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Financial Statements for the Financial Year ended 31st December, 1999

Danamodal Nasional Berhad

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DANAMODAL NASIONAL BERHAD

(Incorporated in Malaysia)

DIRECTORS' REPORT

The directors of **DANAMODAL NASIONAL BERHAD** have pleasure in submitting their report and the audited accounts of the Company for the financial year ended 31st December, 1999.

PRINCIPAL ACTIVITIES

The Company was incorporated as a special purpose vehicle by the Government of Malaysia and its principal objectives are as follows:

- To facilitate restoration and revitalisation of the banking system by recapitalising and strengthening the banking institutions; and
- To catalyse improvements in the banking system by influencing bank restructuring and/or consolidation.

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

RESULTS OF OPERATIONS

The results of operations of the Company for the financial year are as follows:

	RM'000
Net loss	(12,093)
Retained earnings brought forward	<u>1,228</u>
Accumulated loss carried forward	<u>(10,865)</u>

In the opinion of the directors, the results of the operations of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.

DIVIDEND

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

RESERVES AND PROVISIONS

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

ISSUE OF SHARES AND DEBENTURES

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

SHARE OPTIONS

No options have been granted by the Company to any parties during the financial year to take up unissued shares of the Company.

No shares have been issued during the financial year by virtue of the exercise of any option to take up unissued shares of the Company. As at the end of the financial year, there were no unissued shares of the Company under options.

OTHER FINANCIAL INFORMATION

Before the profit and loss account and the balance sheet of the Company were made out, the directors took reasonable steps :

- (a) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts, and have satisfied themselves that no known bad debts need to be written off and that no provision for doubtful debts is required; and
- (b) to ensure that any current assets which were unlikely to realise their book values in the ordinary course of business have been written down to their estimated realisable values.

At the date of this report, the directors are not aware of any circumstances:

- (a) which would require the writing off of bad debts or the setting up of provision for doubtful debts in the accounts of the Company; or
- (b) which would render the values attributed to current assets in the accounts of the Company misleading; or
- (c) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Company misleading or inappropriate; or
- (d) not otherwise dealt with in this report or accounts which would render any amount stated in the accounts of the Company misleading.

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

- (a) any charge on the assets of the Company which has arisen since the end of the financial year which secures the liability of any other person; and
- (b) any contingent liability of the Company 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 to meet its obligations as and when they fall due.

In the opinion of the directors, no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of operations of the Company for the succeeding financial year.

DIRECTORS

The following directors served on the Board of the Company since the date of the last report:

Raja Datuk Arshad Raja Tun Uda
Muhammad Ibrahim (appointed as Managing Director on 1.9.1999)
Datuk Zamani Abdul Ghani (appointed on 4.5.1999)
Abdul Kadir Md. Kassim
Abdul Jabbar Abdul Majid
Dato' Dr. Abdul Aziz Mohd Yaacob
Mohd. Nor Mashor (appointed on 15.10.1999)
Dato' Mohd. Daud Hj. Dol Moin (resigned on 1.9.1999)
Datuk Dr Awang Adek Hussin (resigned on 1.9.1999)
Dato' Abdul Murad Khalid (resigned on 29.1.1999)

The Articles of Association of the Company do not provide for the retirement of directors. Accordingly, the directors of the Company are not subject to retirement at the forthcoming Annual General Meeting.

DIRECTORS' INTERESTS

None of the directors as at the end of the financial year held shares in the Company. Under the Company's Articles of Association, the directors are not required to hold any shares in the Company.

DIRECTORS' BENEFITS

Since the end of the previous financial period, none of the directors of the Company has received or is entitled to receive any benefit (other than directors' remuneration as disclosed in the accounts) by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member or with a company in which he has a substantial financial interest.

During and at the end of the financial year, no arrangement subsisted to which the Company was a party whereby directors of the Company might acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

HOLDING ENTITY

The Company is wholly-owned by Bank Negara Malaysia (Central Bank of Malaysia).

AUDITORS

The auditors, Messrs. Deloitte Touche Tohmatsu, have indicated their willingness to continue in office.

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



RAJA DATUK ARSHAD RAJA TUN UDA



MUHAMMAD IBRAHIM

Kuala Lumpur,
14th March, 2000

REPORT OF THE AUDITORS TO THE MEMBER OF

DANAMODAL NASIONAL BERHAD

(Incorporated in Malaysia)

We have audited the accompanying balance sheet as of 31st December, 1999, the related profit and loss account and 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 applicable approved accounting standards in Malaysia so as to give a true and fair view of:
 - (i) the state of affairs of the Company as at 31st December, 1999 and of the results and cash flows of the Company 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

(Forward)

Company No. 467166 - K

- (b) the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

DELOITTE TOUCHE TOHMATSU
AF 0834
Public Accountants

AHMAD MUSTAPHA GHAZALI
889/3/2000(J/PH)
Partner

14th March, 2000

DANAMODAL NASIONAL BERHAD

(Incorporated in Malaysia)

BALANCE SHEET

AS AT 31ST DECEMBER, 1999

	Note	1999 RM'000	1998 RM'000
FIXED ASSETS	4	1,894	1,207
INVESTMENT IN UNCONSOLIDATED SUBSIDIARY COMPANY	5	1,600,000	-
UNQUOTED INVESTMENTS	6	4,496,157	4,550,000
CURRENT ASSETS			
Other debtors, deposit and interest receivable	7	84,745	115,801
Short-term deposits	8	4,908,000	6,183,370
Cash in hand and at banks		6,430	2,086
Total Current Assets		<u>4,999,175</u>	<u>6,301,257</u>
CURRENT LIABILITIES			
Other creditors and accrued expenses		<u>3,183</u>	<u>16,712</u>
Total Current Liabilities		<u>3,183</u>	<u>16,712</u>
NET CURRENT ASSETS		<u>4,995,992</u>	<u>6,284,545</u>
		<u>11,094,043</u>	<u>10,835,752</u>
Represented by:			
SHARE CAPITAL	9	3,000,000	3,000,000
(ACCUMULATED LOSS)/RETAINED EARNINGS		<u>(10,865)</u>	<u>1,228</u>
SHAREHOLDER'S FUNDS		2,989,135	3,001,228
REDEEMABLE BONDS 1999/2003	11	<u>8,104,908</u>	<u>7,834,524</u>
		<u>11,094,043</u>	<u>10,835,752</u>

The accompanying Notes form an integral part of the Accounts.

DANAMODAL NASIONAL BERHAD

(Incorporated in Malaysia)

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31ST DECEMBER, 1999

(With comparative figures for the period 10th August, 1998 (date of incorporation) to 31st December, 1998)

	Note	1999 (12 months) RM'000	1998 (5 months) RM'000
TURNOVER	12	<u>361,223</u>	<u>65,219</u>
(Loss)/Profit before taxation		(12,093)	1,228
After charging:			
Audit fee		12	10
Depreciation of fixed assets	4	412	33
Directors' remuneration:			
Fees		69	28
Salary and allowances		341	125
Finance cost on redeemable bonds		636,298	130,014
Rental of office		418	-
Rental of office equipment		<u>6</u>	<u>2</u>
After crediting:			
Interest income on:			
Short-term deposits		248,473	80,137
Marketable fixed income bonds		3,435	-
Accretion of premium of marketable fixed income bonds, net of amortisation of premium		8,448	-
Gain on disposal of money market instruments		<u>1,054</u>	<u>-</u>
TAXATION	13	<u>-</u>	<u>-</u>
NET (LOSS)/PROFIT		(12,093)	1,228
RETAINED EARNINGS BROUGHT FORWARD		<u>1,228</u>	<u>-</u>
(ACCUMULATED LOSS)/RETAINED EARNINGS CARRIED FORWARD		<u>(10,865)</u>	<u>1,228</u>

The accompanying Notes form an integral part of the Accounts.

DANAMODAL NASIONAL BERHAD

(Incorporated in Malaysia)

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31ST DECEMBER, 1999

(With comparative figures for the period 10th August, 1998 (date of incorporation) to 31st December, 1998)

	1999 (12 months) RM'000	1998 (5 months) RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss)/Profit before taxation	(12,093)	1,228
Adjustment for:		
Finance cost on redeemable bonds	636,298	130,014
Depreciation of fixed assets	412	33
Interest income on short-term deposits	<u>(248,473)</u>	<u>(80,137)</u>
Operating Profit Before Working Capital Changes	376,144	51,138
Decrease/(Increase) in other debtors, deposits and interest receivable	46,702	(77,453)
(Decrease)/Increase in other creditors and accrued expenses	<u>(5,428)</u>	<u>16,712</u>
Net Cash From/(Used In) Operations	417,418	(9,603)
Interest income on short-term deposits	<u>232,827</u>	<u>41,789</u>
Net Cash From Operating Activities	<u>650,245</u>	<u>32,186</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investment in an unconsolidated subsidiary company	(1,600,000)	-
Purchase of unquoted investments	(2,660,172)	(4,550,000)
Purchase of fixed assets	(1,099)	(1,240)
Proceeds from unquoted investments	<u>2,340,000</u>	<u>-</u>
Net Cash Used In Investing Activities	<u>(1,921,271)</u>	<u>(4,551,240)</u>

(Forward)

	1999	1998
	(12 months)	(5 months)
Note	RM'000	RM'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of ordinary shares	-	3,000,000
Proceeds from issue of redeemable bonds - net of discount	-	<u>7,704,510</u>
Net Cash From Financing Activities	-	<u>10,704,510</u>
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(1,271,026)	6,185,456
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR/PERIOD ENDED	<u>6,185,456</u>	<u>-</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR/PERIOD ENDED	14 <u><u>4,914,430</u></u>	<u><u>6,185,456</u></u>

The accompanying Notes form an integral part of the Accounts.

DANAMODAL NASIONAL BERHAD

(Incorporated in Malaysia)

NOTES TO THE ACCOUNTS

1. PRINCIPAL ACTIVITIES

The Company was incorporated as a special purpose vehicle by the Government of Malaysia and its principal objectives are as follows:

- To facilitate restoration and revitalisation of the banking system by recapitalising and strengthening the banking institutions; and
- To catalyse improvements in the banking system by influencing bank restructuring and/or consolidation.

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

2. BASIS OF PREPARATION OF THE ACCOUNTS

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

3. SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

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

Fixed Assets and Depreciation

Fixed assets are stated at cost less accumulated depreciation.

Depreciation of fixed assets is computed on the straight-line method at the following annual rates based on the estimated useful lives of the various assets:

Office equipment and furniture and fittings	20%
Computers	20%
Renovation	20%
Motor vehicles	20%

Investments In Unconsolidated Subsidiary Company

Investment in unconsolidated subsidiary company is stated at cost. Provision for diminution in value of investment is made when the directors consider that there is a permanent impairment in the value of investment.

The accounts of the subsidiary company are not consolidated with the accounts of the Company as the control in the subsidiary company is intended to be temporary and the investment is in the process of being disposed of as mentioned in Note 5. In this connection, the Company has obtained a waiver from the Registrar of Companies to consolidate and annex the accounts of the subsidiary company to the accounts of the Company.

Unquoted Investments

Investment in unquoted preference shares of a financial institution and loans stocks are stated at cost. Money market instruments are stated at cost adjusted for amortisation of premium or accretion of discount to maturity date.

Debtors

Provision for doubtful debts is made based on estimates of possible losses that may arise from non-collection of certain debtor accounts. As at the end of the financial year, no provision for doubtful debts is required.

Redeemable Bonds

Redeemable bonds issued by the Company are stated at the net proceeds received on issue. The finance costs represent the difference between the total nominal value of the bonds and the net proceeds, will be written off to the profit and loss account over a period of 60 months commencing October 1998, being the date of the issuance of the bonds.

Difference between the reacquisition price and the net carrying amount of own bonds are amortised over the remaining life of the repurchased bonds and included as part of finance cost of the redeemable bonds.

Taxation

The tax effects of transactions are generally recognised, using the 'liability' method, when such transactions enter into the determination of net income regardless of when they are recognised for tax purposes. As at the end of the financial year, there are no significant timing differences.

Foreign Currency Translations

Transactions in foreign currencies are translated into Ringgit Malaysia at the approximate rates of exchange prevailing at the transaction dates, or where settlement of receivables and liabilities has not yet taken place at the end of the financial year, at the approximate rates of exchange prevailing at that date. All foreign exchange gains or losses are taken up currently in the profit and loss account.

Cash and Cash Equivalents

Cash equivalents are short-term, highly liquid investments with maturities of three months or less from the date of acquisition and are readily convertible to cash with insignificant risk of changes in value.

4. FIXED ASSETS

Fixed assets consist of the following:

	Office equipment & furniture and fittings RM'000	Computers RM'000	Renovation RM'000	Motor Vehicles RM'000	Total RM'000
1999					
COST					
At beginning of year	156	247	456	381	1,240
Additions	<u>175</u>	<u>409</u>	<u>309</u>	<u>206</u>	<u>1,099</u>
At end of year	<u>331</u>	<u>656</u>	<u>765</u>	<u>587</u>	<u>2,339</u>
ACCUMULATED DEPRECIATION					
At beginning of year	9	5	13	6	33
Charge during the year	<u>55</u>	<u>107</u>	<u>144</u>	<u>106</u>	<u>412</u>
At end of year	<u>64</u>	<u>112</u>	<u>157</u>	<u>112</u>	<u>445</u>
NET BOOK VALUE					
As at 31.12.1999	<u>267</u>	<u>544</u>	<u>608</u>	<u>475</u>	<u>1,894</u>
1998					
COST					
At date of incorporation	-	-	-	-	-
Additions	<u>156</u>	<u>247</u>	<u>456</u>	<u>381</u>	<u>1,240</u>
At end of period	<u>156</u>	<u>247</u>	<u>456</u>	<u>381</u>	<u>1,240</u>
ACCUMULATED DEPRECIATION					
At date of incorporation	-	-	-	-	-
Charge during the period	<u>9</u>	<u>5</u>	<u>13</u>	<u>6</u>	<u>33</u>
At end of period	<u>9</u>	<u>5</u>	<u>13</u>	<u>6</u>	<u>33</u>
NET BOOK VALUE					

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As at 31.12.1999	<u>147</u>	<u>242</u>	<u>443</u>	<u>375</u>	<u>1,207</u>
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5. **INVESTMENT IN UNCONSOLIDATED SUBSIDIARY COMPANY**

Investment in unconsolidated subsidiary company consists of the following:

	1999 RM'000	1998 RM'000
Ordinary shares, at cost	362,000	-
Irredeemable non-cumulative preference shares, at cost	<u>1,238,000</u>	<u>-</u>
	<u>1,600,000</u>	<u>-</u>

During the financial year, the Company acquired 77.9% of MBf Finance Berhad (MBf), a financial institution incorporated in Malaysia. The principal activity of the subsidiary company is the carrying on of the business of a licensed finance company.

In line with the merger programme of BNM, the Company entered into a Memorandum of Understanding in August 1999 with another financial institution to dispose of its entire equity interest in the subsidiary company. As at 31st December, 1999, the consideration for the said disposal is in the course of being determined and is highly dependent on the current negotiations by management with the purchaser. The disposal is expected to be completed in the next financial year and as such any resultant gain or loss on the said disposal will be accordingly taken up in the accounts in the next financial year.

As at 31st December, 1999, about 1.4 billion ordinary shares of 50 cents each, representing about 51.6%, held in the subsidiary company are still not registered in the name of the Company.

6. UNQUOTED INVESTMENTS

Unquoted investments consist of the following:

	1999 RM'000	1998 RM'000
Exchangeable Subordinated Capital Loans	2,650,000	4,550,000
8% Preference shares in a financial institution	1,000,000	-
Money market instruments:		
Nominal value	906,000	-
Amortisation of premium less accretion of discounts	(59,843)	-
	<u>846,157</u>	<u>-</u>
Total	<u>4,496,157</u>	<u>4,550,000</u>
At market value - Money market instruments	<u>852,758</u>	<u>-</u>

The exchangeable subordinated capital loans to various financial institutions bear interest at 7.5% per annum and is repayable on the expiry of three months from the date of drawdown and are subject to an extension at the discretion of the Company.

7. OTHER DEBTORS, DEPOSIT AND INTEREST RECEIVABLE

Included in other debtors, deposit and interest receivable is interest receivable amounting to about RM66,629,000 (1998: RM103,567, 000).

8. SHORT-TERM DEPOSITS

Short-term deposits consist of the following:

	1999 RM'000	1998 RM'000
With licensed banks	3,648,000	4,622,070
With financial institutions	1,260,000	1,561,300
	<u>4,908,000</u>	<u>6,183,370</u>

The short-term deposits bear interest at rates ranging from 3.5% to 4.8% (1998: 4% to 7%) per annum.

9. **SHARE CAPITAL**

Share capital is represented by:

	1999 RM	1998 RM
Authorised:		
Ordinary shares of RM1 each	<u>5,000,000,000</u>	<u>5,000,000,000</u>
Issued and fully paid:		
Ordinary shares of RM1 each:		
At beginning of year/date of incorporation	3,000,000,002	2
Issued during the year/period	<u>-</u>	<u>3,000,000,000</u>
Balance at end of year/period	<u>3,000,000,002</u>	<u>3,000,000,002</u>

10. **HOLDING ENTITY**

The Company is wholly-owned by Bank Negara Malaysia (Central Bank of Malaysia).

11. **REDEEMABLE BONDS 1999/2003**

The redeemable bonds 1999/2003 consists of the following:

	1999 RM'000	1998 RM'000
Nominal value of the bonds	11,000,000	11,000,000
Less: Unamortised discount on bonds issued	<u>(2,506,379)</u>	<u>(3,165,476)</u>
	8,493,621	7,834,524
Less : Cost of investment in own bonds	365,915	-
Accretion of discount	22,798	-
	<u>(388,713)</u>	<u>-</u>
Net Liability	<u>8,104,908</u>	<u>7,834,524</u>

The finance costs which represents the difference between the total nominal value of the bonds and the net proceeds, will be written off to the profit and loss account over a period of 60 months commencing October 1998, being the date of the issuance of the bonds.

The redeemable bonds 1999/2003 represents RM11,000,000,000 nominal value redeemable zero coupon bonds 1999/2003 issued to the financial institutions. The tenure of the bonds is 5 years and can be extended by the Company for another period of not less than 1 year and not exceeding 5 years. The bonds shall not be offered, sold, distributed or delivered directly or indirectly in Malaysia other than to those persons whose ordinary business is to buy or sell shares or debentures.

The proceeds of the bonds will be used to revitalise the banking system and it is issued through a direct private placement to certain qualified banking institutions. On maturity date in October 2003, Bank Negara Malaysia (BNM) as the paying agent shall credit the current accounts of these banking institutions with the principal amount represented by the respective nominal value of the bonds outstanding in their respective securities account maintained with BNM.

12. **TURNOVER**

Turnover represents interest receivable and dividends received and receivable on investments in certain financial institutions.

Costs attributable to turnover during the financial year amounted to about RM636,298,000 (RM130,014,000 for the period ended 31st December, 1998).

13. **TAXATION**

The Company has been exempted from taxation on all of its income earned under Section 127(3) (B) of the Income Tax Act, 1967 for a period of 5 years from the years of assessment 1999 to 2003.

14. **CASH AND CASH EQUIVALENTS**

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

	1999 RM'000	1998 RM'000
Cash in hand and at banks	6,430	2,086
Short-term deposits	<u>4,908,000</u>	<u>6,183,370</u>
	<u><u>4,914,430</u></u>	<u><u>6,185,456</u></u>

DANAMODAL NASIONAL BERHAD

(Incorporated in Malaysia)

STATEMENT BY DIRECTORS

The directors of **DANAMODAL NASIONAL BERHAD**, state that, in their opinion, the accompanying balance sheet, profit and loss account and cash flow statement, together with the notes thereto, are drawn up in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia so as to give a true and fair view of the state of affairs of the Company as at 31st December, 1999 and of the results and the cash flows for the year ended on that date.

Signed in accordance with a resolution
of the Directors,

RAJA DATUK ARSHAD RAJA TUN UDA

MUHAMMAD IBRAHIM

Kuala Lumpur,
14th March, 2000

**DECLARATION BY THE OFFICER PRIMARILY RESPONSIBLE FOR
THE FINANCIAL MANAGEMENT OF THE COMPANY**

I, **KHALIDAH ABD KARIM**, the Officer primarily responsible for the financial management of **DANAMODAL NASIONAL BERHAD**, do solemnly and sincerely declare that the accompanying balance sheet, profit and loss account and cash flow statement, together with the notes thereto are, in my opinion, 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 **KHALIDAH ABD KARIM**
at **KUALA LUMPUR** this day of ,
2000.

Before me,

COMMISSIONER FOR OATHS

Company No. 467166 - K

DANAMODAL NASIONAL BERHAD
(Incorporated in Malaysia)

FINANCIAL STATEMENTS

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Company No. 467166 - K

These Audited Statements of Account of the Company with *Qualified/Unqualified Auditor's Report for the year ended were tabled at the Annual General Meeting or Adjourned Annual General Meeting held on

.....
Name:

Director

DANAMODAL NASIONAL BERHAD

(Company No. 467166 - K)

(Incorporated in Malaysia)

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER, 1999
(In Ringgit Malaysia)**

DANAMODAL NASIONAL BERHAD

(Incorporated in Malaysia)

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

	1999 (12 months) RM	1998 (5 months) RM
TURNOVER	361,222,694	65,219,178
FINANCE COST	<u>(636,298,780)</u>	<u>(130,013,850)</u>
GROSS LOSS	(275,076,086)	(64,794,672)
LESS: OPERATING EXPENSES	(4,968,302)	(14,114,211)
ADD: OTHER INCOME(CHARGES)		
Interest income:		
Short-term deposits	248,473,491	80,136,767
Marketable fixed income bonds	3,435,154	-
Accretion of discounts less amortisation of premium on marketable fixed income bonds	8,448,036	-
Gain on disposal of money market instruments	1,053,600	-
Other income	6,540,632	-
	<u>267,950,913</u>	<u>80,136,767</u>
(LOSS)/PROFIT BEFORE TAXATION	(12,093,475)	1,227,884
TAXATION	<u>-</u>	<u>-</u>
NET (LOSS)/PROFIT	(12,093,475)	1,227,884
RETAINED EARNINGS BROUGHT FORWARD	<u>1,227,884</u>	<u>-</u>
(ACCUMULATED LOSS)/RETAINED EARNINGS CARRIED FORWARD	<u>(10,865,591)</u>	<u>1,227,884</u>

This statement has been included for management use only and does not form part of the audited statutory accounts of the Company.

DANAMODAL NASIONAL BERHAD

(Incorporated in Malaysia)

**SCHEDULE OF OPERATING EXPENSES
FOR THE YEAR ENDED 31ST DECEMBER, 1999**

	1999	1998
	RM	RM
Salaries and allowances	1,769,533	614,250
Professional fees	531,859	276,851
EPF contribution	441,635	75,668
Office rental	418,020	-
Depreciation of fixed assets	411,602	32,970
Bonus	226,406	44,374
Consultant fee	170,177	11,400,000
Printing and stationery	147,094	4,881
Advertising	137,563	36,057
Staff training	116,965	5,916
Telephone and fax	97,794	64,072
Periodical and subscription	91,847	862
Directors fees	69,000	28,000
Repair and maintenance	63,501	-
Entertainment	41,308	4,596
Travelling and transport	40,650	-
Corporate & special event	23,312	-
Medical	22,580	-
Road tax and insurance	16,668	12,070
Merits & gratuity	15,270	-
Staffs benefit	15,213	-
Audit fee	12,000	10,000
General insurance	11,998	-
Secretarial fee	10,830	-
Miscellaneous	9,320	88,951
Other rental	9,304	-
Photocopier	8,117	2,394
Club & society	7,950	-
Sundry expenses	6,760	-
Rental of photocopier	6,449	2,475
Donation & gifts	5,785	-
SOCSO contribution	4,928	857
Filing document	2,974	-
Sundry wages	1,850	-
Bank charges	991	155

(Forward)

	1999	1998
	RM	RM
Penalty	599	-
Courier	395	24
Trustee fee	55	6,000
Bonds issue fee	-	25,000
Florist	-	90
Franking machine	-	333
Groceries	-	282
Meeting expenses	-	2,787
Penalty on withholding tax	-	105,567
Water dispenser	-	974
Welfare	-	1,088
Withholding tax	-	1,266,667
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	4,968,302	14,114,211
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This statement has been included for management use only and does not form part of the audited statutory accounts of the Company.

Company No. 467166 - K