

BACKGROUND INFORMATION ON MAYBAN ASSURANCE BERHAD

1. **Company Name** : Mayban Assurance Berhad

2. **History And Business**

MAB was incorporated as a public limited company in Malaysia on 8 June 1977 and is a wholly-owned subsidiary of Maybank. The company has an authorised share capital of RM500,000,000 comprising 500,000,000 ordinary shares of RM1.00 each of which 170,570,000 ordinary shares of RM1.00 have been issued and fully paid-up. MAB is an investment holding company, with its subsidiaries engaged in the underwriting of all classes of general and life insurance businesses.

3. **Share Capital As At 15 March 2001**

	No. Of Ordinary Shares	Par Value RM	RM
Authorised	500,000,000	1.00	500,000,000
Issued and Paid-up	170,570,000	1.00	170,570,000

4. **Changes In The Issued And Paid-Up Share Capital**

Date	No. of Ordinary Shares Allocated	Par Value RM	Consideration	Resultant Total Issued And Paid-Up Capital RM
08.06.1977	2	1.00	Subscriber shares	2
15.07.1977	1,999,998	1.00	Capital injection	2,000,000
15.03.1984	3,000,000	1.00	Bonus Issue (1:2) and Rights Issue (2:3)	5,000,000
18.06.1987	2,500,000	1.00	Bonus Issue (1:2)	7,500,000
21.07.1989	2,500,000	1.00	Bonus Issue (1:3)	10,000,000
07.08.1990	5,000,000	1.00	Bonus Issue (1:2)	15,000,000
13.05.1993	5,000,000	1.00	Bonus Issue (1:3)	20,000,000
22.12.1994	10,000,000	1.00	Bonus Issue (1:2)	30,000,000
15.12.1998	20,000,000	1.00	Bonus Issue (2:3)	50,000,000
15.03.2000	32,000,000	1.00	Rights Issue (16:25)	82,000,000
02.02.2001	88,570,000	1.00	Rights Issue	170,570,000

5. **Substantial Shareholders As At 15 March 2001**

Shareholders	Direct		Indirect	
	No. of Ordinary Shares Held	%	No. of Ordinary Shares Held	%
Maybank	170,570,000	100.00	-	-

6. **Particulars Of Board Of Directors As At 15 March 2001**

Name Of Directors	Nationality	Direct		Indirect	
		No. Of Shares	%	No. Of Shares	%
Tan Sri' Mohamed Basir bin Ahmad	Malaysian	-	-	-	-
Kassim Zakaria	Malaysian	-	-	-	-
Dato' Richard Ho Ung Hun	Malaysian	-	-	-	-
Dato' Ismail Shahudin	Malaysian	-	-	-	-

7. Subsidiary And Associated Companies As At 15 March 2001

Company	Date and Place of Incorporation	Effective Equity Interest %	Issued and Paid Up Share Capital RM	Principal Activity
MLA	02.03.1992 Malaysia	88.57	100,000,000	Life insurer
MGAB	05.07.1961 Malaysia	94.83	178,171,233	Underwriting of all classes of general insurance business
Mayban Life International (Labuan) Ltd.	27.02.1998 Labuan Federal Territory	62.00	3,500,000	Life insurance business

8. Financial Data

A summary of the audited profit and loss accounts of MAB for the past five (5) financial years ended 30 June 1996 to 2000 and the unaudited 6 months ended 31 December 2000 are as follows:

	-----Year ended 30 June----->					(Unaudited) 6 months ended
	1996 RM'000	1997 RM'000	1998 RM'000	1999 RM'000	2000 RM'000	31.12.2000 RM'000
Surplus transferred from revenue account	38,664	41,945	33,174	40,241	31,604	(3,281)
Profit before taxation and MI	42,910	46,830	36,202	48,170	35,573	3,980
Taxation	(14,200)	(19,000)	(10,640)	(198)	(11,740)	(7,340)
Profit/(loss) after taxation and MI	28,710	27,830	25,562	47,972	24,366	(3,304)
Gross earnings per share (sen)	143.03	156.10	120.67	96.34	43.38	4.85
NTA	115,788	140,994	163,856	208,048	289,697	286,274
NTA per share (RM)	3.86	4.70	5.46	4.16	3.53	3.49
Paid-up capital	30,000	30,000	30,000	50,000	82,000	82,000
Shareholders' funds	115,788	140,994	163,856	208,048	289,697	286,274
Dividend rate (%)	12.5	12.5	12.5	10.5	32.0	0.0

Notes:

- (1) *There are no exceptional or extraordinary items for the past five (5) financial years ended 30 June 1996 to 2000 and the unaudited 6 months ended 31 December 2000.*
- (2) *The decrease in profit before tax in 1998 is due to a decrease in underwriting profit which resulted from higher claims incurred ratio of 43.8% as compared to 34.7% for 1997 and provisions for diminution in value of quoted investments.*
- (3) *The increase in profit before tax in 1999 is due to higher investment income and write back of provisions for diminution in value of quoted investments.*
- (4) *The decrease in profit before tax in 2000 is due to a decrease in underwriting profit which resulted from higher claims incurred ratio of 55.9% as compared to 44.1% for 1999.*

9. Audited Accounts

Extracts of the annual report of MAB for the financial year ended 30 June 2000 together with the notes to the accounts and auditors' report are enclosed in the following pages:

Balance Sheets as at 30 June 2000

	Note	Group 2000 RM	Company 2000 RM	1999 RM
Assets				
Fixed assets	3	86,677,827	84,079,080	56,642,145
Subsidiary company	4	–	113,127,174	–
Investments	5	516,220,481	280,724,918	241,412,303
Loans	6	10,000,000	10,000,000	15,000,000
Other assets	7	114,081,964	78,052,550	81,426,618
Total Assets		726,980,272	565,983,722	394,481,066
Liabilities				
Deferred taxation	8	1,078,049	924,000	924,000
Other liabilities	9	311,744,135	175,632,037	121,994,729
		312,822,184	176,556,037	122,918,729
Provision For Insurance Liabilities				
Reserves for unexpired risks	10	103,615,922	73,768,996	63,514,831
Shareholders' Funds				
Share capital	11	82,000,000	82,000,000	50,000,000
Share premium	12	72,960,000	72,960,000	–
Reserves	13	134,736,650	160,698,689	158,047,506
		289,696,650	315,658,689	208,047,506
Minority Interest		20,845,516	–	–
Total Liabilities And Shareholders' Funds		726,980,272	565,983,722	394,481,066

The notes on pages 82 to 102 form part of these accounts.

Profit And Loss Accounts for the year ended 30 June 2000

	Note	Group 2000 RM	Company 2000 RM	1999 RM
Surplus transferred from revenue account		31,604,037	34,345,604	40,241,401
Investment income	16	3,748,675	3,666,266	5,397,795
Other income/(expenditure) (net)	18	220,670	200,768	2,530,898
Profit before taxation		35,573,382	38,212,638	48,170,094
Taxation	19	(11,740,044)	(11,621,455)	(198,435)
Profit after taxation		23,833,338	26,591,183	47,971,659
Minority interest		533,050	-	-
Profit after taxation and minority interest		24,366,388	26,591,183	47,971,659
Retained profits brought forward		158,047,506	158,047,506	133,855,847
		182,413,894	184,638,689	181,827,506
Goodwill on consolidation written off		(23,120,919)	-	-
Amount capitalised for bonus issue	11	-	-	(20,000,000)
Dividends	20	(23,940,000)	(23,940,000)	(3,780,000)
Retained profits carried forward		135,352,975	160,698,689	158,047,506
Earnings per ordinary share	21	41 sen	45 sen	96 sen
Dividends per ordinary share (net)				
- interim dividend paid		3.6 sen	3.6 sen	2.2 sen
- proposed final dividend		27.0 sen	27.0 sen	5.4 sen
		30.6 sen	30.6 sen	7.6 sen

The notes on pages 82 to 102 form part of these accounts.

General Insurance Revenue Account

Group - for the year ended 30 June 2000

	Note	Fire RM	Motor RM	Marine RM	Miscellaneous Accidents RM	Total RM
Gross premium		102,131,698	78,346,717	22,869,738	96,191,247	299,539,400
Reinsurance		(45,562,748)	(6,235,172)	(19,266,284)	(49,388,064)	(120,452,268)
Net premium		56,568,950	72,111,545	3,603,454	46,803,183	179,087,132
Increase in reserve for unexpired risks	10	(2,690,540)	(6,052,438)	(289,748)	(2,025,390)	(11,058,116)
Earned premium		53,878,410	66,059,107	3,313,706	44,777,793	168,029,016
Net claims incurred	14	(1,634,585)	(52,338,477)	(4,001,525)	(35,752,060)	(93,726,647)
Net commission		(3,524,907)	(6,681,334)	507,272	(3,130,652)	(12,829,621)
		(5,159,492)	(59,019,811)	(3,494,253)	(38,882,712)	(106,556,268)
Underwriting surplus/(deficit) before management expenses		48,718,918	7,039,296	(180,547)	5,895,081	61,472,748
Management expenses	15					(40,685,258)
Underwriting surplus for the year						20,787,490
Investment income	16					13,282,507
Bad and doubtful debts	17					(866,322)
Other expenditure (net)	18					(1,599,638)
Transfer to Profit and Loss Account						31,604,037

The notes on pages 82 to 102 form part of these accounts.

General Insurance Revenue Account

Company - for the year ended 30 June 2000

	Note	Fire RM	Motor RM	Marine RM	Company Accidents RM	2000 RM	Total 1999 RM
Gross premium		90,776,454	70,777,310	14,027,217	87,312,442	262,893,423	219,436,628
Reinsurance		(36,531,540)	(5,191,374)	(11,565,344)	(46,630,323)	(99,918,581)	(81,899,785)
Net premium		54,244,914	65,585,936	2,461,873	40,682,119	162,974,842	137,536,843
Increase in reserves for unexpired risks	10	(1,350,546)	(5,921,071)	(345,531)	(2,637,017)	(10,254,165)	(2,649,736)
Earned premium		52,894,368	59,664,865	2,116,342	38,045,102	152,720,677	134,887,107
Net claims incurred	14	(836,657)	(52,801,297)	(1,274,237)	(28,196,209)	(83,108,400)	(59,505,606)
Net commission		(3,883,088)	(5,916,708)	392,936	(2,077,255)	(11,484,115)	(14,786,885)
		(4,719,745)	(58,718,005)	(881,301)	(30,273,464)	(94,592,515)	(74,292,491)
Underwriting surplus before management expenses		48,174,623	946,860	1,235,041	7,771,638	58,128,162	60,594,616
Management expenses	15					(32,541,603)	(29,130,004)
Underwriting surplus for the year						25,586,559	31,464,612
Investment income	16					10,093,432	12,712,423
Bad and doubtful debts	17					(1,243,238)	(1,618,324)
Other expenditure (net)	18					(91,149)	(2,317,310)
Transfer to Profit and Loss Account						34,345,604	40,241,401

The notes on pages 82 to 102 form part of these accounts.

Statement Of Changes In Equity

for the year ended 30 June 2000

	Share Capital RM	Share Premium RM	Currency Translation Reserve RM	Retained Profits RM	Total RM
Group					
Balance at 1 July 1999	50,000,000	-	-	158,047,506	208,047,506
Net profit for the year	-	-	-	24,366,388	24,366,388
Currency translation differences	-	-	(616,325)	-	(616,325)
Rights issue of shares	32,000,000	72,960,000	-	-	104,960,000
Interim dividend paid	-	-	-	(1,800,000)	(1,800,000)
Proposed final dividend	-	-	-	(22,140,000)	(22,140,000)
Goodwill on consolidation written off	-	-	-	(23,120,919)	(23,120,919)
Balance at 30 June 2000	82,000,000	72,960,000	(616,325)	135,352,975	289,696,650
Company					
Balance at 1 July 1998	30,000,000	-	-	133,855,847	163,855,847
Net profit for the year	-	-	-	47,971,659	47,971,659
Bonus issue of shares	20,000,000	-	-	(20,000,000)	-
Interim dividend paid	-	-	-	(1,080,000)	(1,080,000)
Proposed final dividend	-	-	-	(2,700,000)	(2,700,000)
Balance at 30 June 1999	50,000,000	-	-	158,047,506	208,047,506
Net profit for the year	-	-	-	26,591,183	26,591,183
Rights issue of shares	32,000,000	72,960,000	-	-	104,960,000
Interim dividend paid	-	-	-	(1,800,000)	(1,800,000)
Proposed final dividend	-	-	-	(22,140,000)	(22,140,000)
Balance at 30 June 2000	82,000,000	72,960,000	-	160,698,689	315,658,689

The notes on pages 82 to 102 form part of these accounts.

Cash Flow Statements

for the year ended 30 June 2000

	Group 2000 RM	Company 2000 RM	1999 RM
Cash Flows From Operating Activities			
Profits before taxation	35,573,382	38,212,638	48,170,094
Adjustments for:			
Interest and dividend income	(17,160,005)	(13,870,004)	(18,172,082)
Interest expense	148,060	12,047	15,536
Net investment gain realised	(3,032,490)	(3,032,490)	(878,068)
Provision for diminution in value of investments made/(written back)	3,476,245	2,154,815	(1,972,113)
Accretion of discounts (net)	(1,454,153)	(1,520,507)	(1,059,555)
Depreciation of fixed assets	4,085,592	2,527,439	2,501,095
(Profit)/loss on sale of fixed assets	(152,425)	(34,304)	20,470
Fixed assets written off	443,120	1,280	-
Increase in reserves for unexpired risks	11,058,116	10,254,165	2,649,736
Purchase of investments	(84,619,140)	(81,718,998)	(26,452,769)
Proceeds from realisation of investments	56,606,886	56,606,886	44,173,488
Exchange difference	(793,272)	-	-
	4,179,916	9,592,967	48,995,832
Change In Other Assets And Liabilities			
Decrease in loans	5,000,000	5,000,000	10,000,000
Increase in amounts due from insureds, agents and brokers	(8,882,188)	(6,860,708)	(5,869,725)
Decrease in amounts due from reinsurers	16,421,651	8,173,188	4,992,896
Increase/(decrease) in amounts due to insureds, agents and brokers	7,185,572	(1,551,404)	2,025,538
Increase in amounts due to reinsurers	869,537	404,418	7,036,007
Decrease/(increase) in other debtors, deposits and prepayments	3,140,325	(619,056)	(24,289,827)
Decrease in other creditors and accrued liabilities	(3,545,310)	(1,582,060)	(1,102,336)
Increase in outstanding claims	36,333,468	34,513,880	7,939,807
Increase in fixed deposits	(11,942,122)	(11,802,321)	(23,106,138)
Cash generated from operations	48,760,849	35,268,904	26,622,054
Interest paid	(148,060)	(12,047)	(15,536)
Interest and dividends received	16,456,806	16,174,451	18,119,400
Income taxes paid	(13,485,926)	(9,208,981)	(15,106,402)
Net cash from operating activities	51,583,669	42,222,327	29,619,516
Cash Flows From Investing Activities			
Purchase of fixed assets	(30,537,128)	(30,258,325)	(24,570,198)
Purchase of investment in a subsidiary company	(112,740,469)	(113,127,174)	-
Purchase of investment property	-	-	(11,783)
Proceeds from sale of fixed assets	523,768	326,975	102,890
Net cash used in investing activities	(142,753,829)	(143,058,524)	(24,479,091)
Cash Flows From Financing Activities			
Proceeds from issuance of share capital	104,960,000	104,960,000	-
Dividend paid	(4,500,000)	(4,500,000)	(2,700,000)
Net cash from/(used in) financing activities	100,460,000	100,460,000	(2,700,000)

Cash Flow Statement *(cont'd)*

for the year ended 30 June 2000

	Group 2000 RM	Company 2000 RM	1999 RM
Net Increase/(Decrease) In Cash And			
Bank Balances	9,289,840	(376,197)	2,440,425
Cash And Bank Balances At Beginning Of Year	12,768,282	12,768,282	10,327,857
Cash And Bank Balances At End Of Year (Note 7)	22,058,122	12,392,085	12,768,282
Segment Information			
Cash flows from/(used in):			
Shareholders' Fund			
Operating activities	46,566,773	46,566,773	2,784,272
Investing activities	(146,615,719)	(147,002,404)	3,691
Financing Activities	100,460,000	100,460,000	(2,700,000)
	411,054	24,369	87,963
General Insurance Fund			
Operating activities	5,016,896	(4,344,446)	26,835,244
Investing activities	3,861,890	3,943,880	(24,482,782)
	8,878,786	(400,566)	2,352,462
Total			
Operating activities	51,583,669	42,222,327	29,619,516
Investing activities	(142,753,829)	(143,058,524)	(24,479,091)
Financing Activities	100,460,000	100,460,000	(2,700,000)
	9,289,840	(376,197)	2,440,425

SUMMARY OF EFFECTS OF ACQUISITION OF A SUBSIDIARY COMPANY

Assets/(liabilities) acquired:-

Fixed assets	4,426,123
Investments	110,949,145
Other assets	156,623,059
Deferred taxation	(495,277)
Other liabilities	(130,878,307)
Reserve for unexpired risks	(29,239,922)
Minority interest	(21,378,566)
Net assets acquired	90,006,255
Goodwill on acquisition of subsidiary company	23,120,919
Total purchase consideration satisfied by cash	113,127,174
Less: Cash and bank balances of subsidiary company acquired	(386,705)
Net cash outflow on acquisition	112,740,469

The notes on pages 82 to 102 form part of these accounts.

Notes To The Accounts – 30 June 2000

1. BASIS OF PREPARATION OF THE ACCOUNTS

The accounts comply with the applicable approved Malaysian Accounting Standards and the provisions of the Companies Act, 1965, the Insurance Act, 1996 and the guidelines issued by Bank Negara Malaysia. General business assets and liabilities relate to both general insurance fund and shareholders' fund.

2. SIGNIFICANT ACCOUNTING POLICIES

a. Accounting Convention

The accounts have been prepared under the historical cost convention.

b. Basis of Consolidation

The Group profit and loss account and balance sheet include the accounts of the Company and its subsidiary company, as listed in Note 4, made up to 30 June 2000.

The results of subsidiary companies acquired or disposed during the financial year are included in the Group profit and loss account from the date of their acquisition or up to the date of their disposal.

Goodwill on consolidation, representing the excess of the purchase price over the fair value of net assets of subsidiary companies at the date of acquisition, is written off against the Group's general reserves.

All significant intercompany transactions and balances have been eliminated on consolidation.

c. Investment in Subsidiary Companies

A subsidiary company is a company in which the Group controls the composition of its board of directors or more than half of its voting power, or holds more than half of its issued ordinary share capital.

Investment in subsidiary companies are stated at cost and are written down when the directors consider that there is a permanent diminution in the value of such investments.

d. Fixed Assets and Depreciation

Fixed assets are stated at cost less accumulated depreciation. Freehold land is not amortised. Leasehold land is amortised over the remaining period of the respective leases. Buildings on leasehold land are amortised over the shorter of 50 years or the remaining period of the respective leases.

Depreciation is calculated so as to write off the cost of other assets on a straight line basis over their expected useful lives. The principal annual rates used for this purpose are as follows:-

Buildings on freehold land	2%
Furniture, fittings, equipment and renovations	20%
Data processing equipment	20% – 25%
Electrical and security equipment	10%
Motor vehicles	25%

Notes To The Accounts – 30 June 2000

(cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

e. Leased Assets

Assets acquired under finance lease are capitalised in the accounts and depreciated in accordance with the depreciation policy set out in Note 2(d) above. The corresponding outstanding lease obligations after deducting interest not due are treated as liabilities. Lease interest is charged to the revenue accounts over the lease period.

f. Investments

Investment properties are stated at cost, less provision for any permanent diminution in value.

Government securities, Cagamas papers, bonds, notes and loan stocks which are intended to be held to maturity are stated at cost, adjusted for amortisation of premiums or accretion of discounts, calculated from the date of purchase to maturity date.

Quoted corporate securities and unit trusts are stated at the lower of cost and market value calculated on an aggregate basis by category of investment except that specific provision is made for any investment which is deemed to have suffered permanent diminution in value.

Unquoted investments are stated at cost and provision is made for any permanent diminution in value. Unquoted unit trusts are stated at the lower of cost and managers' price.

g. Provision for Bad and Doubtful Debts

Known bad debts are written off and specific provisions are made for premiums considered doubtful of collection. In addition, a general provision is made for any premiums which remain outstanding for more than six months from the date on which they become payable.

h. Investment Income

Interest income is recognised on the accrual basis except for interest on loans which are considered non-performing i.e. where repayments are in arrears for more than 3 months, in which case, recognition of such interest is suspended. Subsequent to suspension, interest is recognised on the receipt basis until all arrears have been paid.

Dividend income is recognised in the accounts on the receipt basis.

Rental income is recognised on the accrual basis except where default in payment of rent has already occurred and rent due remains outstanding for more than 6 months, in which case recognition of rental income is suspended. Subsequent to suspension, rental income is recognised on the receipt basis until all arrears have been paid.

i. General Insurance Underwriting Results

The general insurance underwriting results are determined for each class of business, after taking into account, inter alia, reserves for unexpired risks, outstanding claims and additional reserves.

Premium Income

Premium income is recognised on the date of assumption of risk and for treaty inwards business on the date of the receipt of the account.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

i. General Insurance Underwriting Results (Cont'd)

Reserves for Unexpired Risks

Reserves for unexpired risks (RUR) represent the portion of premium income not yet earned at balance sheet date. RUR is computed on the 25% method for marine and aviation cargo and transit business; 1/24th method for all other classes of general business, reduced by the percentage of accounted gross direct business commission to the corresponding premium; and 1/8th method for all classes of overseas inward treaty business.

Inward Treaty Business

Transactions on inward reinsurance treaties are accounted for when notified or upon receipt of the statement of accounts.

Provision For Outstanding Claims

Full provision is made for the estimated costs of all claims incurred together with related expenses less reinsurance recoveries in respect of claims notified but not settled at balance sheet date. In addition, full provision is also made for the probable cost of claims together with related expenses incurred but not reported (IBNR) at balance sheet date using a statistical method based on past claims experience.

j. Currency Translation

Transactions in foreign currencies are translated into Ringgit Malaysia at rates of exchange ruling on transaction dates. Foreign currency monetary assets and liabilities of the Company outstanding at balance sheet date are translated into Ringgit Malaysia at rates of exchange ruling on the balance sheet date. All such exchange differences are taken up in the profit and loss account.

Foreign currency assets and liabilities of overseas branches of subsidiary company are translated into Ringgit Malaysia at rates of exchange ruling at balance sheet date and the results for the financial year are translated at the average rates. Exchange differences arising from the translation of the results at average rates and assets and liabilities at rates ruling on the balance sheet date, and the restatement of the opening net investments in overseas branches at rates of exchange ruling on balance sheet date are dealt with through the currency translation reserve.

k. Deferred Taxation

Deferred taxation is accounted for under the liability method for all material timing differences arising from the inclusion of income and expenditure in the profit and loss account in periods different from those in which they are included in the taxation computations, except where such timing differences are expected to continue in the foreseeable future. Further income tax benefits in respect of timing differences that result in a net debit are not recognised.

l. Cash and Cash Equivalents

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

Notes To The Accounts

– 30 June 2000
(cont'd)

3. FIXED ASSETS

	Properties RM	Furniture, Fittings, Equipment & Renovations RM	Data Processing Equipment RM	Electrical & Security Equipment RM	Motor Vehicles RM	Renovations & Building-in- Progress RM	Total RM
Group							
Cost:							
Balance at							
1 July 1999	11,330,444	5,987,111	8,744,407	1,172,445	1,417,364	40,361,220	69,012,991
Acquisition of							
subsidiary							
company	2,939,171	3,482,600	4,857,207	–	1,423,265	–	12,702,243
Currency							
difference	(36,180)	(16,536)	(22,347)	–	(5,237)	–	(80,300)
Additions	–	325,588	995,186	5,000	562,802	28,648,552	30,537,128
Disposals/ write-offs	–	(834,131)	(1,242,010)	–	(446,758)	(47,165)	(2,570,064)
Balance at							
30 June 2000	14,233,435	8,944,632	13,332,443	1,177,445	2,951,436	68,962,607	109,601,998
Accumulated							
Depreciation:							
Balance at							
1 July 1999	970,418	4,515,961	4,831,878	978,978	1,073,611	–	12,370,846
Acquisition of							
subsidiary							
company	1,330,469	2,167,345	3,400,269	–	1,378,037	–	8,276,120
Currency							
difference	(16,643)	(10,486)	(20,417)	–	(5,240)	–	(52,786)
Charge for							
the year	136,848	1,394,957	2,258,646	27,287	267,854	–	4,085,592
Eliminated on							
disposal/ write-off	–	(298,829)	(1,014,154)	–	(442,618)	–	(1,755,601)
Balance at							
30 June 2000	2,421,092	7,768,948	9,456,222	1,006,265	2,271,644	–	22,924,171
Net Book Value at							
30 June 2000	11,812,343	1,175,684	3,876,221	171,180	679,792	68,962,607	86,677,827

Included in office equipment of the Group are leased assets with net book values amounting to RM426,000 as at 30 June 2000 (1999: RM1,131,000)

3. FIXED ASSETS (CONT'D)

	Properties RM	Furniture, Fittings, Equipment & Renovations RM	Data Processing Equipment RM	Electrical & Security Equipment RM	Motor Vehicles RM	Renovations & Building-in- Progress RM	Total RM
Company							
Cost:							
Balance at							
1 July 1999	11,330,444	5,987,111	8,744,407	1,172,445	1,417,364	40,361,220	69,012,991
Additions	–	319,951	943,696	5,000	388,291	28,601,387	30,258,325
Disposals/ write-offs	–	(217,071)	(856,320)	–	(68,908)	–	(1,142,299)
Balance at							
30 June 2000	11,330,444	6,089,991	8,831,783	1,177,445	1,736,747	68,962,607	98,129,017
Accumulated Depreciation:							
Balance at							
1 July 1999	970,418	4,515,961	4,831,878	978,978	1,073,611	–	12,370,846
Charge for the year	118,776	556,798	1,598,863	27,287	225,715	–	2,527,439
Eliminated on disposal/ write-off	–	(25,728)	(755,332)	–	(67,288)	–	(848,348)
Balance at							
30 June 2000	1,089,194	5,047,031	5,675,409	1,006,265	1,232,038	–	14,049,937
Net Book Value at							
30 June 2000	10,241,250	1,042,960	3,156,374	171,180	504,709	68,962,607	84,079,080
Net Book Value at							
30 June 1999	10,360,026	1,471,150	3,912,529	193,467	343,753	40,361,220	56,642,145
Depreciation charge for 1999	118,777	600,264	1,473,351	26,960	281,743	–	2,501,095

Notes To The Accounts – 30 June 2000

(cont'd)

3. FIXED ASSETS (CONT'D)

Properties consist of:-

	Freehold Land RM	Buildings on Freehold Land RM	Leasehold Land 50 years Or More RM	Buildings on Leasehold Land 50 years Or More RM	Leasehold Office Buildings Less Than 50 Years RM	Total RM
Group						
Cost:						
Balance at 1 July 1999	5,391,605	4,236,201	899,867	802,771	-	11,330,444
Acquisition of subsidiary company	120,000	65,567	-	-	2,753,604	2,939,171
Currency difference	-	-	-	-	(36,180)	(36,180)
Balance at 30 June 2000	5,511,605	4,301,768	899,867	802,771	2,717,424	14,233,435
Accumulated Depreciation:						
Balance at 1 July 1999	-	896,422	27,736	46,260	-	970,418
Acquisition of subsidiary company	-	27,096	-	-	1,303,373	1,330,469
Currency difference	-	-	-	-	(16,643)	(16,643)
Charge for the year	-	85,163	17,997	16,055	17,633	136,848
Balance at 30 June 2000	-	1,008,681	45,733	62,315	1,304,363	2,421,092
Net Book Value at 30 June 2000	5,511,605	3,293,087	854,134	740,456	1,413,061	11,812,343

	Freehold Land RM	Buildings on Freehold Land RM	Leasehold Land 50 years Or More RM	Buildings on Leasehold Land 50 years Or More RM	Total RM
Company					
Cost:					
Balance at 1 July 1999 and 30 June 2000	5,391,605	4,236,201	899,867	802,771	11,330,444
Accumulated Depreciation:					
Balance at 1 July 1999	-	896,422	27,736	46,260	970,418
Charge for the year	-	84,724	17,997	16,055	118,776
Balance at 30 June 2000	-	981,146	45,733	62,315	1,089,194
Net Book Value at 30 June 2000	5,391,605	3,255,055	854,134	740,456	10,241,250
Net Book Value at 30 June 1999	5,391,605	3,339,779	872,131	756,511	10,360,026
Depreciation charge for 1999	-	84,724	17,997	16,056	118,777

4. SUBSIDIARY COMPANY

	Company	
	2000 RM	1999 RM
Unquoted shares, at cost	113,127,174	-
Net tangible assets	87,283,406	-

Details of the subsidiary company are as follows:-

Name	Place of Incorporation	Equity Holding	Principal Activities
* UMBC Insurans Berhad	Malaysia	80.81%	General insurance business

* Not audited by Salleh, Leong, Azlan & Co.

5. INVESTMENTS

	Group 2000 RM	Company	
		2000 RM	1999 RM
Investment properties:			
Freehold land and buildings	438,083	438,083	438,083
Leasehold land and buildings	1,186,619	-	-
Malaysian Government securities	95,047,758	32,359,329	28,233,829
Singapore Government securities	240,537	-	-
Amortisation of premium	(1,569,536)	(234,156)	(412,757)
	93,718,759	32,125,173	27,821,072
Malaysian Government guaranteed bonds	1,540,000	1,540,000	2,030,000
Cagamas bonds	19,122,991	9,121,487	25,545,197
Amortisation of premium	(6,826)	(5,826)	(3,565)
	19,116,165	9,115,661	25,541,632
KLIA bonds	10,144,500	10,144,500	10,144,500
Amortisation of premium	(102,182)	(102,182)	(73,283)
	10,042,318	10,042,318	10,071,217
	124,417,242	52,823,152	65,463,921
Quoted:			
Shares and warrants quoted in Malaysia:			
at cost	50,396,525	22,950,555	8,737,773
Shares quoted outside Malaysia:			
at cost	3,672,335	-	-
Provision for diminution in value	(11,239,780)	(819,678)	(312,910)
	42,829,080	22,130,877	8,424,863

Notes To The Accounts

– 30 June 2000
(cont'd)

5. INVESTMENTS (CONT'D)

	Group	Company	
	2000 RM	2000 RM	1999 RM
Unit trust			
quoted in Malaysia	100,000	100,000	100,000
quoted outside Malaysia	1,072,840	–	–
Provision for diminution in value	(34,000)	(34,000)	(21,500)
	1,138,840	66,000	78,500
Bonds/loan stocks			
quoted in Malaysia	3,643,555	3,583,555	3,583,555
quoted outside Malaysia	5,388,282	–	–
Accretion of discounts	61,307	–	–
Provision for diminution in value	(23,960)	–	–
	9,069,184	3,583,555	3,583,555
Total quoted securities	53,037,104	25,780,432	12,086,918
Unquoted:			
Shares	927,371	270,150	270,150
Provision for diminution in value	(285,309)	–	–
	642,062	270,150	270,150
Unit trust	7,816,343	7,816,343	7,816,343
Provision for diminution in value	(2,901,720)	(2,901,720)	(2,624,204)
	4,914,623	4,914,623	5,192,139
Bonds/loan stocks of corporations			
incorporated in Malaysia	74,964,037	73,323,037	46,880,504
incorporated outside Malaysia	10,137,525	–	–
Accretion of discounts	5,591,131	5,317,446	5,024,914
	90,692,693	78,640,483	51,905,418
Total unquoted securities	96,249,378	83,825,256	57,367,707
Fixed deposits with:			
Licensed banks	97,517,494	39,372,454	22,588,511
Licensed finance companies	97,215,120	67,826,100	76,282,558
Other corporations	48,311,726	10,659,441	7,184,605
	243,044,340	117,857,995	106,055,674
Provision for diminution in value	(2,152,285)	–	–
	240,892,055	117,857,995	106,055,674
Total investments	516,220,481	280,724,918	241,412,303

5. INVESTMENTS (CONT'D)

	Group 2000 RM	Company 2000 RM	1999 RM
Market value of quoted investments:-			
Malaysian Government securities	97,536,722	33,324,249	28,638,335
Singapore Government securities	235,805	-	-
Cagamas bonds	19,196,278	9,195,774	26,411,562
Shares and warrants quoted in Malaysia	67,049,679	26,619,626	12,258,934
Shares quoted outside Malaysia	2,545,047	-	-
Unit trust quoted in Malaysia	66,000	66,000	78,500
Unit trust quoted outside Malaysia	1,101,808	-	-
Bonds/loan stocks quoted in Malaysia	4,536,000	4,500,000	4,250,000
Bonds/loan stocks quoted outside Malaysia	5,501,790	-	-
	197,769,129	73,705,649	71,637,331
Included in fixed deposits above are amounts placed with:-			
Holding company	39,233,257	39,233,257	18,311,264
Related companies	69,226,100	69,226,100	75,985,811

The holding company holds a lien on deposits amounting to RM3,266,000 (1999: RM3,060,000) as security against bank guarantees issued on behalf of the Company and the overdraft facility of the Company.

Included in shares and warrants quoted in Malaysia of the Group are shares held by an overseas branch of the subsidiary company. These shares which are stated at the lower of cost and market value amounting to RM3,255,000 are subject to foreign exchange and capital control measures in Malaysia. With effect from 21 September 1999, the profits on disposal of these shares will be subject to a flat 10% exit levy on repatriation to the overseas branch.

Included in the above shares are certain shares formerly traded over CLOB ("Credit Limit Order Booking") counters stated at the lower of cost and market value amounting to RM1,007,000. The market value of these shares totalling RM1,007,000 as at 30 June 2000 is determined on the basis of the closing share prices of the respective counters on the Kuala Lumpur Stock Exchange as at that date.

A bank covenant amounting to S\$500,000 equivalent to RM1,100,000 (1999: S\$500,000 equivalent to RM1,117,000) was lodged with the Monetary Authority of Singapore in lieu of the statutory deposit required by the Singapore Insurance Act in respect of the Singapore branch of the subsidiary company.

The provision for fixed and call deposits at the balance sheet date is in respect of a deposit of S\$978,000 equivalent to RM2,152,000 (1999: RM2,185,000) placed by the Singapore branch of the subsidiary company with an overseas corporation. The deposit has been fully provided for as at the balance sheet date as recoverability is doubtful.

Notes To The Accounts – 30 June 2000

(cont'd)

6. LOANS

	Group 2000 RM	Company 2000 RM	1999 RM
Bank guaranteed corporate loans	10,000,000	10,000,000	15,000,000
Other unsecured loans	273,000	–	–
	10,273,000	10,000,000	15,000,000
Provision for doubtful debts	(273,000)	–	–
	10,000,000	10,000,000	15,000,000
Receivable within 12 months	10,000,000	10,000,000	–
Receivable after 12 months	–	–	15,000,000
	10,000,000	10,000,000	15,000,000

7. OTHER ASSETS

	Group 2000 RM	Company 2000 RM	1999 RM
Outstanding premium including agents/brokers balances	63,625,182	34,657,182	28,966,020
Provision for doubtful debts	(21,015,784)	(7,920,784)	(9,090,330)
	42,609,398	26,736,398	19,875,690
Amount due from reinsurers/ceding companies and co-insurers	14,097,712	4,356,713	10,117,117
Provision for doubtful debts	(10,069,059)	(3,908,059)	(1,495,275)
	4,028,653	448,654	8,621,842
Other debtors, deposits and prepayments	39,329,127	35,376,860	34,807,339
Income due and accrued	6,056,664	3,098,553	5,353,465
Cash and bank balances	22,058,122	12,392,085	12,768,282
	67,443,913	50,867,498	52,929,086
	114,081,964	78,052,550	81,426,618
Included in cash and bank balances above are amounts placed with:-			
Holding company	12,359,134	12,359,134	5,239,556
Related companies	13,701	13,701	6,972
Included in premium debtors are balances due from:-			
Holding company	11,118,405	11,118,405	3,722,966
Related companies	1,865,195	1,865,195	1,347,993
Subsidiary company	–	151,307	–

Included in other debtors, deposits and prepayments in the prior year is the deposit for the proposed acquisition of UMBC Insurans Berhad amounting to RM10,150,000 (refer to Note 28).

8. DEFERRED TAXATION

	Group	Company	
	2000 RM	2000 RM	1999 RM
At July 1	924,000	924,000	-
Acquisition of subsidiary company	495,277	-	-
Transfer (to)/from Profit and Loss Account	(333,714)	-	924,000
Currency difference	(7,514)	-	-
At 30 June	1,078,049	924,000	924,000
This represents the tax effect of timing differences between depreciation and the corresponding capital allowances on fixed assets			
	3,850,000	3,300,000	3,300,000

9. OTHER LIABILITIES

	Group	Company	
	2000 RM	2000 RM	1999 RM
Provision for outstanding claims	585,757,437	310,635,831	91,112,673
Less: Recoverable from reinsurers thereon	(383,213,588)	(211,400,193)	(26,390,915)
Net outstanding claims	202,543,849	99,235,638	64,721,758
Amount due to reinsurers/ceding companies and co-insurers	51,536,555	23,555,614	23,151,196
Amount due to agents/brokers and insureds	6,692,354	4,271,413	5,822,817
Other creditors and accrued liabilities	20,386,214	16,422,558	18,004,618
Finance lease creditor	775,433	-	-
Retirement benefits	202,517	-	-
Provision for taxation	7,467,213	10,006,814	7,594,340
Proposed dividends	22,140,000	22,140,000	2,700,000
	311,744,135	175,632,037	121,994,729
Finance lease creditor comprises:-			
Finance lease creditor	847,260	-	-
Interest not due	(71,827)	-	-
	775,433	-	-
Repayable within 12 months	473,038	-	-
Repayable after 12 months	302,395	-	-
	775,433	-	-

Notes To The Accounts

– 30 June 2000
(cont'd)

10. RESERVES FOR UNEXPIRED RISKS

	Fire RM	Motor RM	Marine RM	Miscellaneous Accident RM	Total 2000 RM	
Group						
Reserves for unexpired risk as at 1 July	20,233,793	25,393,009	213,022	17,675,007	63,514,831	
Acquisition of subsidiary company	4,644,365	9,357,067	1,674,288	13,564,202	29,239,922	
Exchange differences	(13,359)	(50,434)	122,495	(255,649)	(196,947)	
	24,864,799	34,699,642	2,009,805	30,983,560	92,557,806	
Increase in reserves for unexpired risks	2,690,540	6,052,438	289,748	2,025,390	11,058,116	
Reserves for unexpired risks as at 30 June	27,555,339	40,752,080	2,299,553	33,008,950	103,615,922	
	Fire	Motor	Miscellaneous	Accident	Total	Total
	RM	RM	Marine	RM	2000	1999
	RM	RM	RM	RM	RM	RM
Company						
Reserves for unexpired risks as at 1 July	20,233,793	25,393,009	213,022	17,675,007	63,514,831	60,865,095
Increase in reserves for unexpired risks	1,350,546	5,921,071	345,531	2,637,017	10,254,165	2,649,736
Reserves for unexpired risks as at 30 June	21,584,339	31,314,080	558,553	20,312,024	73,768,996	63,514,831

11. SHARE CAPITAL

	Group 2000 RM	Company 2000 RM	1999 RM
Ordinary shares of RM1 each			
Authorised:			
At 1 July	100,000,000	100,000,000	50,000,000
Increase during the year	-	-	50,000,000
At 30 June	100,000,000	100,000,000	100,000,000
Issued and fully paid:			
At 1 July	50,000,000	50,000,000	30,000,000
Rights issue	32,000,000	32,000,000	-
Bonus issue	-	-	20,000,000
At 30 June	82,000,000	82,000,000	50,000,000

The issued and paid up share capital of the Company was increased from RM50,000,000 to RM82,000,000 by an issue of 32,000,000 new ordinary shares of RM1.00 each on the basis of 16 new shares for every 25 shares held at a price of RM3.28 per share. The new ordinary shares issued shall rank pari passu in all respects with the existing ordinary shares of the Company.

12. SHARE PREMIUM

	Group 2000 RM	Company 2000 RM	1999 RM
Arising from rights issue during the year	72,960,000	72,960,000	-

This balance is not distributable by way of cash dividends and may be utilised only in the manner set out in Section 60(3) of the Companies Act, 1965.

13. RESERVES

	Group 2000 RM	Company 2000 RM	1999 RM
Retained profits	135,352,975	160,698,689	158,047,506
Currency translation reserve	(616,325)	-	-
	134,736,650	160,698,689	158,047,506

Subject to agreement with the Inland Revenue Board, the Company has sufficient estimated tax credit under Section 108 of the Income Tax Act, 1967 to frank the payment of net dividends out of all its retained profits as at 30 June 2000.

Notes To The Accounts

– 30 June 2000
(cont'd)

14. NET CLAIMS INCURRED

Group	Fire RM	Motor RM	Marine RM	Miscellaneous Accident RM	Total 2000 RM
Gross claims paid less salvage	23,016,192	41,351,359	26,058,732	37,714,739	128,141,022
Reinsurances recoveries	(19,197,136)	(3,839,577)	(24,591,986)	(18,678,961)	(66,307,660)
Net claims paid	3,819,056	37,511,782	1,466,746	19,035,778	61,833,362
Net outstanding claims					
– at end of year	12,798,087	103,309,215	14,682,479	71,754,068	202,543,849
– at beginning of year	(10,389,818)	(36,456,689)	(2,309,028)	(15,566,223)	(64,721,758)
Acquisition of subsidiary company	(4,601,998)	(52,162,277)	(9,080,872)	(35,643,476)	(101,488,623)
Exchange difference	9,258	136,446	(757,800)	(3,828,087)	(4,440,183)
Net claims incurred	1,634,585	52,338,477	4,001,525	35,752,060	93,726,647

Company	Fire RM	Motor RM	Marine RM	Miscellaneous Accident RM	Total 2000 RM	Total 1999 RM
Gross claims paid less salvage	18,258,889	35,001,082	21,307,131	29,301,084	103,868,186	90,669,546
Reinsurances recoveries	(15,260,053)	(3,548,556)	(21,127,546)	(15,337,511)	(55,273,666)	(39,103,747)
Net claims paid	2,998,836	31,452,526	179,585	13,963,573	48,594,520	51,565,799
Net outstanding claims						
– at end of year	8,227,639	57,805,460	3,403,680	29,798,859	99,235,638	64,721,758
– at beginning of year	(10,389,818)	(36,456,689)	(2,309,028)	(15,566,223)	(64,721,758)	(56,781,951)
Net claims incurred	836,657	52,801,297	1,274,237	28,196,209	83,108,400	59,505,606

15. MANAGEMENT EXPENSES

	Group	Company	
	2000 RM	2000 RM	1999 RM
Insurance Fund			
Staff salaries	18,339,648	14,166,079	12,953,572
Directors' remuneration			
Directors of the company			
– fees	32,000	32,000	42,126
– other emoluments	318,084	318,084	281,548
Other directors			
– fees	19,000	–	–
– other emoluments	102,667	–	–
Auditors' remuneration	86,667	50,000	50,000
Hire of equipment	84,084	83,849	72,320
House rental	10,800	10,800	14,400
Rental of offices			
– holding company	125,010	125,010	113,924
– related companies	12,800	12,800	16,500
– others	1,531,333	1,120,349	1,071,579
Depreciation of fixed assets (Note 3)	4,085,592	2,527,439	2,501,095
Interest on bank overdraft paid			
to holding company	12,047	12,047	15,536
Other interest	136,013	–	–
Other expenses	15,789,513	14,083,146	11,701,780
Bad debts written off	–	–	295,624
	40,685,258	32,541,603	29,130,004
The estimated cash value of benefits-in-kind received by directors amounted to	60,597	39,597	21,600

Notes To The Accounts – 30 June 2000

(cont'd)

16. INVESTMENT INCOME

	Group 2000 RM	Company 2000 RM	1999 RM
Insurance Fund			
Interest from			
– Malaysian Government securities	2,516,921	1,364,180	1,657,718
– Singapore Government securities	26,039	–	–
– KLIA Bonds	762,082	762,082	760,000
– Malaysian Government guaranteed loans	145,659	145,659	184,002
– Cagamas bonds	1,890,014	1,673,094	1,824,591
– loan stocks			
quoted in Malaysia	87,443	85,205	71,721
– outside Malaysia	85,922	–	–
– unquoted loan stocks			
in Malaysia	1,751,314	1,731,260	1,534,168
outside Malaysia	363,986	–	–
– commercial loans	423,658	423,658	650,719
– fixed deposits	4,376,367	3,028,022	5,328,266
Gross dividends from			
– shares quoted in Malaysia	481,588	426,349	189,094
– unquoted shares	418,523	418,523	447,454
Rental income from			
– related companies	31,200	31,200	31,200
– others	4,200	4,200	33,490
	13,364,916	10,093,432	12,712,423
Non-insurance Fund			
Interest from			
– fixed deposits	1,670,486	1,670,486	2,912,044
– unquoted loan stocks	1,165,263	1,165,263	1,375,159
– quoted loan stocks	150,882	150,882	27,666
– commercial loans	594,192	594,192	1,009,589
Gross dividends from			
– shares quoted in Malaysia	85,443	85,443	73,337
	3,666,266	3,666,266	5,397,795
	17,031,182	13,759,698	18,110,218

17. BAD AND DOUBTFUL DEBTS

	Group 2000 RM	Company 2000 RM	1999 RM
Insurance Fund			
Write back of provision for doubtful debts	(376,916)	–	–
Provision for doubtful debts	1,243,238	1,243,238	1,618,324
	866,322	1,243,238	1,618,324

18. OTHER INCOME/(EXPENDITURE)

	Group 2000 RM	Company 2000 RM	1999 RM
Insurance Fund			
Other Income			
Interest on staff loans	18,517	-	-
Profit on sale of fixed assets	152,425	34,304	-
Profit on sale of quoted shares	2,149,357	2,149,357	157,228
Accretion of discounts on Malaysian Government securities	17,010	3,488	57,327
Accretion of discounts on unquoted loan stocks	1,002,081	980,538	443,547
Write back of provision for diminution in value of quoted shares	170,000	-	738,167
Accretion of discounts on quoted loan stocks	134,211	134,211	-
Gain on foreign exchange	213,687	31,687	-
Sundry income	761,200	674,166	382,982
	4,618,488	4,007,751	1,779,251
Other expenditure			
Amortisation of premiums on Malaysian Government securities	(236,510)	(135,387)	(129,250)
Amortisation of premiums on Cagamas bonds	(1,267)	(971)	-
Amortisation of premiums on KLIA bonds	(28,900)	(28,900)	-
Loss on sale of quoted shares	-	-	(708)
Loss on disposal of fixed assets	-	-	(19,762)
Loss on foreign exchange	-	-	(134,511)
Fixed assets written off	(443,120)	(1,280)	-
Diminution in value of quoted shares written off	(660,685)	(660,685)	-
Provision for diminution in value of quotes shares	(1,768,945)	(277,515)	-
Insurance Guarantee Scheme Fund levy/Section 12A levy	(1,486,692)	(1,402,155)	(1,375,368)
Y2K related expenses	(1,832,890)	(1,832,890)	(2,223,463)
Sundry expenditure	240,883	240,883	(213,499)
	(6,218,126)	(4,098,900)	(4,096,561)
Net expenditure	(1,599,638)	(91,149)	(2,317,310)

Notes To The Accounts – 30 June 2000

(cont'd)

18. OTHER INCOME/(EXPENDITURE) (CONT'D)

	Group 2000 RM	Company 2000 RM	1999 RM
Non-insurance Fund			
Other Income			
Interest on staff housing loans	145,706	145,706	126,554
Profit on sale of quoted shares	883,133	883,133	720,840
Accretion of discounts on Cagamas bonds and loan stocks	567,528	567,528	687,931
Write back of provision for diminution in value of quoted shares	-	-	1,233,946
Sundry income	19,902	-	-
	1,616,269	1,596,367	2,769,271
Diminution in value of quoted shares written off	(697,347)	(697,347)	-
Provision for diminution in value of quoted shares	(519,268)	(519,268)	-
Sundry expenditure	(178,984)	(178,984)	(238,373)
	(1,395,599)	(1,395,599)	(238,373)
Net income	220,670	200,768	2,530,898
Total net (expenditure)/income	(1,378,968)	109,619	213,588

19. TAXATION

	Group 2000 RM	Company 2000 RM	1999 RM
Current year's tax charge			
- Malaysia	11,766,455	11,621,455	198,435
- Singapore	497,046	-	-
	12,263,501	11,621,455	198,435
Double tax relief	(182,666)	-	-
Transfer to deferred taxation	(333,714)	-	924,000
	11,747,121	11,621,455	1,122,435
Over provision of taxation in respect of previous years	(7,077)	-	(924,000)
	11,740,044	11,621,455	198,435

In the previous year, tax on income was waived pursuant to the Malaysian Income Tax (Amendment) Act, 1999. Arising from the waiver, the estimated tax savings of the Company, subject to agreement with Inland Revenue Board is RM14,253,000. The estimated tax exempt income available for distribution as tax exempt dividends is RM28,728,000 as at 30 June 2000.

20. DIVIDENDS

	Group 2000 RM	Company 2000 RM	1999 RM
Interim dividend paid of 5% (1999: 3%) less income tax at 28%	1,800,000	1,800,000	1,080,000
Proposed final dividend of 27%, tax exempt (1999: 7.5%) less income tax at 28%	22,140,000	22,140,000	2,700,000
	23,940,000	23,940,000	3,780,000

21. EARNINGS PER ORDINARY SHARE

	Group 2000 RM	Company 2000 RM	1999 RM
Earnings per ordinary share are calculated as follows:			
Net profit for the year after taxation (and minority interest in the case of the Group)	24,366,388	26,591,183	47,971,639
Weighted average number of shares in issue	59,380,822	59,380,822	50,000,000

22. CAPITAL COMMITMENTS

Capital expenditure approved by directors but not provided for in the accounts as at 30 June 2000 amounted to approximately:-

	Group 2000 RM	Company 2000 RM	1999 RM
Authorised and contracted for	1,130,000	1,130,000	29,400,000
Authorised but not contracted for	18,310,000	18,310,000	2,600,000
	19,440,000	19,440,000	32,000,000

23. OPERATING LEASE COMMITMENTS

As at balance sheet date, the Group was committed to making payments shown below in respect of operating leases with a term of more than a year.

	Group 2000 RM	Company 2000 RM	1999 RM
Within 1 year	279,716	-	-

Notes To The Accounts – 30 June 2000

(cont'd)

24. OTHER COMMITMENTS AND CONTINGENCIES

In the normal course of business, the Group and the Company make various commitments and incur certain liabilities on behalf of the customers. No material losses are anticipated as a result of these transactions. Details of commitments and contingencies are as follows:-

	Group 2000 RM	Company 2000 RM	1999 RM
Performance bonds	217,077	217,077	30,492
Guarantee on Foreign Workers Compensation Scheme	1,299,500	1,299,500	842,950
Loan commitment	330,000	-	-
	1,846,577	1,516,577	873,442

Loan commitment granted to but not yet called by Export Credit Insurance Corporation of Singapore Ltd. amounted to S\$150,000, equivalent to RM330,000 (1999: S\$150,000, equivalent to RM335,000) as at the balance sheet date.

The whole or part of the loan, when given, may be converted into fully paid shares in that company.

25. SIGNIFICANT TRANSACTIONS WITH RELATED COMPANIES

a. Premiums received less commission and claims before deduction of outwards reinsurances from:-

	Group 2000 RM	Company 2000 RM	1999 RM
Holding company	8,119,289	8,119,289	5,897,134
Related companies	2,612,326	2,612,326	(439)
Subsidiary company	-	106,173	-
	10,731,615	10,837,788	5,896,695

b. Interest income:-

	Group 2000 RM	Company 2000 RM	1999 RM
Holding company	1,189,442	777,238	732,355
Related companies	3,328,441	3,272,002	6,722,761
	4,517,883	4,049,240	7,455,116

26. HOLDING COMPANY

The holding company is Malayan Banking Berhad, a company incorporated in Malaysia.

27. COMPARATIVE FIGURES

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

There are no comparative figures for the Group as this is the first year Group accounts are prepared.

28. SIGNIFICANT EVENTS DURING THE YEAR

a. Acquisition of UMBC Insurans Berhad

Upon acquiring the aggregate equivalent of 78.32% equity interest in UMBC Insurans Berhad (UMBCI), the Company made a mandatory offer for the remaining shares of UMBCI. An offer letter dated 1 March 2000 informed the remaining shareholders of UMBCI that pursuant to the mandatory offer, the Company proposed to transfer the assets and liabilities of the Company to UMBCI for a consideration to be satisfied by the issuance of new ordinary shares of UMBCI to the Company. When the offer lapsed on 21 March 2000, the Company increased its stake in UMBCI to 80.8%.

b. Rationalisation and Streamlining of Insurance Businesses

In line with the rationalisation and streamlining of businesses within the Maybank Group, the Board of directors of the Company had, on 25 August 2000, endorsed the proposal for the Company to acquire Mayban Life Assurance Berhad from the holding company. The proposed acquisition is conditional upon the approval of Bank Negara Malaysia and the Foreign Investment Committee.

Statement By Directors

We, **TAN SRI MOHAMED BASIR BIN AHMAD** and **DATO' ISMAIL SHAHUDIN**, being two of the directors of **MAYBAN ASSURANCE BERHAD**, state that in the opinion of the directors, the accounts set out on pages 54 to 81 are drawn up in accordance with the applicable approved Malaysian accounting standards, the Companies Act, 1965 and the Insurance Act, 1996 so as to give a true and fair view of the state of affairs of the Group and of the Company as at 30 June 2000 and of their results and cash flows for the year ended on that date.

The directors also confirm that:-

- a. for the purpose of preparing the accounts, an appropriate system of control has been established and maintained by the Group and the Company over the transactions and records; and
- b. there were proper and sufficient reporting by the management to the Board during the reporting year.

On behalf of the Board,



TAN SRI MOHAMED BASIR BIN AHMAD



DATO' ISMAIL SHAHUDIN

Kuala Lumpur,
29 August 2000

Statutory Declaration

I, **KASSIM ZAKARIA**, the director primarily responsible for the financial management of **MAYBAN ASSURANCE BERHAD**, do solemnly and sincerely declare that, to the best of my knowledge and belief, the accounts set out on pages 75 to 102 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 **KASSIM ZAKARIA** at Kuala Lumpur
in the Federal Territory on 29 August 2000



KASSIM ZAKARIA

Before me,



LIANG HIEN TIEN
Commissioner for Oaths

Report Of The Auditors

to the Members of Mayban Assurance Berhad

We have audited the accounts as set out on pages 75 to 102. These accounts are the responsibility of the 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 as to whether the accounts are free of material misstatement. Our audit includes an examination, on a test basis, of evidence supporting the amounts and disclosures in the accounts. Our audit also includes an assessment of the accounting principles used and significant estimates made by the directors, as well as an evaluation of the overall presentation of the accounts. We believe that our audit provides a reasonable basis for our opinion.

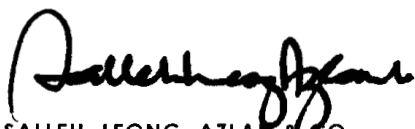
In our opinion:-

- a. the accounts have been properly drawn up in accordance with the applicable approved Malaysian Accounting Standards, the Companies Act, 1965 and the Insurance Act, 1996 so as to give a true and fair view of the state of affair of the Group and of the Company as at 30 June 2000 and of their results and cash flows for the year ended on that date; and
- 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.

We have considered the accounts and the auditors' report of the subsidiary company for which we have not acted as auditors, being accounts that are included in the Group accounts and which are as indicated in Note 4 to the accounts.

We are satisfied that the accounts of the subsidiary company 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 Group accounts and we have received satisfactory information and explanations required by us for those purposes.

The auditors' report on the accounts of the subsidiary company does not contain any qualification or any comments made under subsection (3) of Section 174 of the Act.



SALLEH, LEONG, AZLAN & CO.

AF: 0010

Public Accountants



RAJA NAZUDIN BIN RAJA MOHD. NORDIN ALHAJ

666/3/01(J/PH)

Partner of the Firm

Kuala Lumpur,
29 August 2000