

**INFORMATION ON THE ACQUIREE COMPANY  
PHILEO ALLIED SECURITIES SDN BHD**

1. **Company Name** : Phileo Allied Securities Sdn Bhd (Company No.: 25397-K)

2. **History And Business**

Phileo Allied Securities Sdn Bhd (“PASSB”) was incorporated in Malaysia on 1 December 1975 and is a member company of the Kuala Lumpur Stock Exchange and a wholly-owned subsidiary of PAB. PASSB has authorised share capital of RM100,000,000 consisting of 100,000,000 ordinary shares of RM1.00 each and issued and paid-up share capital of RM100,000,000 consisting of 100,000,000 ordinary shares of RM1.00 each. PASSB is based in Ipoh, Perak with a branch research office in Kuala Lumpur and is a full-service stockbroking house that offers a comprehensive range of products and services to local and international institutional clients and retail customers.

3. **Subsidiary And Associated Companies As At 30 November 2000**

<b>Subsidiary Company</b>	<b>Date and Place of Incorporation</b>	<b>Effective Equity Interest %</b>	<b>Issued and Paid Up Share Capital RM</b>	<b>Principal Activity</b>
Phileo Allied Nominees (Tempatan) Sdn Bhd	29.02.92 Malaysia	100.00	2	Nominee and custodian & registration services
Phileo Allied Nominees (Asing) Sdn Bhd	13.01.93 Malaysia	100.00	2	Provision of share registration services
Budaya Tegas Sdn Bhd	22.05.98 Malaysia	100.00	2	Investment Holding
Phileo Allied Securites (Jersey) Limited	21.12.94 United Kingdom	100.00	2*	Investment holding
Phileo Allied Securities (UK) Ltd	08.12.94 United Kingdom	100.00	250,000*	Stockbroking
Phileo Allied Securities (HK) Ltd	17.11.94 Hong Kong	100.00	30,000,000**	Stockbroking
Phileo Allied Securities (US) Inc	20.01.95 United States	100.00	1,500,000***	Stockbroking
Phileo Allied Securities (Philippines) Inc	18.07.73 Philippines	100.00	19,000,000^	Stockbroking
<b>Associate Company</b>	<b>Date and Place of Incorporation</b>	<b>Effective Equity Interest %</b>	<b>Issued and Paid Up Share Capital RM</b>	<b>Principal Activity</b>
Baiduri Securities Sendirian Berhad	12.12.94 Brunei Darulsalam	39.00	500,000#	Stockbroking
Phileo Allied Trustee Berhad	29.08.98 Malaysia	20.00	150,000	Dormant

**Legends**

\* Pound Sterling  
\*\*\* US Dollar  
# Brunei Dollar

\*\* Hong Kong Dollar  
^ Philippines Peso

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**4. Share Capital As At 30 November 2000**

The present authorized and issued share capital of PASSB are as follows :-

Type <i>Ordinary shares</i>	No. Of Shares	Par Value RM	Amount RM
Authorised	100,000,000	RM1.00	100,000,000
Issued and Paid-up	100,000,000	RM1.00	100,000,000

**5. Changes In the Issued And Paid-Up Share Capital**

Date Of Allotment	No. Of Ordinary Shares	Par Value RM	Consideration	Total Issued Capital RM
01.12.1975	4	1.00	Subscribers' shares	4
28.1.1976	1,499,996	1.00	Conversion of partnership to unlimited company	1,500,000
02.08.1977	10,000	1.00	Cash	1,510,000
01.11.1982	900,000	1.00	Cash	2,410,000
22.06.1984	3,590,000	1.00	Cash	6,000,000
03.06.1985	1,400,000	1.00	Cash	7,400,000
31.03.1986	100,000	1.00	Cash	7,500,000
30.07.1986	150,000	1.00	Cash	7,650,000
30.09.1987	2,000,000	1.00	Cash	9,650,000
19.11.1991	5,350,000	1.00	Cash	15,000,000
30.12.1991	5,000,000	1.00	Cash	20,000,000
13.05.1994	10,000,000	1.00	Cash	30,000,000
24.09.1996	20,000,000	1.00	Cash	50,000,000
30.11.1999	50,000,000	1.00	Cash	100,000,000

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**6. Board Of Directors**

**Shareholdings As At 30 November 2000**

Name Of Director	Nationality	Direct		Indirect	
		No. Of Shares	%	No. Of Shares	%
Ahmad bin Abdullah	Malaysian	-	-	100,000,000*	100.00
Din bin Mohd Hassan	Malaysian	-	-	-	-
Foo Whee Jee	Malaysian	-	-	-	-

*\* Deemed interested through his substantial shareholdings in Phileo Allied Berhad.*

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**7. Financial Data**

A summary of the audited profit and loss accounts of Phileo Allied Securities Sdn Bhd (Group) for the past five (5) financial years ended 31 January 1996 to 2000 and the unaudited 6 months ended 31 July 2000 are as follows:

	Year ended 31 January					(Unaudited)
	1996	1997	1998	1999	2000	6 months ended 31.07.2000
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Operating Revenue	84,414	121,980	87,032	39,663	94,097	65,873
Profit/(Loss) before taxation but after Minority Interest ("MI")	44,365	48,978	33,887	(18,894)	22,567	28,031
Provision for Taxation	(11,944)	(15,658)	(11,687)	4,184	(5,040)	(6,003)
Profit/(loss) after taxation and MI	32,420	33,320	22,200	(14,710)	17,527	22,028
Effective tax rate (%) (Note 1)	26.92	31.97	34.84	N/A	22.33	21.42
Pretax Profit/(Loss) Margin (%)	52.56	40.15	38.54	(48.02)	23.98	42.55
Gross earnings/(loss) per share (sen)	147.89	97.96	67.08	(38.10)	22.57	28.03
NTA	96,988	133,034	131,940	116,053	184,009	200,318
NTA per share (RM)	3.23	2.66	2.65	2.33	1.84	2.00
Paid-up capital	30,000	50,000	50,000	50,000	100,000	100,000
Shareholders' funds	96,988	133,034	132,395	116,373	184,014	200,318
After tax return on Shareholders' funds (%)	33.43	25.06	16.51	(12.64)	9.52	11.00
Gross Dividend (%)	20.00	50.00	50.00	-	-	-

**Note 1.: Tax expense per Profit Before Tax**

*Notes:*

- (a) *There were no exceptional or extraordinary items for the past five (5) financial years ended 31 January 1996 to 2000 and the six (6) months period ended 31 July 2000.*
- (b) *The turnover and profit before taxation for the financial year ended 31 January 1997 improved as compared to the previous financial year mainly due to the increase in the volume of transactions.*
- (c) *The lower volume of transactions during the second half of financial year ended 31 January 1998 have resulted in a lower operating revenue and profit before taxation as compared to the previous financial year.*
- (d) *The lower volume of transactions and higher provisioning during the financial year ended 31 January 1999 have resulted in a slightly lower operating revenue and loss before taxation as compared to the previous financial year.*

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- (e) *The higher volume of transactions during the financial year ended 31 January 2000 have resulted in a higher operating revenue and a profit before taxation a compared to the previous financial year.*
- (f) *The higher trading volume on the KLSE during the first quarter of the year resulted in a high operating revenue and profit before taxation for the six (6) months period ended 31 July 2000.*

**8. Substantial Shareholders As At 30 November 2000**

Substantial shareholders holding 2% or more of the issued and paid-up share capital of PASSB as at 30 November 2000 are as follows :-

Substantial Shareholders	Direct		Indirect	
	No. of shares held	%	No. of shares held	%
Phileo Allied Berhad	100,000,000	100.00	-	-
Avenue Assets Berhad <i>(formerly known as Phileo Land Berhad)*</i>	-	-	100,000,000	100.00

\* *Deemed interested by virtue of their direct shareholdings of more than 15% in PAB.*

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PHILEO ALLIED SECURITIES SDN BHD**

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**9. Audited Accounts**

Extracts of the audited accounts of PABB for the financial year ended 31 January 2000 together with the auditors' report and the accounts are enclosed in the following pages:-

# Kassim Chan & Co

Public Accountants



87, Jalan Clarke,  
30300 Ipoh, Perak,  
Malaysia.

Telephone (05)2531358  
Facsimile (05)2530090

## REPORT OF THE AUDITORS TO THE MEMBERS OF

### PHILEO ALLIED SECURITIES SDN. BHD.

(Incorporated in Malaysia)

We have audited the accompanying balance sheets as of 31st January, 2000, the related profit and loss accounts and consolidated cash flow statement, together with the notes thereto for the year then ended. 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. These 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 are properly drawn up in accordance with the provisions of the Companies Act, 1965 and the applicable approved accounting standards in Malaysia so as to give a true and fair view of:
  - (i) the state of affairs of the Group and of the Company as of 31st January, 2000 and of the results of the Group and of the Company and the cash flows of the Group for the year ended on that date; and
  - (ii) the matters required by Section 169 of the Act to be dealt with in the accounts and consolidated accounts; and
- (b) the accounting and other records and the registers required by the Act to be kept by the Company and by the subsidiary companies of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

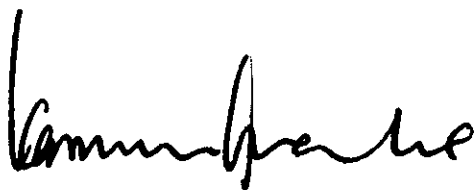
(Forward)

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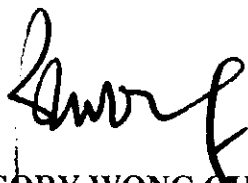
We have considered the accounts and auditors' reports of the subsidiary companies of which we have not acted as auditors, as shown in Note 6 to the Accounts being accounts that have been included in the consolidated accounts.

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

The auditors' reports on the accounts of the subsidiary companies were not subject to any qualification and did not include any comment made under sub-section (3) of Section 174 of the Act.



**KASSIM CHAN & CO.**  
AF 0080  
Public Accountants



**GREGORY WONG GUANG SENG**  
787/3/01(J/PH)  
Partner

7th April, 2000



**PHILEO ALLIED SECURITIES SDN. BHD.**  
(Incorporated in Malaysia)  
**AND ITS SUBSIDIARY COMPANIES**

**BALANCE SHEETS**  
**AT 31ST JANUARY, 2000**

	Note	Group		Company	
		2000	1999	2000	1999
FIXED ASSETS	4	RM 3,893,216	RM 4,143,506	RM 3,337,436	RM 3,093,723
EXPENDITURE CARRIED FORWARD	5	4,381	318,991	-	-
SUBSIDIARY COMPANIES	6	-	-	12	12
ASSOCIATED COMPANIES	7	1,931,026	1,348,013	-	-
UNQUOTED INVESTMENTS	8	3,496,492	3,496,492	800,000	800,000
CURRENT ASSETS	9	465,391,835	433,542,739	448,592,008	427,307,749
CURRENT LIABILITIES	10	(290,616,612)	(326,303,361)	(269,696,230)	(313,146,294)
NET CURRENT ASSETS		174,775,223	107,239,378	178,895,778	114,161,455
LONG-TERM LIABILITIES	11	(86,728)	(173,625)	(86,728)	(173,625)
NET ASSETS EMPLOYED		RM184,013,610	RM116,372,755	RM182,946,498	RM117,881,565

(Forward)

Company No: 25397-M

		<b>Group</b>		<b>Company</b>	
	<b>Note</b>	<b>2000</b>	<b>1999</b>	<b>2000</b>	<b>1999</b>
		-----	-----	-----	-----
SHARE CAPITAL	12	RM100,000,000	RM 50,000,000	RM100,000,000	RM 50,000,000
RESERVES	13	84,013,610	66,372,755	82,946,498	67,881,565
		-----	-----	-----	-----
TOTAL CAPITAL EMPLOYED		RM184,013,610	RM116,372,755	RM182,946,498	RM117,881,565
		=====	=====	=====	=====

The accompanying Notes form an integral part of the Accounts.

**PHILEO ALLIED SECURITIES SDN. BHD.**  
(Incorporated in Malaysia)  
**AND ITS SUBSIDIARY COMPANIES**

**PROFIT AND LOSS ACCOUNTS**  
**FOR THE YEAR ENDED 31ST JANUARY, 2000**

	Note	Group		Company	
		2000	1999	2000	1999
OPERATING REVENUE	14	RM 94,096,687	RM 39,663,368	RM 89,648,613	RM 34,118,839
OPERATING PROFIT/(LOSS)		RM 22,866,268	RM (18,868,187)	RM 20,050,362	RM (17,789,395)
SHARE OF LOSS IN ASSOCIATED COMPANY		(299,130)	(179,587)	-	-
PROFIT/(LOSS) BEFORE TAXATION	15	22,567,138	(19,047,774)	20,050,362	(17,789,395)
PROVISION FOR TAXATION	16	(5,040,342)	4,183,900	(4,985,429)	4,207,467
PROFIT/(LOSS) BEFORE MINORITY INTEREST		17,526,796	(14,863,874)	15,064,933	(13,581,928)
MINORITY INTEREST		-	154,068	-	-
NET PROFIT/(LOSS)		17,526,796	(14,709,806)	15,064,933	(13,581,928)
Unappropriated profit at beginning of year		71,860,521	86,570,327	67,290,312	80,872,240

(Forward)

	Group		Company	
	2000	1999	2000	1999
UNAPPROPRIATED PROFIT AT END OF YEAR	RM 89,387,317	RM 71,860,521	RM 82,355,245	RM 67,290,312
Retained/(Absorbed) by:				
The Company	RM 82,355,245	RM 67,290,312	RM 82,355,245	RM 67,290,312
Subsidiary companies	7,510,789	4,749,796	-	-
Associated company	(478,717)	(179,587)	-	-
	RM 89,387,317	RM 71,860,521	RM 82,355,245	RM 67,290,312

The accompanying Notes form an integral part of the Accounts.

**PHILEO ALLIED SECURITIES SDN. BHD.**  
(Incorporated in Malaysia)  
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**CONSOLIDATED CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31ST JANUARY, 2000**

	2000	1999
	-----	-----
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit/(Loss) before taxation	RM 22,567,138	RM (19,047,774)
Adjustments for:		
Bad debts written off	18,046,145	-
Provision for doubtful debts	16,174,529	18,082,719
Interest expenses	11,415,367	43,173,079
Provision for interest-in-suspense	9,655,034	-
Interest-in-suspense written off	2,665,350	-
Depreciation of fixed assets	2,175,604	2,738,704
Loss on disposal of subsidiary company	1,476,581	-
Share of loss in associated company	299,130	179,587
Amortisation of expenditure carried forward	97,815	132,072
Expenditure carried forward written off	62,058	6,762
Interest income	(4,901,136)	(41,510,416)
Exchange fluctuation reserve	(197,823)	(1,312,934)
Loss/(Gain) on disposal of fixed assets	(221,741)	4,971
Fixed assets written off	-	75,670
	-----	-----
Operating Profit Before Working Capital Changes	79,314,051	2,522,440
Decrease/(Increase) in trade and other receivables	(75,751,134)	66,145,297
Increase/(Decrease) in trade and other payables	185,025,131	(8,864,331)
	-----	-----
Cash Generated From Operations	188,588,048	59,803,406
Interest received	4,901,136	41,510,416
Interest paid	(11,305,934)	(43,058,466)
Income tax paid	(9,039,404)	(13,879,763)
Additions to expenditure carried forward	(1,683)	(2,698)
	-----	-----
Net Cash From Operating Activities	173,142,163	44,372,895
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from disposal of fixed assets	487,841	47,419
Purchase of fixed assets	(2,191,414)	(1,280,929)
Disposal of subsidiary companies net of cash and cash equivalents *	(1,015,626)	-
Purchase of investment in associated companies	(882,143)	(1,527,600)
Purchase of additional investment in subsidiary companies by minority interest	-	99,150
Purchase of unquoted investment	-	(800,000)
	-----	-----
Net Cash Used In Investing Activities	(3,601,342)	(3,461,960)

(Forward)

	2000	1999
	-----	-----
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issuance of shares	RM 50,000,000	RM -
Proceeds from hire-purchase loans	60,000	-
Repayment of hire-purchase creditors	(679,059)	(651,504)
Net Cash From/(Used In) Financing Activities	49,380,941	(651,504)
	-----	-----
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	218,921,762	40,259,431
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	(203,460,481)	(243,719,912)
	-----	-----
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	RM 15,461,281	RM (203,460,481)
	=====	=====

**CASH AND CASH EQUIVALENTS**

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

Fixed deposits with licensed banks and other financial institutions	RM 15,199,742	RM 20,536,462
Cash on hand and at banks:		
Cash on hand	35,595	71,594
Current accounts	38,969,011	23,710,599
Trust accounts	3,760,600	10,887,520
Bank overdrafts	(12,503,667)	(28,666,656)
Revolving credits	-	(20,000,000)
Other short-term borrowings	(30,000,000)	(210,000,000)
	-----	-----
Cash and cash equivalents	RM 15,461,281	RM (203,460,481)
	=====	=====

(Forward)

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	<u>2000</u>	<u>1999</u>
<b>*ANALYSIS OF DISPOSAL OF SUBSIDIARY COMPANY</b>		
Cash and bank balances	RM 1,039,826	RM -
Expenditure carried forward	156,420	-
Other debtors, deposits and prepayments	121,650	-
Trade creditor	(124,211)	-
Other liabilities	(449,786)	-
	<u>743,899</u>	<u>-</u>
Goodwill	756,882	-
	<u>1,500,781</u>	<u>-</u>
Loss on disposal of subsidiary company	(1,476,581)	-
	<u>24,200</u>	<u>-</u>
Sales proceeds	24,200	-
Cash and cash equivalents	(1,039,826)	-
	<u>RM(1,015,626)</u>	<u>RM -</u>

The accompanying Notes form an integral part of the Accounts.

**PHILEO ALLIED SECURITIES SDN. BHD.**  
(Incorporated in Malaysia)  
**AND ITS SUBSIDIARY COMPANIES**

**NOTES TO THE ACCOUNTS**

**1. PRINCIPAL ACTIVITIES**

The Company is principally engaged in stockbroking business.

The principal activities of the subsidiary companies are disclosed under Note 6 to the Accounts.

There have been no significant changes in the nature of the Group's activities during the financial year.

**2. BASIS OF PREPARATION OF ACCOUNTS**

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

**3. SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Accounting**

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

**Basis of Consolidation**

The consolidated accounts include the audited accounts of the Company and all its subsidiary companies made up to the end of the financial year.

All significant intercompany accounts and transactions are eliminated on consolidation.

**Goodwill**

Goodwill arising on consolidation represents the excess of the value of the purchase consideration over the fair value of the net assets of the subsidiary companies at the date of the acquisition and is written off against reserves.

Capital reserve arising on consolidation represents the excess of the fair value of the net assets of subsidiaries over the purchase price. The amount is retained in the consolidated balance sheet and is not distributable until the disposal of the subsidiaries concerned.



### **Depreciation of Fixed Assets**

Fixed assets are stated at cost less accumulated depreciation.

Fixed assets are depreciated on the straight-line method at the following annual rates based on the estimated useful lives of the various assets:

Office renovations	50%
Office equipment and furniture	25%
Motor vehicles	25%

### **Assets Acquired Under Hire-Purchase Arrangements**

Fixed assets acquired under hire-purchase arrangements are capitalised in the accounts and the corresponding obligations treated as liabilities. Finance charges are allocated to the profit and loss account to give a constant periodic rate of interest on the remaining hire-purchase liabilities.

### **Expenditure Carried Forward**

Expenditure carried forward, consisting of preliminary expenses and pre-operating expenses are amortised evenly over 5 years.

### **Investments**

Investments in subsidiary companies (which are eliminated on consolidation) and other unquoted investments are stated at cost in the Company's accounts.

Provision for diminution in value is made only when, in the opinion of the directors, there is a permanent diminution in the value of the investment.

### **Associated Companies**

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

Investment in associated companies are stated at cost unless, in the opinion of the directors, there is a permanent diminution in the value of investment in which case provision is made for the diminution in value.

### **Exchange Membership Seat**

Exchange membership seat is recorded at cost.

### **Debtors**

Debts considered to be uncollectible are written off whilst provision is made for debts considered to be doubtful of collection.

### **Deferred Taxation**

Provision is made using the liability method for taxation deferred by capital allowances and other timing differences except to the extent that it can be demonstrated with reasonable probability that the timing differences will continue in the foreseeable future. Timing differences giving rise to deferred tax benefits are not recognised.

### **Foreign Currency Conversion**

All foreign currency transactions are converted into Ringgit Malaysia at the exchange rates prevailing at the transaction dates, or where settlement has not taken place at the end of the financial year, at the approximate exchange rates on that date. All exchange gains or losses are taken up currently in the profit and loss account.

For inclusion in consolidated accounts, all assets, liabilities and profit and loss account items of the foreign subsidiary companies are translated into Ringgit Malaysia at rates of exchange ruling at the balance sheet date. Exchange differences due to such currency translations are taken direct to exchange fluctuation reserve.

### **Recognition of Income**

Interest income is taken up on accrued basis.

### **Lease Assets**

Assets under leases which in substance transfer the risks and benefits of ownership of the assets to the Company are capitalised under fixed assets. The fixed assets and the corresponding lease obligations are recorded at the lower of the present value of the minimum lease payments and the fair value of the leased assets at the beginning of the respective lease terms. Leases which do not meet such criteria are classified as operating leases and the related rentals are charged to the profit and loss account as incurred.

### **Cash Equivalents**

Cash equivalents are short-term, highly liquid investments or borrowings that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

4. **FIXED ASSETS**

<b>Group 2000</b>	<b>Building</b>	<b>Office renovations</b>	<b>Office equipment and furniture</b>	<b>Motor vehicles</b>	<b>Total</b>
<b>Cost</b>					
Beginning of year	RM 441,977	RM 2,133,628	RM 8,876,805	RM 3,377,316	RM 14,829,726
Additions	-	173,324	1,879,845	138,245	2,191,414
Disposals/written off	-	-	(651,244)	(515,324)	(1,166,568)
<b>End of year</b>	<b>RM 441,977</b>	<b>RM 2,306,952</b>	<b>RM10,105,406</b>	<b>RM 3,000,237</b>	<b>RM 15,854,572</b>
<b>Accumulated depreciation</b>					
Beginning of year	RM 36,835	RM 1,807,053	RM 6,141,786	RM 2,700,546	RM10,686,220
Additions	17,679	293,739	1,403,458	460,728	2,175,604
Disposals/written off	-	-	(485,695)	(414,773)	(900,468)
<b>End of year</b>	<b>RM 54,514</b>	<b>RM 2,100,792</b>	<b>RM 7,059,549</b>	<b>RM 2,746,501</b>	<b>RM11,961,356</b>
<b>Net book value at beginning of year</b>	<b>RM 405,142</b>	<b>RM 326,575</b>	<b>RM 2,735,019</b>	<b>RM 676,770</b>	<b>RM 4,143,506</b>
<b>Net book value at end of year</b>	<b>RM 387,463</b>	<b>RM 206,160</b>	<b>RM 3,045,857</b>	<b>RM 253,736</b>	<b>RM 3,893,216</b>

<b>Group 1999</b>	<b>Building</b>	<b>Office renovations</b>	<b>Office equipment and furniture</b>	<b>Motor vehicles</b>	<b>Total</b>
<b>Cost</b>					
Beginning of year	RM 441,977	RM 2,797,821	RM 8,526,861	RM 3,369,420	RM15,136,079
Additions	-	267,019	959,710	54,200	1,280,929
Disposals/written off	-	(931,212)	(609,766)	(46,304)	(1,587,282)
<b>End of year</b>	<b>RM 441,977</b>	<b>RM 2,133,628</b>	<b>RM 8,876,805</b>	<b>RM 3,377,316</b>	<b>RM 14,829,726</b>
<b>Accumulated depreciation</b>					
Beginning of year	RM 19,152	RM 2,404,120	RM 4,979,594	RM 2,003,872	RM 9,406,738
Additions	17,683	271,724	1,730,436	718,861	2,738,704
Disposals/written off	-	(868,791)	(568,244)	(22,187)	(1,459,222)
<b>End of year</b>	<b>RM 36,835</b>	<b>RM 1,807,053</b>	<b>RM 6,141,786</b>	<b>RM 2,700,546</b>	<b>RM10,686,220</b>
<b>Net book value at beginning of year</b>	<b>RM 422,825</b>	<b>RM 393,701</b>	<b>RM 3,547,267</b>	<b>RM 1,365,548</b>	<b>RM 5,729,341</b>
<b>Net book value at end of year</b>	<b>RM 405,142</b>	<b>RM 326,575</b>	<b>RM 2,735,019</b>	<b>RM 676,770</b>	<b>RM 4,143,506</b>

Company 2000	Office renovations	Office equipment and furniture	Motor vehicles	Total
<b>Cost</b>				
Beginning of year	RM 1,706,733	RM 7,157,782	RM 3,377,316	RM12,241,831
Additions	173,324	1,861,762	138,245	2,173,331
Disposals/written off	-	-	(515,324)	(515,324)
End of year	RM 1,880,057	RM 9,019,544	RM 3,000,237	RM13,899,838
<b>Accumulated depreciation</b>				
Beginning of year	RM 1,510,090	RM 4,937,472	RM 2,700,546	RM 9,148,108
Additions	230,761	1,137,578	460,728	1,829,067
Disposals/written off	-	-	(414,773)	(414,773)
End of year	RM 1,740,851	RM 6,075,050	RM 2,746,501	RM10,562,402
<b>Net book value at beginning of year</b>	RM 196,643	RM 2,220,310	RM 676,770	RM 3,093,723
<b>Net book value at end of year</b>	RM 139,206	RM 2,944,494	RM 253,736	RM 3,337,436

Company 1999	Office renovations	Office equipment and furniture	Motor vehicles	Total
<b>Cost</b>				
Beginning of year	RM 2,390,534	RM 6,713,434	RM 3,369,420	RM12,473,388
Additions	173,548	869,959	54,200	1,097,707
Disposals/written off	(857,349)	(425,611)	(46,304)	(1,329,264)
End of year	RM 1,706,733	RM 7,157,782	RM 3,377,316	RM12,241,831
<b>Accumulated depreciation</b>				
Beginning of year	RM 2,081,017	RM 4,060,917	RM 2,003,872	RM 8,145,806
Additions	224,005	1,302,166	718,861	2,245,032
Disposals/written off	(794,932)	(425,611)	(22,187)	(1,242,730)
End of year	RM 1,510,090	RM 4,937,472	RM 2,700,546	RM 9,148,108
<b>Net book value at beginning of year</b>	RM 309,517	RM 2,652,517	RM 1,365,548	RM 4,327,582
<b>Net book value at end of year</b>	RM 196,643	RM 2,220,310	RM 676,770	RM 3,093,723

Included in fixed assets of the Group and of the Company as at 31st January, 2000 are certain motor vehicles with a total carrying value of RM163,410 (RM582,337 in 1999) which were acquired under hire-purchase plans.

## 5. EXPENDITURE CARRIED FORWARD

	Group	
	2000	1999
At cost:		
Preliminary expenses	RM 25,651	RM 25,651
Pre-operating expenses	605,840	604,157
Total	631,491	629,808
Less: Accumulated amortisation	(401,870)	(304,055)
Expenditure carried forward written off	(68,820)	(6,762)
Disposal of subsidiary	(156,420)	-
Net	RM 4,381	RM 318,991
Current amortisation	RM 97,815	RM 132,072

Current charges to pre-operating expenses include audit fee of RM400 (RM400 in 1999) which has been deferred.

## 6. SUBSIDIARY COMPANIES

	Company	
	2000	1999
Unquoted shares, at cost	RM 12	RM 12

These subsidiary companies are as follows:

Name of Company	Effective Group Interest		Place of Incorporation	Principal Activities
	2000 %	1999 %		
Phileo Allied Nominees (Tempatan) Sdn. Bhd.	100	100	Malaysia	Nominees, custodian and registration services.
Phileo Allied Nominees (Asing) Sdn. Bhd.	100	100	Malaysia	Provision of share registration services.
Phileo Allied Securities (Jersey) Ltd.	100	100	United Kingdom	Investment holding.

Name of Company	Effective Group Interest		Place of Incorporation	Principal Activities
	2000 %	1999 %		
* Phileo Allied Securities (HK) Ltd.	100	100	Hong Kong	Stockbroking.
* Phileo Allied Securities (UK) Ltd.	100	100	United Kingdom	Stockbroking.
* Phileo Allied Securities (US) Inc.	100	100	United States	Stockbroking.
# Phileo Allied Securities Philippines, Inc	100	100	Philippines	Stockbroking.
Budaya Tegas Sdn. Bhd.	100	100	Malaysia	Dormant.
@ Phileo Allied Securities Australia Pty. Limited	-	80	Australia	Stockbroking.
@ Phileo Allied Nominees Pty. Limited	-	100	Australia	Dormant

\* The accounts of these companies are examined by auditors affiliated with the auditors of the Company.

# The accounts of this company is examined by auditors other than the auditors of the Company.

@ These companies were disposed off during the year.

## 7. ASSOCIATED COMPANIES

	Group	
	2000	1999
Unquoted shares, at cost	RM 2,409,743	RM 1,527,600
Share of post-acquisition results	(478,717)	(179,587)
Net	RM 1,931,026	RM 1,348,013



These associated companies are as follows:

Name of Company	Effective Group Interest		Place of Incorporation	Principal Activities
	2000 %	1999 %		
Baiduri Securities Sdn. Bhd.	39	39	Brunei Darussalam	Stockbroking.
Phileo Allied Trustee Berhad	20	20	Malaysia	Dormant.

#### 8. UNQUOTED INVESTMENTS

	Group		Company	
	2000	1999	2000	1999
At cost:				
One share in The Stock Exchange of Hong Kong Limited	RM 2,625,620	RM 2,625,620	RM -	RM -
Philippine Stock Exchange membership seat	70,872	70,872	-	-
Membership fee in Malaysian Exchange Of Securities Dealing And Automated Quotation Berhad	800,000	800,000	800,000	800,000
<b>Total</b>	<b>RM 3,496,492</b>	<b>RM 3,496,492</b>	<b>RM 800,000</b>	<b>RM 800,000</b>

Under the Philippine Stock Exchange (PSE) rules, all exchange membership seats are pledged at its full value to the PSE to secure the payment of all debts due to other members of the exchange arising out of or in connection with the present or future member's contract.

## 9. CURRENT ASSETS

	Note	Group		Company	
		2000	1999	2000	1999
Clients' and brokers' accounts	17	RM329,799,645	RM227,992,336	RM307,929,832	RM221,883,197
Other debtors, deposits and prepayments		1,366,574	2,867,009	885,401	2,149,291
Amount owing by subsidiary companies	18	-	-	25,704,149	26,303,980
Amount owing by related companies	18	76,260,668	147,477,219	76,260,668	147,433,564
Fixed deposits	19	15,199,742	20,536,462	7,178,093	11,294,937
Cash on hand and at banks		42,765,206	34,669,713	30,633,865	18,242,780
<b>Total</b>		<b>RM465,391,835</b>	<b>RM433,542,739</b>	<b>RM448,592,008</b>	<b>RM427,307,749</b>

## 10. CURRENT LIABILITIES

	Note	Group		Company	
		2000	1999	2000	1999
Clients' and brokers' accounts		RM202,518,824	RM 44,925,360	RM182,067,343	RM 33,065,493
Other creditors and accrued expenses		40,266,748	12,882,814	39,953,044	11,722,241
Bank borrowings	20	42,503,667	258,666,656	42,503,667	258,666,656
Hire-purchase creditors	11	72,249	494,978	72,249	494,978
Amount owing to directors		117,914	114,125	-	-
Amount owing to a related company	18	-	67,737	-	67,737
Amount owing to holding company	18	-	17,318	-	-
Provision for taxation		5,137,210	9,134,373	5,099,927	9,129,189
<b>Total</b>		<b>RM290,616,612</b>	<b>RM326,303,361</b>	<b>RM269,696,230</b>	<b>RM313,146,294</b>

## 11. LONG-TERM LIABILITIES

	<b>Group and Company</b>	
	<b>2000</b>	<b>1999</b>
	-----	-----
<b>Hire-purchase creditors</b>		
Principal outstanding	RM 158,977	RM 668,603
Less: Portion due within one year included under current liabilities (Note 10)	(72,249)	(494,978)
	-----	-----
Long-term portion	RM 86,728	RM 173,625
	=====	=====

The interest rates implicit in these hire-purchase obligations range from 5.25% to 6.75% (5.25% to 6.50% in 1999) per annum.

The long-term portion of the hire-purchase obligations are payable as follows:

	<b>2000</b>	<b>1999</b>
	-----	-----
Between 1 to 2 years	RM 47,972	RM 82,618
Between 2 to 5 years	38,756	91,007
	-----	-----
	RM 86,728	RM 173,625
	=====	=====

## 12. SHARE CAPITAL

	<b>Group and Company</b>	
	<b>2000</b>	<b>1999</b>
	-----	-----
Ordinary shares of RM1 each:		
Authorised		
Balance at beginning of year	RM 50,000,000	RM 50,000,000
Additional creation	50,000,000	-
	-----	-----
Balance at end of year	RM100,000,000	RM 50,000,000
	=====	=====
Issued and fully paid		
Balance at beginning of year	RM 50,000,000	RM 50,000,000
Issued during the year	50,000,000	-
	-----	-----
Balance at end of year	RM100,000,000	RM 50,000,000
	=====	=====

As approved by shareholders at an Extraordinary General Meeting held on 30th November, 1999:

- (a) the authorised share capital of the Company was increased from RM50,000,000 to RM100,000,000 by the creation of an additional 50,000,000 ordinary shares of RM1 each; and
- (b) the Company issued 50,000,000 ordinary shares of RM1 each at par during the financial year to the existing shareholders for the purpose of increasing the working capital of the Company. These new shares rank pari passu with the then existing shares of the Company.

### 13. RESERVES

	Group		Company	
	2000	1999	2000	1999
Distributable:				
Unappropriated profit	RM 89,387,317	RM 71,860,521	RM 82,355,245	RM 67,290,312
Capital reserve	591,253	591,253	591,253	591,253
Goodwill write off reserve	(8,000,496)	(8,757,378)	-	-
	81,978,074	63,694,396	82,946,498	67,881,565
Non-distributable:				
Exchange fluctuation reserve	2,035,536	2,678,359	-	-
Net	RM 84,013,610	RM 66,372,755	RM 82,946,498	RM 67,881,565

Based on estimated tax credit available and the prevailing tax rate applicable to dividends, the unappropriated profit of the Company at 31st January, 2000 is available for distribution in full by way of dividends without incurring any additional tax liability.

### 14. OPERATING REVENUE

Operating revenue of the Group and of the Company represent net brokerage, registration fees, agency fees, commissions, gain or loss on averaging or arbitrage and other income related to the stockbroking business.

15. **PROFIT/(LOSS) BEFORE TAXATION**

Profit/(Loss) before taxation is arrived at:

	Group		Company	
	2000	1999	2000	1999
After charging:				
Bad debts written off	RM 18,046,145	RM -	RM 18,046,145	RM -
Provision for doubtful debts	16,174,529	18,082,719	16,174,529	18,082,719
Provision for interest-in-suspense	9,655,034	-	9,655,034	-
Interest on:				
Bank overdrafts	6,541,602	7,407,540	6,525,125	7,345,339
Short-term borrowings	4,764,332	35,650,926	4,764,332	35,650,926
Hire-purchase	109,433	114,613	109,433	114,613
Lease rentals	3,192,882	1,666,766	3,188,002	856,536
Interest-in-suspense written off	2,665,350	-	2,665,350	-
Depreciation of fixed assets	2,175,604	2,738,704	1,829,067	2,245,032
Rental of office premises	1,806,771	2,412,570	908,197	1,046,774
Director's other emoluments	1,518,949	2,010,362	927,290	596,905
Loss on disposal of subsidiary company	1,476,581	-	-	-
Rental of office equipment	297,445	205,348	297,445	205,348
Audit fee:				
Statutory	134,679	151,577	15,000	15,000
Underprovision	380	3,000	-	-
Others	16,460	13,585	10,000	10,000
Amortisation of expenditure carried forward	97,815	132,072	-	-
Expenditure carried forward written off	62,058	6,762	-	-
Loss on foreign exchange	5,385	981,268	4,826	-
Fixed assets written off	-	75,670	-	-
Loss on dissolution of subsidiary company	-	31,265	-	-
Loss on disposal of fixed assets	-	4,971	-	-

(Forward)

	Group		Company	
	2000	1999	2000	1999
And crediting:				
Interest income	RM 4,901,136	RM 41,510,416	RM 4,449,232	RM 40,389,919
Gain on foreign exchange	392,239	-	-	2,805
Gain on disposal of fixed assets	221,741	-	221,741	20,883

## 16. PROVISION FOR TAXATION

	Group		Company	
	2000	1999	2000	1999
Current estimated tax payable	RM 6,023,288	RM 31,973	RM 6,000,000	RM -
Transfer from deferred taxation	-	(1,000,000)	-	(1,000,000)
	6,023,288	(968,027)	6,000,000	(1,000,000)
Overprovision in prior year	(982,946)	(3,215,873)	(1,014,571)	(3,207,467)
Net	RM 5,040,342	RM (4,183,900)	RM 4,985,429	RM (4,207,467)

The provision for taxation of the Group and of the Company for the current year reflects an effective rate which is higher than the statutory tax rate mainly because certain expense items have been considered as non-deductible for tax purposes.

The provision for taxation of the Group for the preceding year relates to the state and local minimum income taxes of a subsidiary company in the United States of America and interest income of another subsidiary company which is assessed separately.

As the operations of the Company in the preceding financial year resulted in a loss, no provision for taxation is required to be made in the Accounts.

17. **CLIENTS' AND BROKERS' ACCOUNTS**

	<b>Group</b>		<b>Company</b>	
	<b>2000</b>	<b>1999</b>	<b>2000</b>	<b>1999</b>
Gross	RM384,711,927	RM257,075,055	RM362,842,114	RM250,965,916
Less: Provision for doubtful debts	(45,257,248)	(29,082,719)	(45,257,248)	(29,082,719)
Provision for interest in suspense	(9,655,034)	-	(9,655,034)	-
<b>Net</b>	<b>RM329,799,645</b>	<b>RM227,992,336</b>	<b>RM307,929,832</b>	<b>RM221,883,197</b>

18. **HOLDING COMPANY AND RELATED COMPANIES TRANSACTIONS**

The Company is a wholly-owned (wholly-owned in 1999) subsidiary of Phileo Allied Berhad, a company incorporated in Malaysia, which is also the ultimate holding company.

The amount owing by subsidiary companies, by and to related companies and to holding company arose mainly out of normal trade transactions.

The accounts of the Company reflect the following transactions with group companies which were dealt with at arm's length:

	<b>Group and Company</b>	
	<b>2000</b>	<b>1999</b>
<b>Subsidiary companies:</b>		
Research fee	RM -	RM 2,184,241
<b>Related company:</b>		
Rental	RM 284,544	RM 284,544
Management fee	642,247	251,753

19. **FIXED DEPOSITS**

	<b>Group</b>		<b>Company</b>	
	<b>2000</b>	<b>1999</b>	<b>2000</b>	<b>1999</b>
Licensed banks	RM 11,720,218	RM 15,095,447	RM 7,178,093	RM 11,294,937
Financial institutions	3,479,524	5,441,015	-	-
<b>Total</b>	<b>RM 15,199,742</b>	<b>RM 20,536,462</b>	<b>RM 7,178,093</b>	<b>RM 11,294,937</b>

20. **BANK BORROWINGS**

	<b>Group and Company</b>	
	<b>2000</b>	<b>1999</b>
Bank overdrafts	RM 12,503,667	RM 28,666,656
Revolving credits	-	20,000,000
Others	30,000,000	210,000,000
<b>Total</b>	<b>RM 42,503,667</b>	<b>RM258,666,656</b>

The Company has bank overdrafts and other short-term borrowing facilities with certain banks and finance companies up to a limit of RM330,000,000 (RM387,000,000 in 1999). Certain of the banking facilities are corporate guaranteed by Phileo Allied Berhad.

The above facilities bear interest rates ranging from 1.50% to 2.75% (1.50% to 2.75% in 1999) per annum above the banks' and finance companies' respective base lending rates and cost of funds.

21. **LEASE COMMITMENTS**

	<b>Group</b>	
	<b>2000</b>	<b>1999</b>
Commitments under operating leases:		
Within one year	RM 878,781	RM 1,214,274
Between two to five years	1,004,301	712,200
<b>Total</b>	<b>RM 1,883,082</b>	<b>RM 1,926,474</b>



Company No: 25397-M

22. **CONTINGENT LIABILITY**

	<b>Group and Company</b>	
	<b>2000</b>	<b>1999</b>
	-----	-----
Underwriting of capital issues	RM -	RM11,123,200
	=====	=====