

BACKGROUND INFORMATION ON MAYBAN LIFE ASSURANCE BERHAD

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

2. **History And Business**

MLA was incorporated in Malaysia on 2 March 1992. MLA 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. MLA is principally engaged in life insurance business.

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

	No. Of Ordinary Shares	Par Value RM	RM
Authorised	100,000,000	1.00	100,000,000
Issued and Paid-up	100,000,000	1.00	100,000,000

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

Details of changes in MLA's issued and paid-up share capital since its incorporation are as follows:

Date Of Allotment	No. of Ordinary Shares Allocated	Par Value RM	Consideration	Resultant Total Issued And Paid- Up Capital RM
2.03.1992	2	1.00	Cash	2.00
25.05.1993	26,999,998	1.00	Cash	27,000,000.00
22.04.1994	3,000,000	1.00	Cash	30,000,000.00
20.07.1994	5,000,000	1.00	Rights Issue (1 : 6)	35,000,000.00
23.12.1995	15,000,000	1.00	Rights Issue (3 : 7)	50,000,000.00
30.06.1997	30,000,000	1.00	Rights Issue (3 : 5)	80,000,000.00
30.06.1998	18,000,000	1.00	Rights Issue (9 : 40)	98,000,000.00
18.11.1998	2,000,000	1.00	Rights Issue (1 : 49)	100,000,000.00

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

Shareholders	Direct		Indirect	
	No. of Ordinary Shares Held	%	No. of Ordinary Shares Held	%
MAB	88,570,000	88.57	-	-
Safety Insurance Berhad	8,000,000	8.00	-	-
Maybank	3,430,000	3.43	88,570,000 ⁽¹⁾	88.57

Note (1): Deemed interested by virtue of its 100% shareholdings in MAB.

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	-	-	-	-
Toi See Jong	Malaysian	-	-	-	-
Datuk Amirsham A Aziz	Malaysian	-	-	-	-
Raja Tan Sri Muhammad Alias bin Raja Muhd.Ali	Malaysian	-	-	-	-
Haji Mohd. Hashir bin Haji Abdullah	Malaysian	-	-	-	-
Ashraf Ali bin Abdul Kadir	Malaysian	-	-	-	-
Kassim bin Zakaria	Malaysian	-	-	-	-

7. Subsidiary And Associated Companies

Name Of Company	Date & Place of Incorporation	% Of Effective Holding	Issued and paid-up capital USD	Activity
Subsidiary Companies				
Mayban Life International (Labuan) Ltd.	27.02.1998 Labuan Federal Territory	70.00	3,500,000	Life insurance business

MLA does not have any associated companies.

8. Financial Data

A summary of the audited profit and loss accounts of MLA for the past five (5) financial years ended 31 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	1997	1998	1999	2000	31.12.2000
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Operating revenue	74,993	133,841	128,797	159,265	309,029	154,534
Profit / (Loss) before taxation and MI	(161)	(297)	(486)	22,128	5,537	(414)
Taxation	-	(220)	(285)	-	(2,314)	(480)
Profit/(loss) after taxation and MI	(161)	(517)	(648)	22,166	3,443	(1,005)
Gross earnings / (loss) per share (sen)	0.32	0.37	0.45	22.17	5.76	(0.50)
NTA	5,947	36,430	54,782	79,948	84,391	83,887
NTA per share (RM)	0.12	0.46	0.56	0.80	0.84	0.84
Paid-up capital	50,000	80,000	98,000	100,000	100,000	100,000
Shareholders' funds	17,947	47,430	64,782	88,948	92,391	91,387
Dividend rate (%)	Nil	Nil	Nil	Nil	Nil	Nil

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 loss before tax incurred from 1996 to 1998 were due to the absence of transfer of valuation surplus from Life Fund to Shareholders' Fund for the 3 years. In addition, the income earned from investment during the 3 years were not enough to cover the amortisation of goodwill of RM1 million each year.*
- (3) *The increase in profit before tax in 1999 was due to a transfer of surplus from Life Fund to Shareholders' Fund of RM20 million, increase in interest income from investment and the write-back of provision for diminution in value of quoted shares.*
- (4) *The decrease in profit before tax in 2000 was due to a lower transfer of valuation surplus of RM5 million from Life Fund to Shareholder' Fund.*

9. Audited Accounts

Extracts of the annual report of MLA 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 June 30, 2000

	Note	Group		Company	
		2000 RM	1999 RM	2000 RM	1999 RM
Assets					
Shareholders' fund assets					
Fixed assets	3	149,173	340,104	-	-
Investment properties	4	19,596,808	10,991,597	19,596,808	10,991,597
Investment in subsidiary company	5	-	-	10,241,000	10,241,000
Intangible asset	6	8,000,000	9,000,000	8,000,000	9,000,000
Investments	7	39,572,313	13,495,667	39,572,313	13,495,667
Current assets	8	32,895,899	60,089,026	20,801,935	47,387,356
Total shareholders' fund assets		100,214,193	93,916,394	98,212,056	91,115,620
Total life business assets (page 61)		662,093,337	444,290,962	633,580,558	440,460,680
Total Assets		762,307,530	538,207,356	731,792,614	531,576,300
Liabilities					
Shareholders' fund liabilities					
Current liabilities	9	4,134,934	1,059,136	4,130,385	1,048,786
Total shareholders' fund liabilities		4,134,934	1,059,136	4,130,385	1,048,786
Total life business liabilities other than life assurance fund (page 61)		56,290,720	43,907,527	55,054,189	43,797,251
		60,425,654	44,966,663	59,184,574	44,846,037
Life Assurance Fund	10	605,802,617	400,383,435	578,526,369	396,663,429
		666,228,271	445,350,098	637,710,943	441,509,466
Shareholders' Fund					
Share Capital	11	100,000,000	100,000,000	100,000,000	100,000,000
Accumulated losses		(7,608,757)	(11,052,170)	(5,918,329)	(9,933,166)
		92,391,243	88,947,830	94,081,671	90,066,834
Minority Interest		3,688,016	3,909,428	-	-
Total Liabilities and Shareholders' Fund		762,307,530	538,207,356	731,792,614	531,576,300

The notes on pages 116 to 132 form part of these accounts.

Life Assurance Fund Balance Sheets

as at June 30, 2000

	Note	Group		Company	
		2000 RM	1999 RM	2000 RM	1999 RM
Assets					
Fixed assets	3	6,207,029	5,111,391	5,979,569	5,111,391
Investment properties	4	78,687,233	44,266,389	78,687,233	44,266,389
Investments	7	365,869,711	249,076,565	341,709,687	249,076,565
Loans to policy holders due after 12 months		4,924,196	3,039,489	4,924,196	3,039,489
Current assets	8	206,405,168	142,797,128	202,279,873	138,966,846
Total Life Business Assets		662,093,337	444,290,962	633,580,558	440,460,680
Liabilities					
Current liabilities	9	56,290,720	43,907,527	55,054,189	43,797,251
Total life business liabilities		56,290,720	43,907,527	55,054,189	43,797,251
Life Assurance Fund	10	605,802,617	400,383,435	578,526,369	396,663,429
Total Life Business Liabilities And Life Assurance Fund		662,093,337	444,290,962	633,580,558	440,460,680

The notes on pages 116 to 132 form part of these accounts.

Profit And Loss Accounts

for the year ended June 30, 2000

	Note	Group		Company	
		2000 RM	1999 RM	2000 RM	1999 RM
Operating Revenue	12	309,028,886	159,265,021	280,304,167	154,663,582
Transfer From Life Assurance Fund Revenue Account		3,100,000	20,000,000	5,000,000	20,000,000
Investment Income	13	3,485,460	4,020,602	2,802,061	3,249,662
Other Income	15	908,683	765,210	461,631	765,210
Other Expenses	16	(1,957,593)	(2,657,664)	(1,938,855)	(1,016,619)
Profit For The Year Before Taxation		5,536,550	22,128,148	6,324,837	22,998,253
Taxation	17	(2,314,549)	-	(2,310,000)	-
Profit For The Year After Taxation		3,222,001	22,128,148	4,014,837	22,998,253
Minority Interest In Loss Of Subsidiary Company		221,412	37,672	-	-
Profit For The Year After Taxation And Minority Interest		3,443,413	22,165,820	4,014,837	22,998,253
Earnings per share	18	3.4 sen	22.4 sen	4.0 sen	23.2 sen
Dividends per share		-	-	-	-

The notes on pages 116 to 132 form part of these accounts.

Life Assurance Fund Revenue Accounts

for the year ended June 30, 2000

	Note	Group		Company	
		2000 RM	1999 RM	2000 RM	1999 RM
Gross Premium		272,070,015	127,066,879	244,638,028	123,242,528
Reinsurance		(2,118,483)	(2,047,224)	(2,118,483)	(2,047,224)
Net Premium		269,951,532	125,019,655	242,519,545	121,195,304
Benefits Paid And Payable:					
Death		(13,093,623)	(9,372,284)	(13,093,623)	(9,372,284)
Maturity		(203,773)	(417,155)	(203,773)	(417,155)
Surrender		(18,161,131)	(15,921,949)	(15,436,634)	(15,921,949)
Cash bonus		(362,979)	(517,021)	(362,979)	(517,021)
Others		(2,802,523)	(2,886,402)	(2,802,523)	(2,886,402)
		(34,624,029)	(29,114,811)	(31,899,532)	(29,114,811)
		235,327,503	95,904,844	210,620,013	92,080,493
Commission		(25,583,552)	(15,306,708)	(24,907,228)	(15,213,969)
Management Expenses	14	(24,431,269)	(20,326,564)	(22,954,273)	(20,326,347)
		(50,014,821)	(35,633,272)	(47,861,501)	(35,540,316)
		185,312,682	60,271,572	162,758,512	56,540,177
Investment Income	13	25,163,585	24,680,585	24,832,264	24,674,437
Other Income	15	10,674,335	17,786,833	10,394,958	17,786,833
Other Expenses	16	(10,535,467)	(1,181,255)	(9,026,841)	(1,181,255)
Taxation	17	(2,095,953)	(22,765)	(2,095,953)	(5,228)
Increase In Life Assurance Fund		208,519,182	101,534,970	186,862,940	97,814,964
Life Fund Brought Forward		400,383,435	318,848,465	396,663,429	318,848,465
Transfer To Profit And Loss Account		(3,100,000)	(20,000,000)	(5,000,000)	(20,000,000)
Life Fund Carried Forward		605,802,617	400,383,435	578,526,369	396,663,429

The notes on pages 116 to 132 form part of these accounts.

Statements Of Changes In Equity

for the year ended June 30, 2000

	Group			Company		
	Share Capital RM	Accumulated Losses RM	Total RM	Share Capital RM	Accumulated Losses RM	Total RM
Balance at						
July 1, 1998	98,000,000	(33,217,990)	64,782,010	98,000,000	(32,931,419)	65,068,581
Profit for the year	-	22,165,820	22,165,820	-	22,998,253	22,998,253
Issue of shares	2,000,000	-	2,000,000	2,000,000	-	2,000,000
Balance at						
June 30, 1999	100,000,000	(11,052,170)	88,947,830	100,000,000	(9,933,166)	90,066,834
Profit for the year	-	3,443,413	3,443,413	-	4,014,837	4,014,837
Balance at						
June 30, 2000	100,000,000	(7,608,757)	92,391,243	100,000,000	(5,918,329)	94,081,671

The notes on pages 116 to 132 form part of these accounts.

Cash Flow Statements

for the year ended June 30, 2000

	Group		Company	
	2000 RM	1999 RM	2000 RM	1999 RM
Cash Flows From Operating Activities				
Profit before taxation and minority interest	5,536,550	22,128,148	6,324,837	22,998,253
Adjustments for:				
Net increase in Life Assurance Fund before taxation	207,515,135	81,557,735	183,958,893	77,820,192
Amortisation of intangible asset	1,000,000	1,000,000	1,000,000	1,000,000
Appreciation of market value of shares in investment - linked business	-	(1,711,296)	-	(1,711,296)
Amortisation of premium on Malaysian Government securities	325,417	541,733	325,417	541,733
Amortisation of premium on corporate bonds	10,876	539	10,876	539
Provision for diminution in value of investment made/(written back)	10,086,823	(11,348,727)	8,871,211	(11,348,727)
Accretion of discount on Malaysian Government securities and corporate bonds	(2,130,647)	(1,408,210)	(2,130,647)	(1,408,210)
Profit on disposal of securities	(8,309,864)	(3,496,955)	(8,031,814)	(3,496,955)
Fixed assets written off	167,241	336,128	167,241	336,128
Exchange difference on fixed assets	-	19,879	-	-
Depreciation of fixed assets	1,891,430	1,200,217	1,815,434	1,149,225
Cash generated from operations before working capital changes	216,092,961	88,819,191	192,311,448	85,880,882
Increase in loan to policy holders	(1,917,233)	(1,014,252)	(1,917,233)	(1,014,252)
Increase in other debtors, deposits and prepayments	(8,333,467)	(3,745,724)	(7,341,128)	(3,638,169)
(Increase)/decrease in amount due from holding company	(2,379)	72,568	(2,379)	72,568
Increase in amount due from related companies	(3,085,289)	(3,067,030)	(3,085,289)	(17,559,730)
Decrease in amount due from subsidiary company	-	-	96,780	278,789
Increase in fixed deposits	(52,830,777)	(33,583,687)	(53,335,831)	(4,658,557)
Increase/(decrease) in outstanding claims	1,480,169	(878,639)	1,480,169	(878,639)
Increase in other creditors and accruals	28,457,997	5,074,232	27,324,555	5,294,693
Increase/(decrease) in amount due to reinsurers	921,220	(1,249,723)	921,220	(1,249,723)
Net cash from operations	180,783,202	50,426,936	156,452,312	62,527,862
Tax paid	(899,921)	(284,612)	(882,384)	(284,612)
Net cash generated from operating activities	179,883,281	50,142,324	155,569,928	62,243,250

Cash Flow Statements for the year ended June 30, 2000

(cont'd)

	Group		Company	
	2000 RM	1999 RM	2000 RM	1999 RM
Cash Flows From Investing Activities				
Purchase of investment properties	(43,026,055)	(29,911,661)	(43,026,055)	(29,911,661)
Purchase of fixed assets	(2,963,378)	(4,038,645)	(2,850,853)	(3,895,620)
Purchase of investments	(185,245,731)	(92,720,801)	(159,870,095)	(92,720,801)
Proceeds from disposal of investments	42,393,334	59,570,855	42,115,284	59,570,855
Net cash used in investing activities	(188,841,830)	(67,100,252)	(163,631,719)	(66,957,227)
Cash Flows From Financing Activities				
Proceeds from issue of shares	-	2,000,000	-	2,000,000
Net Decrease In Cash And Cash Equivalents	(8,958,549)	(14,957,928)	(8,061,791)	(2,713,977)
Cash And Cash Equivalents At Beginning Of The Year	12,866,457	27,824,385	10,743,853	13,457,830
Cash And Cash Equivalents At End Of The Year	3,907,908	12,866,457	2,682,062	10,743,853
Cash And Cash Equivalents Comprise:				
Bank balances due from:				
- holding company (Note 8)	2,694,179	10,850,591	2,616,541	10,721,539
- related companies (Note 8)	1,148,208	1,993,552	-	-
Other cash and bank balances (Note 8)	65,521	22,314	65,521	22,314
	3,907,908	12,866,457	2,682,062	10,743,853

SEGMENT INFORMATION

	Group		Company	
	2000 RM	1999 RM	2000 RM	1999 RM
Cash flows from/(used in):				
Shareholders' fund				
Operating activities	33,792,087	(30,486,456)	33,843,904	(16,392,381)
Investing activities	(35,137,392)	(2,263,283)	(35,137,392)	(2,120,258)
Financing activities	-	2,000,000	-	2,000,000
	(1,345,305)	(30,749,739)	(1,293,488)	(16,512,639)
Life assurance fund				
Operating activities	146,091,194	80,628,780	121,726,024	78,635,631
Investing activities	(153,704,438)	(64,836,969)	(128,494,327)	(64,836,969)
	(7,613,244)	15,791,811	(6,768,303)	13,798,662
Total				
Operating activities	179,883,281	50,142,324	155,569,928	62,243,250
Investing activities	(188,841,830)	(67,100,252)	(163,631,719)	(66,957,227)
Financing activities	-	2,000,000	-	2,000,000
	(8,958,549)	(14,957,928)	(8,061,791)	(2,713,977)

The notes on pages 116 to 132 form part of these accounts.

Notes To The Accounts – June 30,2000

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.

2. SIGNIFICANT ACCOUNTING POLICIES

a. Basis of Accounting

The accounts of the Company and the Group are prepared under the historical cost convention, modified to include the revaluation of quoted investments of the investment-linked business.

b. Investment in Subsidiary Company and Basis of Consolidation

A subsidiary company is a company in which the Company 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 company is stated at cost and is written down when the directors consider that there is a permanent diminution in the value of such investment.

The consolidated accounts include the accounts of the Company and its subsidiary company made up to June 30, 2000.

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

c. Life Assurance Underwriting Results

The surplus or deficit transferable from or to the Life Assurance Fund and to or from the profit and loss account is based on the current year's surplus or deficit determined by an annual actuarial valuation of the long term liabilities to policy holders.

i. Premium Income

First premium income is recognised on assumption of risk and the subsequent premium is recognised on due dates. Premium outstanding at balance sheet date is recognised as income for the period provided it is still within the grace period allowed for payment.

ii. Interest Income

Interest income from investments and deposits are recognised on an accrual basis.

Interest income on loans are recognised on an accrual basis except where a loan is considered non-performing, i.e., where repayments are in arrears for more than three 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.

iii. Acquisition Costs

Acquisition costs, which are costs directly incurred in securing premium on insurance policies, net of income derived from reinsurers in the course of ceding of premium to reinsurers, are charged to the revenue accounts in the period in which they are incurred.

iv. Provision for Claims

Provision for claims in respect of claims notified but not settled at balance sheet date is made using the case-to-case basis.

Notes To The Accounts

– June 30, 2000
(cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

d. Fixed Assets and Depreciation

Fixed assets are stated at cost less accumulated depreciation.

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

Office equipment	20%
Furniture and fittings	10%
Computer equipment	25%
Motor vehicles	20%
Office renovation	10%

e. Investment Properties

Investment properties are stated at cost.

f. Investments

i. Investment-Linked Business

Investment in quoted shares are stated at the market value prevailing at balance sheet date. Investment in unquoted loan stocks/bonds are valued at prices quoted by merchant banks. Gains or losses on valuation are taken to life assurance fund revenue account.

ii. Other Business

Quoted and unquoted corporate bonds with ratings "BBB" or "P3" and above are stated at cost adjusted for amortisation of premium or accretion of discount, where applicable, to maturity dates.

Corporate bonds with ratings below "BBB" or "P3" are stated at the lower of cost and market value if quoted and at cost less provision for non-recoverability if unquoted.

Investment in quoted shares are stated at the lower of cost and market value determined on an aggregate basis.

Malaysian Government securities and Cagamas bonds are stated at cost, adjusted for amortisation of premium or accretion of discount, where applicable, to maturity dates.

Investment in unquoted shares are stated at cost and are written down when the directors consider that there is a permanent diminution in the value of such investment.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

g. Currency Translations

Transactions in foreign currencies are translated into Ringgit Malaysia at rates ruling on transaction dates. Foreign currency monetary assets and liabilities outstanding at balance sheet date are restated in the balance sheet at spot rates of exchange ruling on that date. All exchange gains and losses are recognised in the profit and loss account.

The accounts of the subsidiary company which are denominated in foreign currency are converted into Ringgit Malaysia at the rate ruling at the balance sheet date. Gains or losses on translation are taken to an exchange fluctuation reserve. Translation losses in excess of amounts in the exchange fluctuation reserve are taken to the profit and loss account.

h. Cash and Cash Equivalents

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

3. FIXED ASSETS

	Office equipment, furniture and fittings RM	Software and computer equipment RM	Office renovation RM	Motor vehicles RM	Total RM
Shareholders' Fund					
Group					
Cost:					
Balance at 1.7.1999	28,724	63,665	186,436	112,271	391,096
Transfer to Life Fund	(28,724)	(63,665)	-	(112,271)	(204,660)
Balance at 30.6.2000	-	-	186,436	-	186,436
Accumulated Depreciation:					
Balance at 1.7.1999	2,573	14,831	18,620	14,968	50,992
Charge for the year	-	-	18,643	-	18,643
Transfer to Life Fund	(2,573)	(14,831)	-	(14,968)	(2,372)
Balance at 30.6.2000	-	-	37,263	-	37,263
Net book value at 30.6.2000	-	-	149,173	-	149,173
Net book value at 30.6.1999	26,151	48,834	167,816	97,303	340,104
Depreciation charge for for the year ended 30.6.1999	2,573	14,831	18,620	14,968	50,992

Notes To The Accounts

– June 30, 2000
(cont'd)

3. FIXED ASSETS (CONT'D)

	Office equipment, furniture and fittings RM	Software and computer equipment RM	Motor vehicles RM	Office renovation RM	Total RM
Life Fund					
Group					
Cost:					
Balance at 1.7.1999	711,726	5,666,394	627,127	627,296	7,632,543
Additions	63,811	2,572,503	293,847	33,217	2,963,378
Transfer from shareholders' fund	28,724	63,665	112,271	–	204,660
Written off	–	(173,713)	–	–	(173,713)
Balance at 30.6.2000	804,261	8,128,849	1,033,245	660,513	10,626,868
Accumulated Depreciation:					
Balance at 1.7.1999	325,072	1,582,412	405,054	208,614	2,521,152
Charge for the year	106,711	1,523,714	176,062	66,300	1,872,787
Transfer from shareholders' fund	2,573	14,831	14,968	–	32,372
Eliminated on write-off	–	(6,472)	–	–	(6,472)
Balance at 30.6.2000	434,356	3,114,485	596,084	274,914	4,419,839
Net book value at 30.6.2000	369,905	5,014,364	437,161	385,599	6,207,029
Net book value at 30.6.1999	386,654	4,083,982	222,073	418,682	5,111,391
Depreciation charge for the year ended 30.6.1999	119,509	844,761	125,425	59,530	1,149,225

3. FIXED ASSETS (CONT'D)

	Office equipment, furniture and fittings RM	Software and computer equipment RM	Motor vehicles RM	Office renovation RM	Total RM
Life Fund					
Company					
Cost:					
Balance at 1.7.1999	711,726	5,666,394	627,127	627,296	7,632,543
Additions	52,381	2,471,408	293,847	33,217	2,850,853
Written off	-	(173,713)	-	-	(173,713)
Balance at 30.6.2000	764,107	7,964,089	920,974	660,513	10,309,683
Accumulated Depreciation:					
Balance at 1.7.1999	325,072	1,582,412	405,054	208,614	2,521,152
Charge for the year	99,924	1,495,602	153,608	66,300	1,815,434
Eliminated on write-off	-	(6,472)	-	-	(6,472)
Balance at 30.6.2000	424,996	3,071,542	558,662	274,914	4,330,114
Net book value at 30.6.2000	339,111	4,892,547	362,312	385,599	5,979,569
Net book value at 30.6.1999	386,654	4,083,982	222,073	418,682	5,111,391
Depreciation charge for the year ended 30.6.1999	119,509	844,761	125,425	59,530	1,149,225

Notes To The Accounts

– June 30, 2000
(cont'd)

4. INVESTMENT PROPERTIES

	Group/Company	
	2000	1999
	RM	RM
Shareholders' Fund		
Building under development	19,596,808	10,991,597
Life Fund		
Freehold land and buildings	300,000	300,000
Building under development	78,387,233	43,966,389
	78,687,233	44,266,389

5. SUBSIDIARY COMPANY

	Company			
	2000	Net Tangible Assets	1999	Net Tangible Assets
	RM	RM	RM	RM
Shareholders' Fund				
Shares at cost, unquoted	10,241,000	8,605,369	10,241,000	9,121,997

Details of the subsidiary company are as follows:

Name	Place of Incorporation	Equity		Principal Activity
		2000	1999	
Mayban Life International (Labuan) Ltd.*	Federal Territory of Labuan, Malaysia	70%	70%	Life insurance business

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

6. INTANGIBLE ASSET

	Group/Company	
	2000	1999
	RM	RM
Shareholders' Fund		
Goodwill arising from the purchase of life business	15,000,000	15,000,000
Accumulated amortisation	(7,000,000)	(6,000,000)
	8,000,000	9,000,000

Goodwill arising from the purchase of life business is amortised over 15 years on the straight line basis.

7. INVESTMENTS

	Group/Company 2000		Group/Company 1999	
	Cost RM	Market Value RM	Cost RM	Market Value RM
Shareholders' Fund				
Quoted:				
Shares of corporations quoted in Malaysia	6,862,334		1,894,311	
Provision for diminution in value	(882,290)			
	5,980,044	5,980,044	1,894,311	2,109,750
Trust units	792,000		792,000	
Provision for diminution in value	(240,000)		(216,000)	
	552,000	552,000	576,000	576,000
Unquoted:				
Malaysian Government securities	7,029,000		-	
Accretion of discount	38,090		-	
	7,067,090		-	
Corporate bonds	20,984,595		6,025,895	
Amortisation of premium	(11,416)		(539)	
	20,973,179		6,025,356	
Corporate loans	5,000,000		5,000,000	
	39,572,313		13,495,667	

	Group 2000		Group 1999	
	Cost RM	Market Values RM	Cost RM	Market Values RM
Life Fund				
Investment – linked business:				
Malaysian Government securities	1,017,500		3,071,500	
Amortisation of premium	(2,694)		(9,318)	
	1,014,806	1,080,800	3,062,182	3,097,239
Quoted investments:				
Shares of corporations quoted in Malaysia	46,523,747		5,772,861	
(Diminution)/appreciation in value	(3,758,963)		1,359,019	
	42,764,784	42,764,784	7,131,880	7,131,880

Notes To The Accounts – June 30, 2000

(cont'd)

7. INVESTMENTS (CONT'D)

	Group 2000		Group 1999	
	Cost RM	Market Values RM	Cost RM	Market Values RM
Life Fund				
Investment – linked business:				
Unquoted investments:				
Corporate bonds	924,900		-	
Accretion of discount	12,128		-	
	937,028		-	
Short-term commercial notes	-		197,765	
Sub-total	44,716,618		10,391,827	
Other Business:				
Malaysian Government securities	83,463,593		66,508,693	
Amortisation of premium	(1,572,788)		(1,356,358)	
	81,890,805	87,464,070	65,152,335	69,056,910
Cagamas bonds	15,123,600		25,128,600	
Amortisation of premium	(88,248)		(53,079)	
	15,035,352	15,124,000	25,075,521	25,080,600
Quoted investments:				
Shares of corporation quoted in Malaysia	67,848,542		26,621,013	
Provision for diminution in value	(4,756,679)		-	
	63,091,863	63,091,875	26,621,013	29,637,184
Trust units	10,298,300		10,298,300	
Provision for diminution in value	(2,583,027)		(2,690,300)	
	7,715,273	7,715,273	7,608,000	7,608,000
Loan stocks of corporation quoted in Malaysia	5,256	37,080	9,776	20,190
Unquoted investments:				
Shares of corporations	2,147,444		2,147,444	
Danamodal	16,735,000		-	
Accretion of discount	120,506		-	
	16,855,506		-	
Khazanah	17,302,500		-	
Accretion of discount	95,031		-	
	17,397,531		-	

7. INVESTMENTS (CONT'D)

	Group 2000		Group 1999	
	Cost RM	Market Values RM	Cost RM	Market Values RM
Corporate bonds	82,294,529		57,900,237	
Accretion of discount	4,719,534		4,757,267	
Provision for diminution in value	-		(586,855)	
	87,014,063		62,070,649	
Corporate loans	30,000,000		50,000,000	
Sub-total	321,153,093		238,684,738	
Total Life Fund Investments	365,869,711		249,076,565	

	Company 2000		Company 1999	
	Cost RM	Market Values RM	Cost RM	Market Values RM
Life Fund				
Investment – linked business:				
Malaysian Government securities	1,017,500		3,071,500	
Amortisation of premium	(2,694)		(9,318)	
	1,014,806	1,080,800	3,062,182	3,097,239
Quoted investments:				
Shares of corporations quoted in Malaysia	21,148,111		5,772,861	
(Diminution)/appreciation in value	(2,543,351)		1,359,019	
	18,604,760	18,604,760	7,131,880	7,131,880
Unquoted investments:				
Corporate bonds	924,900		-	
Accretion of discount	12,128		-	
	937,028		-	
Short-term commercial notes	-		197,765	
Sub-total	20,556,594		10,391,827	
Other Business:				
Malaysian Government securities	83,463,593		66,508,693	
Amortisation of premium	(1,572,788)		(1,356,358)	
	81,890,805	87,464,070	65,152,335	69,056,910

Notes To The Accounts – June 30, 2000

(cont'd)

7. INVESTMENTS (CONT'D)

	Company 2000		Company 1999	
	Cost RM	Market Values RM	Cost RM	Market Values RM
Life Fund				
Cagamas bonds	15,123,600		25,128,600	
Amortisation of premium	(88,248)		(53,079)	
	15,035,352	15,124,000	25,075,521	25,080,600
Quoted investments:				
Shares of corporation quoted in Malaysia	67,848,542		26,621,013	
Provision for diminution in value	(4,756,679)		-	
	63,091,863	63,091,875	26,621,013	29,637,184
Trust units	10,298,300		10,298,300	
Provision for diminution in value	(2,583,027)		(2,690,300)	
	7,715,273	7,715,273	7,608,000	7,608,000
Loan stocks of corporation quoted in Malaysia	5,256	37,080	9,776	20,190
Unquoted investments:				
Shares of corporations	2,147,444		2,147,444	
Danamodal	16,735,000		-	
Accretion of discount	120,506		-	
	16,855,506		-	
Khazanah	17,302,500		-	
Accretion of discount	95,031		-	
	17,397,531		-	
Corporate bonds	82,294,529		57,900,237	
Accretion of discount	4,719,534		4,757,267	
Provision for diminution in value	-		(586,855)	
	87,014,063		62,070,649	
Corporate loans	30,000,000		50,000,000	
Sub-total	321,153,093		238,684,738	
Total Life Fund Investments	341,709,687		249,076,565	

8. CURRENT ASSETS

	Group		Company	
	2000 RM	1999 RM	2000 RM	1999 RM
Shareholders' Fund				
Other debtors, deposits and prepayments	532,309	205,171	345,912	77,217
Amount due from life fund	5,609,826	18,910,976	4,884,531	18,910,976
Amount due from holding company				
– bank balances	272,694	1,617,596	195,056	1,488,544
Amount due from related companies				
– bank balances	–	403	–	–
– fixed deposits	25,626,684	38,302,797	14,467,794	25,707,500
– others	854,386	607,083	854,386	607,083
	26,481,070	38,910,283	15,322,180	26,314,583
Amount due from subsidiary company	–	–	54,256	151,036
Deposits with licensed banks	–	445,000	–	445,000
	32,895,899	60,089,026	20,801,935	47,387,356
Life Fund				
Loan to policy holders due within 12 months	84,816	52,290	84,816	52,290
Other debtors, deposits and prepayments	13,656,129	11,259,626	13,447,528	11,259,626
Amount due from holding company				
– bank balances	2,421,485	9,232,995	2,421,485	9,232,995
– deposits	–	1,040,000	–	1,040,000
– others	430,726	428,347	430,726	428,347
	2,852,211	10,701,342	2,852,211	10,701,342
Amount due from related companies				
– bank balances	1,148,208	1,993,149	–	–
– fixed deposits	140,342,486	77,436,133	137,574,000	75,599,000
– others	6,320,320	3,482,334	6,320,320	3,482,334
	147,811,014	82,911,616	143,894,320	79,081,334
Deposits with:				
– licensed banks	7,782,337	8,611,790	7,782,337	8,611,790
– other financial institutions	34,153,140	29,238,150	34,153,140	29,238,150
	41,935,477	37,849,940	41,935,477	37,849,940
Cash and bank balances	65,521	22,314	65,521	22,314
	206,405,168	142,797,128	202,279,873	138,966,846

Notes To The Accounts – June 30, 2000

(cont'd)

9. CURRENT LIABILITIES

	Group		Company	
	2000 RM	1999 RM	2000 RM	1999 RM
Shareholders' Fund				
Provision for taxation	3,351,296	1,048,786	3,346,747	1,048,786
Other creditors and accruals	783,638	10,350	783,638	–
	4,134,934	1,059,136	4,130,385	1,048,786
Life Fund				
Provision for taxation	3,910,450	2,702,379	3,910,450	2,684,842
Outstanding claims	4,321,807	2,841,638	4,321,807	2,841,638
Amount due to shareholders' fund	5,609,826	18,910,976	4,884,531	18,910,976
Other creditors and accruals	14,423,503	10,179,770	13,912,267	10,087,031
Amount due to reinsurers	921,220	–	921,220	–
Premium deposits	20,506,456	6,566,390	20,506,456	6,566,390
Unmatched premium collections	6,597,458	2,706,374	6,597,458	2,706,374
	56,290,720	43,907,527	55,054,189	43,797,251

Premium deposits comprise premiums collected:

- i. against policies which are being processed, which include policies awaiting underwriting decisions and policies pending mortgage loan disbursements; and
- ii. upfront as single premiums for ordinary life policies.

Unmatched premium collections comprise premiums collected which have not been matched against their respective proposals due to a timing difference between the premium submission, which is through on-line banking, and proposal submission which is delivered by post.

10. LIFE ASSURANCE FUND

- i. Based on the actuarial valuations of the Fund made up to June 30, 2000, the Actuary of the Company and the Group is satisfied that the assets available in the Life Fund are sufficient to meet their long term liabilities to policyholders and has recommended a transfer of RM5 million from the non-participating Life Fund to the Shareholders' Fund.

10. LIFE ASSURANCE FUND (CONT'D)

ii. Life Policyholders' Fund

	2000		1999	
	Participating RM	Non- Participating RM	Total RM	Total RM
Group				
Policyholders' fund as at June 30	169,077,427	442,265,526	611,342,953	420,090,421
Less: Investment – linked fund	–	(67,594,574)	(67,594,574)	(23,329,030)
	169,077,427	374,670,952	543,748,379	396,761,391
Liability to policyholders as established by actuarial valuation as at June 30	131,052,067	351,524,248	482,576,315	343,898,872
Surplus for the year after taxation	28,568,049	11,673,459	40,241,508	44,098,705
Unallocated surplus brought forward	9,457,311	11,473,245	20,930,556 *	8,763,814
Total surplus available	38,025,360	23,146,704	61,172,064	52,862,519
Allocated by way of bonus to participating policyholders from normal surplus	(18,469,123)	–	(18,469,123)	(13,831,963)
Transfer to profit and loss account	–	(5,000,000)	(5,000,000)	(20,000,000)
Unallocated surplus carried forward	19,556,237	18,146,704	37,702,941	19,030,556
Company				
Policyholders' fund as at June 30	169,077,428	414,448,941	583,526,369	416,663,429
Less: Investment – linked fund	–	(41,089,836)	(41,089,836)	(19,707,778)
	169,077,428	373,359,105	542,436,533	396,955,651
Liability to policyholders as established by actuarial valuation as at June 30	131,052,067	350,574,248	481,626,315	343,689,750
Surplus for the year after taxation	28,568,050	12,808,230	41,376,280	44,502,087
Unallocated surplus brought forward	9,457,311	9,976,627	19,433,938	8,763,814
Total surplus available	38,025,361	22,784,857	60,810,218	53,265,901
Allocated by way of bonus to participating policyholders from normal surplus	(18,469,123)	–	(18,469,123)	(13,831,963)
Transfer to profit and loss account	–	(5,000,000)	(5,000,000)	(20,000,000)
Unallocated surplus carried forward	19,556,238	17,784,857	37,341,095	19,433,938

* The increase in the unallocated surplus brought forward is due to a deficit in Mayban Life International (Labuan) Ltd in the previous year, made good with a transfer of RM1,900,000 from the shareholders' fund in the financial year ended June 30, 2000.

Notes To The Accounts – June 30, 2000

(cont'd)

11. SHARE CAPITAL

	Group/Company	
	2000 RM	1999 RM
Ordinary shares of RM1 each:		
Authorised – 100,000,000 ordinary shares	100,000,000	100,000,000
Issued and fully paid-up –		
Balance at beginning	100,000,000	98,000,000
Issued during the year	–	2,000,000
Balance at end	100,000,000	100,000,000

12. OPERATING REVENUE

Operating revenue represents gross premium from life insurance business, investment income and profit or loss on disposal of investments.

13. INVESTMENT INCOME

	Group		Company	
	2000 RM	1999 RM	2000 RM	1999 RM
Shareholders' Fund				
Interest from:				
– corporate bonds	1,839,421	641,010	1,839,421	641,010
– fixed deposits	1,294,610	1,884,019	611,211	1,113,079
– money market instruments	237,349	1,409,109	237,349	1,409,109
Dividends (gross) from quoted shares	114,080	86,464	114,080	86,464
	3,485,460	4,020,602	2,802,061	3,249,662
Life Fund				
Interest from:				
– corporate bonds	7,530,151	7,803,915	7,530,151	7,803,915
– fixed deposits	5,179,037	6,118,428	4,931,931	6,112,280
– Malaysian Government securities	7,766,704	6,571,067	7,766,704	6,571,067
– loan to policy holders	176,490	130,170	176,490	130,170
– outstanding premiums	14,181	33,365	14,181	33,365
– money market instruments	2,099,287	2,568,030	2,099,287	2,568,030
– motor vehicle loans	15,924	23,853	15,924	23,853
– housing loans	93,555	23,799	93,555	23,799
– computer loans	1,292	1,749	1,292	1,749
Rental income	13,500	1,300	13,500	1,300
Dividends (gross) from quoted shares	1,282,065	812,194	1,197,850	812,194
Other income	991,399	592,715	991,399	592,715
	25,163,585	24,680,585	24,832,264	24,674,437

14. MANAGEMENT EXPENSES

	Group		Company	
	2000 RM	1999 RM	2000 RM	1999 RM
Life Fund				
Rental of office equipment	387,857	349,980	387,857	349,980
Salaries and allowances	8,873,201	6,349,909	8,319,780	6,349,909
Office rental	1,010,500	1,121,320	1,010,500	1,121,320
Fees and services	5,695,168	4,503,233	5,695,168	4,503,233
Directors'				
– gratuity	111,900	–	111,900	–
– remuneration	425,561	337,860	395,860	337,860
– allowances	21,000	14,100	21,000	14,100
Audit fees	58,562	45,000	45,000	45,000
Depreciation of fixed assets	1,872,787	1,149,225	1,815,434	1,149,225
Computer expenses:				
– Year 2000 expenses	–	1,529,213	–	1,529,213
– others	283,469	621,041	283,469	621,041
Fixed assets written off	167,241	336,128	167,241	336,128
Other expenses	5,524,023	3,969,555	4,701,064	3,969,338
	24,431,269	20,326,564	22,954,273	20,326,347

15. OTHER INCOME

	Group		Company	
	2000 RM	1999 RM	2000 RM	1999 RM
Shareholders' Fund				
Accretion of discount on MGS	38,090	–	38,090	–
Diminution in value of investments written back	–	474,825	–	474,825
Profit on disposal of securities	423,541	290,385	423,541	290,385
Other income	386,028	–	–	–
Gain on foreign exchange	61,024	–	–	–
	908,683	765,210	461,631	765,210
Life Fund				
Diminution in value of investments written back	694,128	11,460,757	694,128	11,460,757
Accretion of discount on corporate bonds	2,092,557	1,408,210	2,092,557	1,408,210
Profit on disposal of securities	7,886,323	3,206,570	7,608,273	3,206,570
Appreciation of market value of shares in investment – linked business	–	1,711,296	–	1,711,296
Other income	540	–	–	–
Gain on foreign exchange	787	–	–	–
	10,674,335	17,786,833	10,394,958	17,786,833

Notes To The Accounts – June 30, 2000

(cont'd)

16. OTHER EXPENSES

	Group		Company	
	2000 RM	1999 RM	2000 RM	1999 RM
Shareholders' Fund				
Investment expenses	21,689	16,080	21,689	16,080
Amortisation of goodwill	1,000,000	1,000,000	1,000,000	1,000,000
Amortisation of premium on corporate bonds	10,876	539	10,876	539
Audit fees	-	4,560	-	-
Depreciation	18,643	50,992	-	-
Directors' remuneration	-	204,429	-	-
Office rental	-	87,829	-	-
Diminution in value of investments	906,290	-	906,290	-
Rental of equipment	-	10,765	-	-
Salaries and allowances	-	142,622	-	-
Deferred expenditure written off	-	21,394	-	-
Exchange differences	-	746,025	-	-
Others	95	372,429	-	-
	1,957,593	2,657,664	1,938,855	1,016,619
Life Fund				
Investment expenses	42,375	52,667	42,375	52,667
Amortisation of premium on Malaysian Government securities	325,417	541,733	325,417	541,733
Diminution in value of investments	9,874,661	586,855	8,659,049	586,855
Others	293,014	-	-	-
	10,535,467	1,181,255	9,026,841	1,181,255

17. TAXATION

	Group		Company	
	2000 RM	1999 RM	2000 RM	1999 RM
Shareholders' Fund				
Income tax on current year's profit	2,314,459	-	2,310,000	-
Life Fund				
Income tax on current year's profit	2,095,953	22,765	2,095,953	5,228

In the previous year, tax on income was waived pursuant to the Income Tax (Amendment) Act, 1999. Arising from the waiver, the estimated tax savings of the Company, subject to agreement with the Inland Revenue Board, is RM3,637,000 and the estimated tax exempt income available for distribution as tax exempt dividends is RM12,991,000.

18. EARNINGS PER SHARE

	Group		Company	
	2000	1999	2000	1999
This is calculated based on the following:				
Profit for the year after taxation and minority interest (RM)	3,443,413	22,165,820	4,014,837	22,998,253
Weighted average number of shares in issued during the year	100,000,000	99,166,667	100,000,000	99,166,667

19. SIGNIFICANT TRANSACTIONS WITH RELATED COMPANIES

	Shareholders' Fund		Life Fund	
	Holding Company	Related Companies	Holding Company	Related Companies
	RM	RM	RM	RM
2000				
Group				
Income:				
Interest income	-	834,364	36,704	4,208,720
Expense:				
Commission and claims net of premiums received before deduction of reinsurance	-	-	29,025,819	4,018,898
Portfolio management fee	-	19,867	-	228,944
Office rental	-	-	1,004,500	-
Company				
Income:				
Interest income	-	834,364	36,704	4,208,720
Expense:				
Commission and claims net of premiums received before deduction of reinsurance	-	-	29,025,819	4,018,898
Portfolio management fee	-	19,867	-	228,944
Office rental	-	-	1,004,500	-

Notes To The Accounts – June 30, 2000

(cont'd)

19. SIGNIFICANT TRANSACTIONS WITH RELATED COMPANIES (CONT'D)

	Shareholders' Fund		Life Fund	
	Holding Company RM	Related Companies RM	Holding Company RM	Related Companies RM
1999				
Group				
Income:				
Interest income	2,760	3,462,977	37,641	5,982,080
Expense:				
Commission and claims net of premiums received before deduction of reinsurance	-	-	13,092,784	683,443
Portfolio management fee	-	15,507	-	143,582
Office rental	-	-	1,115,320	-
Company				
Income:				
Interest income	2,760	2,692,037	31,493	5,982,080
Expense:				
Commission and claims net of premiums received before deduction of reinsurance	-	-	13,092,784	683,443
Portfolio management fee	-	15,507	-	143,582
Office rental	-	-	1,115,320	-

20. COMMITMENTS

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

	Group/Company			
	Shareholders' Fund		Life Fund	
	2000 RM	1999 RM	2000 RM	1999 RM
Authorised and contracted for	-	8,731,000	-	37,397,000
Authorised but not contracted for	-	-	21,145,000	7,137,000

21. HOLDING COMPANY

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

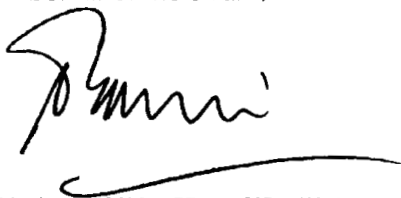
Statement By Directors

We, **TAN SRI MOHAMED BASIR BIN AHMAD** and **TOI SEE JONG**, being two of the directors of **MAYBAN LIFE ASSURANCE BHD**, state that in the opinion of the directors, the accounts set out on pages 60 to 84 are drawn up in accordance with the applicable approved Malaysian accounting standards so as to show a true and fair view of the state of affairs of the Company and of the Group as at June 30, 2000 and of their results and cash flows for the year ended on that date.

The directors also confirm that:

- i. for the purpose of preparing the accounts, an appropriate system of control has been established and maintained by the Company and its subsidiary company over the transactions and records; and
- ii. 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



TOI SEE JONG

Kuala Lumpur
August 28, 2000

Statutory Declaration

I, **TOI SEE JONG**, the director primarily responsible for the financial management of **MAYBAN LIFE ASSURANCE BHD**, do solemnly and sincerely declare that the accounts set out on pages 60 to 84 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, **TOI SEE JONG** at Kuala Lumpur in)
Federal Territory on August 28, 2000)


TOI SEE JONG

Before me:



28th Floor, Menara Maybank
100, Jalan Tun Perak,
50050 Kuala Lumpur

LIANG HIEN TIEN
Commissioner for Oaths

Report Of The Auditors

to the Members of Mayban Life Assurance Berhad

We have audited the accounts as set out on pages 116 to 132. 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 and the Companies Act, 1965 so as to give a true and fair view of the state of affairs of the Company and of the Group as at June 30, 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 is indicated in Note 5 to the accounts.

We are satisfied that the accounts of the subsidiary company that have been consolidated with the Company's accounts are in the form and content appropriate and proper for 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 do not contain any qualification or comments made under subsection (3) of Section 174 of the Act.



SALLEH, LEONG, AZLAN & CO.

AF:0010

Public Accountants



RAJA NAZUDDIN BIN RAJA MOHD. NORDIN ALHAJ

666/3/01(J/PH)

Partner of the Firm

Kuala Lumpur,
August 28, 2000

FURTHER INFORMATION

1. DIRECTORS' RESPONSIBILITY STATEMENT

The Information Circular has been seen and approved by the Directors and they individually and collectively accept full responsibility for the accuracy of the information given in this Information Circular, except for the information on Fortis in so far as it relates to Maybank Group, and confirm that, after making all reasonable enquiries, to the best of their knowledge and belief there are no material facts the omission of which would make any statement in this Information Circular misleading.

2. MATERIAL LITIGATIONS

Maybank and its subsidiaries are not engaged in any material litigation either as plaintiff or defendant and the Directors of Maybank have no knowledge of any proceedings pending or threatened against Maybank and its subsidiaries or any fact likely to give rise to any proceedings which might materially affect the position or business of Maybank and its subsidiaries.

3. MATERIAL CONTRACTS

Save as disclosed below, there are no material contracts entered into by Maybank and its subsidiaries, within two (2) years preceding the latest practicable date from the printing of the circular which are not in the ordinary course of business.

- (i) On 17 May 1999, MAB, a subsidiary company of the Bank, entered into a conditional sale and purchase agreement with Sime Bank Berhad ("SBB") to acquire a 77.24% stake in UMBCI comprising 37,075,681 ordinary shares of RM1.00 each for a cash consideration not exceeding RM108,137,403.
- (ii) On 28 May 1999, the operations of MFSL Limited (formerly known as Mayban Finance (Singapore) Limited) were merged with the Singapore operations of the Bank. With the merger, the Singapore operations of the Bank have taken over all the assets, liabilities and businesses of MFSL Limited. This has enlarged the capital base of the merged entity that will support a number of strategic goals of the Bank in Singapore. The merger will also increase the range of services and convenience in which the Bank intends to offer to its customers in Singapore.
- (iii) On 29 October 1999, MFB entered into a conditional sale and purchase agreement with SBB for the acquisition of the entire issued and paid-up share capital of Sime Finance Berhad. The acquisition was finalized with a purchase consideration of RM76.55 million on 14 August 2000.
- (iv) On 17 February 2000, in line with the rationalization and streamlining of business within the Group, Maybank had transferred its direct holding in Mayban Factoring Berhad to MFB for a total cash consideration of RM2.0 million.
- (v) On 30 May 2000, Maybank entered into a conditional sale and purchase agreement with Malaysian Kuwaiti Investment Co. Sdn Bhd ("MKIC") for the acquisition of MKIC's 5,000,000 ordinary shares of RM1.00 each representing approximately 6.10% of the issued and paid-up share capital of MAB satisfied entirely by cash. The purchase consideration was RM29.1 million and the transaction was completed on 18 July 2000.

- (vi) Upon acquiring the aggregate equivalent of 78.32% equity interest in UMBCI, MAB made a mandatory offer for the remaining 21.68% equity interest in UMBCI not held by MAB. Upon completion of the mandatory offer, MAB's interest in UMBCI increased to approximately 80.80%. Subsequent to the mandatory offer, MAB transferred the assets and liabilities of MAB to UMBCI for a consideration, which was satisfied by the issuance of new ordinary shares of UMBCI to MAB ("Transfer"). The Transfer was completed on 2 February 2001 and UMBCI renamed as MGAB. As at 23 February 2001, MAB holds 94.83% in MGAB.
- (vii) On 17 July 2000, BNM granted Maybank the approval to acquire a 39.83% equity interest in Maybank Philippines Incorporated ("MPI") from Philippines National Bank for a cash consideration of Peso 1.412 billion (RM124.1 million). The acquisition was completed on 18 August 2000 with the signing of the stock purchase agreement and increase Maybank's share in MPI to 99.59%.
- (viii) On 24 August 2000, Maybank entered into a conditional sale and purchase agreement with The Pacific Bank Berhad for the proposed acquisition of the entire banking business of The Pacific Bank Berhad ("TPBB") and the entire issued and paid up share capital of P.B. Holdings Sdn Bhd, Pacific Nominees (Tempatan) Sdn Bhd and Pacific Nominees (Asing) Sdn Bhd for cash consideration of RM1,250 million. The banking business of TPBB was vested over to Maybank on 1 January 2001.
- (ix) On 30 August 2000, MFB, a wholly owned subsidiary of Maybank, entered into a conditional assets purchase agreement with Kewangan Bersatu Berhad ("KBB") for the proposed acquisition of assets of KBB.
- (x) On 30 August 2000, Maybank entered into a conditional sale and purchase agreement with Phileo Allied Berhad and Phileo Allied Finance (Malaysia) Berhad for the proposed acquisition of Phileo Allied Bank (Malaysia) Berhad ("PABMB") and Phileo Allied Securities Sdn Bhd and their respective subsidiaries except for Phileo Allied Options and Financial Futures Sdn Bhd, Phileo Allied Unit Trust Management Sdn Bhd and Phileo Asset Management Sdn Bhd for net cash consideration of RM1,280 million. The acquisition was completed on 31 January 2001. Maybank and PABMB have jointly made an application to the Court pursuant to Section 50 of BAFIA and have obtained the Vesting Order from the Court on 9 February 2001, which effectively vests the banking business of PABMB to Maybank on 1 March 2001.
- (xi) On 2 February 2001, Maybank entered into a conditional sale and purchase agreement with MAB to dispose its 88.57% stake in MLA to MAB comprising 88,570,000 ordinary shares of RM1.00 each for a cash consideration of RM88,570,000. The acquisition was completed on 2 February 2001.
- (xii) On 8 February 2001, Maybank entered into an Agreement for Sale and Purchase of Shares to dispose the Bank's 30% and 3.43% equity interest in MAB and MLA respectively to Fortis for a cash consideration of approximately RM340,000,000 ("Principal Agreement").
- (xiii) On 29 March 2001, Maybank entered into a Supplementary Agreement to the Principal Agreement dated 8 February 2001 made between Maybank and Fortis to extend the completion of the Principal Agreement.

4. COMMITMENT AND CONTINGENT LIABILITIES

Save as disclosed in the audited accounts as at 30 June 2000, there are no contingent liabilities incurred or known to be incurred by Maybank, which are not in the ordinary course of business.

5. LETTERS OF CONSENT

Aseambankers has given and has not subsequently withdrawn its written consent to the inclusion in this Information Circular of its name in the form and context in which they appear.

6. DOCUMENTS FOR INSPECTION

The following documents will be available for inspection at the Registered Office of the Company at 14th Floor, Menara Maybank, 100 Jalan Tun Perak, 50050 Kuala Lumpur, during the normal office hours from Mondays to Fridays (except public holidays) for a period of two (2) weeks from the date of this Information Circular:

- (a) Memorandum and Articles of Association of Maybank, MAB and MLA;
- (b) Audited accounts of Maybank, MAB and MLA for the past two (2) financial years ended 30 June 2000 and the unaudited half year report for the period ended 31 December 2000;
- (c) All material contracts referred to in this Information Circular under Section 3 of Appendix IV; and
- (d) The letter of consent referred to in this Information Circular under Section 5 of this Appendix.