

## APPENDIX III

## AUDITED CONSOLIDATED ACCOUNTS OF ALLIANZ GENERAL FOR THE SIX (6) MONTHS PERIOD ENDED 31 DECEMBER 2001 TOGETHER WITH THE AUDITORS' REPORT THEREON

(Prepared for the inclusion in this Abridged Prospectus)

**Allianz General Insurance Malaysia Berhad**

(Formerly known as Malaysia British Assurance Berhad)

(Incorporated in Malaysia)

**and its subsidiaries****Balance sheets at 31 December 2001**

		<b>Group</b>		<b>Company</b>	
	<b>Note</b>	<b>31.12.2001</b>	<b>30.6.2001</b>	<b>31.12.2001</b>	<b>30.6.2001</b>
		<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>ASSETS</b>					
<b>General business and shareholders' fund assets</b>					
Property, plant and equipment	3	31,673	33,046	28,740	29,627
Goodwill on consolidation	4	7,807	8,161	-	-
Investments in subsidiaries	5	-	-	65,023	65,023
Investments	6	489,388	473,441	416,382	400,940
Loans	7	6,595	6,907	6,595	6,907
Receivables	8	120,818	102,909	113,698	95,940
Cash and bank balances		5,877	4,276	2,921	1,925
		<hr/>	<hr/>	<hr/>	<hr/>
<b>Total general business and shareholders' fund assets</b>		662,158	628,740	633,359	600,362
<b>Total life business assets (page 15)</b>		301,133	260,911	-	-
		<hr/>	<hr/>	<hr/>	<hr/>
<b>TOTAL ASSETS</b>		963,291	889,651	633,359	600,362
		<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

**Balance sheets at 31 December 2001 (continued)**

		<b>Group</b>		<b>Company</b>	
	<b>Note</b>	<b>31.12.2001</b>	<b>30.6.2001</b>	<b>31.12.2001</b>	<b>30.6.2001</b>
		<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>LIABILITIES</b>					
<b>General business and shareholders' fund liabilities</b>					
Provision for outstanding claims	10	241,273	235,758	238,739	233,194
Payables	11	188,061	170,593	180,483	161,666
Borrowings	12	260	968	-	968
Provision for taxation		341	47	-	-
Deferred taxation	13	-	92	-	-
<b>Total general business and shareholders' funds liabilities</b>		<b>429,935</b>	<b>407,458</b>	<b>419,222</b>	<b>395,828</b>
<b>Total life business liabilities (page 15)</b>		<b>44,784</b>	<b>50,152</b>	<b>-</b>	<b>-</b>
		<b>474,719</b>	<b>457,610</b>	<b>419,222</b>	<b>395,828</b>
<b>Unearned premium reserves</b>	14	<b>101,421</b>	<b>106,100</b>	<b>99,694</b>	<b>104,731</b>
<b>Life policyholders' fund</b>	15	<b>256,273</b>	<b>210,683</b>	<b>-</b>	<b>-</b>
<b>Life asset revaluation reserves</b>		<b>76</b>	<b>76</b>	<b>-</b>	<b>-</b>
		<b>357,770</b>	<b>316,859</b>	<b>99,694</b>	<b>104,731</b>
<b>SHAREHOLDERS' EQUITY</b>					
Share capital	16	54,980	54,574	54,980	54,574
Reserves	17	73,272	57,993	59,463	45,229
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>960,741</b>	<b>887,036</b>	<b>633,359</b>	<b>600,362</b>
<b>Minority shareholders' interest</b>		<b>2,550</b>	<b>2,615</b>	<b>-</b>	<b>-</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY AND MINORITY INTEREST</b>		<b>963,291</b>	<b>889,651</b>	<b>633,359</b>	<b>600,362</b>

The notes set out on pages 46 to 103 form an integral part of, and, should be read in conjunction with, these financial statements.

# Allianz General Insurance Malaysia Berhad

(Formerly known as Malaysia British Assurance Berhad)  
(Incorporated in Malaysia)

## and its subsidiaries

### Group statement of changes in equity for the six month period ended 31 December 2001

Group	Note	Non-distributable				Distributable		Total RM'000
		Share Capital RM'000	Share premium RM'000	Asset revaluation reserve RM'000	Capital reserve RM'000	Translation reserve RM'000	Retained profits RM'000	
<b>At 1 July 2000</b>		53,526	2,054	4,002	478	2,807	68,007	130,874
Surplus realised on disposal of investment properties		-	-	(5)	-	-	-	(5)
Surplus on revaluation of properties:								
General business		-	-	1,069	-	-	-	1,069
Share issue expenses		-	(17)	-	-	-	-	(17)
Currency translation differences		-	-	-	-	(571)	-	(571)
<b>Net gains/(losses) not recognised in the income statements</b>		-	(17)	1,064	-	(571)	-	476
<b>Net loss for the year</b>		-	-	-	-	-	(22,689)	(22,689)
Shares issued:								
Exercise of share options	16	1,048	2,858	-	-	-	-	3,906
<b>At 30 June 2001</b>		54,574	4,895	5,066	478	2,236	45,318	112,567

## Group statement of changes in equity for the six month period ended 31 December 2001 (continued)

Group	Non-distributable					Distributable	
	Share Capital RM'000	Share premium RM'000	Asset revaluation reserve RM'000	Capital reserve RM'000	Translation reserve RM'000	Retained profits RM'000	Total RM'000
Share issue expenses	-	(5)	-	-	-	-	(5)
Currency translation differences	-	-	-	-	(184)	-	(184)
Net losses not recognised in the income statements	-	(5)	-	-	(184)	-	(189)
Net profit for the period	-	-	-	-	-	14,365	14,365
Shares issued:							
Exercise of share options	16	406	1,103	-	-	-	1,509
At 31 December 2001	54,980	5,993	5,066	478	2,052	59,683	128,252

The notes set out on pages 46 to 103 form an integral part of, and should be read in conjunction with, these financial statements.

# Allianz General Insurance Malaysia Berhad

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## and its subsidiaries

### Statement of changes in equity for the six month period ended 31 December 2001

Company	Note	Non-distributable			Distributable	Total RM'000
		Share capital RM'000	Share premium RM'000	Asset revaluation reserve RM'000	Retained profits RM'000	
<b>At 1 July 2000</b>		53,526	2,054	3,658	59,956	119,194
Surplus realised on disposal of investment properties		-	-	(5)	-	(5)
Surplus on revaluation of properties:						
General business		-	-	1,069	-	1,069
Share issue expenses		-	(17)	-	-	(17)
Net gains/(losses) not recognised in the income statement		-	(17)	1,064	-	1,047
Net loss for the year		-	-	-	(24,344)	(24,344)
Shares issued:						
Exercise of share options 16		1,048	2,858	-	-	3,906
<b>At 30 June 2001</b>		54,574	4,895	4,722	35,612	99,803
Share issue expenses		-	(5)	-	-	(5)
Net losses not recognised in the income statement		-	(5)	-	-	(5)
Net profit for the year		-	-	-	13,136	13,136
Shares issued:						
Exercise of share options 16		406	1,103	-	-	1,509
<b>At 31 December 2001</b>		54,980	5,993	4,722	48,748	114,443

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# Allianz General Insurance Malaysia Berhad

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## and its subsidiaries

### Income statements for the six month period ended 31 December 2001

		Group		Company	
	Note	Period ended 31.12.2001 RM'000	Year ended 30.6.2001 RM'000	Period ended 31.12.2001 RM'000	Year ended 30.6.2001 RM'000
<b>Operating revenue</b>	18	310,777	521,529	239,636	398,228
		=====	=====	=====	=====
Shareholders' fund:					
Operating revenue	18	2,008	3,832	-	-
Other operating income/ (expenditure) – net	20	140	(190)	(74)	(71)
Management expenses	21	(956)	(2,360)	-	-
		-----	-----	-----	-----
		1,192	1,282	(74)	(71)
Transfers from Insurance Revenue accounts:					
General insurance business		16,135	(19,559)	16,214	(19,651)
		-----	-----	-----	-----
<b>Profit/(loss) from operations and before taxation</b>		17,327	(18,277)	16,140	(19,722)
Taxation	22	(3,027)	(4,603)	(3,004)	(4,622)
		-----	-----	-----	-----
<b>Profit/(loss) after taxation</b>		14,300	(22,880)	13,136	(24,344)
Minority interest		65	191	-	-
		-----	-----	-----	-----
<b>Net profit/(loss) for the period/year</b>		14,365	(22,689)	13,136	(24,344)
		=====	=====	=====	=====
<b>Earnings/(loss) per ordinary share (sen)</b>					
Basic	23	26	(42)		
		=====	=====		
Diluted	23	-	(42)		
		=====	=====		

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## Allianz General Insurance Malaysia Berhad

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### and its subsidiaries

## General insurance revenue account for the six month period ended 31 December 2001

Group	Fire			Motor			Marine Aviation & Transit			Miscellaneous			Total		
	Period ended 31.12.2001	Year ended 30.6.2001	RM'000	Period ended 31.12.2001	Year ended 30.6.2001	RM'000	Period ended 31.12.2001	Year ended 30.6.2001	RM'000	Period ended 31.12.2001	Year ended 30.6.2001	RM'000	Period ended 31.12.2001	Year ended 30.6.2001	RM'000
Note	18	18	48,334	104,583	56,752	114,979	13,092	30,761	119,273	141,685	237,451	392,008	(163,731)		
Gross premium	(28,772)	(58,536)	(6,776)	(13,322)	(9,683)	(23,692)									
Reinsurance															
Net premium (Increase)/Decrease in unearned premium reserves	14	14	2,361	(3,182)	1,042	(3,986)	736	(1,414)	495	(6,605)	4,634	(15,187)			
Earned premium	21,923	42,865	51,018	97,671	4,145	5,655	35,917	66,899	113,003						
Net claims incurred	24	(10,291)	(23,787)	(37,857)	(66,383)	(7,553)	(20,912)	(44,984)	(69,874)						
Net commission	(992)	(4,614)	(5,015)	(9,860)	325	(8,058)	(2,218)	(8,422)							
	(11,283)	(28,401)	(42,872)	(76,243)	(1,011)	(7,228)	(23,130)	(53,042)	(78,296)						

## General insurance revenue account for the six month period ended 31 December 2001 (continued)

Group	Fire		Motor		Marine Aviation & Transit		Miscel- laneous		Total	
	Period ended 31.12.2001 RM'000	Year ended 30.6.2001 RM'000	Period ended 31.12.2001 RM'000	Year ended 30.6.2001 RM'000	Period ended 31.12.2001 RM'000	Year ended 30.6.2001 RM'000	Period ended 31.12.2001 RM'000	Year ended 30.6.2001 RM'000	Period ended 31.12.2001 RM'000	Year ended 30.6.2001 RM'000
Note	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Underwriting surplus/(deficit) before management expenses	10,640	14,464	8,146	21,428	3,134	(1,573)	12,629	13,857	34,707	48,176
Management expenses	=====									
Underwriting deficit										
Investment income										
Other operating income/(expenses) - net										
Profit/(loss) from operations										
Finance costs										
Transfer to Income Statement										

The notes set out on pages 46 to 103 form an integral part of, and should be read in conjunction with, these financial statements.



# Allianz General Insurance Malaysia Berhad

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## and its subsidiaries

### General insurance revenue account for the six month period ended 31 December 2001

Company		Fire			Motor			Marine Aviation & Transit			Miscellaneous			Total	
		Period ended 31.12.2001	Year ended 30.6.2001	RM'000	Period ended 31.12.2001	Year ended 30.6.2001	RM'000	Period ended 31.12.2001	Year ended 30.6.2001	RM'000	Period ended 31.12.2001	Year ended 30.6.2001	RM'000	Period ended 31.12.2001	Year ended 30.6.2001
	Note	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Gross premium	18	47,057	102,138	56,300	114,447	12,998	30,571	116,362	136,576	232,717	383,732				
Less: Reinsurance		(28,009)	(56,912)	(6,753)	(13,312)	(9,612)	(23,517)	(82,660)	(65,591)	(127,034)	(159,332)				
Net premium (Increase)/Decrease in unearned premium reserves	14	19,048	45,226	49,547	101,135	3,386	7,054	33,702	70,985	105,683	224,400				
		2,383	(3,229)	1,114	(3,978)	748	(1,432)	792	(6,688)	5,037	(15,327)				
Earned premium		21,431	41,997	50,661	97,157	4,134	5,622	34,494	64,297	110,720	209,073				
Net claims incurred	24	(10,112)	(23,276)	(37,572)	(66,012)	(815)	(7,515)	(20,502)	(43,972)	(69,001)	(140,775)				
Net commission		(788)	(4,221)	(4,874)	(9,718)	(203)	303	(1,755)	(7,382)	(7,620)	(21,018)				
		(10,900)	(27,497)	(42,446)	(75,730)	(1,018)	(7,212)	(22,257)	(51,354)	(76,621)	(161,793)				

## General insurance revenue account for the six month period ended 31 December 2001 (continued)

### Company

	Fire		Motor		Marine Aviation & Transit		Miscellaneous		Total	
	Period ended 31.12.2001	Year ended 30.6.2001	Period ended 31.12.2001	Year ended 30.6.2001	Period ended 31.12.2001	Year ended 30.6.2001	Period ended 31.12.2001	Year ended 30.6.2001	Period ended 31.12.2001	Year ended 30.6.2001
Note	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000

Underwriting  
surplus/(deficit)  
before management  
expenses

10,531 14,500 8,215 21,427 3,116 (1,590) 12,237 12,943 34,099 47,280

Management expenses 21

(38,976) (59,726)

Underwriting deficit  
Investment income 19  
Other operating  
income/(expenses)  
- net 20

(4,877) (12,446)  
6,919 14,496

Profit from operations  
Finance costs

14,179 (21,685)  
16,221 (19,635)  
(7) (16)

Transfer to Income  
Statement

16,214 (19,651)

The notes set out on pages 46 to 103 form an integral part of, and should be read in conjunction with, these financial statements.

# Allianz General Insurance Malaysia Berhad

(Formerly known as Malaysia British Assurance Berhad)

(Company No. 12428-W)

(Incorporated in Malaysia)

## and its subsidiaries

### Life fund balance sheet at 31 December 2001

	Note	31.12.2001 RM'000	30.6.2001 RM'000
<b>Assets</b>			
Property, plant and equipment	3	4,200	3,257
Investments	6	250,494	212,557
Loans	7	13,456	24,900
Receivables	8	16,341	13,679
Cash and bank balances		12,296	3,086
<b>Investment-linked business assets</b>	27	4,346	3,432
		<hr/>	<hr/>
<b>Total life business assets</b>		301,133	260,911
		<hr/>	<hr/>
<b>Liabilities</b>			
Provision for outstanding claims	10	7,943	6,950
Payables	11	35,967	42,249
Provision for taxation		830	898
<b>Investment-linked business liabilities</b>	27	44	55
		<hr/>	<hr/>
<b>Total life business liabilities</b>		44,784	50,152
Life policyholders' fund	15	256,273	210,683
Revaluation reserve	17	76	76
		<hr/>	<hr/>
<b>Total life business liabilities and life policyholders' funds</b>		301,133	260,911
		<hr/>	<hr/>

# Allianz General Insurance Malaysia Berhad

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(Incorporated in Malaysia)

## and its subsidiaries

### Life fund revenue account for the six month period ended 31 December 2001

	Note	Period ended 31.12.2001 RM'000	Year ended 30.6.2001 RM'000
Gross premium	18	58,924	100,071
Less: Reinsurance		5,168	(14,065)
Net premium		64,092	86,006
Less: Benefit paid and payable:			
Surrender		2,934	6,203
Death		1,809	2,555
Maturity		408	573
Cash bonus		1,500	2,589
Others		4,931	6,307
		(11,582)	(18,227)
		52,510	67,779
Commission and agency expenses		(10,830)	(15,046)
Management expenses	21	(11,741)	(17,551)
		29,939	35,182
Investment income	19	5,187	10,707
Other operating income/(expenses) – net	20	10,076	(10,824)
Surplus before taxation		45,202	35,065
Taxation	22	(341)	(782)
Surplus after taxation but before policy reserves		44,861	34,283
Issue of units in investment-linked funds to shareholder's fund		-	3,000
Surplus from investment-linked business but before policy reserves	27	729	(232)
Fund at beginning of period/year		210,683	173,632
Fund at end of period/year		256,273	210,683

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# Allianz General Insurance Malaysia Berhad

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### Cash flows statements for the six month period ended 31 December 2001

	Group		Company	
	Period ended	Year ended	Period ended	Year ended
	31.12.2001	30.6.2001	31.12.2001	30.6.2001
	RM'000	RM'000	RM'000	RM'000
<b>Cash flows from operating activities</b>				
Profit/(loss) before taxation	17,327	(18,277)	16,140	(19,722)
Adjustments for:				
Amortisation of goodwill on consolidation	354	704	-	-
Bad debts written off	-	184	-	181
Deficit arising from revaluation of:				
Property, plant and equipment	-	9	-	9
Investment properties of life business	-	6	-	-
Depreciation of property, plant and equipment	3,241	4,379	2,621	3,012
(Decrease)/increase in unearned premium reserves	(4,634)	15,187	(5,037)	15,327
Interest expense	1,056	2,497	862	1,913
Investment income	(15,114)	(30,837)	(7,781)	(16,228)
Investment in a subsidiary company written off	-	-	-	338
Investment linked fund surplus/(deficit) but before policy reserves	749	(210)	-	-
Issue of units in investment-linked funds to the shareholder's fund	-	3,000	-	-
Life fund underwriting surplus but before policy reserves	45,202	35,065	-	-
Loss/(gain) on disposal of property, plant and equipment	193	(236)	(22)	(174)
Realised net investment loss /(gain)	394	(8,049)	(308)	(9,269)
Property, plant and equipment written off	-	145	-	28
Surplus arising from subsidiary company not consolidated	-	(98)	-	-
Unrealised loss on foreign exchange	-	12	-	-
Waiver of amount due to a subsidiary company	-	-	-	(353)
Write back of doubtful debts	-	(100)	-	(227)
(Write back)/provision for diminution in value of quoted investments	(29,160)	45,006	(18,522)	33,038
Operating profit/(loss) before changes in operating assets and liabilities	19,608	48,387	(12,047)	7,873
Purchase of investments	(216,474)	(322,807)	(92,262)	(222,628)
	(196,866)	(274,420)	(104,309)	(214,755)

## Cash flows statements for the six month period ended 31 December 2001 (continued)

	Group		Company	
	1.7.2001	1.7.2000	1.7.2001	1.7.2000
	to	to	to	to
	31.12.2001	30.6.2001	31.12.2001	30.6.2001
	RM'000	RM'000	RM'000	RM'000
Proceeds from disposal of investments	188,023	200,880	75,137	143,203
Decrease in fixed and call deposits	4,082	11,584	20,700	29,179
Decrease/(increase) in loans	11,756	(326)	312	438
Decrease in receivables	(13,886)	(17,979)	(10,765)	(20,069)
Increase in outstanding claims	6,568	13,377	5,545	12,318
Increase in payables	5,748	43,416	13,186	39,938
Net cash used in operations	5,425	(23,468)	(194)	(9,748)
Tax paid	(4,591)	(3,614)	(4,366)	(2,878)
Investment income received:				
Dividend	1,554	3,004	1,035	2,214
Interest	13,385	26,865	6,673	13,692
Others	175	-	73	-
Interest paid	(1,056)	(1,449)	(862)	(866)
<b>Net cash generated from operating activities</b>	<b>14,892</b>	<b>1,338</b>	<b>2,359</b>	<b>2,414</b>
<b>Cash flows from investing activities</b>				
Proceeds from disposal of property, plant and equipment	242	328	250	239
Proceeds from disposal of investment properties	-	108	-	108
Purchase of property, plant and equipment	(3,284)	(6,274)	(1,962)	(5,138)
Accretion of discounts	(1,174)	(2,695)	(187)	(759)
Unrealised gain in investment linked fund	(354)	-	-	-
<b>Net cash used in investing activities</b>	<b>(4,570)</b>	<b>(8,533)</b>	<b>(1,899)</b>	<b>(5,550)</b>
<b>Cash flows from financing activities</b>				
Proceeds from exercise of share options	1,509	3,906	1,509	3,906
Share issue expenses paid	(5)	(17)	(5)	(17)
<b>Net cash generated from financing activities</b>	<b>1,504</b>	<b>3,889</b>	<b>1,504</b>	<b>3,889</b>

## Cash flows statements for the six month period ended 31 December 2001 (continued)

	Group		Company	
	1.7.2001 to 31.12.2001 RM'000	1.7.2000 to 30.6.2001 RM'000	1.7.2001 to 31.12.2001 RM'000	1.7.2000 to 30.6.2001 RM'000
<b>Net increase/(decrease) in cash and cash equivalents</b>	11,826	(3,306)	1,964	753
<b>Cash and cash equivalents at beginning of period/year</b>	6,844	10,251	957	204
Effect of foreign exchange differences	(335)	(101)	-	-
<b>Cash and cash equivalents at end of period/year</b>	<u>18,335</u> =====	<u>6,844</u> =====	<u>2,921</u> =====	<u>957</u> =====
Cash and cash equivalents comprise:				
Cash and bank balances :				
General business and shareholders' fund	5,877	4,276	2,921	1,925
Life fund	12,296	3,086	-	-
Investment-linked business	422	450	-	-
	<u>18,595</u>	<u>7,812</u>	<u>2,921</u>	<u>1,925</u>
<b>Bank overdraft</b>				
General business and shareholders' fund	(260)	(968)	-	(968)
	<u>18,335</u> =====	<u>6,844</u> =====	<u>2,921</u> =====	<u>957</u> =====

The notes set out on pages 46 to 103 form an integral part of, and should be read in conjunction with, these financial statements.

# **Allianz General Insurance Malaysia Berhad**

(Formerly known as Malaysia British Assurance Berhad)

(Incorporated in Malaysia)

## **and its subsidiary companies**

### **Notes to the financial statements**

#### **1. Principal activities and general information**

The Company is engaged principally in the underwriting of all classes of general insurance business, whilst the principal activities of the subsidiaries are as stated in Note 5 to the financial statements. There have been no significant changes in these activities during the financial period.

The number of employees as at the end of the financial period in the Group and in the Company was 1,157 and 918 (30.6.2001 – 1,151 and 921) respectively.

The Company is a public limited liability company, incorporated and domiciled in Malaysia. The registered office of the Company is located at Level 41, Menara Citibank, 165 Jalan Ampang, 50450 Kuala Lumpur.

The holding and ultimate holding company is Allianz Aktiengesellschaft, a company incorporated in Germany.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 5 August 2002.

#### **2. Summary of significant accounting policies**

##### **(a) Basis of accounting**

The financial statements of the Group and of the Company have been prepared in compliance with applicable approved accounting standards in Malaysia and the provisions of the Companies Act, 1965, the Insurance Act, 1996 and Guidelines/Circulars issued by Bank Negara Malaysia (BNM).

General business assets and liabilities relate to both General Insurance Fund and Shareholders' Fund.

As at 31 December 2001, the Company is unable to comply with the margin of solvency requirements set out by BNM. The Company's paid up share capital amounting to RM54,980,311 at 31 December 2001 does not meet the minimum paid-up share capital requirement of RM100 million as prescribed by BNM pursuant to Section 18 of the Insurance Act, 1996 ("the Act").

Subsequent to year end, in order to meet the minimum paid up share capital requirement of RM100 million, the Company obtained approval from the relevant authorities for a proposed rights issue to raise funds to increase the issued and paid up capital of the Company up to approximately RM154 million. The proposed rights issue will also contribute towards meeting the minimum margin of solvency requirement set by BNM.



## **(b) Basis of consolidation**

Subsidiaries are those enterprises controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control effectively commences until the date that control effectively ceases. Subsidiaries are consolidated using the acquisition method of accounting.

A subsidiary is excluded from consolidation when control is intended to be temporary if the subsidiary is acquired and held exclusively with a view of its subsequent disposal in the near future and it has not previously been consolidated or it operates under severe long term restrictions which significantly impair its ability to transfer funds to the Company. Subsidiaries excluded on these grounds are accounted for as investments.

Under the acquisition method of accounting, the results of subsidiaries acquired or disposed of during the period are included from the date of acquisition or up to the date of disposal. At the date of acquisition, the fair values of the subsidiaries' net assets are determined and these values are reflected in the Group financial statements. The difference between the acquisition cost and the fair values of the subsidiaries' net assets is reflected as goodwill or reserve on consolidation as appropriate.

Intragroup transactions and balances and the resulting unrealised profits are eliminated on consolidation. Unrealised losses resulting from intragroup transactions are also eliminated unless cost cannot be recovered.

## **(c) Property, plant and equipment**

Property, plant and equipment except for freehold land are stated at cost or valuation less accumulated depreciation.

Properties stated at valuation are revalued by the entire class of assets at regular intervals of at least once in every 5 years by independent professional valuers with additional valuations in the intervening years where market conditions indicate that the carrying values of the revalued assets are materially different than the market values.

An increase in the carrying amount arising from the revaluation of properties of the general business and shareholders' fund is credited to shareholders' fund as a revaluation surplus. To the extent that a decrease in carrying amount offsets a previous increase, for the same asset, that has been credited to revaluation surplus and not subsequently reversed or utilised, it is charged against the revaluation surplus. In all other cases, a decrease in carrying amount is recognised as an expense. An increase in revaluation directly related to a previous decrease in carrying amount for that same asset that was recognised as an expense is credited to income to the extent that it offsets the previously recorded decrease.

### (c) Property, plant and equipment (continued)

On disposal of property, plant and equipment, the difference between net proceeds and the carrying amount is recognised in the income statement and/or revenue account. On disposal of revalued assets, the amount of any remaining related revaluation surplus is transferred to shareholders' fund's retained profits.

Property, plant and equipment retired from active use and held for disposal are stated at the lower of net book value and net realisable value.

The carrying amounts of property, plant and equipment are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such an indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an item of property, plant and equipment exceeds its recoverable amount. In determining the recoverable amount of property, plant and equipment, expected future cash flows are discounted to their present values. The impairment loss is charged to the income statement unless it reverses a previous revaluation, in which case it is charged to equity. Any subsequent increase in recoverable amount is reduced by the amount that would have been recognised as depreciation had the write-down or write-off not occurred. Such subsequent increase in recoverable amount is recognised in the income statement, unless if it reverses an impairment loss on a revalued asset, in which case it is taken to equity.

Freehold land is not depreciated. Leasehold land is depreciated in equal instalment over the period of the lease of the respective leases which range from 74-100 years while buildings are depreciated on a straight line basis over the shorter of 50 years or the lease period. The straight-line method is used to write off the cost of other assets over the term of their estimated useful life at the following annual rates:

Freehold buildings	2%
Motor vehicles	20%
Office equipment, furniture and fittings	5% - 20%
Office renovations and partititions	10%

### (d) Goodwill

Goodwill represents the excess of the cost of acquisition over the fair values of the net identifiable assets acquired and is stated at cost less accumulated amortisation and accumulated impairment losses.

Goodwill is amortised from the date of initial recognition over its estimated useful life of not more than 20 years. An impairment loss is also recognised when the Directors are of the view that there is a diminution in its value which is other than temporary.

## **(e) Investments**

Investment in subsidiaries, which is eliminated on consolidation is stated at cost in the Company's financial statements. An allowance is made when the Directors are of the view that there is a diminution in their value which is other than temporary.

Malaysian Government Securities and other investments held to maturity and as specified by Bank Negara Malaysia are stated at cost adjusted for the amortisation of premiums or accretion of discounts, calculated straight-line basis, from the date of purchase to maturity date. The amortisation of premiums and accretion of discounts are recognised in the income statement/revenue accounts.

Quoted investments are stated at the lower of cost and market value determined on an aggregate portfolio basis by category of investments. Provision for diminution in value deemed necessary by the Directors is taken to the revenue account. Specific provision for permanent diminution in value of quoted investments will be made if any, when the market value has been less than 80% of its cost at all time during the preceding 24 months, by writing down the cost of that quoted investment to the average median price for each month during that 24 months period.

An allowance is made when the Directors are of the view that there is a diminution in value which is other than temporary.

Unquoted investments are stated at cost. An allowance is made when the Directors are of the view that there is a diminution in their value which is other than temporary.

Investments of investment-linked business are stated at the closing market prices. Any increase or decrease in value of these investments is taken into the investment-linked business revenue account.

## **(f) Investment properties**

Investment properties are stated at valuation and include related and incidental expenditure incurred. Investment properties are not depreciated.

Investment properties stated at valuation are revalued by the entire class of assets at regular intervals of at least once in every 5 years by independent professional valuers with additional valuations in the intervening periods where market conditions indicate that the carrying values of the revalued assets are materially different than the market values.

**(f) Investment properties (continued)**

An increase in the carrying amount arising from the revaluation of investment properties of the General business and shareholders' fund is credited to shareholders' fund as a revaluation surplus. To the extent that a decrease in carrying amount offsets a previous increase, for the same asset, that has been credited to revaluation surplus and not subsequent reversed or utilized, it is charged against that revaluation surplus. In all other cases, a decrease in carrying amount is recognised as an expense. An increase in revaluation directly related to a previous decrease in carrying amount, for the same asset, that was recognised as an expense is credited to income to the extent that it offsets the previously recorded decrease.

An increase or decrease in the carrying amount arising from the revaluation of investment properties of the Life fund is taken to the Life fund revaluation reserve account. The portion that is allocated to participating policyholders may be distributed as a bonus to such policyholders. The portion allocated to shareholders from such a revaluation is transferred to a revaluation surplus account of the shareholders' fund and is not distributable as cash dividends until the realization of the relevant asset.

On disposal of investment properties, the difference between net proceeds and the carrying amount is recognised in the income statement/revenue accounts. On disposal of revalued assets of the General business and shareholders' fund, the amount of any remaining related revaluation surplus is transferred to shareholders' fund's retained profits. On disposal of revalued assets of the Life fund, the amount of any remaining related revaluation surplus is taken to the revenue account within the life fund.

The carrying amount of investment properties is reduced to recognised impairment loss.

**(g) Receivables**

Known bad debts are written off and specific allowance for doubtful debts is made for any premiums including agents and reinsurance balances which remain outstanding for more than six months from the date on which they became receivable and for all debts which are considered doubtful. The policy is applied throughout the Group except for the Company's general insurance subsidiary incorporated in Brunei and insurance broking subsidiary incorporated in Singapore whereby provision for doubtful debts is calculated based on estimates of possible losses that may arise from non-collection of certain outstanding premium and receivable accounts. The difference in accounting policy does not have a material impact on the Group's financial statements.

**(h) Cash and cash equivalents**

Cash and cash equivalents consist of cash on hand and balances with banks. For the purpose of the cash flow statements, cash and cash equivalents are presented net of bank overdrafts.

**(i) Other revenue recognition**

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

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

Dividend income represents gross dividends from quoted and unquoted investments and is recognised when the right to receive payment is established.

**(j) General insurance underwriting results**

The general insurance underwriting results are determined for each class of business after taking into account reinsurances, commissions, unearned premiums and claims incurred.

**Premium Income**

Premium is recognised in a financial period in respect of risks assumed during that particular financial period. Inward treaty reinsurance premiums are recognised on the basis of periodic advices received from ceding insurers.

**Inward Treaty Business**

Underwriting results relating to reinsurance inward treaty transactions, regardless of the underwriting years to which they pertain, are included in current operations to the extent that such transactions are reported by the brokers and reinsurers in their statement of accounts received as at the end of the financial year. In general, transactions in the brokers' and reinsurers' statements of accounts are reported under a different basis of accounting which ordinarily results in a time lag in the recognition of transactions in the books of the Company. In the opinion of the directors, the basis adopted by the Company in recording inward treaty transactions is appropriate in view of the substantial delay inherent in the reinsurance business in the notification of premiums and claims by the reinsurers and brokers.

## **(j) General insurance underwriting results (continued)**

### **Unearned premium reserves**

The Unearned Premium Reserves (UPR) represent the portion of the net premiums of insurance policies written that relate to the unexpired periods of the policies at the end of the financial period.

The UPR at balance sheet date is reduced by the corresponding deduction on commissions restricted to an amount not exceeding the permitted percentage in compliance with the method as prescribed by Bank Negara Malaysia in the Insurance Regulations 1996.

The method used that most accurately reflects the actual unearned premium is as follows:

- 25% method for marine cargo, aviation cargo and transit business
- 1/24<sup>th</sup> method for all other classes of Malaysian general policies business.
- 1/8<sup>th</sup> method for all other classes of overseas inward business.

The prescribed method is applied throughout the group except for the Company's general insurance subsidiary company incorporated in Brunei whereby UPR is calculated based on the 1/24<sup>th</sup> method for all classes of general business and is reduced by the deductions as permitted by the authorities in Brunei. The difference in the prescribed method does not have a material impact on the Group's financial statements.

### **Provision for Claims**

A liability for outstanding claims is recognised in respect of both direct insurance and inward reinsurance. The amount of outstanding claims is the best estimate of the expenditure required together with related expenses less recoveries to settle the present obligation at the balance sheet date.

Provision is also made for the cost of claims, together with related expenses incurred but not reported ("IBNR") at balance sheet date, using a mathematical method of estimation.

### **Acquisition Costs**

The cost of acquiring and renewing insurance policies net of income derived from ceding reinsurance premiums is recognised as incurred and properly allocated to the periods in which it is probable they give rise to income.

### **(k) Life insurance underwriting results**

The surplus transferable from the Life fund to the income statement is based on the surplus determined by an annual actuarial valuation of the long term liabilities to policyholders.

#### **Premium income**

Premium is recognised as soon as the amount of the premium can be reliably measured. First premium is recognised from inception date and subsequent premium is recognised when it is due.

At the end of the financial period, all due premiums are accounted for to the extent that they can be reliably measured and it is still within the grace period allowed for payment.

#### **Commission and agency expenses**

Commission and agency expenses, 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 account in the period in which they are incurred.

#### **Provision for claims**

Claims and settlement costs that are incurred during the financial period are recognised when a claimable event occurs and/or the insurer is notified.

Claims and provisions for claims arising on life insurance policies, including settlement costs, are accounted for using the case basis method and for this purpose, the benefits payable under a life insurance policy are recognised as follows:

- (a) maturity or other policy benefit payments due on specified dates are treated as claims payable on the due dates; and
- (b) death, surrender and other benefits without due dates are treated as claims payable, on the date of receipt of intimation of death of the assured or occurrence of contingency covered.

**(l) Currency conversion and translation****Foreign currency transactions**

Transactions in foreign currencies are translated to Ringgit Malaysia at rates of exchange ruling at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to Ringgit Malaysia at the foreign exchange rates ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement. Non-monetary assets and liabilities denominated in foreign currencies, which are stated at historical cost, are translated to Ringgit Malaysia at the foreign exchange rates ruling at the date of the transactions.

**Financial statements of foreign operations**

The Group's foreign operations are not considered an integral part of the Group's operations. Accordingly, the assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated to Ringgit Malaysia at exchange rates ruling at the balance sheet date. The revenues and expenses of foreign operations are translated to Ringgit Malaysia at average exchange rates applicable throughout the period. Foreign exchange differences arising on translation are recognised directly in equity.

The closing rates used in the translation of foreign currency monetary assets and liabilities and the financial statements of foreign operations are as follows:

1BND	RM2.03	(30.6.2001	1BND	RM2.09)
1SGD	RM2.05	(30.6.2001	1SGD	RM2.09)

**(m) Taxation**

The tax expense in the income statement represents taxation at current tax rates based on profit/surplus earned during the period.

Deferred taxation is provided on the liability method for all material timing differences except where no liability is expected to arise in the foreseeable future and there are no indications the timing differences will reverse thereafter. Deferred tax benefits are only recognised where there is a reasonable expectation of realisation in the near future.



### 3. Property, plant and equipment

Group	Freehold land RM'000	Leasehold land RM'000	Freehold buildings RM'000	Leasehold buildings RM'000	Office furniture, fittings and equipment RM'000	Motor vehicles RM'000	Office renovations and partitions RM'000	Total RM'000
General business and shareholders' funds								
Cost/Valuation								
At beginning of period	4,838	4,432	3,449	4,162	28,159	4,238	4,285	53,563
Additions	-	-	-	-	742	1,179	46	1,967
Disposals/ Written off	-	-	-	-	(901)	(501)	(170)	(1,572)
Reclassifications	-	-	-	-	-	-	-	-
Translation differences	-	-	-	(41)	(7)	(6)	-	(54)
At end of period	4,838	4,432	3,449	4,121	27,993	4,910	4,161	53,904
Representing:								
Cost	-	-	-	-	27,993	4,910	4,161	37,064
Valuation – 2001	4,838	4,432	3,449	4,121	-	-	-	16,840
At end of period	4,838	4,432	3,449	4,121	27,993	4,910	4,161	53,904

### 3. Property, plant and equipment (continued)

Group	Freehold land RM'000	Leasehold land RM'000	Freehold buildings RM'000	Leasehold buildings RM'000	Office furniture, fittings and equipment RM'000	Motor vehicles RM'000	Office renovations and partitions RM'000	Total RM'000
General business and shareholders' funds								
Accumulated depreciation								
At beginning of period	-	-	-	90	15,521	2,678	2,228	20,517
Charge for the period	-	28	28	33	2,215	373	189	2,866
Disposals/ Written off	-	-	-	-	(666)	(343)	(127)	(1,136)
Translation differences	-	-	-	(2)	(7)	(6)	(1)	(16)
At end of period	-	28	28	121	17,063	2,702	2,289	22,231
Net book value								
At 31 December 2001	4,838	4,404	3,421	4,000	10,930	2,208	1,872	31,673
At 30 June 2001	4,838	4,432	3,449	4,072	12,638	1,560	2,057	33,046
Depreciation charge during the year ended 30 June 2001	-	-	30	114	2,557	678	384	3,763

### 3. Property, plant and equipment (continued)

#### Group

	Office furniture, fittings and equipment RM'000	Motor vehicles RM'000	Office renovations and partitions RM'000	Work in progress RM'000	Total RM'000
<b>Life fund</b>					
<b>Cost</b>					
At beginning of period	1,914	853	1,663	-	4,430
Additions	566	309	180	262	1,317
Disposal	(10)	-	-	-	(10)
Written off	-	-	(14)	-	(14)
At end of period	2,470	1,162	1,829	262	5,723
<b>Accumulated depreciation</b>					
At beginning of period	548	236	389	-	1,173
Charge for the period	158	109	89	-	356
Disposal	(3)	-	-	-	(3)
Written off	-	-	(3)	-	(3)
At end of period	703	345	475	-	1,523
<b>Net book value</b>					
At 31 December 2001	1,767	817	1,354	262	4,200
At 30 June 2001	1,366	617	1,274	-	3,257
Depreciation charge for the year ended 30 June 2001	278	171	167	-	616

### 3. Property, plant and equipment (continued)

Company	Freehold land RM'000	Leasehold land RM'000	Freehold buildings RM'000	Leasehold buildings RM'000	Office furniture, fittings and equipment RM'000	Motor vehicles RM'000	Office renovations and partitions RM'000	Total RM'000
General business and shareholders' fund								
<b>Cost/Valuation</b>								
At beginning of period	4,838	4,432	3,449	2,230	23,087	3,232	3,588	44,856
Additions	-	-	-	-	738	1,178	46	1,962
Disposals/written off	-	-	-	-	(141)	(501)	(54)	(696)
At end of period	4,838	4,432	3,449	2,230	23,684	3,909	3,580	46,122
Representing:								
Cost	-	-	-	-	23,684	3,909	3,580	31,173
Valuation – 2001	4,838	4,432	3,449	2,230	-	-	-	14,949
At end of period	4,838	4,432	3,449	2,230	23,684	3,909	3,580	46,122

### 3. Property, plant and equipment (continued)

Company	Freehold land RM'000	Leasehold land RM'000	Freehold buildings RM'000	Leasehold buildings RM'000	Office furniture, fittings and equipment RM'000	Motor vehicles RM'000	Office renovations and partitions RM'000	Total RM'000
General business and shareholders' fund								
Accumulated depreciation								
At beginning of period	-	-	-	-	11,563	1,842	1,824	15,229
Charge for the period	-	28	28	23	2,021	359	162	2,621
Disposals/Written off	-	-	-	-	(79)	(343)	(46)	(468)
At end of period	-	28	28	23	13,505	1,858	1,940	17,382
Net book value								
At 31 December 2001	4,838	4,404	3,421	2,207	10,179	2,051	1,640	28,740
At 30 June 2001	4,838	4,432	3,449	2,230	11,524	1,390	1,764	29,627
Depreciation charge for the year ended 30 June 2001	-	-	30	94	2,008	569	311	3,012

### 3. Property, plant and equipment (continued)

Included in property, plant and equipment of the general business and shareholders' fund/life fund of the Group are fully depreciated equipment which are still in use costing RM4,923,000 (30.6.2001 – RM4,866,000). Also included under property, plant and equipment of the Group are motor vehicles of a subsidiary with a net book value of RM240,000 (30.6.2001 – RM240,000) which are registered in the name of an employee.

The market value of the leasehold building of a subsidiary has reduced by RM468,000. The leasehold property is held as long-term investment and the Directors do not consider that there has been a permanent impairment in their value; for this reason the leasehold property is not written down to market value.

The freehold and leasehold land and buildings of the Group and of the Company were revalued in 2001 by the directors. The net surplus arising on the revaluation of freehold and leasehold land and buildings of the Group and the Company had been taken to the assets revaluation reserves of the General business and the deficit arising on the revaluation of one of the Company's leasehold land and buildings has been charged to the general insurance revenue account.

Had the freehold and leasehold land and building of the Group and of the Company been carried at historical cost less accumulated depreciation, the carrying amount of the revalued assets that would have been included in the financial statements as at 31 December 2001/ 30 June 2001 would be as follows:-

	<b>Group</b>		<b>Company</b>	
	<b>31.12.2001</b>	<b>30.6.2001</b>	<b>31.12.2001</b>	<b>30.6.2001</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Freehold land and buildings	6,909	7,514	6,909	7,514
Leasehold land and buildings	4,904	5,683	3,883	4,656
	<u>11,813</u>	<u>13,197</u>	<u>10,792</u>	<u>12,170</u>
	=====	=====	=====	=====

#### Security

A leasehold building of the Group costing RM1,901,000 (30.6.2001 – RM1,901,000) is charged to a bank as security for borrowings (see Note 25)

### 4. Goodwill on consolidation

	<b>Group</b>	
	<b>31.12.2001</b>	<b>30.6.2001</b>
	<b>RM'000</b>	<b>RM'000</b>
At cost	17,610	17,610
Accumulated amortisation	(9,803)	(9,449)
	<u>7,807</u>	<u>8,161</u>
	=====	=====

## 5. Investment in subsidiaries

	<b>Company</b>	
	<b>31.12.2001</b>	<b>30.6.2001</b>
	<b>RM'000</b>	<b>RM'000</b>
Unquoted shares	132,976	132,976
Allowance for diminution in value	(67,953)	(67,953)
	<hr/>	<hr/>
	65,023	65,023
	<hr/>	<hr/>

The principal activities of the subsidiaries in the Group, their place of incorporation and the interest of the Company are as follows:

<b>Name of Company</b>	<b>Principal Activities</b>	<b>Country of Incorporation</b>	<b>Effective ownership interest</b>	
			<b>31.12.2001</b>	<b>30.6.2001</b>
			<b>%</b>	<b>%</b>
Allianz Life Insurance Malaysia Berhad	Underwriting life insurance	Malaysia	100	100
Target Nominees (Tempatan) Sdn Bhd	Nominees services	Malaysia	100	100
*MBA Insurance Co. Sdn. Bhd.	Underwriting general classes of insurance	Brunei	53	53
*Target Insurance Brokers Pte. Ltd.	Insurance broking	Singapore	51	51

\*Subsidiaries not audited by KPMG

## 6. Investments

Group	31.12.2001		30.6.2001	
	Cost/ Valuation RM'000	Market value RM'000	Cost/ Valuation RM'000	Market value RM'000
<b>General business and shareholders' fund</b>				
Investment properties, at valuation				
Freehold land and buildings	2,640		2,640	
Reclassification from property, plant and equipment	950		-	
	<u>3,590</u>		<u>2,640</u>	
Leasehold land and buildings	2,037		2,037	
	<u>5,627</u>		<u>4,677</u>	
Malaysian government securities	39,879		34,071	
Amortisation of premiums	(1,261)		(951)	
	<u>38,618</u>	<u>41,684</u>	<u>33,120</u>	<u>35,757</u>
Malaysian government guaranteed bonds	54,639		54,639	
Accretion of discounts	3,711		2,708	
	<u>58,350</u>	<u>61,327</u>	<u>57,347</u>	<u>59,632</u>
Cagamas bonds	26,756		26,756	
Amortisation of discounts	(563)		(425)	
	<u>26,193</u>	<u>26,665</u>	<u>26,331</u>	<u>26,971</u>
Quoted:				
Equity securities in corporations quoted in Malaysia	116,894		114,784	
Provision for diminution in value	(14,642)		(32,946)	
	<u>102,252</u>	<u>102,252</u>	<u>81,838</u>	<u>81,838</u>
Quoted non-convertible loan stocks	-		300	
Provision for diminution in value	-		(219)	
	<u>-</u>	<u>-</u>	<u>81</u>	<u>81</u>



**6. Investments (continued)**

Group	31.12.2001		30.6.2001	
	Cost/ Valuation RM'000	Market value RM'000	Cost/ Valuation RM'000	Market value RM'000
<b>General business and shareholders' fund</b>				
Equity securities in corporations quoted in Malaysia held by a foreign subsidiary	-		129	
Provision for diminution in value	-		(87)	
	-	-	42	42
Unquoted:				
Bonds of corporations	93,517		85,047	
Accretion of discounts/ (amortisation of premiums)	11		(65)	
	93,528		84,982	
Bank guaranteed promissory notes	-		1,855	
Accretion of discounts	-		225	
	-		2,080	
Equity securities in corporations	2,309		2,309	
Syndicated loans	3,000		5,000	
Unit-linked funds	3,000		3,000	
Provision for diminution in value	-		(320)	
	3,000		2,680	
Fixed and call deposits with:				
Licensed banks	100,530		93,350	
Licensed finance companies	39,292		47,285	
Other licensed financial institutions	16,689		32,319	
	156,511		172,954	
Total investments	489,388		473,441	

**6. Investments (continued)**

Group	31.12.2001		30.6.2001	
	Cost/ Valuation RM'000	Market value RM'000	Cost/ Valuation RM'000	Market value RM'000
<b>General business and shareholders' fund</b>				
<b>Investments maturing after 12 months:</b>				
Malaysian government securities	32,554		27,972	
Malaysian government guaranteed bonds	48,328		47,182	
Cagamas bonds	6,042		16,308	
Unquoted bonds of corporations	88,626		83,999	
Fixed deposits	14,605		14,605	
	=====		=====	
<b>Life fund</b>				
Investment properties, at valuation				
Freehold land and building	650		650	
Leasehold land and buildings	4,000		4,000	
	-----		-----	
	4,650		4,650	
	-----		-----	
Malaysian government securities	7,899		8,196	
Amortisation of premiums	(18)		(288)	
	-----		-----	
	7,881	8,867	7,908	8,752
	-----	-----	-----	-----
Malaysian government guaranteed bonds	32,585		27,992	
Accretion of discounts	4,662		3,650	
	-----		-----	
	37,247	38,952	31,642	33,299
	-----	-----	-----	-----
Cagamas bonds	20,333		23,328	
Amortisation of premiums	(104)		(60)	
	-----		-----	
	20,229	20,728	23,268	23,940
	-----	-----	-----	-----

**6. Investments (continued)**

Group	31.12.2001		30.6.2001	
	Cost/ valuation RM'000	Market value RM'000	Cost/ valuation RM'000	Market value RM'000
<b>Life fund</b>				
Quoted:				
Equity securities in corporations quoted in Malaysia	47,537		42,396	
Provision for diminution in value	(2,845)		(12,957)	
	<u>44,692</u>	<u>44,783</u>	<u>29,439</u>	<u>29,439</u>
Quoted convertible loan stocks	374		592	
Provision for diminution in value	(164)		(370)	
	<u>210</u>	<u>210</u>	<u>222</u>	<u>222</u>
Unquoted:				
Bonds of corporations	61,706		54,622	
Accretion of discounts	176		193	
	<u>61,882</u>		<u>54,815</u>	
Bank guaranteed promissory notes	1,558		1,558	
Accretion of discounts	299		236	
	<u>1,857</u>		<u>1,794</u>	
Fixed and call deposits:				
Licensed banks	32,799		28,104	
Licensed finance companies	24,193		26,915	
Other licensed financial institutions	14,854		3,800	
	<u>71,846</u>		<u>58,819</u>	
Total investments	<u>250,494</u>		<u>212,557</u>	
	=====		=====	

## 6. Investments (continued)

Group	31.12.2001		30.6.2001	
	Cost/ Valuation RM'000	Market value RM'000	Cost/ valuation RM'000	Market value RM'000
<b>Life fund</b>				
<b>Investments maturing after 12 months:</b>				
Malaysian government securities	7,749		7,754	
Malaysian government guaranteed bonds	37,247		31,642	
Cagamas bonds	10,273		20,268	
Unquoted bonds of corporations	61,882		49,881	
Bank guaranteed promissory notes	1,857		1,794	
Fixed deposits	7,045		3,300	
	=====		=====	

As at 31 December 2001, the title deed to the freehold land and building of the Life business has yet to be registered in the name of a subsidiary company.

	31.12.2001 RM'000	30.6.2001 RM'000
<b>Investment-linked business</b>		
<b>Quoted:</b>		
Equity securities in corporations quoted in Malaysia, at cost	2,311	1,435
Unrealised gain/(losses)	90	(271)
At market value	2,401	1,164
<b>Bonds of corporations</b>		
quoted in Malaysia, at cost	96	96
Unrealised (losses)/gain	(3)	1
At market value	93	97
<b>Unquoted:</b>		
Bonds of corporations	214	-
Provision for diminution in value	(3)	-
	211	-
<b>Fixed and call deposits with:</b>		
Licensed banks	400	693
Other licensed financial Institutions	606	979
	1,006	1,672
<b>Total investments</b>	3,711	2,933

**6. Investments (continued)**

Group	31.12.2001		30.6.2001	
	RM'000		RM'000	
Investment-linked business				
Investments maturing after 12 months				
Unquoted equity securities in corporations	211		-	
	=====		=====	
Company				
	31.12.2001		30.6.2001	
	Cost/ Valuation RM'000	Market value RM'000	Cost/ Valuation RM'000	Market value RM'000
General business and shareholders' fund				
Investment properties, at valuation				
Freehold land and buildings	2,640		2,640	
Reclassified from property, plant, and equipment	950		-	
	-----		-----	
	3,590		2,640	
Leasehold land and buildings	2,037		2,037	
	-----		-----	
	5,627		4,677	
	-----		-----	
Malaysian government securities	39,879		34,071	
Amortisation of premiums	(1,261)		(951)	
	-----		-----	
	38,618	41,684	33,120	35,757
	-----	-----	-----	-----
Malaysian government guaranteed bonds	54,639		54,639	
Accretion of discounts	3,711		2,708	
	-----		-----	
	58,350	61,327	57,347	59,632
	-----	-----	-----	-----
Cagamas bonds	26,756		26,756	
Amortisation of premiums	(563)		(425)	
	-----		-----	
	26,193	26,665	26,331	26,971
	-----	-----	-----	-----
Quoted:				
Equity securities in corporations quoted in Malaysia	116,894		114,784	
Provision for diminution in value	(14,642)		(32,946)	
	-----		-----	
	102,252	102,252	81,838	81,838
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