

6. Investments (continued)

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				
Quoted non-convertible loan stocks	-		300	
Provision for diminution in value	-		(219)	
	-	-	81	81
Unquoted:				
Bonds of corporations	83,942		74,555	
Amortisation of premium	(120)		(229)	
	83,822		74,326	
Equity securities of corporations	129		129	
Syndicated loans	1,500		2,500	
Fixed and call deposits with:				
Licensed banks	49,507		57,801	
Licensed finance corporations	34,895		30,471	
Other licensed financial Institutions	15,489		32,319	
	99,891		120,591	
Total investments	416,382		400,940	
Fixed term investments maturing after 12 months:				
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	78,920		74,326	

7. Loans

Group	General business and shareholders' fund		Life fund	
	31.12.2001 RM'000	30.6.2001 RM'000	31.12.2001 RM'000	30.6.2001 RM'000
Corporate secured term loans	-	-	-	12,500
Policy loans	-	-	1,287	1,150
Mortgage loans	4,645	4,969	1,488	1,524
Agency development loans (secured)	221	217	19	20
Other secured loans	1,902	1,882	275	354
Automatic premium loans	-	-	10,397	9,384
Other unsecured loans	48	56	9	24
	<u>6,816</u>	<u>7,124</u>	<u>13,475</u>	<u>24,956</u>
Less: Unearned interest	-	-	-	(38)
Allowance for doubtful loans	(221)	(217)	(19)	(18)
	<u>6,595</u>	<u>6,907</u>	<u>13,456</u>	<u>24,900</u>
	=====	=====	=====	=====
Receivable after 12 months	<u>5,028</u>	<u>5,226</u>	<u>13,028</u>	<u>12,088</u>
	=====	=====	=====	=====
Company				
Mortgage loans	4,645	4,969		
Other secured loans	1,890	1,882		
Other unsecured loans	60	56		
	<u>6,595</u>	<u>6,907</u>		
	=====	=====		
Receivable after 12 months	<u>5,028</u>	<u>5,226</u>		
	=====	=====		

8. Receivables

Group	General business and shareholders' fund		Life fund	
	31.12.2001 RM'000	30.6.2001 RM'000	31.12.2001 RM'000	30.6.2001 RM'000
Trade receivables				
Due premium including agents/ brokers and co-insurers balances	107,747	83,447	10,134	11,012
Due from by reinsurers and cedants	16,616	19,925	996	642
	<u>124,363</u>	<u>103,372</u>	<u>11,130</u>	<u>11,654</u>
Allowance for doubtful debts	(28,320)	(21,394)	(674)	(1,285)
	<u>96,043</u>	<u>81,978</u>	<u>10,456</u>	<u>10,369</u>
Other trade receivables	1,058	600	-	-
	<u>97,101</u>	<u>82,578</u>	<u>10,456</u>	<u>10,369</u>
	-----	-----	-----	-----
Other receivables				
Other receivables, deposits and prepayments	14,838	14,852	4,017	1,108
Allowance for doubtful debts	-	-	(149)	(171)
	<u>14,838</u>	<u>14,852</u>	<u>3,868</u>	<u>937</u>
Deferred tax benefit (note 9)	183	-	-	-
Income due and accrued	3,994	4,408	1,917	2,273
Malaysian Institute of Insurance ("MII") bonds	390	390	100	100
Amount due from life fund (Note 11)	1,877	610	-	-
Amount due from life business of subsidiary company (Note 11)	217	71	-	-
Due from holding company	14	-	-	-
Due from related company	2,204	-	-	-
	<u>23,717</u>	<u>20,331</u>	<u>5,885</u>	<u>3,310</u>
	-----	-----	-----	-----
	<u>120,818</u>	<u>102,909</u>	<u>16,341</u>	<u>13,679</u>
	=====	=====	=====	=====

8. Receivables (continued)

Company	General business and shareholders' fund	
	31.12.2001	30.6.2001
	RM'000	RM'000
Trade receivables		
Due premium including agents, brokers and co-insurers	103,511	79,729
Due from by reinsurers and cedants	16,616	19,088
Allowance for doubtful debts	(27,014)	(20,398)
	<u>93,113</u>	<u>78,419</u>
	-----	-----
Other receivables		
Other receivables, deposits and prepayments	13,536	13,116
Malaysian Institute of Insurance (MII) bonds	390	390
Income due and accrued	3,043	3,336
Due from holding company	14	-
Due from subsidiary	1,398	679
Due from related companies	2,204	-
	<u>20,585</u>	<u>17,521</u>
	-----	-----
	<u>113,698</u>	<u>95,940</u>
	=====	=====

The amounts due from holding company, subsidiary and related company are unsecured, interest free and have no fixed terms of repayment.

9. Deferred tax assets

Group	General business and shareholders' fund	
	31.12.2001	30.6.2001
	RM'000	RM'000
Transfer from income statement (Note 22)	183	-
	<u>183</u>	<u>-</u>
	=====	=====

The Directors of the Company are of the opinion that it is appropriate to recognise the deferred tax assets in the financial statements in view that it would be realizable in the foreseeable future on account of expected improved earnings.

10. Provision for outstanding claims

Group	General business		Life fund	
	31.12.2001	30.6.2001	31.12.2001	30.6.2001
	RM'000	RM'000	RM'000	RM'000
Provision for outstanding claims	439,915	438,422	9,503	8,167
Recoverable from reinsurers	(198,642)	(202,664)	(1,560)	(1,217)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Net outstanding claims	241,273	235,758	7,943	6,950
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Company				
Provision for outstanding claims	437,381	434,378		
Recoverable from reinsurers	(198,642)	(201,184)		
	<u> </u>	<u> </u>		
Net outstanding claims	238,739	233,194		
	<u> </u>	<u> </u>		

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11. Payables

Group	General business and shareholders' fund		Life fund	
	31.12.2001 RM'000	30.6.2001 RM'000	31.12.2001 RM'000	30.6.2001 RM'000
Trade payables				
Due to reinsurers and cedants	84,617	78,193	1,819	2,783
Due to agents, brokers and co-insurers and insureds	12,071	15,343	15,013	12,104
Other trade payables	1,813	2,964	-	-
	<u>98,501</u>	<u>96,500</u>	<u>16,832</u>	<u>14,887</u>
Other payables				
Performance bond deposits	48,323	46,622	-	-
Other payables and accrued expenses	28,971	27,471	17,041	26,681
Due to shareholders' fund (Note 8)	-	-	1,877	610
Due to holding company (Note 8)	-	-	217	71
Due to related companies	12,266	-	-	-
	<u>89,560</u>	<u>74,093</u>	<u>19,135</u>	<u>27,362</u>
	<u>188,061</u>	<u>170,593</u>	<u>35,967</u>	<u>42,249</u>
	=====	=====	=====	=====
Company				
Trade payables				
Due to reinsurers and cedants	82,292	75,307		
Due to agents' brokers, co-insurers and insureds	12,071	15,235		
	<u>94,363</u>	<u>90,542</u>		
Other payables				
Performance bond deposits	46,389	45,896		
Other payables and accrued expenses	27,460	24,974		
Due to subsidiaries	5	254		
Due to related companies	12,266	-		
	<u>86,120</u>	<u>71,124</u>		
	<u>180,483</u>	<u>161,666</u>		
	=====	=====		

The amounts due to holding company, subsidiary and related company are unsecured, interest free and have no fixed terms of repayment.

12. Borrowings

	Group		Company	
	<u>General business and shareholders' fund</u>			
	31.12.2001	30.6.2001	31.12.2001	30.6.2001
	RM'000	RM'000	RM'000	RM'000
Current				
Overdrafts – secured	260	-	-	-
– unsecured	-	968	-	968
	<u>260</u>	<u>968</u>	<u>-</u>	<u>968</u>
	<u>260</u>	<u>968</u>	<u>-</u>	<u>968</u>

The overdrafts of the Company and one of its foreign subsidiary are subject to interest at nil (30.6.2001 – 8.8%) and 7% (30.6.2001 – 7%) per annum respectively. The overdraft facility of its foreign subsidiary is secured by a fixed charge over its leasehold property with a net book value of RM1,799,000.

13. Deferred tax liabilities

Group

	General business and shareholders' funds	
	31.12.2001	30.6.2001
	RM'000	RM'000
Balance at beginning of period/year	92	105
Transfer from/(to) income statement	(92)	(8)
Translation differences	-	(5)
	<u>-</u>	<u>92</u>
	=====	=====

Subject to the agreement with the Inland Revenue Board, the Group and the Company have potential deferred tax benefits not taken up under the liability method in respect of the following items:-

13. Deferred tax liabilities (continued)

	General business and shareholders' fund	
	31.12.2001	30.6.2001
	RM'000	RM'000
Group		
Tax effects of timing differences in respect of:		
Excess of tax capital allowances over book depreciation of property, plant and equipment	2,774	2,654
Provision for diminution in value of quoted investments	(4,098)	(9,286)
Unrealised surplus on revaluation of certain landed properties	488	448
Other timing differences	368	(3,214)
	<hr/>	<hr/>
	(468)	(9,398)
	<hr/>	<hr/>
Company		
Tax effects of timing differences in respect of:		
Excess of tax capital allowances over book depreciation of property, plant and equipment	2,774	2,658
Provision for diminution in value of quoted investments	(4,098)	(9,286)
Unrealised surplus on revaluation of certain landed properties	422	422
Other timing differences	485	(3,113)
	<hr/>	<hr/>
	(417)	(9,319)
	<hr/>	<hr/>

14. Unearned premium reserves

Group	Fire RM'000	Motor RM'000	Marine, Aviation & Transit RM'000	Miscellaneous RM'000	Total RM'000
31.12.2001					
At beginning of period	20,984	48,654	3,665	32,798	106,101
Decrease in unearned premium reserves	(2,361)	(1,042)	(736)	(495)	(4,634)
Translation differences	(9)	(7)	-	(30)	(46)
At end of period	18,614	47,605	2,929	32,273	101,421
30.6.2001					
At beginning of year	17,820	44,677	2,251	26,240	90,988
Increase in unearned premium reserve	3,182	3,986	1,414	6,605	15,187
Translation difference	(18)	(10)	-	(47)	(75)
At end of year	20,984	48,653	3,665	32,798	106,100
Company					
31.12.2001					
At beginning of period	20,669	48,470	3,661	31,931	104,731
Increase in unearned premium reserve	(2,383)	(1,114)	(748)	(792)	(5,037)
At end of period	18,286	47,356	2,913	31,139	99,694
30.6.2001					
At beginning of year	17,440	44,492	2,229	25,243	89,404
Increase in unearned premium reserve	3,229	3,978	1,432	6,688	15,327
At end of year	20,669	48,470	3,661	31,931	104,731

15. Life policyholders' fund

	31.12.2001 RM'000	30.6.2001 RM'000
Actuarial liabilities:		
At beginning of period/year	202,172	162,976
Add: Increase in policy reserves:		
-Participating policies	21,549	16,799
-Non-participating policies	11,256	11,092
-Investment-linked	960	3,387
Bonus allocated to participating policyholders	-	7,918
	<u>235,937</u>	<u>202,172</u>
	=====	=====
Unallocated surplus:		
At beginning of period/year	8,511	10,656
Add: Surplus arising during the period/year	11,825	5,773
Less: Bonus allocated to participating policyholders	-	(7,918)
	<u>20,336</u>	<u>8,511</u>
	=====	=====
At end of period/year	<u>20,336</u>	<u>8,511</u>
	=====	=====
Life policyholders' fund as at end of period/year:		
Actual liabilities	235,937	202,172
Unallocated surplus	20,336	8,511
	<u>256,273</u>	<u>210,683</u>
	=====	=====

Included in liability to policyholders of investment-linked fund as of 31 December 2001 are liabilities owing to shareholder's fund of RM3,000,000 (30.6.2001 – RM2,680,000).

16. Share capital

	No. of shares '000	Group/Company 31.12.2001 RM'000	No. of shares '000	30.6.2001 RM'000
Authorised:				
Ordinary shares of RM1.00 each	100,000	100,000	100,000	100,000
	=====	=====	=====	=====
Issued and fully paid:				
Ordinary shares of RM1.00 each				
At beginning of period/year	54,574	54,574	53,526	53,526
Exercise of share options	406	406	1,048	1,048
	<u>54,980</u>	<u>54,980</u>	<u>54,574</u>	<u>54,574</u>
	=====	=====	=====	=====
At end of period/year	<u>54,980</u>	<u>54,980</u>	<u>54,574</u>	<u>54,574</u>
	=====	=====	=====	=====

16. Share capital (continued)

During the financial period, the issued and paid-up capital of the Company was increased from RM54,574,311 to RM54,980,311 by way of an issue of 406,000 new ordinary shares of RM1.00 each at prices ranging from RM3.71 to RM3.77 per ordinary share for cash pursuant to the Executive Share Option Scheme of the Company. The resulting share premium amounting to RM1,103,000 has been credited to share premium account.

These new shares issued rank pari passu with the then existing shares of the Company.

Pursuant to the Executive Share Option Scheme (Scheme) implemented by the Company in 1999, options to subscribe for new ordinary shares of RM1.00 each in the Company were granted to eligible executives of the Company.

The salient features of the Scheme are as follows:-

- (a) Eligible executives of the Scheme must be confirmed executives with a serving period of at least twelve (12) months on or prior to the date of offer, the date when an offer is made in writing to an employee to participate.
- (b) The maximum number of new shares to be offered and allotted under the Scheme shall not exceed, in aggregate, 10% of the issued and paid-up share capital of the Company at any point of time during the existence of the Scheme.
- (c) No option shall be granted for less than 1,000 shares or more than 300,000 shares to any eligible executive.
- (d) The exercise price for each ordinary share of RM1.00 shall be the average of the mean market quotation of the shares of the Company as quoted in the Daily Official List of the Kuala Lumpur Stock Exchange for the five market days immediately preceding the date of offer, or the par value of the share of the Company of RM1.00, whichever is higher.
- (e) The shares to be allotted upon any exercise of option will upon issue and allotment rank pari passu in all respects with the then existing issued shares of the Company provided that the new shareholders be entitled to participate in any rights, allotments or any distributions if the relevant exercise date is on or before the record date of such allotments or distributions and will be subjected to all provisions of the Articles of Association relating to transfer, transmission and otherwise. For the purpose hereof, record date means the date as at the close of business on which shareholders must be registered in the register of members of the Company in order to participate in any dividends, rights, allotments or any other distributions.
- (f) The Scheme shall continue to be in force for a period of five periods from 15 May 1999 subject however, to any extension as may be approved by the relevant authorities and shareholders of the Company in general meeting.
- (g) The person to whom the options have been granted under the Scheme shall not be eligible to participate in any other share option scheme implemented or to be implemented by any other company within the Group.

16. Share capital (continued)

The options offered to take up unissued ordinary shares of RM1.00 each and the option prices are as follows:

	No. of ordinary shares of RM1.00 each			
	Balance at 1.7.2001	Granted	Exercised	Lapsed
Number of unissued shares under options	414,000	-	406,000	8,000
	=====	=====	=====	=====

17. Reserves

	Group		Company	
	31.12.2001 RM'000	30.6.2001 RM'000	31.12.2001 RM'000	30.6.2001 RM'000
General Business and shareholders' fund				
Non-distributable reserves:				
Share premium	5,993	4,895	5,993	4,895
Assets revaluation reserve (a)	5,066	5,066	4,722	4,722
Capital reserve	478	478	-	-
Translation reserve	2,052	2,236	-	-
	=====	=====	=====	=====
	13,589	12,675	10,715	9,617
Distributable reserves:				
Retained profits	59,683	45,318	48,748	35,612
	=====	=====	=====	=====
	73,272	57,993	59,463	45,229
	=====	=====	=====	=====
Life fund				
Non-distributable reserve:				
Asset revaluation reserve (a)	76	76		
	=====	=====		

17. Reserves (continued)

a) Asset revaluation reserve (non-distributable)

	Group		Company	
	31.12.2001	30.6.2001	31.12.2001	30.6.2001
	RM'000	RM'000	RM'000	RM'000
General business and shareholders' fund				
Land and buildings				
At beginning of period/year	4,659	3,609	4,315	3,265
Arising during the period/year	-	1,050	-	1,050
	<u>4,659</u>	<u>4,659</u>	<u>4,315</u>	<u>4,315</u>
Investment properties				
At beginning of period/year	407	393	407	393
Arising during the period/year	-	19	-	19
Surplus realised on disposal	-	(5)	-	(5)
	<u>407</u>	<u>407</u>	<u>407</u>	<u>407</u>
At end of period/year	<u>5,066</u>	<u>5,066</u>	<u>4,722</u>	<u>4,722</u>
Life fund				
Investment properties				
At beginning of period/year	76	-		
Arising during the year	-	76		
	<u>76</u>	<u>76</u>		

The freehold land, leasehold land, buildings and investment property of the Group and of the Company were revalued by the Directors in 2001 based on open market valuations on existing use, carried out by an independent firm of professional valuers.

As of 31 December 2001, the Company is unable to comply with the margin of solvency requirements set out by Bank Negara Malaysia (BNM) and as such the Company is unable to distribute its retained profits as dividends for the current financial period.

18. Operating revenue

	Shareholders' fund RM'000	General business RM'000	Life fund RM'000	Total RM'000
Group				
Period ended				
31.12.2001				
Gross premium income	-	237,451	58,924	296,375
Investment income (Note 19)	1,664	7,168	5,187	14,019
Investment income from investment-linked business (Note 27)	-	-	39	39
Brokerage income	344	-	-	344
	<u>2,008</u>	<u>244,619</u>	<u>64,150</u>	<u>310,777</u>
	=====	=====	=====	=====
Year ended				
30.6.2001				
Gross premium income	-	392,008	100,071	492,079
Investment income (Note 19)	3,183	14,839	10,707	28,729
Investment income from Investment-linked business (Note 27)	-	-	72	72
Brokerage income	649	-	-	649
	<u>3,832</u>	<u>406,847</u>	<u>110,850</u>	<u>521,529</u>
	=====	=====	=====	=====
Company				
	Shareholders' fund RM'000	General business RM'000	Total RM'000	
Period ended				
31.12.2001				
Gross premium income	-	232,717	232,717	
Investment income (Note 19)	-	6,919	6,919	
	<u>-</u>	<u>239,636</u>	<u>239,636</u>	
	=====	=====	=====	
Year ended				
30.6.2001				
Gross premium income	-	383,732	383,732	
Investment income (Note 19)	-	14,496	14,496	
	<u>-</u>	<u>398,228</u>	<u>398,228</u>	
	=====	=====	=====	

19. Investment income

Group	General business and shareholders' fund		Life fund	
	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
Interest from:				
Malaysian Government				
Securities	1,294	3,041	278	585
Cagamas bonds	756	1,505	735	1,398
Unquoted bonds of corporations	2,103	3,104	1,898	4,595
Loan stocks	22	23	19	65
Syndicated loans	637	1,341	-	-
Fixed and call deposits	1,908	4,307	1,435	2,293
Mortgage loans	99	203	48	101
Other secured loans	39	97	7	13
Automatic premium loans	-	-	352	794
Policy loans	-	-	42	73
Reinsurance deposits inwards	27	29	-	-
Gross dividends from:				
Equity securities in corporations quoted in Malaysia	1,035	2,508	502	998
Unquoted equity securities in corporations	-	413	-	-
Rental of premises from:				
Immediate holding company	-	-	12	24
Subsidiary company (life fund)	73	13	-	-
Others	-	152	53	60
Interest expense on:				
Cash collateral refund	(820)	(1,687)	-	-
Reinsurance deposits	(42)	(210)	(194)	(292)
Sundry income	37	-	-	-
	<u>7,168</u>	<u>14,839</u>	<u>5,187</u>	<u>10,707</u>
	=====	=====	=====	=====

Non-Insurance Fund

Interest from:		
Unquoted bonds of corporations	477	1,030
Fixed and call deposits	1,187	2,153
	<u>1,664</u>	<u>3,183</u>
	<u>8,832</u>	<u>18,022</u>
	=====	=====

19. Investment income (continued)

Company	General business and shareholders' fund	
	Period ended	Year ended
	31.12.2001 RM'000	30.6.2001 RM'000
Interest from:		
Malaysian Government Securities	1,294	3,041
Cagamas bonds	756	1,505
Unquoted bonds of corporations	2,103	3,104
Loan stocks	22	23
Syndicated loans	637	1,341
Fixed and call deposits	1,696	3,968
Mortgage loans	99	203
Other secured loans	39	97
Reinsurance deposits inwards	27	29
Gross dividends from:		
Equity securities corporations quoted in Malaysia	1,035	2,508
Unquoted equity securities in corporations	-	409
Rental of premises from:		
Subsidiary company (life fund)	-	13
Others	73	152
Interest expense on:		
Cash collateral refund	(820)	(1,687)
Reinsurance deposits	(42)	(210)
	<u>6,919</u>	<u>14,496</u>
	=====	=====

20. Other operating income/(expenditure)

Group	General business and shareholders' fund		Life Fund	
	Period ended 31.12.2001	Year ended 30.6.2001	Period ended 31.12.2001	Year ended 30.6.2001
Insurance Fund	RM'000	RM'000	RM'000	RM'000
Other operating income				
Gain on disposal of investment in:				
Investment properties	-	13	-	-
Unquoted bonds of corporations in Malaysia	-	-	-	376
Equity securities in corporations quoted in Malaysia	308	-	-	-
Unquoted equity securities in corporations	-	11,995	-	-
Accretion of discounts on:				
Malaysian government securities	-	-	3	-
Malaysian government guaranteed bonds	1,003	2,190	1,012	1,540
Unquoted bonds of corporations	-	-	226	304
Bank guaranteed promissory note	-	-	64	126
Quoted bonds of corporations	-	-	-	1
Provision for diminution in value of quoted investments written back	18,522	-	10,319	-
Services and transfer fee	694	1,645	-	-
Gain on disposal of property, plant equipment	22	174	-	-
Gain on foreign exchange – realised	41	-	-	-
Bank interest	-	2	-	-
Interest from overdue premium	-	-	38	84
Rental income from holding company (life fund)	-	-	-	6
Sundry income	1,031	716	134	266
(a)	21,621	16,735	11,796	2,703

20. Other operating income/(expenditure) (continued)

Group	General business		Life fund	
	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
Insurance Fund				
Other operating expenditure				
Provision of diminution in value quoted investments	-	33,063	-	11,349
Loss on disposal of:				
Quoted shares of corporations in Malaysia	-	2,739	1,090	1,544
Quoted convertible loan stock	-	-	-	86
Exceptional item:				
Allowance for doubtful debts	5,499	-	-	-
Amortisation of premiums on:				
Malaysian government securities	310	714	28	55
Malaysian government guaranteed bonds	-	353	-	-
Cagamas bonds	138	273	41	43
Unquoted bonds of corporations	368	91	318	209
Loss on foreign exchange:				
Realised	247	191	-	-
Unrealised	-	12	-	-
Property, plant and equipment written off	-	28	-	5
Deficit arising from revaluation of:				
Property, plant and equipment	-	9	-	-
Investment properties	-	-	-	6
Loss on disposal of property, plant equipment	-	3	18	-
Interest expense on survival benefit	-	-	149	146
Other interest expense	-	-	46	84
Sundry expense	443	341	30	-
(b)	7,005	37,817	1,720	13,527
Other operating income/ (expenditure) – net (a) – (b)	14,616	(21,082)	10,076	(10,824)

20. Other operating income/(expenditure) (continued)

Group	Shareholders' fund	
	Period ended 31.12.2001 RM'000	Year ended 30.6.2001 RM'000
Non-Insurance Fund		
Other operating income		
Accretion on discounts on:		
Unquoted bonds of corporations	-	151
Commercial loan stocks	50	-
Bank guaranteed promissory notes	16	120
Provision for diminution in value of quoted investment written back	319	-
Interest income on:		
Agency development loans	5	10
Gain on disposal of property, plant and equipment	-	65
Gain on foreign exchange – realised	-	35
Sundry income	10	113
	<hr/>	<hr/>
(a)	400	494
	=====	=====
Other operating expenditure		
Loss on disposal of property, plant and equipment	197	-
Property, plant and equipment written off	-	112
Provision for diminution in value of quoted investments	-	320
Sundry expenses	63	252
	<hr/>	<hr/>
(b)	260	684
	=====	=====
Other operating income/ (expenditure) – net (a) – (b)	140	(190)
	=====	=====

20. Other operating income/(expenditure) (continued)

Company	General business	
	Period ended	Year ended
	31.12.2001 RM'000	30.6.2001 RM'000
Other operating income		
Gain on disposal of investment in:		
Investment properties	-	13
Equity securities in corporation quoted in Malaysia	308	-
Unquoted equity securities of corporations	-	11,995
Accretion of discounts on:		
Malaysian government guaranteed bonds	1,003	2,190
Services and transfer fee	694	1,363
Gain on disposal of property, plant and equipment	22	174
Provision for diminution value of quoted investments written back	18,522	-
Sundry income	330	416
	<u>20,879</u>	<u>16,151</u>
(c)	=====	=====
Other operating expenditure		
Provision for diminution in value of quoted investments	-	33,038
Loss on disposal of investments in equity securities in corporations quoted in Malaysia	-	2,739
Amortisation of premiums on:		
Malaysian government securities	310	714
Malaysian government guaranteed bonds	-	353
Cagamas bonds	138	273
Unquoted bonds of corporations	368	91
Loss on foreign exchange – realised	247	250
Exceptional item:		
Allowance for doubtful debts	5,499	-
Property, plant and equipment written off	-	28
Deficit arising from revaluation of property, plant and equipment	-	9
Sundry expenses	138	341
	<u>6,700</u>	<u>37,836</u>
(d)	=====	=====
Other operating income/ (expenditure) – net (c) – (d)	<u>14,179</u>	<u>(21,685)</u>
	=====	=====

20. Other operating income/(expenditure) (continued)

Company	Shareholders' fund	
	Period ended	Year ended
	31.12.2001	30.6.2001
	RM'000	RM'000
Non-insurance fund		
Other operating income/ (expenditure)		
Waiver of amount owing to a subsidiary company	-	353
Investment in a subsidiary company written off	-	(338)
Sundry expenses	(74)	(86)
	<hr/>	<hr/>
Other operating expenditure (net)	(74)	(71)
	<hr/>	<hr/>

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21. Management expenses

Group	General business and shareholders' fund		Life fund	
	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
Insurance Fund				
Staff costs	18,749	37,379	6,371	9,481
Depreciation of property, plant equipment	2,667	3,039	356	616
Allowance/(Write back of allowance) for bad and doubtful debts	7,306	124	(340)	(41)
Insurance guarantee scheme fund	1,102	2,449	-	-
Rental of premises:				
Holding company	-	-	8	13
Others	1,270	2,358	775	1,594
Directors' remuneration:				
The Company's directors:				
Fees - current period	46	128	-	22
Other emoluments	41	84	-	11
Other directors of subsidiary companies:				
Fees - current period	33	32	18	13
Other emoluments	-	-	12	2
Hire of office equipment	71	118	-	-
Auditors' remuneration	61	86	20	36
Interest on reinsurance deposits	31	56	-	-
Other expenses	8,962	15,623	4,521	5,804
	<u>40,339</u>	<u>61,476</u>	<u>11,741</u>	<u>17,551</u>
Non-Insurance Fund				
Depreciation of property, plant and equipment	219	724		
Staff costs	326	715		
Amortisation of goodwill	354	704		
Auditors' remuneration:				
Current period	4	16		
Overprovision in prior period	-	(2)		
Interest expense on bank overdrafts	-	6		
Allowance/(Reversal of allowance) for bad and doubtful debts, net	16	(18)		
Other expenses	37	215		
	<u>956</u>	<u>2,360</u>		
	<u>41,295</u>	<u>63,836</u>		

21. Management expenses (continued)

Company	General business	
	Period	Year
	ended 31.12.2001 RM'000	ended 30.6.2001 RM'000
Staff costs	18,140	36,642
Depreciation of property, plant equipment	2,621	3,012
Insurance guarantee scheme fund	1,102	2,449
Allowance/(Reversal of allowance) for bad and doubtful debts	6,617	(60)
Rental of premises:		
Subsidiary company	12	30
Others	1,203	2,206
Hire of office equipment	71	118
Directors' remuneration:		
Fees	46	91
Other emoluments	41	84
Auditors' remuneration	50	75
Other expenses	9,073	15,079
	<u>38,976</u>	<u>59,726</u>
	=====	=====

22. Taxation

Group	General business and shareholders' fund		Life fund	
	Period	Year	Period	Year
	ended	ended	ended	ended
	31.12.2001	30.6.2001	31.12.2001	30.6.2001
	RM'000	RM'000	RM'000	RM'000
Current period/year's provision:				
Malaysian taxation	3,004	4,622	341	782
Overseas taxes	295	-	-	-
Deferred tax:				
Foreign				
Transfer from liabilities	(92)	(8)	-	-
Transfer to assets	(183)	-	-	-
	<u>3,024</u>	<u>4,614</u>	<u>341</u>	<u>782</u>
Overprovision at taxation in prior years:				
Foreign	-	(11)	-	-
	<u>3,024</u>	<u>4,603</u>	<u>341</u>	<u>782</u>
Translation differences	3	-	=====	=====
	<u>3,027</u>	<u>4,603</u>		
	=====	=====		
Company				
Current period's provision	3,004	4,622		
	=====	=====		

The effective tax rate for the period ended 31 December 2001 of the general business and shareholders' fund is lower than the prevailing statutory tax rate due principally to the reversal of timing differences of the Group and of the Company.

Income tax has been provided on the life business for the financial period and the last financial year in respect of investment income which is taxed at a reduced tax rate of 8%. Included in the current income tax expense of the Life fund is an amount of RM27,000 (30.6.2001 – RM22,000) relating to investment-linked business.

23. Earnings/(loss) per share

The basic and diluted earnings per share are calculated as follows:

	Net profit/ (loss) RM'000		Weighted average number of shares ('000)		Earnings/(loss) per share (sen)	
	31.12.2001	30.6.2001	31.12.2001	30.6.2001	31.12.2001	30.6.2001
Net profit/(loss) for the period/year	14,365	(22,689)	54,932	53,838		
	=====	=====				
Basic earnings/(loss) per share					26	(42)
					=====	=====
Assumed exercise of share options			-	143		
			54,932	53,981		
			=====	=====		
Diluted earnings/ (loss) per share					-	(42)
					=====	=====

The basic earnings/(loss) per share is calculated by dividing the consolidated net profit/(loss) attributable to shareholders of the Company by the weighted average number of ordinary shares in issue during the financial period.

The diluted earnings/(loss) per share is calculated by dividing the net profit/(loss) for the period by the adjusted weighted average of ordinary shares in issue and issuable during the financial period. The adjusted weighted average number of shares in issue and issuable for the period has been arrived at after taking into account the dilutive effect of the exercise of all outstanding share options. The dilutive effect is computed based on the difference between the number of shares to be issued under option and the number of shares that would have been issued at fair value.

24. Net claims incurred

Group	Fire RM'000	Motor RM'000	Marine, Aviation & Transit RM'000	Miscellaneous RM'000	Total RM'000
Period ended 31.12.2001					
Gross claims paid					
less salvage	30,358	37,828	3,152	35,504	106,842
Reinsurance recoveries	(19,853)	(4,817)	(1,966)	(15,907)	(42,543)
Net claims paid	10,505	33,011	1,186	19,597	64,299
Net outstanding claims:					
At end of period	18,170	139,744	10,411	72,948	241,273
At beginning of period	(18,403)	(134,910)	(10,784)	(71,661)	(235,758)
Translation differences	19	12	1	28	60
Net claims incurred	10,291	37,857	814	20,912	69,874
Year ended 30.6.2001					
Gross claims paid					
less salvage	54,339	78,695	11,786	70,601	215,421
Reinsurance recoveries	(34,211)	(10,705)	(7,259)	(33,363)	(85,538)
Net claims paid	20,128	67,990	4,527	37,238	129,883
Net outstanding claims:					
At end of year	18,403	134,910	10,784	71,661	235,758
At beginning of year	(14,772)	(136,548)	(7,762)	(63,977)	(223,059)
Translation differences	28	31	4	62	125
Net claims incurred	23,787	66,383	7,553	44,984	142,707
Company					
Period ended 31.12.2001					
Gross claims paid					
less salvage	30,136	37,433	3,152	34,757	105,478
Reinsurance recoveries	(19,798)	(4,585)	(1,966)	(15,673)	(42,022)
Net claims paid	10,338	32,848	1,186	19,084	63,456
Net outstanding claims:					
At end of period	17,537	139,022	10,356	71,824	238,739
At beginning of period	(17,763)	(134,298)	(10,727)	(70,406)	(233,194)
Net claims incurred	10,112	37,572	815	20,502	69,001

24. Net claims incurred (continued)

Company	Marine, Aviation & Transit				Total
	Fire RM'000	Motor RM'000	Transit RM'000	Miscellaneous RM'000	RM'000
Year ended					
30.6.2001					
Gross claims paid					
less salvage	53,964	77,993	11,771	69,405	213,133
Reinsurance recoveries	(34,106)	(10,307)	(7,284)	(32,979)	(84,676)
Net claims paid	19,858	67,686	4,487	36,426	128,457
Net outstanding claims:					
At end of year	17,763	134,298	10,727	70,406	233,194
At beginning of year	(14,345)	(135,972)	(7,699)	(62,860)	(220,876)
Net claims incurred	23,276	66,012	7,515	43,972	140,775

25. Bank guarantee and other credit facilities

As of 31 December 2001, the Group and the Company have guarantee and other credit facilities with certain banks totalling about RM357,246,739 (30.6.2001 – RM393,942,000) and RM349,354,000 (30.6.2001 – RM333,399,000) respectively. The facilities of the Company are unsecured. The guarantee facilities of a foreign subsidiary company with a foreign bank to the extent of RM55,825,000 (30.6.2001 – RM41,754,000) were obtained by a pledge of its fixed deposits amounting to RM7,634,000 (30.6.2001 – RM6,743,000).

26. Capital commitments

Capital expenditure approved by the directors but not provided for in the financial statements as of 31 December 2001/30 June 2001 amounted to approximately:

	Group		Company	
	31.12.2001	30.6.2001	31.12.2001	30.6.2001
	RM'000	RM'000	RM'000	RM'000
Property, plant and equipment:				
Approved and contracted for	3,240	950	3,033	950
Approved but not contracted for	4,967	7,440	4,967	7,403

27. Investment-linked business

Balance sheets as at 31 December 2001

	Note	31.12.2001 RM'000	30.6.2001 RM'000
Assets			
Investments	4	3,711	2,933
Receivables		213	49
Cash and bank balances		422	450
		<u>4,346</u>	<u>3,432</u>
		=====	=====
Liabilities			
Payables		7	35
Provision for taxation		37	20
		<u>44</u>	<u>55</u>
		=====	=====
Net asset value of funds		<u>4,302</u>	<u>3,377</u>
		=====	=====
Represented by:			
Unitholders' account		<u>4,302</u>	<u>3,377</u>
		=====	=====

Income statements for the six month period ended 31 December 2001

	Period ended 31.12.2001 RM'000	Year ended 30.6.2001 RM'000
Investment income	39	72
Other income	745	35
Other outgo	(35)	(317)
	<u>749</u>	<u>(210)</u>
Surplus/(deficit) before taxation		
Taxation	(20)	(22)
	<u>729</u>	<u>(232)</u>
	=====	=====
Net surplus/(deficit) for the period/year after taxation but before policy reserves		

28. Segment information

The Group operates predominantly in Malaysia and, accordingly, the directors are of the opinion that financial information by geographical segments of the Group's operations is not necessary to be presented.

29. Segment information of cash flow

Group	General Business RM'000	Life fund RM'000	Total RM'000
31.12.2001			
Cash inflows/(outflows) from:			
Operating activities	3,118	11,774	14,892
Investing activities	(1,978)	(2,592)	(4,570)
Financing activities	1,504	-	1,504
	<hr/>	<hr/>	<hr/>
Net increases in cash and cash equivalents	2,644	9,182	11,826
Cash and cash equivalents:			
At beginning of period	3,308	3,536	6,844
Effects of foreign exchange differences	(335)	-	(335)
	<hr/>	<hr/>	<hr/>
At end of period	5,617	12,718	18,335
	=====	=====	=====
30.6.2001			
Cash inflows/(outflows) from:			
Operating activities	3,258	(1,920)	1,338
Investing activities	(5,789)	(2,744)	(8,533)
Financing activities	3,889	-	3,889
	<hr/>	<hr/>	<hr/>
Net increase/(decrease) in cash and cash equivalents	1,358	(4,664)	(3,306)
Cash and cash equivalents:			
At beginning of year	2,051	8,200	10,251
Effects of foreign exchange differences	(101)	-	(101)
	<hr/>	<hr/>	<hr/>
At end of year	3,308	3,536	6,844
	=====	=====	=====

29. Segment information of cash flow (continued)

Company	General Business RM'000
31.12.2001	
Cash inflows/(outflows) from:	
Operating activities	2,359
Investing activities	(1,899)
Financing activities	1,504
	<hr/>
Net increase in cash and cash equivalents	1,964
Cash and cash equivalents:	
At beginning of period	957
	<hr/>
At end of period	2,921
	<hr/> <hr/>
30.6.2001	
Cash inflows/(outflows) from:	
Operating activities	2,414
Investing activities	(5,550)
Financing activities	3,889
	<hr/>
Net increase in cash and cash equivalents	753
Cash and cash equivalents:	
At beginning of year	204
	<hr/>
At end of year	957
	<hr/> <hr/>

30. Change of name

The Company has changed its name from Malaysia British Assurance Berhad to Allianz General Insurance Malaysia Berhad with effect from 26 February 2002.

31. Related parties

Controlling related parties relationship are as follows:

- i. The holding and ultimate holding company (former substantial shareholder of the Company) as disclosed in note 1.
- ii. Its subsidiaries as disclosed in note 5.
- iii. Amsteel Corporation Berhad ("Lion Group"), a former holding company of Exuniq Sdn. Bhd (a former substantial shareholder of the Company).
- iv. GHK Holdings Sdn. Bhd ("GHK"), a substantial shareholder of a subsidiary company.

The significant transactions and balances with other related parties are as follows:

Group	General business and shareholders' fund		Life fund	
	31.12.2001	30.6.2001	31.12.2001	30.6.2001
	RM'000	RM'000	RM'000	RM'000
<i>Non-trade balances</i>				
Holding company				
Other receivables	14	-	-	-
Related company				
Allianz Insurance Management				
Asia Pacific Pte Ltd				
Other receivables	136	-	-	-
Lion Group				
Mortgage loans to employee				
of Lion Group	-	-	748	761
Other receivables and deposits	5,499	5,499	68	75
Other payables	-	-	-	(23)
GHK				
Premium receivable	-	4	-	-
	=====	=====	=====	=====

31. Related parties (continued)

Group	General business and shareholders' fund		Life fund	
	31.12.2001	30.6.2001	31.12.2001	30.6.2001
	RM'000	RM'000	RM'000	RM'000
Trade balances				
Related companies				
Allianz Australia Insurance Limited (Labuan)				
Other receivables	13	-	-	-
Other payables	(12,246)	(8,570)	-	-
Allianz AGF MAT Limited				
Other payables	(20)	-	-	-
Allianz AG Reinsurance Branch Asia Pacific				
Other receivables	2,055	1,523	(1,000)	(11)
Allianz Insurance Co. Singapore Pte Ltd				
Other payables	-	20	-	-
	=====	=====	=====	=====

Company	General business and shareholders' fund	
	31.12.2001	30.6.2001
	RM'000	RM'000
Non-trade balances		
Holding company		
Other receivables	14	-
Subsidiaries		
Allianz Life Insurance Malaysia Berhad		
Other receivables	216	-
MBA Insurance Co. Sdn. Bhd.		
Other receivables	435	-
Related company		
Allianz Insurance Management Asia Pacific Pte Ltd		
Other receivables	136	-
Lion Group		
Other receivables and deposits	5,499	5,499
GHK		
Premium receivable	-	4
	=====	=====

31. Related parties (continued)

Company	General business and shareholders' fund	
	31.12.2001	30.6.2001
	RM'000	RM'000
<i>Trade balances</i>		
Subsidiaries		
Allianz Life Insurance Malaysia Berhad		
Other receivables	-	71
MBA Insurance Co. Sdn. Bhd.		
Other receivables	273	607
Target Insurance Brokers Pte. Ltd.		
Other receivables	474	(248)
Target Nominees (Tempatan) Sdn Bhd		
Payables	(5)	(5)
Related companies		
Allianz Australia Insurance Limited (Labuan)		
Other receivables	13	-
Other payables	(12,246)	(8,570)
Allianz AGF MAT Limited		
Other payables	(20)	-
Allianz AG Reinsurance Branch Asia Pacific		
Other receivables	2,055	1,523
	=====	=====

Group	General business and shareholders' fund		Life fund	
	Period ended	Year ended	Period ende	Year dended
	31.12.2001	30.6.2001	31.12.2001	30.6.2001
	RM'000	RM'000	RM'000	RM'000
<i>Non-trade transactions</i>				
Holding company				
Purchase of copy right materials	-	-	8	-
Related companies				
Allianz AG Reinsurance Branch Asia Pacific				
Actuarial fees payable	-	-	-	40
Allianz Insurance Management Pacific Pte Ltd				
Purchase of corporate web template	-	-	6	-
PT Asuransi Allianz Life Indonesia				
Consultation fees received	-	-	-	(38)
Lion Group				
Rental of premises payable	-	1,381	-	-
Secretarial fees payable	-	50	23	23
	=====	=====	=====	=====

31. Related parties (continued)

Group	General business and shareholders' fund		Life fund	
	Period ended	Year ended	Period ende	Year dended
	31.12.2001 RM'000	30.6.2001 RM'000	31.12.2001 RM'000	30.6.2001 RM'000
<i>Trade transactions</i>				
Holding company				
Reinsurance premium payable	-	20	-	-
Reinsurance claims recoverable	(3)	-	-	-
Reinsurance commission receivable	-	(1)	-	-
Related companies				
Allianz Australia Insurance Limited (Labuan)				
Reinsurance premium payable	19,120	30,642	-	-
Reinsurance claims recoverable	(5,108)	(27,921)	-	-
Reinsurance commission receivable	(4,946)	(6,031)	-	-
Allianz Reinsurance Branch Asia Pacific				
Reinsurance premium (receivable)/ Payable	(2,712)	(4,631)	1,512	14
Reinsurance claims recoverable	(248)	494	-	-
Reinsurance commission payable/ (receivable)	324	652	(512)	(3)
Allianz AGF MAT Limited				
Reinsurance claims recoverable	(17)	-	-	-
Lion Group				
Group premium receivable	-	(2,914)	-	(781)
Reinsurance claim recoverable	-	-	(68)	-
Net claims payable	-	734	-	-
Commission payable	-	441	-	-
GHK				
Premium receivable	-	(106)	-	-
	=====	=====	=====	=====

31. Related parties (continued)

Company	General business and shareholders' fund	
	Period ended 31.12.2001	Year ended 30.6.2001
<i>Non-trade transactions</i>		
Subsidiaries		
Allianz Life Insurance Malaysia Berhad		
Reimbursement of staff charges receivable	(26)	(44)
Reimbursement of expenses related to common resources receivable	(270)	(610)
Rental receivable	(8)	(13)
Rental payable	12	30
MBA Insurance Co. Sdn Bhd		
Reimbursement of staff charges receivable	(74)	(144)
Related company		
Lion Group		
Secretarial fees payable	-	50
Rental of premises payable	-	1,381
	=====	=====
<i>Trade transactions</i>		
Holding company		
Reinsurance premium payable	-	20
Reinsurance claims recovered	(3)	-
Reinsurance commission receivable	-	(1)
Subsidiaries		
Allianz Life Insurance Malaysia Berhad		
Motor insurance premium receivable	(4)	(32)
Insurance premium (receivable)/ payable	(5)	147
MBA Insurance Co. Sdn Bhd		
Net reinsurance premium outward/ (inward)	1,081	(2,186)
Net reinsurance claim (inward)/ outward	(167)	116
Net reinsurance commission outward	835	1,284
Target Insurance Brokers Pte. Ltd.		
Net reinsurance premium outward	2,834	-
Net reinsurance claim outward	1,632	-
Net commission outward	785	-

31. Related parties (continued)

Company	General business and shareholders' fund	
	Period ended 31.12.2001	Year ended 30.6.2001
<i>Non-trade transactions (continued)</i>		
Related companies		
Allianz Australia Insurance Limited (Labuan)		
Reinsurance premium payable	19,120	30,642
Reinsurance claims recoverable	(5,108)	(27,921)
Reinsurance commission receivable	(4,946)	(6,031)
Allianz Reinsurance Branch Asia Pacific		
Reinsurance premium receivable	(2,712)	(4,631)
Reinsurance claims (recoverable)/payable	(248)	494
Reinsurance commission payable	324	652
Allianz AGF MAT Limited		
Reinsurance claims recoverable	(17)	-
Lion Group		
Group premium (receivable)	-	(2,914)
Net claims payable	-	734
Commission payable	-	441

=====
 Related party transactions were carried out on terms and conditions no more favourable than those available on similar transactions with unrelated parties unless otherwise stated.

Allianz General Insurance Malaysia Berhad

(Formerly known as Malaysia British Assurance Berhad)


(Incorporated in Malaysia)

and its subsidiaries

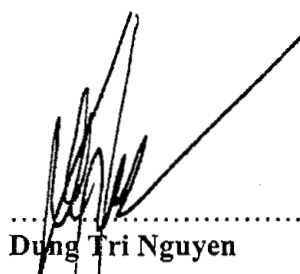
Statement by directors pursuant to Section 169(15) of the Companies Act, 1965

In the opinion of the Directors, the financial statements set out on pages 5 to 77 are properly drawn up to give a true and fair view of the state of affairs of the Group and of the Company at 31 December 2001 and of their results and cash flows for the period then ended, and have been properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia.

Signed in accordance with a resolution of the Directors:



.....
Dato' Dr. Mohd Shahari Ahmad Jabar



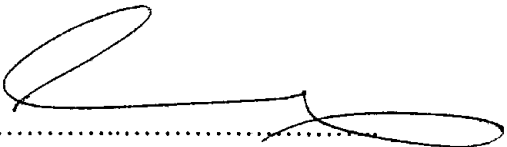
.....
Dung Tri Nguyen
Kuala Lumpur,
Date: **5 AUG 2002**

Allianz General Insurance Malaysia Berhad
(Formerly known as Malaysia British Assurance Berhad)
(Incorporated in Malaysia)
and its subsidiaries

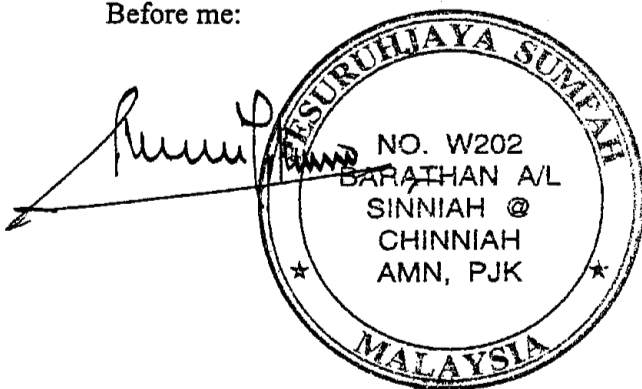
**Statutory Declaration pursuant to
Section 169(16) of the Companies Act, 1965**

I, **William Mei York Liang**, the officer primarily responsible for the financial management of Allianz General Insurance Malaysia Berhad, do solemnly and sincerely declare that the financial statements set out on pages 5 to 77, are, to the best of my knowledge and belief, 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 at Kuala Lumpur in the Wilayah Persekutuan on **5 AUG 2002**


.....
William Mei York Liang

Before me:



Tingkat 10 Wisma UOA Damansara
50, Jalan Dungun,
Bukit Damansara,
50490 Kuala Lumpur



KPMG (Firm No. AF 0758)
Chartered Accountants
Wisma KPMG
Jalan Dungun, Damansara Heights
50490 Kuala Lumpur, Malaysia

P.O. Box 10047
50702 Kuala Lumpur
Malaysia

Tel + (603) 2095 3388
Fax + (603) 2095 0971

Report of the auditors to the members of Allianz General Insurance Malaysia Berhad

(Formerly known as Malaysia British Assurance Berhad)

(Company No. 12428-W)

(Incorporated in Malaysia)

We have audited the financial statements set out on pages 31 to 103. The preparation of the financial statements is the responsibility of the Company's directors. Our responsibility is to express an opinion on the financial statements based on our audit.

We conducted our audit in accordance with approved Standards on Auditing in Malaysia. These standards require that we plan and perform the audit to obtain all the information and explanations, which we considered necessary to provide us with evidence to give reasonable assurance that the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. An audit also includes an assessment of the accounting principles used and significant estimates made by the directors as well as evaluating the overall adequacy of the presentation of information in the financial statements. We believe our audit provides a reasonable basis for our opinion.

In our opinion:

- (a) the financial statements are properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia so as to give a true and fair view of:
 - i) the state of affairs of the Group and of the Company at 31 December 2001 and of the results of their operations and cash flows for the period ended on that date; and
 - ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements of the Group and of the Company;

and

- (b) the accounting and other records and the registers required by the Companies Act, 1965 to be kept by the Company and the subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the said Act.



KPMG, a partnership established under Malaysian law, is a member of KPMG International, a Swiss association.



The subsidiaries in respect of which we have not acted as auditors are identified in Note 5 to the financial statements and we have considered their financial statements and the auditors' reports thereon.

We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.

The audit reports on the financial statements of the subsidiaries were not subject to any qualification and did not include any comment made under sub-section (3) of Section 174 of the Act.

The financial statements for the preceding year were audited by another firm of accountants.

A handwritten signature in black ink, appearing to be 'KPMG' followed by a flourish.

KPMG
Firm Number: AF 0758
Chartered Accountants

A handwritten signature in black ink, appearing to be 'Hew Lee Lam Sang' followed by a flourish.

Hew Lee Lam Sang
Partner
Approval Number: 1862/10/03(J)

Kuala Lumpur,

Date: 5 AUG 2002