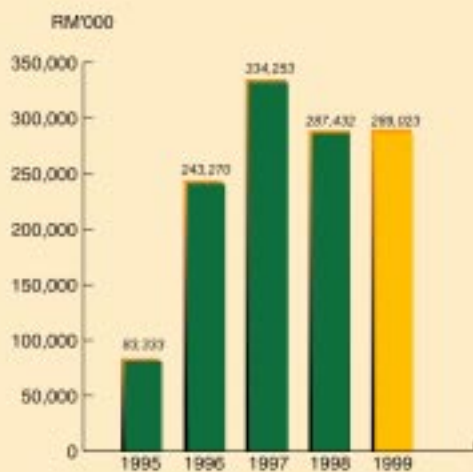
TURNOVER



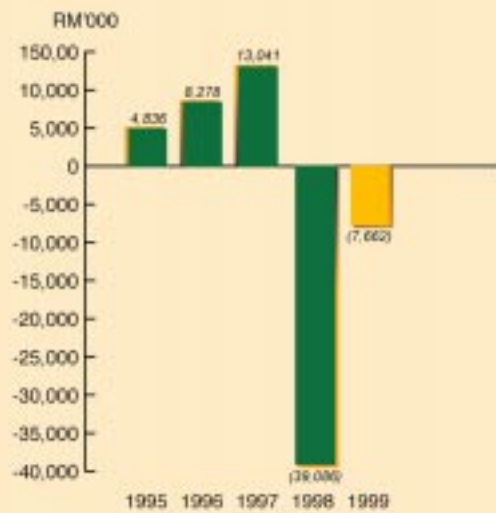
SHAREHOLDERS' FUND



TOTAL ASSETS EMPLOYED



PROFIT BEFORE TAXATION & MINORITY INTERESTS





On behalf of the Board of Directors, I would like to extend my warmest greetings to all the Company's shareholders, customers and staff. It gives me great pleasure to present the financial results of the Group for the financial year ended 31 December 1999.

Financial Performance

For the financial year 1999, the overall performance of the Group has improved as compared to 1998. The speedy recovery of the economy, although not evident in all sectors, has helped to improve the Group's performance. The Group turnover for the year under review improved by a staggering 38% to RM169.5 Million as compared to the previous year.

The group posted a pre-tax loss of RM6.33 Million, which is a tremendous improvement from the previous year loss of RM39.08 Million and this shows that the group is on the right track to recovery. Our investment in associate companies has managed to cushion the losses of our subsidiaries by contributing a profit figure of RM10.83 Million. The loss position can also be attributed to the cost of borrowings and provisions made by the Group.

Review of Operations

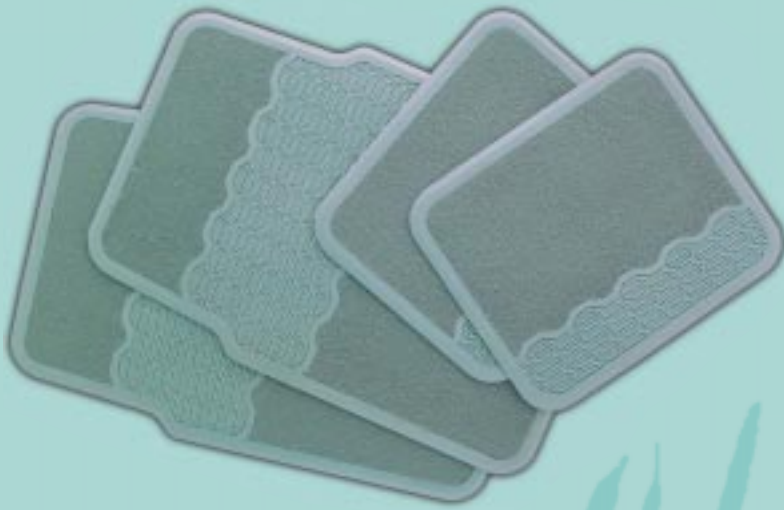
The economic recovery of the country has in a lot of ways helped the Group to be back on its footings again. This is apparently so in sectors such as automobile where the Group is involved through its subsidiaries and associate companies. With the improving economic climate, consumer confidence increased and this translate into big-ticket purchases like automobiles. Restored consumer confidence has helped to bring up the sales of the automotive sector. The availability of hire purchase credit and reasonable interest rates is also another factor that boost the demand for automobile.

The demand for other products within the group has continued to improve during the financial year 1999. For the year in review, we witnessed an increasing demand for our products and services. Our footwear division, Len Brothers Shoe Manufactory Sdn Bhd introduced the ROMIKA line of school shoes in October 1999 and it managed to to do well in the school shoe market despite being a new entrant.





Subsidiary & Associate Company Activities



LBR Industries Sdn Bhd

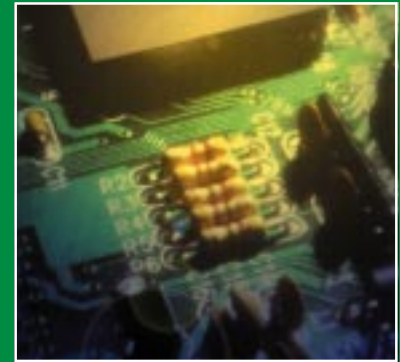
LBR Industries Sdn Bhd is one of the largest manufacturers of rubber products in Malaysia and was established since 1979. The company is involved in the manufacturing of rubber based product such as shoe soles and heels, floor tiles and mats, rubber car mats, rubber carpet mats and other rubber moulded products according to customer specifications. Operating from a plant in Bukit Kemuning, the company is a leading producer in its field. LBR's products are widely known both locally and globally. Among others, the company has supplied to auto makers such as PROTON, Toyota and Daihatsu. The company's commitment to quality is evident in its continuous improvement programme implemented at the plant.

LBR INDUSTRIES SDN BHD IS ONE OF THE LARGEST MANUFACTURERS OF RUBBER PRODUCTS IN MALAYSIA AND WAS ESTABLISHED SINCE 1979





DESPITE ITS EARLY AGE, THE COMPANY HAS MANAGED TO SECURE A RM5.0 MILLION CONTRACT WITH UTUSAN MALAYSIA



RH-IT Services

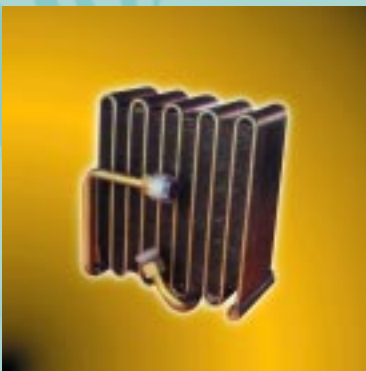
RH-IT Services Sdn Bhd is the IT arm of the group. Founded in 1998, the company's main activity is to market scalable information technology and networking solutions. Despite its early age, the company has managed to secure a RM5.0 million contract with Utusan Malaysia. With the IT sector marked as the new engine of the growth in this new digital economy, RH-IT Services is poised to make its mark in sector and will continue to play an important role within the group.

Nanhai County Nan Len Rubber Products Co. Ltd

Operating in China, this company manufactures escolite and other shoe related component. The company is joint venture between Rumpun Hijau Capital Berhad and Yanbu, Nanhai County, China. Rumpun Hijau Capital Berhad owns 75% of the share in this company. Almost 40% of the manufactured rubber products are distributed in China to meet the local demand while the rest are for export market.

Patco Malaysia Berhad

Patco Malaysia Berhad is primarily involved in the manufacturing and sales of car airconditioning units. As one of the earliest vendor under the Proton vendor programme, the company has progressed steadily and has managed to ride through two economic downturns. From its plant in Section 15 Shah Alam, the company has produced numerous variations of the car airconditioning units for the national car. Patco has also its own Research and Development (R&D) department where new improvements and innovations on the airconditioning are carried out in order to remain competitive in the market.





financial statements 1999

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STATEMENT OF SHAREHOLDINGS

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

PRINCIPAL ACTIVITIES

The principal activity of the Company is that of investment holding.

The principal activities of the subsidiaries are described in Note 12 to the accounts.

There were no significant changes in these activities during the financial year.

RESULTS

	Group RM	Company RM
Loss after taxation and minority interest	4,162,759	16,474,422
Accumulated losses brought forward	18,161,004	6,105,192
Accumulated losses carried forward	22,323,763	22,579,614

RESERVES AND PROVISIONS

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

BAD AND DOUBTFUL DEBTS

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

CURRENT ASSETS

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

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

VALUATION METHODS

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

CONTINGENT AND OTHER LIABILITIES

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

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

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

CHANGE OF CIRCUMSTANCES

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

ITEMS OF AN UNUSUAL NATURE

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

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

SIGNIFICANT EVENT

The significant event is disclosed in Note 28 to the accounts.

DIRECTORS

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

Dato' Mohd Nadzmi bin Mohd Salleh
Tan Sri Datuk Arshad bin Ayub
YB Dato' Ahmad bin Saad
Datuk Yahya bin Yaacob (appointed on 28 July, 1999)
Tuan Haji Mohamad bin Jaafar
Ng Tiong Seng
Ng Chin Heng
Abdul Rashid bin Mohd Yusoff
Azmi bin Arshad (alternate director to Tan Sri Datuk Arshad bin Ayub)
Tuan Haji Mohd Noor bin Hassan

In accordance with the Company's Articles of Association, Datuk Yahya bin Yaacob, YB Dato' Ahmad bin Saad and Tuan Haji Mohamad bin Jaafar retire at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

Tan Sri Datuk Arshad bin Ayub retires pursuant to Section 129 of the Companies Act, 1965 and has offered himself for re-appointment.

DIRECTORS' BENEFITS

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

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

DIRECTORS' INTERESTS

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

Number of Ordinary Shares of RM1 Each

THE COMPANY	1 January, 1999		31 December, 1999	
		BOUGHT	SOLD	
Direct interest: Tan Sri Datuk Arshad bin Ayub	97,940	-	-	97,940

Number of Ordinary Shares of RM1 Each

THE COMPANY	1 January, 1999		31 December, 1999	
		BOUGHT	SOLD	
Direct interest: Tuan Haji Mohamad bin Jaafar	5,000	-	-	5,000
<u>The Company</u> Indirect interest:				
Tan Sri Datuk Arshad bin Ayub	3,524,596	-	-	3,524,596
Ng Tiong Seng	6,521,800	94,000	(1,158,000)	5,457,800
Ng Chin Heng	6,521,800	94,000	(1,158,000)	5,457,800
Tuan Haji Mohamad bin Jaafar	24,195,788	-	(287,000)	23,908,788
YB Dato' Ahmad bin Saad	24,195,788	-	(287,000)	23,908,788

By virtue of their interest in the Company, all the aforesaid directors are also deemed interested in the shares of all the subsidiaries of the Company to the extent the Company has an interest.

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

AUDITORS

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

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

DATO' MOHD NADZMI BIN MOHD SALLEH

TAN SRI DATUK ARSHAD BIN AYUB

Kuala Lumpur
Dated:

STATEMENT BY DIRECTORS

We, DATO' MOHD NADZMI BIN MOHD SALLEH and TUAN HAJI MOHAMAD BIN JAAFAR, being two of the directors of RUMPUN HIJAU CAPITAL BERHAD, do hereby state that, in the opinion of the directors, the accompanying balance sheets of the Company and of the Group as at 31 December, 1999 and the related profit and loss accounts of the Company and of the Group and the cash flow statement of the Group for the year then ended, together with the notes thereto, give a true and fair view of the state of affairs of the Company and of the Group as at 31 December, 1999 and of the results of the Company and of the Group and cash flows of the Group for the year then ended, and have been properly drawn up in accordance with applicable approved accounting standards in Malaysia.

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

DATO' MOHD NADZMI BIN MOHD SALLEH

TUAN HAJI MOHAMAD BIN JAAFAR

Kuala Lumpur
Dated:

STATUTORY DECLARATION

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

Subscribed and solemnly declared by the)
abovenamed ABDUL RASHID BIN MOHD)
YUSOFF at Kuala Lumpur in Wilayah)
Persekutuan on) ABDUL RASHID BIN MOHD YUSOFF

Before me:

Commissioner for Oaths

To the Shareholders of
RUMPUN HIJAU CAPITAL BERHAD

We have audited the accounts of RUMPUN HIJAU CAPITAL BERHAD (“the Company”) and the consolidated accounts of RUMPUN HIJAU CAPITAL BERHAD AND ITS SUBSIDIARIES (“the Group”) as at 31 December, 1999. These accounts are the responsibility of the Company’s directors. Our responsibility is to express an opinion on these accounts based on our audit.

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

In our opinion,

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

We have considered the accounts and the auditors’ reports of all the subsidiaries of which we have not acted as auditors, as indicated in Note 12 to the accounts, being accounts that have been included in the consolidated accounts.

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

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

Arthur Andersen & Co.
No. AF 0103
Public Accountants

Adrian Tsen Keng Yam
No. 1314/5/00(J)
Partner of the Firm

Dated:

CURRENT ASSETS

	Note	1999 RM	1998 RM
Cash and bank balances		3,734,359	7,135,676
Deposits with licensed banks and finance companies	3	3,236,768	1,704,068
Trade debtors	4	31,043,346	34,643,128
Other debtors	5	5,600,274	10,652,755
Stocks	6	39,528,433	40,175,531
Short term investments	7	138,000	369,488
Due from an affiliated company	8	-	21,140
		83,281,180	94,701,786

CURRENT LIABILITIES

Short term borrowings	9	62,506,990	52,631,000
Trade creditors		20,704,560	16,273,431
Other creditors		12,191,832	14,388,095
Taxation		803,514	2,224,981
Due to corporate shareholders of subsidiaries	10	1,996,544	6,373,531
		98,203,440	91,891,038

NET CURRENT (LIABILITIES)/ASSETS		(14,922,260)	2,810,748
FIXED ASSETS	11	103,896,574	100,051,637
ASSOCIATED COMPANIES	13	71,574,197	61,439,871
OTHER INVESTMENTS	14	298,250	300,250
GOODWILL ARISING ON CONSOLIDATION	15	26,207,983	27,347,460
INTANGIBLE ASSETS	16	3,765,165	3,591,556
MINORITY INTERESTS		(21,237,958)	(22,531,735)
LONG TERM LIABILITIES	17	(5,274,486)	(5,657,166)
DEFERRED TAXATION	18	(782,031)	(2,348,618)
		163,525,434	165,004,003

SHAREHOLDERS' FUNDS

Share capital	19	62,389,334	62,389,334
Reserves	20	101,136,100	102,614,669
		163,525,434	165,004,003

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

CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER, 1999

	Note	1999 RM	1998 RM
Turnover	21	<u>167,496,208</u>	<u>120,956,167</u>
Operating loss	22	(18,475,624)	(27,891,270)
Share of profit/(losses) in associated companies		<u>10,813,243</u>	<u>(11,194,635)</u>
Loss before taxation		(7,662,381)	(39,085,905)
Taxation	23	1,326,115	(731,995)
Loss after taxation		(6,336,266)	(39,817,900)
Minority interests		<u>2,173,507</u>	<u>3,493,101</u>
Loss attributable to the shareholders		(4,162,759)	(36,324,799)
(Accumulated losses)/retained profits brought forward		<u>(18,161,004)</u>	<u>18,163,795</u>
Accumulated losses carried forward		<u>(22,323,763)</u>	<u>(18,161,004)</u>
Loss per share	24	<u>6.7 sen</u>	<u>58.2 sen</u>

The accompanying notes are an integral part of this account.

CASH FLOWS FROM OPERATING ACTIVITIES

	1999 RM	1998 RM
Loss before taxation	(7,662,381)	(39,085,905)
Adjustment for:		
Share of (loss)/profit in associated companies	(10,250,563)	11,194,635
Amortisation of development expenditure	486,435	406,770
Amortisation of goodwill	1,139,477	1,139,477
Depreciation	6,631,839	6,322,530
Provision/(reversal of) for retirement benefits	164,984	(18,554)
Provision for doubtful debts	2,064,033	2,276,447
Provision for stock obsolescence	1,823,085	3,295,996
Bad debts written off	231,785	-
Provision for diminution in value of investments	31,000	3,029,800
Interest expense	5,774,068	8,234,571
Fixed assets written off	57,359	243
Dividend income	(608,893)	(414,427)
Loss/(gain) on disposal of fixed assets	1,689	(664)
Gain on disposal of investments	(276,517)	-
Interest income	(130,057)	(566,668)
Share of minority interest in associated companies	-	(15,680)
Write back of provision for doubtful debts	-	(8,400)
Operating loss before working capital changes	(522,657)	(4,209,829)
(Increase)/decrease in stocks	(1,175,987)	8,293,801
Decrease in debtors	2,000,598	13,516,340
Increase in creditors	1,662,151	3,630,520
Cash generated from operations	1,964,105	21,230,832
Interest income received	130,057	566,668
Dividend received	608,893	414,427
Interest paid	(5,774,068)	(8,234,571)
Tax paid	(1,545,702)	(1,672,907)
Foreign exchange differences	880,742	25,583
Net cash (used in)/generated from operating activities	(3,735,973)	12,330,032

CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER, 1999
(CONTINUED)

CASH FLOWS FROM INVESTING ACTIVITIES

	1999 RM	1998 RM
Proceeds from disposal of fixed assets	395,458	8,981
Proceeds from disposal of investments	630,725	-
Acquisition of RH-IT Services Sdn. Bhd. net of cash acquired	-	216,803*
Purchase of other investment	(151,720)	(61,788)
Purchase of fixed assets	(8,233,103)	(6,538,160)
Net development expenditure incurred	(654,011)	(1,801,113)
Pre-operating expenses incurred	(6,034)	(7,065)
Net cash used in investing activities	(8,018,685)	(8,182,342)

CASH FLOWS FROM FINANCING ACTIVITIES

Net proceeds/(repayments) from bank borrowings	7,132,032	(9,538,127)
Net drawdown of hire purchase creditors	1,003,638	879,039
Net cash generated from/(used in) financing activities	<u>8,135,670</u>	<u>(8,659,088)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(3,618,988)	(4,511,398)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	3,381,306	7,892,704
CASH AND CASH EQUIVALENTS AT END OF YEAR	(237,682)	3,381,306

CASH AND CASH EQUIVALENTS COMPRISE:

Cash and bank balances	3,734,359	7,135,676
Deposits with licensed banks and finance companies	3,236,768	1,704,068
Bank overdrafts	(7,208,809)	(5,458,438)
	(237,682)	3,381,306

*Summary of the acquisition of RH-IT Services Sdn. Bhd.

	1998 RM
Cash and bank balances	516,803
Trade debtors	180,981
Other debtors	100,585
Sundry creditors	(391,198)
Provision for taxation	(11,400)
Minority interest	(79,156)
Share of net assets acquired	316,615
Reserve on consolidation	(16,615)
Total purchase consideration	300,000
Less: Cash and bank balances	(516,803)
Cash flow on acquisition net of cash and bank balances acquired	(216,803)

The accompanying notes are an integral part of this statement.

CURRENT ASSETS

	Note	1999 RM	1998 RM
Cash and bank balances		5,263	20,203
Other debtors		189,603	3,050,041
Short term investments	7	138,000	138,000
Due from subsidiaries		6,277,611	9,218,048
		6,610,477	12,426,292

CURRENT LIABILITIES

Short term borrowings	9	32,034,846	31,893,480
Other creditors		1,442,463	995,740
Taxation		24,100	-
Due to a corporate shareholder	10	36,096	2
Due to subsidiaries		13,980,536	13,780,542
		47,518,041	46,669,764

NET CURRENT LIABILITIES		(40,907,564)	(34,243,472)
FIXED ASSETS	11	10,443,277	10,838,674
SUBSIDIARIES	12	176,057,664	185,903,912
LONG TERM LIABILITIES	17	(275,858)	(707,173)
DEFERRED TAXATION	18	-	-
		145,317,519	161,791,941

SHAREHOLDERS' FUNDS

Share capital	19	62,389,334	62,389,334
Reserves	20	82,928,185	99,402,607
		145,317,519	161,791,941

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

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER, 1999

	Note	1999 RM	1998 RM
Turnover	21	<u>325,854</u>	<u>100,674</u>
Operating loss	22	(16,450,322)	(6,676,247)
Taxation	23	<u>(24,100)</u>	<u>141,816</u>
Loss after taxation		(16,474,422)	(6,534,431)
(Accumulated losses)/retained profits brought forward		(6,105,192)	429,239
Accumulated losses carried forward		<u>(22,579,614)</u>	<u>(6,105,192)</u>

The accompanying notes are an integral part of this account.

1. PRINCIPAL ACTIVITIES

The principal activity of the Company is that of investment holding.

The principal activities of the subsidiaries are described in Note 12.

There were no significant changes in these activities during the financial year.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Accounting

The accounts are prepared under the historical cost convention modified by the revaluation of certain land and buildings and comply with applicable approved accounting standards in Malaysia.

(b) Basis of Consolidation

The consolidated accounts include the accounts of the Company and all its subsidiaries made up to the end of the financial year. The results of subsidiaries acquired during the year are included in the consolidated profit and loss account from the date of their acquisition. Related company transactions 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 subsidiaries at the date of acquisition is included in the consolidated balance sheet as goodwill or reserve arising on consolidation. Goodwill arising on consolidation is amortised through the profit and loss account over the estimated useful economic life of 25 years.

(c) Investments

Investments in subsidiaries and other investments are stated at cost less provision for any permanent diminution in value.

Short term investments are stated at the lower of cost and net realisable value on an aggregate portfolio basis.

Profit guarantee received on the shortfall of profits made by the subsidiaries are deducted against the aggregate cost of investment in subsidiaries.

(d) Associated Companies

The Group treats as associated companies those companies in which a long term equity interest of between 20 and 50 percent is held and where it exercises significant influence through management participation.

The Group's share of profits less losses of associated companies are included in the consolidated profit and loss account and the Group's interest in associated companies is stated at cost plus adjustments to reflect changes in the Group's share of net assets of the associated companies.

(e) Currency Conversion and Translation

Transactions in foreign currencies during the year are converted into Ringgit Malaysia at rates of exchange approximating those ruling at the transaction dates. Foreign currency monetary assets and liabilities at the balance sheet date are translated into Ringgit Malaysia at rates of exchange approximating those ruling at that date. All exchange gains or losses are dealt with in the profit and loss accounts.

The accounts of foreign subsidiary have been translated into Ringgit Malaysia at the rate of exchange ruling at the balance sheet date. On consolidation, the gain arising on translation into Ringgit Malaysia are taken to reserves. Translation losses in excess of amounts in reserve are charged to the profit and loss accounts.

(f) Fixed Assets

Fixed assets are stated at cost or valuation less accumulated depreciation.

Freehold land and work-in-progress are not depreciated. Long term leasehold land is depreciated over the period of the lease. Depreciation of other fixed assets are provided on a straight line basis calculated to write off the cost of each asset over its estimated useful life.

In the prior year, the fixed assets of certain subsidiaries were depreciated on a reducing balance basis. During the financial year, the Group has streamlined its depreciation of fixed assets from reducing balance basis to straight line basis. As such, certain subsidiaries had to change their accounting estimates to conform with that of the Group. The effect of the change has increased the operating loss net of tax of the Group by RM600,494.

The principal annual rates of depreciation are:

Long term leasehold land	Over the lease period of 50 years to 95 years
Buildings	2%
Plant and machinery	10% - 20%
Furniture and fittings	10% - 20%
Office equipment	10% - 40%
Motor vehicles	10% - 25%
Renovation	10%

(g) Stocks

Stocks are stated at the lower of cost and net realisable value. Cost includes where appropriate direct materials, direct labour and variable production overheads determined on a weighted average basis.

In the prior year, the stocks of certain subsidiaries were valued on a first in first out basis. During the financial year, the Group has streamlined its valuation of stocks from first in first out basis to weighted average basis. As such, certain subsidiaries had to change their accounting policies to conform with that of the Group. The change in accounting policy for stocks have been accounted for retrospectively. The effect of the change is immaterial to the Group's results.

(h) Intangible Assets

Intangible assets comprise:

- (i) costs in respect of the design and production of prototypes of new auto air conditioner models which have been capitalised and amortised over five years based on units sold per annum over the estimated units to be sold.
- (ii) costs incurred in the preparation of new production line which have been capitalised and will be amortised over 5 years upon commencement of production.
- (iii) preliminary and pre-operating expenses which are stated at cost and will be written off upon commencement of operations.

(CONTINUED)

(i) Retirement Benefits

Retirement benefits under an unfunded retirement scheme are provided for all eligible unionised employees of certain subsidiaries with more than 5 years of service.

Certain subsidiaries also provide staff retirement benefits for all executives until 31 December, 1983. As of that date, the retirement benefits scheme was discontinued and was substituted by increased contributions to the Employees Provident Fund.

(j) Leased Assets

The cost of assets acquired under finance lease agreements are capitalised. The depreciation policy on these assets is similar to that of the Group's other assets as set out in (f) above. Outstanding obligations due under the lease agreements after deducting finance expenses are included as liabilities in the accounts. Finance expenses of the lease rentals are charged to the profit and loss accounts over the period of the respective agreements.

Lease rental payments on operating leases are charged to the profit and loss accounts in the year they become payable.

(k) Deferred Taxation

Deferred taxation is provided under the liability method for all material timing differences except where there is reasonable evidence that these timing differences will not reverse in the foreseeable future.

(l) Affiliated Company

An affiliated company refers to an associate company of the holding company.

3. DEPOSITS WITH LICENSED BANKS AND FINANCE COMPANIES

	Group	
	1999 RM	1998 RM
Deposits with licensed banks	2,266,768	1,334,068
Deposits with a licensed finance company	970,000	370,000
	3,236,768	1,704,068

Fixed deposits of RM3,236,768 (1998 : RM1,504,068) of a subsidiary are pledged with a licensed bank and a licensed finance company as security for banking and financing facilities granted to the subsidiary and for bankers' guarantee given to third parties.

4. TRADE DEBTORS

Group

	1999 RM	1998 RM
Trade debtors	36,939,466	39,560,575
Provision for doubtful debts	(5,896,120)	(4,917,447)
	31,043,346	34,643,128

5. OTHER DEBTORS

Group

	1999 RM	1998 RM
Other debtors	5,843,882	10,652,755
Provision for doubtful debts	(243,608)	-
	5,600,274	10,652,755

6. STOCKS

Group

	1999 RM	1998 RM
Raw materials	11,229,928	12,220,431
Work-in-progress	4,410,863	4,635,431
Finished goods	14,445,535	11,380,813
Consumables	780,629	652,599
Spare parts	13,567,240	14,612,959
Metal, engineering and hardware products	<u>732,158</u>	<u>916,908</u>
	45,166,353	44,419,141
Provision for stocks obsolescence	(5,637,920)	(4,243,610)
	39,528,433	40,175,531

7. SHORT TERM INVESTMENTS

	Group		Company	
	1999 RM	1998 RM	1999 RM	1998 RM
Quoted shares, at cost	725,142	1,462,818	725,142	725,142
Provision for diminution in value	(587,142)	(1,093,330)	(587,142)	(587,142)
	<u>138,000</u>	<u>369,488</u>	<u>138,000</u>	<u>138,000</u>
Market value	204,040	419,330	204,040	125,940

8. DUE FROM AN AFFILIATED COMPANY

	Group	
	1999 RM	1998 RM
Affiliated company	17,228	21,140
Provision for doubtful debts	(17,228)	-
	-	21,140

9. SHORT TERM BORROWINGS

	Group		Company	
	1999 RM	1998 RM	1999 RM	1998 RM
Secured				
Short term loans (a)	26,000,000	26,000,000	26,000,000	26,000,000
Short term portion of long term loans (Note 17)	1,811,724	2,240,094	384,000	384,000
Bank overdrafts	5,557,963	3,948,958	-	-
Bankers' acceptances (a)	5,620,459	4,694,962	-	-
Trust receipts	17,865,998	10,237,506	-	-
	56,856,144	47,121,520	26,384,000	26,384,000
Unsecured				
Revolving credits (a)	4,000,000	4,000,000	4,000,000	4,000,000
Bank overdrafts	1,650,846	1,509,480	1,650,846	1,509,480
	62,506,990	52,631,000	32,034,846	31,893,480

- (a) The short term loans, revolving credits and an amount RM826,000 of the bankers' acceptance have become due during the year. Management is currently negotiating with the bankers on restructuring the payment due dates. Subsequent to the year end, some repayments were made in respect of certain of the above facilities.

The short term borrowings are secured by way of fixed and floating charges over the landed properties and other assets of the Group and bear interest of between 4.80% to 11.55% (1998 : 8.05% to 12.30%) per annum.

10. DUE TO CORPORATE SHAREHOLDERS OF SUBSIDIARIES AND DUE TO A CORPORATE SHAREHOLDER

The amount due to corporate shareholders of subsidiaries and due to a corporate shareholder are unsecured, interest free and have no fixed terms of repayment.

11. FIXED ASSETS**Group**

	Land and building RM	Plant and machinery RM	Furniture and fittings, Furniture and motor vehicle equipment, and renovation RM	Work-in- -Progress RM	Total RM
1999					
Valuation / Cost					
Beginning of year	32,992,227	51,930,063	15,006,082	25,984,337	125,912,709
Exchange difference	217,480	1,264,388	277,432	1,326,884	3,086,184
Additions	1,355,697	4,437,037	1,539,048	901,321	8,233,103
Disposals	-	(426,248)	(504,466)	-	(930,714)
Write offs	-	(1,472,556)	-	-	(1,472,556)
Reclassification	-	142,053	(1,567,850)	1,425,797	-
End of year	34,565,404	55,874,737	14,750,246	29,638,339	134,828,726
Accumulated Depreciation					
Beginning of year	2,822,152	15,315,921	7,722,999	-	25,861,072
Exchange difference	14,033	224,299	149,673	-	388,005
Additions	615,956	3,877,043	2,138,840	-	6,631,839
Disposals	-	(166,938)	(366,629)	-	(533,567)
Write offs	-	(1,415,197)	-	-	(1,415,197)
Reclassification	-	450,978	(450,978)	-	-
End of year	3,452,141	18,286,106	9,193,905	-	30,932,152
Net Book Value	31,113,263	37,588,631	5,556,341	29,638,339	103,896,574
1998					
Valuation / Cost					
Beginning of year	32,846,630	48,666,521	14,479,439	23,386,810	119,379,400
Exchange difference	2,597	11,226	2,457	10,714	26,994
Additions	143,000	3,252,316	556,031	2,586,813	6,538,160
Write offs	-	-	(350)	-	(350)
Disposals	-	-	(31,495)	-	(31,495)
End of year	32,992,227	51,930,063	15,006,082	25,984,337	125,912,709
Accumulated Depreciation					
Beginning of year	2,144,010	11,905,774	5,509,911	-	19,559,695
Exchange difference	52	1,421	659	-	2,132
Additions	678,090	3,408,726	2,235,714	-	6,322,530
Write offs	-	-	(107)	-	(107)
Disposals	-	-	(23,178)	-	(23,178)
End of year	2,822,152	15,315,921	7,722,999	-	25,861,072
Net Book Value	30,170,075	36,614,142	7,283,083	25,984,337	100,051,637

VALUATION <----- COST ----->

Group	Leasehold land RM	Freehold land RM	Leasehold land RM	Building RM	Total RM
1999					
Valuation / Cost					
Beginning of year	3,801,386	5,972,913	5,538,728	17,679,200	32,992,227
Exchange difference	-	-	102,861	114,619	217,480
Additions	-	-	71,971	1,283,726	1,355,697
End of year	3,801,386	5,972,913	5,713,560	19,077,545	34,565,404
Depreciation					
Accumulated					
Beginning of year	440,301	-	308,436	2,073,415	2,822,152
Exchange difference	-	-	6,992	7,041	14,033
Additions	40,440	-	93,122	482,394	615,956
End of year	480,741	-	408,550	2,562,850	3,452,141
Net Book Value	3,320,645	5,972,913	5,305,010	16,514,695	31,113,263

1998

Valuation / Cost					
Beginning of year	3,801,386	5,972,913	5,537,160	17,535,171	32,846,630
Exchange difference	-	-	1,568	1,029	2,597
Additions	-	-	-	143,000	143,000
End of year	3,801,386	5,972,913	5,538,728	17,679,200	32,992,227
Depreciation					
Accumulated					
Beginning of year	400,867	-	68,443	1,674,700	2,144,010
Exchange difference	-	-	32	20	52
Additions	39,434	-	239,961	398,695	678,090
End of year	440,301	-	308,436	2,073,415	2,822,152
Net Book Value	3,361,085	5,972,913	5,230,292	15,605,785	30,170,075

Company

1999	Freehold Land RM	Building RM	Furniture and fittings, equipment motor vehicle And Renovation RM	Total RM
Cost				
Beginning of year	3,130,000	6,717,011	2,440,407	12,287,418
Disposal	-	-	(238,363)	(238,363)
End of year	3,130,000	6,717,011	2,202,044	12,049,055
Accumulated Depreciation				
Beginning of year	-	741,028	707,716	1,448,744
Additions	-	119,520	161,868	281,388
Disposal	-	-	(124,354)	(124,354)
End of year	-	860,548	745,230	1,605,778
Net Book Value	3,130,000	5,856,463	1,456,814	10,443,277
1998				
Cost				
Beginning of year	3,130,000	6,717,011	2,440,407	12,287,418
End of year	3,130,000	6,717,011	2,440,407	12,287,418
Accumulated Depreciation				
Beginning of year	-	619,069	515,196	1,134,265
Additions	-	121,959	192,520	314,479
End of year	-	741,028	707,716	1,448,744
Net Book Value	3,130,000	5,975,983	1,732,691	10,838,674

The long leasehold land of the Group have not been revalued since they were first revalued in 1991. The directors have not adopted a policy of regular revaluations of such assets. As permitted under the transitional provisions of International Accounting Standards (IAS) No. 16 (Revised) Property, Plant and Equipment adopted by the Malaysian Accounting Standards Board, these assets are stated at their 1991 valuation less accumulated depreciation.

Certain fixed assets of the Company and the Group have been pledged to financial institutions for credit facilities granted. Included in the above net book value of fixed assets of the Company and the Group are assets held under hire purchase as follows:

	Group		Company	
	1999 RM	1998 RM	1999 RM	1998 RM
Motor vehicles	745,923	1,013,099	516,735	688,980
Plant and machinery	3,681,492	1,476,000	-	-
	4,427,415	2,489,099	516,735	688,980

12. SUBSIDIARIES

	Company	
	1999 RM	1998 RM
Unquoted shares, at cost	185,903,912	185,903,912
Provision for diminution in value	(9,846,248)	-
	176,057,664	185,903,912

The subsidiaries are:

(a) Incorporated in Malaysia

Name of Company	Paid-up Capital RM	Effective Interests		Principal Activities
		1999 %	1998 %	
Len Brothers Shoe Manufactory Sdn. Bhd.	3,834,000	100	100	Manufacturer and dealer of footwear from ethylene-vinyl-acetate, mixture of rubber and plastics.
Len Brothers Trading Company Sendirian Berhad.	1,732,500	100	100	Dealer of ethylene-vinyl-acetate and rubber products.
LBR Industries Sdn. Bhd.	22,450,002	100	100	Manufacturer and dealer of rubber products.

Name of Company	Paid-up Capital RM	Effective Interests		Principal Activities
		1999 %	1998 %	
Warna Irama Sdn. Bhd.	2	100	100	Dormant.
RH-IT Services Sdn. Bhd.	375,002	80	80	Marketer of scaleable information technology and net-working solutions.
Galaxy Waves Sdn. Bhd.	91,340,002	100	100	Investment holding.
Subsidiaries of Galaxy Waves Sdn. Bhd.				
• Patco Malaysia Berhad	15,000,000	58	58	Manufacturing and sale of car air- conditioners.
• Jemco Sdn. Bhd.	10,000,000	100	100	Trading of heavy equipment and spare parts.
Subsidiaries of Patco Malaysia Berhad				
• EMC (Malaysia) Sdn. Bhd.	2,000,000	58	58	Assembly of compressors for auto air- conditioners.
• Patco Raya Trading Sdn. Bhd.	250,000	58	58	Retailing of air-conditioner component and spare parts.
Subsidiaries of Jemco Sdn. Bhd.				
• Jemco Paper Products Sdn. Bhd.	100,000	100	100	Trading in paper products; ceased operations on 31.7.1995.
• Jemco Coupling and Hardware Sdn. Bhd.	2	100	100	Dormant.
• Jemco Airconditioning & Refrigeration Sdn. Bhd.	2	100	100	Dormant.
• Teknojuara (M) Sdn. Bhd.	150,002	60	60	Printing and publishing; ceased operations on 31.7.1995.

(b) Incorporated in People's Republic of China

Name of Company	Paid-up Capital RM	Effective Interests		Principal Activities
		1999 %	1998 %	
Nanhai County Nan Len Rubber Products Co. Ltd.	USD18,500,000	75	75	Manufacturer of rubber based footwear component products.

- Audited by a firm affiliated with Arthur Andersen & Co., Malaysia.

13. ASSOCIATED COMPANIES**Group**

	1999 RM	1998 RM
Unquoted shares, at cost	71,770,000	71,770,000
Group's share of profits net of losses	2,804,197	(7,330,129)
Provision for diminution in value	(3,000,000)	(3,000,000)
	71,574,197	61,439,871

The associated companies, all of which are incorporated in Malaysia are:

Name of Company	Paid-up Capital RM	Effective Interests		Principal Activities
		1999 %	1998 %	
• Federal Auto Holdings Berhad		32	32	Investment holding.
•• Oriental Metal Industries (M) Sdn. Bhd.		30	30	Manufacture of steel wheel rims for automobile and light commercial vehicles.
•• Wagon Engineering Sdn. Bhd.		40	40	Design, manufacture and fabrication of road transport equipment, material, handling equipment and mechanical engineering

- The Group's share of results in the associated company has been calculated based on management accounts for the year ended 31 December, 1999.
- The Group's share of results in the associated company has been calculated based on audited accounts for the year ended 30 June, 1999 and management accounts for the period ended 31 December, 1999.

- The Group has not accounted for the results of the associated company as the management accounts for the year ended 31 December, 1999 was not available. Full provision for diminution in value of investment in the associated company has been made.

14. OTHER INVESTMENTS

	Group	
	1999 RM	1998 RM
Quoted unit trusts, at cost	96,425	96,425
Provision for diminution in value	(45,675)	(45,675)
	<u>50,750</u>	<u>50,750</u>
Quoted shares, at cost	91,000	91,000
Provision for diminution in value	(31,000)	-
	60,000	91,000
Transferable club membership, at cost	187,500	158,500
	<u>247,500</u>	<u>249,500</u>
	<u>298,250</u>	<u>300,250</u>
Market value:		
Quoted unit trusts	70,876	56,875
Quoted shares	148,400	106,180

15. GOODWILL ARISING ON CONSOLIDATION

	Group	
	1999 RM	1998 RM
At 1 January	28,486,937	28,486,937
Accumulated amortisation	(2,278,954)	(1,139,477)
At 31 December	26,207,983	27,347,460

16. INTANGIBLE ASSETS

	Group	
	1999 RM	1998 RM
Design and production of prototypes, at cost	6,193,314	6,193,314
Accumulated amortisation	<u>(5,326,951)</u>	<u>(4,840,516)</u>
	866,363	1,352,798
Design of new production line, at cost	<u>2,880,427</u>	<u>2,226,416</u>
	<u>3,746,790</u>	<u>3,579,214</u>
Preliminary expenses	4,614	4,614
Pre-operating expenses	<u>13,761</u>	<u>7,728</u>
	<u>18,375</u>	<u>12,342</u>
Less: Amount written off	-	-
	<u>18,375</u>	<u>12,342</u>
	3,765,165	3,591,556

Included in the pre-operating expenses for the year is auditors' remuneration of RM2,400 (1998 : RM2,400).

17. LONG TERM LIABILITIES

	Group		Company	
	1999 RM	1998 RM	1999 RM	1998 RM
8.55% (1998 : 9.8%) per annum term loan repayable over 24 equal monthly instalments commencing 31 January, 1999	467,025	787,025	467,025	787,025
8.30% to 9.55% (1998 : 9.75% to 13.75%) per annum term loan repayable over 120 monthly instalments commencing 30 August, 1996	1,742,849	1,918,140	-	-
11.85% (1998 : 12.5%) per annum term loan repayable over 60 equal monthly instalments commencing 31 December, 1997	232,112	293,332	-	-
9.45% to 11% (1998 : 11% to 16.25%) per annum term loan repayable over 16 equal quarterly instalments commencing 30 September, 1998	1,405,574	2,271,020	-	-
	3,847,560	5,269,517	467,025	787,025
Less: Repayments due within 12 months (Note 9)	(1,811,724)	(2,240,094)	(384,000)	(384,000)
	2,035,836	3,029,423	83,025	403,025

(CONTINUED)

	Group		Company	
	1999 RM	1998 RM	1999 RM	1998 RM
Hire purchase creditors	4,097,483	2,288,915	343,358	509,272
Interest in suspense	(978,787)	(173,857)	(28,925)	(74,945)
	3,118,696	2,115,058	314,433	434,327
Amount payable within 12 months (included in other creditors)	(1,138,026)	(580,311)	(121,600)	(130,179)
	1,980,670	1,534,747	192,833	304,148
Retirement benefits	1,257,980	1,092,996	-	-
	5,274,486	5,657,166	275,858	707,173

The term loans of the Group are secured by way of fixed and floating charges over the assets of the Group.

18. DEFERRED TAXATION

	Group		Company	
	1999 RM	1998 RM	1999 RM	1998 RM
At 1 January	2,348,618	3,203,671	-	45,000
Transfer to profit and loss account	(1,566,587)	(855,053)	-	(45,000)
At 31 December	782,031	2,348,618	-	-

The deferred taxation is in respect of timing differences between depreciation and corresponding capital allowances on fixed assets.

19. SHARE CAPITAL

	Company	
	1999 RM	1998 RM
Ordinary shares of RM1 each: Authorised	100,000,000	100,000,000
Issued and fully paid	62,389,334	62,389,334

20. RESERVES

	Group		Company	
	1999 RM	1998 RM	1999 RM	1998 RM
Non distributable: Share premium	05,507,799	105,507,799	105,507,799	105,507,799
Reserve arising on consolidation	887,017	887,017	-	-
Foreign exchange reserve	17,065,047	14,380,857	-	-
	123,459,863	120,775,673	105,507,799	105,507,799
Distributable: Accumulated losses	(22,323,763)	(18,161,004)	(22,579,614)	(6,105,192)
	101,136,100	102,614,669	82,928,185	99,402,607

The foreign exchange reserve arose from the conversion of net investment in Nanhai Country Nan Len Rubber Products Co. Ltd., a company incorporated in the People's Republic of China.

21. TURNOVER

Turnover of the Group represents gross invoiced value of goods net of returns and discounts.

Turnover of the Company represents rental income and gross dividends received from subsidiaries.

The cost of sales incurred in relation to the Group's turnover was RM153,774,061 (1998 : RM107,410,459). The cost of sales in relation to turnover consists of cost of raw materials, labour and overheads.

22. OPERATING LOSS

	Group		Company	
	1999 RM	1998 RM	1999 RM	1998 RM
Operating loss is stated after charging/ (crediting):				
Amortisation of development expenditure	486,435	406,770	-	-
Amortisation of goodwill	1,139,477	1,139,477	-	-
Auditors' remuneration				
- current year	145,750	144,000	15,000	15,000
- overprovision in previous years	-	(18,000)	-	-
Bad debts written off	231,785	23,452	-	-
Depreciation	6,631,839	6,322,530	281,388	314,479
Directors' remuneration				
- fees	180,303	192,600	17,000	90,000
- other emoluments	1,812,654	2,530,813	58,800	1,270,080
Fixed assets written off	57,359	243	-	-
Interest expense	5,774,068	8,234,571	3,175,704	4,628,900
Lease rental of equipment	51,547	106,383	-	-
(Gain)/loss on foreign exchange	(304,437)	1,599,563	-	-
Provision for doubtful debts	2,064,033	2,276,447	-	-
Provision for diminution in value of investments	31,000	3,029,800	9,846,248	-
Stocks written off	-	26,276	-	-
Provision for litigation claims	-	42,000	-	-
Provision for/(reversal of) retirement benefits	164,984	(18,554)	-	-
Rental of premises and equipment	1,094,215	859,919	-	-
Provision for stocks obsolescence	1,823,085	3,295,996	-	-
Loss/(gain) on disposal of fixed assets	1,689	(664)	-	-
Gain on disposal of investments	(276,517)	-	-	-
Gross dividend from investments	(608,893)	(414,427)	(85,854)	(2,520)
Interest income	(130,057)	(566,668)	-	-
Rental income	(64,320)	(281,923)	(240,000)	(98,154)
Write back of provision for doubtful debts	(156,348)	(8,400)	-	-
Write back of provision for stock obsolescence	(82,317)	-	-	-

The estimated monetary value of benefits-in-kind received and receivable by directors of the Company was RM51,950 (1998 : RM51,950).

23. TAXATION

	Group		Company	
	1999 RM	1998 RM	1999 RM	1998 RM
Current year's provision	-	564,312	24,100	-
Under/(over) provision in prior years	124,235	187,474	-	(96,816)
	124,235	751,786	24,100	(96,816)
Transfer from deferred taxation	(1,566,587)	(855,053)	-	(45,000)
Share of taxation of associated companies	116,237	835,262	-	-
	(1,326,115)	731,995	24,100	(141,816)

The tax charge of the Company is in relation to dividend income received during the year.

24. LOSS PER SHARE

The loss per share is calculated based on the consolidated loss after taxation and minority interests of RM4,162,759 (1998 : RM36,324,799) divided by the number of ordinary shares in issue during the year of 62,389,334 (1998 : 62,389,334).

25. CAPITAL COMMITMENTS

	Group	
	1999 RM	1998 RM
Approved and not contracted for	9,887,694	-
Approved and contracted for	<u>28,313</u>	<u>4,245,976</u>

26. CONTINGENT LIABILITIES (Unsecured)

	Group		Company	
	1999 RM	1998 RM	1999 RM	1998 RM
Corporate guarantee for term loans of subsidiary	-	-	31,605,000	24,500,000
Legal suits against subsidiary companies	717,000	650,000	-	-
Guarantee by a subsidiary for equipment purchased by an associated company	7,330,000	7,330,000	-	-
	8,047,000	7,980,000	31,605,000	24,500,000

27. LEASE COMMITMENT**Group**

	1999 RM	1998 RM
1999		-49,983
2000	44,934	44,932

28. SIGNIFICANT EVENT

On 3 December, 1999, the Group entered into a sale and purchase agreement with third parties to dispose 10,000,000 ordinary shares of RM1 each, representing 100% equity interest in Jemco Sdn. Bhd. for a cash consideration of RM2,000,000. The disposal is subject to the approval of the relevant authorities.

29. SIGNIFICANT RELATED PARTY TRANSACTIONS

	Group		Company	
	1999 RM	1998 RM	1999 RM	1998 RM
Disposal of fixed assets to subsidiary	-	-	114,009	-
Rental income from a subsidiary	-	-	240,000	-
Rental income from a director related company	-	98,154	-	98,154
Dividend income from a subsidiary	-	-	83,334	-
Rental income from corporate shareholders	56,160	56,160	-	-
Interest expenses paid to a corporate shareholder	94,933	96,811	-	-
Royalties payable to corporate shareholders	57,641	150,000	-	-
Sales to a director related company	846,349	37,134	-	-
Purchases from a director related company	1,059,141	924,637	-	-
Sales to corporate shareholders	4,424,057	-	-	-
Purchases from corporate shareholders	14,627,521	4,922,622	-	-

The directors are of the opinion that the above related company transactions have been entered into in the normal course of business and have been established under terms that are no less favourable than those arranged with third parties.

30. SEGMENTAL INFORMATION

Group

	Turnover	(Loss) /profit before taxation	Total assets employed
(a) Analysis by geographical:	RM	RM	RM
1999			
Malaysia	148,810,486	(11,148,647)	218,360,771
People's Republic of China	18,685,722	(7,326,977)	70,662,578
	<u>167,496,208</u>	<u>(18,475,624)</u>	<u>289,023,349</u>
Group's share of associated companies' results	-	10,813,243	-
	<u>167,496,208</u>	<u>(7,662,381)</u>	<u>289,023,349</u>

1998

Malaysia	103,119,511	(23,499,104)	211,954,677
People's Republic of China	17,836,656	(4,392,166)	75,477,883
	<u>120,956,167</u>	<u>(27,891,270)</u>	<u>287,432,560</u>
Group's share of associated companies' results	-	(11,194,635)	-
	<u>120,956,167</u>	<u>(39,085,905)</u>	<u>287,432,560</u>

(b) Analysis by activities:

1999

Manufacturing	134,374,962	(12,111,710)	146,781,875
Trading	31,975,726	1,870,778	34,124,351
Investment holding	1,145,520	(8,234,692)	108,117,123
	<u>167,496,208</u>	<u>(18,475,624)</u>	<u>289,023,349</u>
Group's share of associated companies' results	-	10,813,243	-
	<u>167,496,208</u>	<u>(7,662,381)</u>	<u>289,023,349</u>

1998

Manufacturing	96,597,265	(10,529,455)	153,544,813
Trading	23,494,348	(7,106,720)	30,894,065
Investment holding	864,554	(10,255,095)	102,993,682
	120,956,167	(27,891,270)	287,432,560
Group's share of associated companies' results	-	(11,194,635)	-
	<u>120,956,167</u>	<u>(39,085,905)</u>	<u>287,432,560</u>

31. COMPARATIVE FIGURES

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

32. CURRENCY

All amounts are stated in Ringgit Malaysia, unless otherwise stated.

(CONTINUED)

Owner	Location/Address	Description and Existing	Net book value @ 31/12/99 (RM)	Land Area/ (built-up area)	Tenure	Age of Building (Years)
Rumpun Hijau Capital Berhad	Lot 1282, Batu 8, Bukit Kemuning, Jln. Kg. Jawa, 42450 Klang, Selangor DE.	Office Block & Factory	3,130,000 4,723,000	196,021.65 Sq Ft (144,042.28 Sq Ft)	Freehold -	21 Years 21 Years
Len Brothers Shoe Manufactory Sdn. Bhd.	Lot 10383, Jln. Sungai Jati, Kg. Jawa, 41400 Klang, Selangor DE	Land Office Block & Factory	2,683,000 3,836,000	17A / 13P / 5759.99 Sq M (62,000 Sq Ft)	Freehold -	6 Years
Len Brothers Trading Sdn. Bhd.	Lot 48042, Mukim Ulu Kinta, Daerah Kinta 10 & 10A, Lebuhraya Shatin 8, Tmn Shatin, 31850 Ipoh, Perak Darul Ridzuan.	Land Double-Story Shophouses	160,000 73,789	1,540 Sq Ft	Freehold	33 Years
Patco Malaysia Berhad	Lot 2, Jalan Ragum, 5/17, 40000 Shah Alam, Selangor DE.	Office Block c/w Factory	3,142,000	1,858 Sq M	Freehold	14 Years
EMC (Malaysia) Sdn. Bhd.	Lot 2, Jalan Ragum, 5/17, 40000 Shah Alam, Selangor DE.	Land	3,749,949	20,234 Sq M	Leasehold (99 Years)	13 Year
Jemco Sdn. Bhd.	No, 48 Persiaran Segambut Tengah, 51200 Kuala Lumpur	Land building	1,943,514 458,082	38,497 Sq Ft 30,580 Sq Ft	Leasehold (99 Years)	31 Year
Jemco Sdn. Bhd.	Lot 189, Langkawi Mall, Phase II, Jalan Mat Sirat, Langkawi, 07000 Kedah DA.	3 Storey Shop/ Office Lots	348,545	1,119 Sq Ft	Freehold	3 Years
Nanghai Country Nan Len Rubber Nanghai Co. Ltd. (NHNL)	No. 16, Road West 2, Country Garden Estate, Beijiao, Shunde Guangdong China	Bungalow	1,991,469	1,563 Sq M	Leasehold (70 Years)	4 Years
(NHNL)	Yan Heng Road Yanbu Nanghai Guangdong China	Land	3,580,584	13,006.67 Sq M	Leasehold (50 Years)	4 Years
(NHNL)	Yan Heng Road Yanbu Nanghai Guangdong China	Office Block & Factory	4,513,213	5,400.16 Sq M	Leasehold (50 Years)	3 Years
(NHNL)	Bei Shub Cheng Road Da Tong District Sheng Yang City China	3 Storey Commercial building Branch Office	889,722	148.40 Sq M 445.25 Sq M	Freehold	3 Years

SHARE CAPITAL

Authorised Share Capital	:	RM100,000,000
Issued and Fully Paid Up Capital	:	RM62,389,334
Class of Shares	:	Ordinary shares of RM1.00 each
Voting Rights	:	1 vote per ordinary share

DISTRIBUTION OF SHAREHOLDINGS

Size of Holdings	No. of holders	%	No. of Shares	%
1 - 1,000	4,523	48.37	4,465,007	7.15
1,001 - 5,000	3,906	41.77	11,137,900	17.85
5,001 - 10,000	574	6.14	4,716,443	7.56
10,001 and above	348	3.72	42,069,984	67.44
Total	9,351	100.00	62,389,334	100.00

TWENTY LARGEST SHAREHOLDERS

Name	No. of Shares	%
1. Rumpun Hijau Corporation Sdn. Bhd.	23,408,788	37.52
2. Ng Tiong Seng Corporation Sdn. Bhd.	3,906,800	6.26
3. Zalaraz Sdn. Bhd.	3,215,596	5.16
4. Tandaraya Sdn. Bhd.	1,016,000	1.63
5. Panduan Kemas Sdn. Bhd.	836,000	1.34
6. DB (Malaysia) Nominee (Asing) Sdn. Bhd. <i>DBSPN For Silvertown Investment</i>	600,000	0.96
7. Tasec Nominees (Asing) Sdn. Bhd. <i>TA Securities(HK) Ltd For Delroy Investment Holdings Limited</i>	280,000	0.45
8. Lembaga Tabung Haji	200,000	0.32
9. Hong Leong @ Ho Mook Leong	160,000	0.26
10. Syed Mustapha Bin Syed Ahmad	133,000	0.21
11. PB Securities Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account For Shahul Hameed Bin Noor Mohd(C)</i>	130,000	0.21
12. Wan Ismail bin Wan Nik	129,000	0.21
13. Ong Seng Sze	120,000	0.19
14. PRB Nominees (Tempatan) Sdn. Bhd. <i>Rubber Industry Smallholders Development Authority</i>	110,000	0.18
15. Bimsec Nominees (Tempatan) Sdn. Bhd. <i>Bank Islam Berhad</i>	102,000	0.16

Name	No. of Shares	%
16. Chong Kian Shoo	100,000	0.16
17. Hong Leong Finance Berhad <i>Pledged Securities Accounts For Appalanaidu A/L Nookaiah</i>	100,000	0.16
18. Public Nominees (Tempatan) Sdn. Bhd <i>Pledged Securities Account For Botly Securities Sdn. Bhd (JYK)</i>	100,000	0.16
19. Bimsec Nominees (Tempatan) Sdn. Bhd <i>Syarikat Takaful Malaysia Berhad</i>	97,000	0.16
20. Yap Keng Hock	95,000	0.15
Total	34,839,184	55.85

SUBSTANTIAL SHAREHOLDERS

Name	No. of Shares	%
1. Rumpun Hijau Corporation Sdn. Bhd.	23,408,788	37.51
2. Ng Tiong Seng Corporation Sdn. Bhd.	3,906,800	6.26
3. Zalaraz Sdn. Bhd.	3,215,596	5.16
Total	30,531,184	48.93

DIRECTORS SHAREHOLDINGS AS AT 21 JANUARY, 2000

Name	No. of Shares held		% of Issued capital
	Direct	Indirect	
1. Dato' Mohd Nadzmi Bin Mohd Salleh	-	-	-
2. Tan Sri Datuk Arshad Bin Ayub	97,940	3,524,596 (a)	5.81
3. Datuk Yahya Bin Yaacob	-	-	-
4. Tuan Haji Mohd Noor Bin Hassan	-	-	-
5. Tuan Haji Mohamad Bin Jaafar	5,000	23,408,788(b)	37.53
6. YB Dato' Haji Ahmad Saad	-	23,408,788(b)	37.52
7. Tuan Haji Abdul Rashid Bin Mohd Yusoff	-	-	-
8. Ng Tiong Seng	-	5,457,800(c)	8.75
9. Ng Chin Heng	-	5,457,800(c)	8.75
10. Azmi Bin Arshad <i>(Alternate to Tan Sri Datuk Arshad Bin Ayub)</i>	-	3,622,536(d)	5.81

Notes:

- (a) Indirect shareholdings held through Zalaraz Sdn. Bhd.
- (b) Indirect shareholdings held through Rumpun Hijau Corporation Sdn. Bhd.
- (c) Indirect shareholdings held through Ng Tiong Seng Corporation Sdn. Bhd.
- (d) Indirect shareholdings held through family members and Zalaraz Sdn. Bhd.



RUMPUN HIJAU CAPITAL BERHAD

(41412 - X)

(Incorporated In Malaysia)

PROXY FORM

I/We,
of
being a member/members of the abovenamed Company, hereby appoint
..... of
.....
.....or failing whom,
of
as my/our proxy to vote for me/us and on my/our behalf at the Twenty-First Annual General Meeting of the Company to be held at Bilik Kelang, Kelab Shah Alam Selangor, Persiaran Keyangan, Seksyen 13, 40000 Shah Alam, Selangor Darul Ehsan on 29 June 1999 at 10.00 a.m. and at every adjournment thereof for/against the resolution(s) to be proposed thereat.

RESOLUTION No	RESOLUTION	FOR	AGAINST
1	To receive and adopt the account and repor		
2	To approve the payment of directors' fees		
3	To re-elect DATO' MOHD NAZMI BIN MOHD SALLEH as director		
4	To re-elect Mr. NG CHIN HEBG as director		
5	To re-appoint TAN SRI ARSHAD BIN AYUB as director		
6	To re-appoint auditors of the company		
7	Special Busness Special Resolution - Amendment to Article No,85 of Company's Articles of Association		

(Please indicate with an ' X ' in the spaces provided how you wish your vote to be cast. If you do not do so, the proxy will vote or abstain from voting at his discretion.)

As witness my/our hand this day of2000.

.....
Signature(s)

Notes:-

1. A member entitled to attend and vote at this meeting is entitled to appoint another person who is not a member as his proxy.
2. A member may appoint more than two proxies to attend at this meeting. Where a member appoints two or more proxies, he shall specify the proportion of his shareholdings to be represented by each proxy.
3. The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing, or if the appointor is a corporation either under common seal or under the hand of an officer or attorney duly authorised.
4. The proxy form, to be valid must be completed, signed and deposited at the Company's Registered Office, Lot 1282, Batu 8, Bukit Kemuning, Jalan Kampung Jawa, 42450 Klang, Selangor Darul Ehsan not less than forty eight (48) hours before the time for the meeting or adjourned meeting.



F O L D H E R E

F O L D H E R E

STAMP

RUMPUN HIJAU CAPITAL BERHAD (41412 - X)

c/o Bina Management & Consultants

Lot 10, The Highway Centre

Jalan 51/205

46050 Petaling Jaya

Selangor Darul Ehsan

Malaysia

