



Annual **99** Report

Jerneh Asia Berhad  
*(363984-X)*



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## NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 4TH ANNUAL GENERAL MEETING of the Company will be held at **19th Floor, Wisma Jerneh, 38 Jalan Sultan Ismail, 50250 Kuala Lumpur** on **Tuesday, 25th April 2000 at 10.00 a.m.** for the following purposes:-

### As Ordinary Business

1. To receive and adopt the Audited Accounts for the year ended 31st December 1999, and the Reports of the Directors & Auditors thereon.
2. To declare a First and Final Dividend of 15% less 28% Income Tax for the year ended 31st December 1999 as recommended by the Directors payable on Tuesday, 9th May 2000 to shareholders registered in the Company's books at the close of business on Thursday, 27th April 2000.
3. To approve the payment of Directors' fees for the year ended 31st December 1999.
4. To elect the following Directors who retire in accordance with the Articles of Association of the Company:-
  - 4.1 Encik Ahmad Riza bin Basir
  - 4.2 Ms Tam Chiew Lin
  - 4.3 Mr Tan Yew Jin
5. To appoint Moores Rowland as Auditors of the Company in place of Othman Hew & Co. who do not wish to seek re-appointment, and to authorise the Directors to fix their remuneration. *(A copy of the Notice of Nomination of Auditors issued by a shareholder is set out on page 50.)*
6. To transact any other business of an Annual General Meeting.

### As Special Business

7. To consider, and if thought fit, to pass the following Ordinary Resolution:

"THAT pursuant to Section 132D of the Companies Act 1965, approval be and is hereby given for the Directors to issue shares in the Company in accordance with the terms and conditions of the Jerneh Asia Berhad Employee Share Option Scheme ("ESOS") approved by the shareholders at the Extraordinary General Meeting of the Company held on 20th April 1999, provided that the total number of shares already issued and to be issued pursuant to the ESOS shall not exceed ten percent (10%) of the issued and paid-up share capital of the Company for the time being and that such approval shall continue in force until the conclusion of the next Annual General Meeting of the Company."

By Order Of The Board

**CHAN SWEE HONG**  
*Company Secretary*

Kuala Lumpur  
7th April 2000

#### Notes:

- a. A member of the Company entitled to attend and vote at the Meeting is entitled to appoint a proxy or proxies (but not more than two) to attend and vote in his/her stead. A proxy may but need not be a member of the Company. Where a member appoints two proxies, the appointment shall be invalid unless he/she specifies the proportion of his/her holding to be represented by each proxy.
- b. The instrument appointing the proxy, in the case of an individual, shall be signed by the appointer, or his attorney duly authorised in writing and in the case of a corporation, either under seal or under the hand of an officer or attorney duly authorised.
- c. The instrument appointing the proxy must be deposited at the Registered Office of the Company at 18th Floor, Wisma Jerneh, 38 Jalan Sultan Ismail, 50250 Kuala Lumpur, not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.

#### Explanatory Notes on Special Business

The proposed Ordinary Resolution is to authorise the Directors to issue shares to eligible full-time employees and executive directors of Jerneh Asia Berhad Group pursuant to the exercise of options under the ESOS. This authority, unless revoked or varied at a general meeting, shall be valid until the conclusion of the next Annual General Meeting of the Company.

## CORPORATE INFORMATION

### BOARD OF DIRECTORS

DATUK KHOR CHIN POEY  
*(Executive Chairman)*

KUOK KHOON EAN

YM RAJA DATO' SERI ABDUL AZIZ  
BIN RAJA SALIM

DATO' SERI ISMAIL FAROUK BIN ABDULLAH

AHMAD RIZA BIN BASIR

TAM CHIEW LIN

DATO' LIM CHEE WAH

ANWARUDIN BIN HAJI ABDUL RAHMAN

TAN YEW JIN  
*(Executive Director)*

ROBERT HENRY STEAD  
*(Group General Manager/  
Alternate to Datuk Khor Chin Poe)*

### AUDIT COMMITTEE

YM Raja Dato' Seri Abdul Aziz bin Raja Salim  
*(Chairman)*

Tam Chiew Lin

Anwarudin bin Haji Abdul Rahman  
*(All the members of the Audit Committee are Independent  
Non-executive Directors)*

### TERMS OF REFERENCE OF AUDIT COMMITTEE

The terms of reference of the Audit Committee are as follows :-

- (i) To review with the auditors the audit plan and their evaluation of the system of internal accounting controls.
- (ii) To review the assistance given by the Company's officers to the auditors, the scope and results of the internal audit procedures and any related party transactions within the Group or the Company.
- (iii) To review the consolidated accounts of the Group and the accounts of the Company together with the Directors' and Auditors' Reports thereon and submit them to the Board of Directors.
- (iv) To nominate persons for appointment as auditors of the Company.

### COMPANY SECRETARY

Chan Swee Hong  
(MAICSA: 0772189)

### REGISTERED OFFICE

18th Floor, Wisma Jerneh  
38, Jalan Sultan Ismail  
50250 Kuala Lumpur  
Telephone : 03-241 4255  
Facsimile : 03-242 1677

### PRINCIPAL BANKER

Malayan Banking Berhad  
Bangunan Yayasan Selangor  
Jalan Bukit Bintang  
55100 Kuala Lumpur

### AUDITORS

Othman, Hew & Co.  
Public Accountants  
Wisma Selangor Dredging  
7th Floor, South Block  
142-A, Jalan Ampang  
50450 Kuala Lumpur

### SOLICITORS

Lee Hishammuddin  
Advocates & Solicitors  
Level 16, Menara Phileo  
189, Jalan Tun Razak  
50400 Kuala Lumpur

### REGISTRARS

PPB Corporate Services Sdn Bhd  
14th Floor, Wisma Jerneh  
38, Jalan Sultan Ismail  
50250 Kuala Lumpur  
Telephone : 03-241 2077

### STOCK EXCHANGE LISTING

Kuala Lumpur Stock Exchange  
Stock Number: 6394



## GROUP FINANCIAL HIGHLIGHTS

	1999 RM'000	1998 RM'000	% Change
<b>PROFIT AND LOSS ACCOUNT</b>			
Turnover	203,948	178,799	14.07
Profit before taxation	58,979	27,667	113.17
Profit after taxation and minority interest	58,241	14,818	293.04

### BALANCE SHEET

Total assets	536,260	345,434	55.24
Shareholders' funds	180,184	129,241	39.42

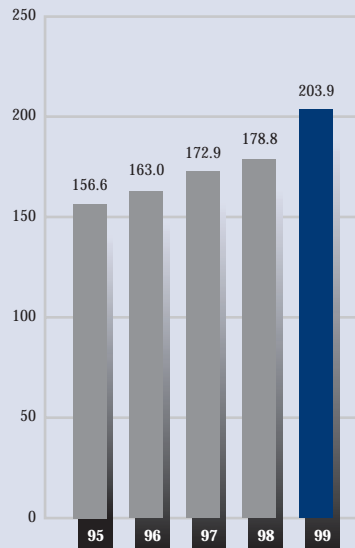
### RATIOS

Net earnings per share	sen	87.18	22.18	293.06
Net dividends per share	sen	10.80	7.20	50.00
Net tangible assets per share	RM	2.70	1.93	39.90

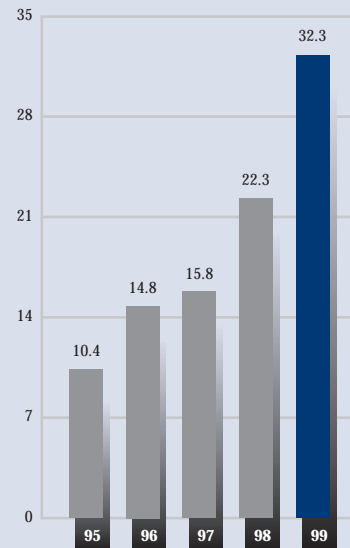
### FIVE YEARS' GROUP STATISTICS

Year Ended 31st December		1999	1998	1997	1996	1995
Turnover	RM'000	203,948	178,799	172,939	162,993	156,617
Operating profit	RM'000	47,455	27,488	23,751	25,222	18,249
Share of profit of associated companies	RM'000	442	179	164	178	170
Profit before taxation	RM'000	58,979	27,667	23,915	25,400	18,419
Profit after taxation and minority interest	RM'000	58,241	14,818	15,480	17,116	12,573
Dividends – net	RM'000	7,216	4,810	3,848	3,741	8,400
Issued share capital	RM'000	66,811	66,800	66,800	66,800	55,205
Shareholders' funds	RM'000	180,184	129,241	119,760	105,526	63,562
Total assets employed	RM'000	536,260	345,434	317,679	278,973	217,472
Net earnings per share	sen	87.18	22.18	23.17	29.45	22.77
KLSE Quotations						
High	RM	3.76	3.50	6.70	6.70	–
Low	RM	2.40	1.58	2.04	5.25	–

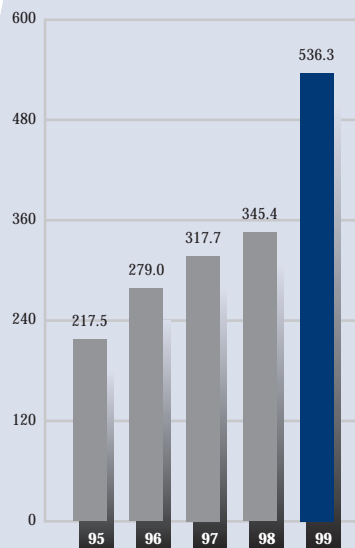
## FIVE-YEAR PERFORMANCE CHARTS



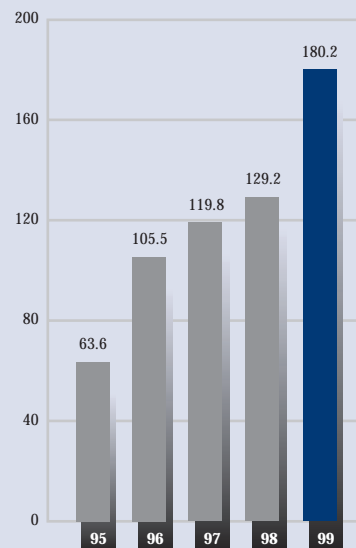
**TURNOVER**  
(RM Million)



**INVESTMENT &  
OTHER INCOME**  
(RM Million)



**TOTAL ASSETS  
EMPLOYED**  
(RM Million)



**SHAREHOLDERS'  
FUNDS**  
(RM Million)





# CHAIRMAN'S Statement

## RESULTS

The Jerneh Asia Berhad ("JAB") Group recorded a consolidated pre-tax profit of RM59.0 million on a turnover of RM203.9 million for the year ended 31st December 1999.

The Group's profit after tax for 1999 increased by nearly four times to RM58.2 million due to:-

- better operating results of our 80% subsidiary namely Jerneh Insurance Berhad ("JIB");
- exceptional gain from JAB's disposal of 4,575,000 JIB shares to Paramount Assurance Bhd ("PAB"), pursuant to the merger between JIB and PAB; as well as
- income tax exemption in 1999.

## MERGER WITH PARAMOUNT ASSURANCE BERHAD

During the year, the merger between JIB and PAB was successfully completed and PAB's insurance assets and liabilities were transferred to JIB on 1st December 1999.

Resulting from the merger, JIB is expected to increase its premium income to be ranked among the top ten general insurers in Malaysia. In the medium to long term, JIB is expected to achieve savings from economies of scale, which will improve its profitability and competitiveness.

As part of the merger scheme, JIB's share capital was increased from RM50 million to RM75 million to reflect its enlarged business operations and to be in line with Bank Negara Malaysia's capital requirements. JIB's shareholding was restructured to reflect the agreed equity of 80% by JAB and 20% by PAB.

From this merger exercise, JIB was able to release up to RM56.7 million in the form of a net Interim Dividend of RM9.0 million and a net Special Dividend of RM47.7 million to JAB. JAB had also sold 4,575,000 JIB shares to PAB for a total cash consideration of RM17.182 million. This timely release of reserves from the merger exercise would enable JAB to meet its financial requirements for undertaking future regional expansion plans.

## CHAIRMAN'S STATEMENT

### REVIEW OF OPERATIONS

#### *Jerneh Insurance Berhad*

The main contributor to the Group's profit is JIB, whose gross written premium (for treaty and non-treaty business) grew by 3% from RM177.7 million in 1998 to RM183.4 million in 1999.

Even though premium growth in 1999 was marginal, underwriting profit more than doubled from RM9.6 million in 1998 to RM19.8 million in 1999, due to higher retention and a reduction in net claims. JIB's investments also performed well, thereby increasing investment and other income by 39% from RM20.5 million to RM28.5 million. As a result, JIB recorded a profit before taxation of RM47.1 million for the year, which represents an increase of 64% over the RM28.7 million achieved in the previous year.

#### *Other Malaysian subsidiaries*

JAB's other Malaysian subsidiaries, namely Jerneh Asia Reinsurance Ltd, Jerneh Credit Leasing Sdn Bhd and Jerneh Healthcare Services Sdn Bhd are relatively new companies established in 1998 to complement the Group's insurance operations. These new start-up companies have done well in 1999 and have started to contribute positively towards the Group's pre-tax profits.

#### *Hong Kong subsidiaries*

On 1st May 1999, JAB completed the acquisition of Jerneh Insurance (HK) Ltd (*formerly known as Kerry Insurance Ltd*) and Taishan Insurance Brokers Ltd for a total cash consideration of HK\$44.031 million. For the 8-month period to 31st December 1999, these two Hong Kong companies contributed approximately RM1.9 million to the Group's pre-tax profits.

### REGIONAL EXPANSION PLANS

On 25th March 1999, JAB consolidated its tie-up with Assicurazioni Generali S.p.A. (Generali) by signing a Joint Venture Agreement to jointly carry out insurance and insurance related activities in the Asia Pacific Region. Generali Asia N.V. (Generali Asia), in which JAB owns a 40% equity interest, was incorporated in the Netherlands as the vehicle holding company to invest in these various countries.



## CHAIRMAN'S STATEMENT

On 26th March 1999, JAB and Generali entered into a Joint Venture Agreement with Banco de Oro Universal Bank Philippines, which is part of the SM Group of Companies. This joint venture resulted in the incorporation of Generali Pilipinas Holding Company Inc., in which Generali Asia holds a 60% equity interest, for the purpose of establishing life and non-life businesses in the Philippines. These businesses are expected to commence operations in the first quarter of 2000.

### **DIVIDENDS**

Your Board of Directors is pleased to recommend a First and Final Dividend of 15% less tax of 28% per ordinary share for the financial year ended 31st December 1999.

### **PROSPECTS FOR YEAR 2000**

The domestic insurance market is expected to contract further, due to surplus underwriting capacity in the industry and prevailing soft premium rates in the non-tariff classes.

Despite these challenges, the Group should nevertheless experience an increase in underwriting premiums and perform reasonably well in year 2000 if the economy continues its steady recovery.

### **YEAR 2000 COMPLIANCE**

The JAB Group did not experience any Y2K-related problems during the rollover to year 2000.

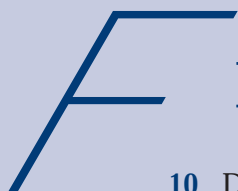
### **ACKNOWLEDGEMENT**

On behalf of the Board of Directors, I wish to express our sincere thanks and appreciation to all staff of the Group for their hard work and dedication that have contributed to the Group's exceptional performance in 1999. We would also like to thank our shareholders, policyholders and business associates for their continued support.

### **DATUK KHOR CHIN POEY**

*Executive Chairman*

10th March 2000



# FINANCIAL S t a t e m e n t s

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## DIRECTORS' REPORT

The Directors have pleasure in submitting their report and the audited accounts of the Group and of the Company for the year ended 31st December 1999.

### PRINCIPAL ACTIVITIES

The Company is principally an investment holding company. The principal activities of the subsidiary companies are disclosed in note 4 to the accounts.

There has been no significant changes in the nature of these activities during the year.

### RESULTS

	Group RM'000	Company RM'000
Profit after taxation	58,247	66,540
Minority interest	(6)	–
Earnings for the year	58,241	66,540
Retained profits brought forward	71,014	10,111
Effect of changes in group structure	(3,475)	–
Profit available for appropriation	125,780	76,651
Transfer to merger reserve	(22,713)	–
Dividend	(7,216)	(7,216)
Retained profits carried forward	95,851	69,435

### DIVIDEND

Since the end of the previous financial year, the Company paid a First and Final Dividend of 10% less tax at 28%, amounting to RM4,809,600 in respect of the year ended 31st December 1998.

The Directors now recommend a First and Final Dividend of 15% less tax at 28% amounting to RM7,215,590 in respect of the year under review.

### RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year other than those disclosed in notes 9, 10, 11 and 12 to the accounts.

## DIRECTORS' REPORT

### SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

During the financial year, the Company's subsidiary company, Jerneh Insurance Bhd merged its general insurance business with that of Paramount Assurance Berhad.

### ISSUE OF SHARES AND DEBENTURES

During the financial year, the issued share capital of the Company was increased from RM66,800,002 to RM66,811,002 by the issue of 11,000 ordinary shares of RM1 each at RM3.19 per share for cash under the Employee Share Option Scheme ("ESOS") of the Company. Other than the shares issued pursuant to the ESOS, the Company did not issue any shares or debentures during the financial year.

### EMPLOYEE SHARE OPTION SCHEME

The Company's Employee Share Option Scheme ("ESOS") for eligible, full-time employees and Executive Directors of the Company and its subsidiary companies was approved by shareholders at an Extraordinary General Meeting held on 20th April 1999.

The main features of the ESOS are as follows:

- (a) The ESOS shall be in force for a period of five years commencing from 28th April 1999 and will expire on 27th April 2004.
- (b) In aggregate, the maximum number of new shares to be allotted pursuant to the exercise of options granted under the ESOS shall not exceed 10% of the issued and paid up share capital of the Company at any point of time during the existence of the ESOS, save and except in the subsequent event of a reduction in the issued and paid-up share capital of the Company by virtue of the Company purchasing its own shares which will cause the aforesaid limit to be exceeded.
- (c) The option price for each share shall be the highest of:
  - (i) the mean market quotation of the shares (calculated as the average of the highest and lowest price transacted on the KLSE for the day) as shown in the Daily Official List issued by the KLSE for the market day immediately preceding the date of offer;
  - (ii) the average of the mean market quotation of the shares as shown in the Daily Official List issued by the KLSE for the five (5) market days immediately preceding the date of offer; and
  - (iii) the par value of the shares.



## EMPLOYEE SHARE OPTION SCHEME (Cont'd.)

- (d) No option shall be granted for less than 1,000 shares and not more than 500,000 shares to any eligible employee and Director.

The details of share options for the year under review are as follows:

Date of offer	No. of options over ordinary shares of RM1 each			At 31.12.1999	Exercise Price
	Granted	Exercised and allotted	Lapsed		
30.4.1999	5,943,000	(11,000)	(336,000)	<b>5,596,000</b>	3.19
4.5.1999	50,000	–	–	<b>50,000</b>	3.25
20.8.1999	176,000	–	(75,000)	<b>101,000</b>	3.19
17.12.1999	146,000	–	–	<b>146,000</b>	3.22
	<b>6,315,000</b>	<b>(11,000)</b>	<b>(411,000)</b>	<b>5,893,000</b>	

## DIRECTORS

The Directors in office since the date of the last report are:

Datuk Khor Chin Poey	<i>(Executive Chairman)</i>
Kuok Khoon Ean	
YM Raja Dato' Seri Abdul Aziz bin Raja Salim	
Dato' Seri Ismail Farouk bin Abdullah	
Ahmad Riza bin Basir	
Tam Chiew Lin	
Dato' Lim Chee Wah	
Anwarudin bin Hj Abdul Rahman	
Tan Yew Jin	<i>(Executive Director)</i>
Robert Henry Stead	<i>(alternate to Datuk Khor Chin Poey)</i>

In accordance with Article 102 of the Company's Articles of Association, Encik Ahmad Riza bin Basir, Ms Tam Chiew Lin and Mr Tan Yew Jin retire by rotation at the forthcoming Annual General Meeting, and being eligible, offer themselves for re-election.

## DIRECTORS' REPORT

### DIRECTORS' INTERESTS IN SHARES

According to the register required to be kept under Section 134 of the Companies Act 1965, the interests of Directors who held office at the end of the financial year in the shares of the Company were as follows:

Name of Directors		Ordinary shares of RM1 each			
		At 1.1.1999	Bought	Sold	At 31.12.1999
Datuk Khor Chin Poey	– direct	32,000	10,000	–	42,000
Kuok Khoo Ean	– indirect	10,000	–	–	10,000
YM Raja Dato' Seri Abdul Aziz bin Raja Salim	– direct	50,000	–	10,000	40,000
Dato' Seri Ismail Farouk bin Abdullah	– direct	3,027,630	–	500,000	2,527,630
Ahmad Riza bin Basir	– direct	100,000	–	–	100,000
	– indirect	11,091,605	–	–	11,091,605
Tam Chiew Lin		–	–	–	–
Dato' Lim Chee Wah	– direct	10,000	–	–	10,000
Anwarudin bin Hj Abdul Rahman	– direct	40,000	–	15,000	25,000
Tan Yew Jin	– direct	10,000	–	–	10,000
	– indirect	103,500	–	–	103,500
Robert Henry Stead		–	–	–	–

Encik Ahmad Riza bin Basir is also deemed to be interested in the shares of all the subsidiaries of the Company to the extent of the Company's interests in the respective subsidiaries as disclosed under Note 4 to the accounts by virtue of his interest in shares in the Company.

	Option price	No. of options over ordinary shares of RM1 each			
		At 1.1.1999	Granted	Exercised	At 31.12.1999
Datuk Khor Chin Poey	RM3.19	–	250,000	–	250,000
Tan Yew Jin	RM3.19	–	175,000	–	175,000
Robert Henry Stead	RM3.19	–	125,000	–	125,000

### DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive any benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the Directors as shown in the accounts) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

Neither during nor at the end of the financial year was the Company a party to any arrangement whose object is to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.



## DIRECTORS' REPORT

### OTHER STATUTORY INFORMATION

- (a) Before the profit and loss accounts and balance sheets of the Group and of the Company were made out, the Directors took reasonable steps:
- (i) to ascertain the action taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and
  - (ii) to ensure that any current assets which were unlikely to realise in the ordinary course of business their value as shown in the accounting records of the Group and of the Company had been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the Directors are not aware of any circumstances:
- (i) which would render the amount written off for bad debts or the amount of the provision for doubtful debts in the accounts of the Group and of the Company inadequate to any substantial extent, or
  - (ii) which would render the values attributed to the current assets in the accounts of the Group and of the Company misleading, or
  - (iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (c) At the date of this report, there does not exist:
- (i) any charge on the assets of the Company or its subsidiary companies which has arisen since the end of the financial year which secures the liabilities of any other person, or
  - (ii) any contingent liability of the Company or its subsidiary companies which has arisen since the end of the financial year other than those arising from contracts of insurance underwritten in the ordinary course of business by the subsidiary companies, namely, Jerneh Insurance Bhd, Jerneh Asia Reinsurance Limited and Jerneh Insurance (HK) Limited.
- (d) No contingent or other liability of the Company or its subsidiary companies has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may affect the ability of the Company or its subsidiary companies to meet their obligations as and when they fall due.
- (e) At the date of this report, the Directors are not aware of any circumstances, not otherwise dealt with in this report or the accounts of the Group and of the Company which would render any amount stated in the respective accounts misleading.
- (f) In the opinion of the Directors:
- (i) the results of the operations of the Group and of the Company for the financial year were not substantially affected by any item, transaction or event of a material and unusual nature except as disclosed in note 16 to the accounts; and
  - (ii) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

## DIRECTORS' REPORT

### AUDIT COMMITTEE

All the three members of the Audit Committee are independent non-executive Directors of the Company. Since the date of the last Directors' Report, the Committee held three meetings and reviewed with the Auditors the audit plan for the financial year ended 31 December 1999. The Committee also reviewed the assistance given by the Company's officers to the Auditors, the scope and results of internal audit procedures and related party transactions within the Group and the Company.

The accounts of the Group and of the Company for the year ended 31st December 1999 together with the Auditors' Report thereon were reviewed by the Committee and submitted to the Board of Directors.

The Committee recommends the appointment of Moores Rowland as Auditors of the Company for the ensuing year.

### AUDITORS

The Auditors, Othman, Hew & Co retire at the forthcoming Annual General Meeting and do not wish to seek re-appointment. The Directors have received a nomination to appoint Moores Rowland (*formerly known as Hew & Tan*) as Auditors for the ensuing year. Moores Rowland have expressed their willingness to accept appointment as Auditors and a motion to resolve their appointment will be tabled at the forthcoming Annual General Meeting.

On behalf of the Directors

**DATUK KHOR CHIN POEY**

*Executive Chairman*

**TAN YEW JIN**

*Executive Director*

Kuala Lumpur  
28th February 2000



## BALANCE SHEETS

as at 31st December 1999

	Note	Group		Company	
		1999 RM'000	1998 RM'000	1999 RM'000	1998 RM'000
<b>ASSETS</b>					
Fixed assets	2	4,185	3,246	889	623
Investments	3	196,751	145,754	–	–
Subsidiary companies	4	94	94	98,025	72,012
Associated companies	5	22,921	3,809	15,597	–
Other assets	6	312,309	192,531	78,648	27,285
Total assets		<b>536,260</b>	<b>345,434</b>	<b>193,159</b>	<b>99,920</b>
<b>LIABILITIES</b>					
Deferred taxation		36	–	–	–
Other liabilities	7	246,707	147,996	39,884	6,004
		<b>246,743</b>	<b>147,996</b>	<b>39,884</b>	<b>6,004</b>
<b>PROVISION FOR INSURANCE LIABILITIES</b>					
Reserves for unexpired risks		89,327	68,197	–	–
Total liabilities		<b>336,070</b>	<b>216,193</b>	<b>39,884</b>	<b>6,004</b>
<b>SHAREHOLDERS' FUND</b>					
Share capital	8	66,811	66,800	66,811	66,800
Share premium	9	17,029	17,005	17,029	17,005
Merger reserve	10	–	(27,643)	–	–
Revaluation reserve	11	–	–	–	–
Exchange fluctuation reserve	12	493	2,065	–	–
Retained profits	13	95,851	71,014	69,435	10,111
		<b>180,184</b>	<b>129,241</b>	<b>153,275</b>	<b>93,916</b>
<b>MINORITY INTEREST</b>		<b>20,006</b>	<b>–</b>	<b>–</b>	<b>–</b>
Total liabilities, shareholders' fund and minority interest		<b>536,260</b>	<b>345,434</b>	<b>193,159</b>	<b>99,920</b>

Notes to and forming part of the accounts are set out on pages 20 to 34.

Auditors' Report – Page 36.

## PROFIT AND LOSS ACCOUNTS

for the year ended 31st December 1999

	Note	Group		Company	
		1999 RM'000	1998 RM'000	1999 RM'000	1998 RM'000
Turnover	14	203,948	178,799	79,736	14,233
Operating profit	15	47,455	27,488	75,740	10,845
Share of profit of associated companies		442	179	-	-
Profit before taxation and exceptional item		47,897	27,667	75,740	10,845
Exceptional item	16	11,082	-	12,884	-
Profit before taxation		58,979	27,667	88,624	10,845
Taxation	17	(732)	(12,849)	(22,084)	(3,839)
Profit after taxation		58,247	14,818	66,540	7,006
Minority interest		(6)	-	-	-
Earnings for the year		58,241	14,818	66,540	7,006
Retained profits brought forward		71,014	61,006	10,111	7,915
Effect of changes in group structure	21	(3,475)	-	-	-
Profit available for appropriation		125,780	75,824	76,651	14,921
Transfer to merger reserve	10	(22,713)	-	-	-
Dividend	18	(7,216)	(4,810)	(7,216)	(4,810)
Retained profits carried forward		95,851	71,014	69,435	10,111
Earnings per share (sen)	19	87.2	22.2		

Notes to and forming part of the accounts are set out on pages 20 to 34.

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## CONSOLIDATED CASH FLOW STATEMENT

for the year ended 31st December 1999

	1999 RM'000	1998 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before tax	47,897	27,667
Adjustments for:		
Accretion of discounts less amortisation of premiums	(2,781)	(2,413)
Profit retained in associated companies	(442)	(179)
Depreciation	1,550	900
Provision for diminution in value of investments written back	(199)	(1,905)
Provision for doubtful debts	507	1,461
Profit on disposal of fixed assets	-	(1)
Profit/(Loss) on sale of investments	(12,897)	377
Interest income	(16,184)	(17,396)
Interest expense	1,277	259
Dividend income	(1,954)	(1,222)
Fixed assets written off	480	-
Reserve on consolidation	(2,998)	-
Transfer to insurance funds	49,751	13,925
<b>Operating profit before changes in working capital</b>	<b>64,007</b>	<b>21,473</b>
Changes in trade debtors	(49,538)	(12,153)
Changes in sundry debtors	(1,509)	5,495
Changes in trade creditors	(5,082)	2,672
Changes in sundry creditors	3,030	(3,160)
Cash generated from operations	10,908	14,327
Income tax paid	(12,523)	(8,804)
<b>Net cash (used in)/generated from operating activities</b>	<b>(1,615)</b>	<b>5,523</b>

**CONSOLIDATED CASH FLOW STATEMENT**

for the year ended 31st December 1999

	Note	1999 RM'000	1998 RM'000
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Consideration paid to acquire subsidiary companies	20	(18,287)	-
Consideration paid to acquire associated companies		(15,597)	-
Cash transferred from PAB	21	2,395	-
Proceeds from sale of investments		78,490	15,010
Proceeds from issue of shares		35	-
Proceeds from disposal of shares in a subsidiary company		17,183	-
Proceeds from disposal of fixed assets		7	10
Proceeds from issue of shares to minority interest		10,425	-
Purchase of fixed assets		(1,719)	(1,318)
Purchase of investments		(82,687)	(40,902)
Decrease in fixed deposits		23,508	7,481
Interest received		17,630	17,073
Dividends received		2,196	1,222
<b>Net cash generated from/(used in) investing activities</b>		<b>33,579</b>	<b>(1,424)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Revolving credits obtained		18,800	-
Interest expense		(1,277)	(259)
Dividend paid		(4,810)	(3,848)
<b>Net cash generated from/(used in) financing activities</b>		<b>12,713</b>	<b>(4,107)</b>
Net increase/(decrease) in cash		44,677	(8)
Cash and bank balances as at 1 January		6,660	6,668
Cash and bank balances as at 31 December		51,337	6,660

Notes to and forming part of the accounts are set out on pages 20 to 34.

Auditors' Report - Page 36.



# NOTES TO AND FORMING PART OF THE ACCOUNTS

for the year ended 31st December 1999

## 1. SIGNIFICANT ACCOUNTING POLICIES

### (a) Accounting Convention

The accounts are prepared under the historical cost convention modified to include the revaluation on certain assets and comply with applicable approved accounting standards (except for Malaysian Accounting Standard No. 3 relating to the recognition of premium income by a subsidiary company, namely Jerneh Insurance Bhd, as explained in note 1 (f) below). Further, the accounts of Jerneh Insurance Bhd which have been consolidated with the Company's accounts also comply with the provisions of the Insurance Act, 1996 and guidelines issued by Bank Negara Malaysia.

### (b) Basis of Consolidation

The consolidated accounts incorporate the accounts of the Company and all of its subsidiary companies made up to the end of the financial year except for the accounts of Jerneh Investments (S) Pte Ltd, as explained in Note 4 to the accounts. All inter-company transactions are eliminated on consolidation and the consolidated accounts reflect external transactions only. All subsidiary companies are consolidated on the acquisition method of accounting except for Jerneh Insurance Bhd which is consolidated on the merger method of accounting.

Under the acquisition method of accounting, the results of subsidiary companies acquired or disposed of during the year are included from the date of acquisition or up to the date of disposal. At the date of acquisition, the fair values of the subsidiary companies' net assets are determined and these values are reflected in the consolidated accounts.

The difference, if any, between the acquisition cost and these fair values is reflected as goodwill or reserve on consolidation as appropriate. Where goodwill is considered to be capable of generating future economic benefits, it is capitalised in the accounts and amortised on the straight line basis over its estimated useful life or 25 years, whichever is shorter, otherwise it is written off in the profit and loss account in the year of acquisition. The carrying amount and amortisation period is reviewed annually, and goodwill is written down when, in the opinion of the Directors, its value has deteriorated or when it ceases to have a useful life.

Reserve on consolidation is retained in the balance sheet and credited to the profit and loss account over a suitable period decided in relation to the particular circumstances which gave rise to it. However, any reserve on consolidation which is considered immaterial to the consolidated accounts is taken directly to the profit and loss account in the year of acquisition.

Under the merger method of accounting, the results of subsidiary companies are accounted for on a full year basis irrespective of the date of merger.

The difference between the nominal value of the shares issued plus any cash paid as consideration for the merger and the nominal value of the share capital of the subsidiary companies acquired is reflected as merger reserve.

### (c) Associated Companies

The Group treats as associated companies those companies in which the Group holds a long term equity interest of between 20 and 50 percent, has representation on the Board of Directors and is in a position to exercise significant influence over financial and operating policies.

The Group's share of the operating results of associated companies is accounted for in the consolidated profit and loss account in place of dividends received. The Group's share of post-acquisition reserves and retained profits less losses is added to the cost of investment in the consolidated balance sheet.

The results and reserves of associated companies are based on audited and/or management accounts made up to the end of the financial year.

# NOTES TO AND FORMING PART OF THE ACCOUNTS

for the year ended 31st December 1999

## 1. SIGNIFICANT ACCOUNTING POLICIES (Cont'd.)

### (d) Depreciation

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

Computer	20% – 33 $\frac{1}{3}$ %
Office equipment, furniture and fittings	10% – 15%
Motor vehicles	20%
Buildings	2%
Renovations	10% – 33 $\frac{1}{3}$ %

### (e) Investments

Investment in government securities, treasury bills, government guaranteed loans, bonds and loan stocks which are intended to be held to maturity are stated at cost adjusted for the amortisation of premiums or accretion of discounts calculated on a straight line basis over the period from acquisition to maturity.

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

Unquoted investments are stated at cost and provision is made for any permanent diminution in value.

### (f) General Insurance Underwriting Results

The general insurance underwriting results, other than those arising from Jerneh Insurance Bhd's inward treaty business, are determined for each class of business after taking into account inter alia, reserves for unexpired risks, outstanding claims and additional reserves.

#### *Premium Income*

Except in the case of Jerneh Insurance Bhd, premium income from direct business is accounted for on the inception date basis.

In the case of Jerneh Insurance Bhd, premium income from direct business is accounted for upon issue of the premium debit notes. This is not in compliance with Malaysian Accounting Standard No. 3 which requires premiums to be taken up on the inception date basis. Jerneh Insurance Bhd is unable to book in premium income based on inception dates mainly because of late notification by agents of risks entered into on its behalf. The Directorss are of the opinion that premium income in respect of risks incepted before 31st December 1999 for which debit notes had still not been issued by that date is not material. Debit notes issued in January 2000 for gross premium in respect of risks incepted before 31st December 1999 totalled RM504,000. After deducting reinsurance outwards and reserves for unexpired risks, the effect on consolidated profit before taxation for the year ended 31st December 1999 is RM11,000.

Premium from reinsurance inwards are taken up in the accounts when notified by the ceding companies.



# NOTES TO AND FORMING PART OF THE ACCOUNTS

for the year ended 31st December 1999

## 1. SIGNIFICANT ACCOUNTING POLICIES (Cont'd.)

### (f) General Insurance Underwriting Results (cont'd.) *Reserves For Unexpired Risks (RUR)*

Premiums are considered earned after accounting for reinsurance outwards and reserve for unexpired risks. RUR is computed based on the following methods:

	Jerneh Insurance Bhd	Other subsidiaries
Direct and facultative marine, aviation cargo and transit business	25% method	1/24th method
All other direct business	1/24th method	1/24th method
Inward treaty business	Open underwriting account (see below)	1/8th or 1/4th method
Overseas inward facultative business	1/8th method	1/24th method

#### *Inward Treaty Business*

The results of Jerneh Insurance Bhd's inward treaty business are accounted for under the open underwriting method. The open underwriting account is maintained for a period of 3 years from inception of the underwriting year. Transactions are accounted as and when accounts are received.

#### *Provision For Claims*

Provision is made for the estimated costs of all claims together with related expenses less reinsurance recoveries in respect of claims notified but not settled at 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. For Jerneh Insurance Bhd's inward treaty business, the IBNR provision is based on submissions by treaty parties, whereas for all its other businesses, the provision is based on an actuarial valuation carried out by an independent actuarial firm. In the case of the Company's other insurance subsidiary companies, the IBNR provision is based on the Directors' estimates.

### (g) Investment Income

Interest on government securities, bonds and loan stocks and fixed deposits is taken up in the accounts on an accrual basis. Dividend income is recognised on a receipt basis except for dividends from subsidiary companies which are recognised when proposed.

### (h) Foreign Currencies

Transactions in foreign currencies are converted to Ringgit Malaysia at rates of exchange ruling at the transaction dates. Assets and liabilities denominated in foreign currencies are translated into Ringgit Malaysia at exchange rates ruling on the balance sheet date. Exchange difference are dealt with through the profit and loss account.

For consolidation purposes, assets and liabilities of foreign subsidiary companies are translated at exchange rates ruling on the balance sheet date, whereas profit and loss account items are translated at approximate rates of exchange ruling on transaction dates. All exchange differences arising from the translation of the accounts of foreign subsidiary companies are dealt with through the exchange fluctuation reserve account. All the foreign subsidiaries fall within the classification of foreign entities under *MASB Standard 6 - The Effects of Changes in Foreign Exchange Rates*.

## NOTES TO AND FORMING PART OF THE ACCOUNTS

for the year ended 31st December 1999

### 1. SIGNIFICANT ACCOUNTING POLICIES (Cont'd.)

(i) **Deferred Taxation**

Provision is made under the liability method for taxation deferred in respect of all timing differences except where it is thought reasonably probable that the effects of such deferrals will continue in the foreseeable future.

(j) **Bad And Doubtful Debts**

Known bad debts are written off and specific provisions are made for any debts considered to be doubtful of collection.

In addition to the above, all premium arising from policies underwritten by Jerneh Insurance Bhd outstanding for more than six months from inception date are fully provided for in accordance with Bank Negara Malaysia's guidelines on the determination of provision for doubtful debts.

### 2. FIXED ASSETS

GROUP 1999 Cost	Computer RM'000	Office equipment, furniture and fittings RM'000	Motor vehicles RM'000	Freehold land and buildings RM'000	Renovations RM'000	Total RM'000
At 1.1.1999	4,030	1,273	984	400	256	6,943
Additions via acquisition of subsidiaries (see Note 20)	159	179	25	-	-	363
Additions via business merger (see Note 21)	3,609	1,427	-	-	-	5,036
Other additions	833	80	329	195	282	1,719
Disposals	(159)	(189)	-	-	-	(348)
Write-offs	(908)	(844)	-	-	-	(1,752)
At 31.12.1999	7,564	1,926	1,338	595	538	11,961
<b>Accumulated depreciation</b>						
At 1.1.1999	2,540	575	524	32	26	3,697
Additions via business merger (see Note 21)	3,416	726	-	-	-	4,142
Charge for the year	882	114	277	11	266	1,550
Disposals	(154)	(187)	-	-	-	(341)
Write-offs	(877)	(395)	-	-	-	(1,272)
At 31.12.1999	5,807	833	801	43	292	7,776
Net book value	1,757	1,093	537	552	246	4,185



# NOTES TO AND FORMING PART OF THE ACCOUNTS

for the year ended 31st December 1999

## 2. FIXED ASSETS (Cont'd.)

GROUP 1998 Cost	Computer RM'000	Office equipment, furniture and fittings RM'000	Motor vehicles RM'000	Freehold land and buildings RM'000	Renovations RM'000	Total RM'000
At 1.1.1998	3,194	1,087	964	400	–	5,645
Additions	836	206	20	–	256	1,318
Disposals	–	(20)	–	–	–	(20)
At 31.12.1998	4,030	1,273	984	400	256	6,943
<b>Accumulated depreciation</b>						
At 1.1.1998	1,985	471	328	24	–	2,808
Charge for the year	555	115	196	8	26	900
Disposals	–	(11)	–	–	–	(11)
At 31.12.1998	2,540	575	524	32	26	3,697
Net book value	1,490	698	460	368	230	3,246

COMPANY 1999 Cost	Computer RM'000	Office equipment, furniture and fittings RM'000	Motor vehicles RM'000	Renovations RM'000	Total RM'000
At 1.1.1999	85	160	328	256	829
Additions	19	14	330	109	472
At 31.12.1999	104	174	658	365	1,301
<b>Accumulated depreciation</b>					
At 1.1.1999	31	17	132	26	206
Charge for the year	21	17	132	36	206
At 31.12.1999	52	34	264	62	412
Net book value	52	140	394	303	889

1998 Cost	Computer RM'000	Office equipment, furniture and fittings RM'000	Motor vehicles RM'000	Renovations RM'000	Total RM'000
At 1.1.1998	74	10	328	–	412
Additions	11	150	–	256	417
At 31.12.1998	85	160	328	256	829
<b>Accumulated depreciation</b>					
At 1.1.1998	14	1	66	–	81
Charge for the year	17	16	66	26	125
At 31.12.1998	31	17	132	26	206
Net book value	54	143	196	230	623

# NOTES TO AND FORMING PART OF THE ACCOUNTS

for the year ended 31st December 1999

## 3. INVESTMENTS

	Group		Company	
	1999 RM'000	1998 RM'000	1999 RM'000	1998 RM'000
<b>Quoted investments</b>				
Malaysian government securities and treasury bills, at cost less amortisation of premiums	46,672	38,288	-	-
Shares quoted in Malaysia, at cost less provision for diminution in value	44,633	20,829	-	-
Shares quoted outside Malaysia	7,901	-	-	-
Bonds and loan stocks quoted in Malaysia, at cost plus accretion of discounts less provision for diminution in value	15,003	13,865	-	-
Unit trust quoted in Malaysia, at cost less provision for diminution in value	206	7,014	-	-
	<b>114,415</b>	<b>79,996</b>	<b>-</b>	<b>-</b>
<b>Unquoted investments</b>				
Bonds and loan stocks, at cost plus accretion of discounts	65,860	65,338	-	-
Malaysian government guaranteed loans, at cost	15,665	-	-	-
Shares at cost	811	420	-	-
	<b>196,751</b>	<b>145,754</b>	<b>-</b>	<b>-</b>
<b>Market value of quoted investments</b>				
Malaysian government securities and treasury bills	49,527	38,799	-	-
Shares quoted in Malaysia	63,013	33,535	-	-
Shares quoted outside Malaysia	9,428	-	-	-
Bonds and loan stocks quoted in Malaysia	14,702	13,865	-	-
Unit trust quoted in Malaysia	206	7,014	-	-
	<b>136,876</b>	<b>93,213</b>	<b>-</b>	<b>-</b>

## 4. SUBSIDIARY COMPANIES

	Group		Company	
	1999 RM'000	1998 RM'000	1999 RM'000	1998 RM'000
Unquoted shares in consolidated subsidiaries, at cost	-	-	120,537	94,524
Pre-acquisition dividends received	-	-	(22,512)	(22,512)
	-	-	<b>98,025</b>	<b>72,012</b>
Unquoted shares in unconsolidated subsidiary, at cost	94	94	-	-
	<b>94</b>	<b>94</b>	<b>98,025</b>	<b>72,012</b>



# NOTES TO AND FORMING PART OF THE ACCOUNTS

for the year ended 31st December 1999

## 4. SUBSIDIARY COMPANIES (Cont'd.)

The subsidiary companies are as follows:

Companies	Country of Incorporation	Principal Activity	Equity	Interest
			1999 %	1998 %
Jerneh Insurance Bhd	Malaysia	Underwriting of general insurance business	80	100
Jerneh Credit Leasing Sdn Bhd	Malaysia	Hire purchase and leasing business	100	100
Jerneh Asia Reinsurance Limited *	Federal Territory of Labuan, Malaysia	Offshore reinsurance	100	100
Jerneh Healthcare Services Sdn Bhd	Malaysia	Healthcare administration and consultancy services	100	100
Jerneh Insurance (HK) Limited * (formerly known as Kerry Insurance Limited)	Hong Kong	Underwriting of general insurance business	100	–
Jerneh Healthcare Services (HK) Limited * (formerly known as Kerry Medical Services Limited) <sup>(1)</sup>	Hong Kong	Dormant	100	–
Jerneh Reinsurance Management Limited * (formerly known as Kerry Reinsurance Management Company Limited) <sup>(1)</sup>	Hong Kong	Dormant	100	–
Taishan Insurance Brokers Limited *	Hong Kong	Insurance broker	100	–
Jerneh Investments (S) Pte Ltd <sup>(2)</sup> *	Singapore	Dormant	100	100

*1 Held through Jerneh Insurance (HK) Limited*

*2 Held through Jerneh Insurance Bhd*

*\* Not audited by Othman, Hew & Co*

The unconsolidated subsidiary is Jerneh Investments (S) Pte Ltd. Jerneh Investments (S) Pte Ltd was inactive during the financial year. The Group does not consider its investment in this subsidiary company to be a long term investment. For these reasons, and in view of the insignificant amounts involved, the accounts of Jerneh Investments (S) Pte Ltd have not been consolidated. The audited accounts of Jerneh Investments (S) Pte Ltd made up to 31st December 1999 are annexed herewith as required under the Ninth Schedule of the Companies Act, 1965.

## NOTES TO AND FORMING PART OF THE ACCOUNTS

for the year ended 31st December 1999

### 5. ASSOCIATED COMPANY

	Group		Company	
	1999 RM'000	1998 RM'000	1999 RM'000	1998 RM'000
Unquoted shares				
- At cost	15,597	5,030	15,597	-
- At valuation	9,960	-	-	-
	25,557	5,030	15,597	-
Share of post-acquisition reserves and retained profit less losses	(2,636)	(1,221)	-	-
	22,921	3,809	15,597	-

The associated companies are:

Companies	Country of Incorporation	Principal Activity	Equity Interest	
			1999 %	1998 %
Kian Min Realty Sdn Bhd	Malaysia	Property investment	25	25
Taishan Insurance Brokers, Philippines, Inc.	Philippines	Insurance broker	40	-
KRM Reinsurance Brokers, Philippines, Inc	Philippines	Reinsurance broker	40	-
Generali Asia N.V.	Netherlands	Investment holding	40	-

The investment in Kian Min Realty Sdn Bhd which is held through Jerneh Insurance Bhd was revalued by the Directors in 1999 based on a professional independent valuation of its underlying real property on the open market value basis.

### 6. OTHER ASSETS

	Group		Company	
	1999 RM'000	1998 RM'000	1999 RM'000	1998 RM'000
Outstanding premium including agents, brokers and insured balances	33,889	20,390	-	-
Amount due from reinsurers, ceding companies and co-insurers	70,947	34,391	-	-
	104,836	54,781	-	-
Provision for doubtful debts	(15,045)	(9,818)	-	-
	89,791	44,963	-	-
Loans and advances	20,107	2,949	-	-
Amount owing by subsidiary companies	-	-	75,586	17,344
Amount owing by associated companies	114	-	114	-
Other debtors, deposits and prepayments	12,621	8,231	184	959
Tax recoverable	78	-	-	-
Interest receivable	4,230	5,025	3	9
Fixed deposits				
- with licensed banks in Malaysia	104,065	79,555	300	8,739
- with licensed finance companies in Malaysia	18,340	16,681	2,000	-
- banks outside Malaysia	11,626	28,467	-	-
Cash and bank balances	51,337	6,660	461	234
	312,309	192,531	78,648	27,285



# NOTES TO AND FORMING PART OF THE ACCOUNTS

for the year ended 31st December 1999

## 6. OTHER ASSETS (Cont'd.)

The amounts owing by subsidiaries and associated companies are unsecured with no fixed repayment terms. Included in the amount owing by subsidiary companies is a loan amounting to RM18.8 million (1998: RM8.3 million) which bears interest at 1.75% p.a. above the cost of funds of a reference bank.

## 7. OTHER LIABILITIES

	Group		Company	
	1999 RM'000	1998 RM'000	1999 RM'000	1998 RM'000
Provision for outstanding claims	264,037	149,217	-	-
Recoverable from reinsurers thereon	(112,775)	(75,083)	-	-
Net outstanding claims	151,262	74,134	-	-
Amount due to reinsurers, ceding companies and co-insurers	37,470	40,967	-	-
Amount due to agents, brokers and insureds	14,053	4,283	-	-
Amount owing to subsidiary company	-	-	13,250	-
Amount owing to associated company	34	-	34	-
Other creditors and accruals	16,534	11,140	552	806
Bank borrowing	18,800	-	18,800	-
Provision for taxation	1,338	12,662	32	388
Proposed dividend	7,216	4,810	7,216	4,810
	<b>246,707</b>	<b>147,996</b>	<b>39,884</b>	<b>6,004</b>

The amount owing to the subsidiary company is unsecured and bears interest at 4.5% p.a and is repayable on 31st December 2000.

The amount owing to the associated company is unsecured and interest free with no fixed repayment terms.

The bank borrowing represents unsecured revolving credit which bears interest at 1.75% p.a. above the cost of funds of the bank.

## 8. SHARE CAPITAL

	1999 RM'000	1998 RM'000
<b>Authorised:</b>		
Ordinary shares of RM1 each	500,000	500,000
<b>Issued and fully paid:</b>		
Ordinary shares of RM1 each		
At beginning of year	66,800	66,800
Issued pursuant to the Company's Employee Share Option Scheme	11	-
At end of year	<b>66,811</b>	<b>66,800</b>

## NOTES TO AND FORMING PART OF THE ACCOUNTS

for the year ended 31st December 1999

### 9. SHARE PREMIUM

	1999 RM'000	1998 RM'000
At beginning of year	17,005	17,005
Premium on shares issued during the year	24	-
At end of year	17,029	17,005

### 10. MERGER RESERVE

	Group		Company	
	1999 RM'000	1998 RM'000	1999 RM'000	1998 RM'000
At beginning of year	(27,643)	(27,643)	-	-
Transfer from profit and loss account	22,713	-	-	-
Transfer from revaluation reserve	4,930	-	-	-
	-	(27,643)	-	-

### 11. REVALUATION RESERVE

	Group		Company	
	1999 RM'000	1998 RM'000	1999 RM'000	1998 RM'000
At beginning of year	-	-	-	-
Surplus on revaluation of investment in an associated company	4,930	-	-	-
Transfer to merger reserve	(4,930)	-	-	-
	-	-	-	-

### 12. EXCHANGE FLUCTUATION RESERVE

	Group		Company	
	1999 RM'000	1998 RM'000	1999 RM'000	1998 RM'000
At beginning of year	2,065	2,592	-	-
Exchange differences for the year	(1,572)	(527)	-	-
At end of year	493	2,065	-	-

### 13. RETAINED PROFITS

Subject to agreement with the Inland Revenue Board and based on estimated tax credits available, the prevailing tax rate applicable to dividends and the balance on the tax exempt account, the entire retained profits of the Company is available for distribution by way of dividends without incurring additional tax liability.



# NOTES TO AND FORMING PART OF THE ACCOUNTS

for the year ended 31st December 1999

## 14. TURNOVER

Turnover of the Group represents gross premiums less returns, interest income from credit and leasing business and fees earned from providing healthcare consultancy services. Turnover of the Company represents dividend and interest income.

## 15. OPERATING PROFIT

	Group		Company	
	1999 RM'000	1998 RM'000	1999 RM'000	1998 RM'000
Operating profit is stated after charging:				
Amortisation of premiums paid on investments	229	275	-	-
Auditors' remuneration				
- statutory audit				
• current year	225	57	25	10
• under/(over)provision in prior year	2	(4)	5	3
Depreciation	1,550	900	206	125
Directors' remuneration				
- fees				
• current year	1,308	139	90	90
• overprovision in prior year	(63)	-	(40)	-
- others	352	334	332	321
Fixed assets written off	480	-	-	-
Hire of equipment	161	65	-	-
Interest expense	1,277	259	1,237	-
Loss on sale of investments	-	402	-	-
Loss on exchange	480	722	28	506
Provision for doubtful debts	1,841	1,461	-	-
Rental of premises	1,627	1,368	161	139
and crediting:				
Accretion of discounts received on investments	3,010	2,688	-	-
Gross dividends from				
- shares quoted in Malaysia	1,361	823	-	-
- shares quoted outside Malaysia	225	-	-	-
- unquoted shares	128	4	-	-
- subsidiary company	-	-	78,761	12,500
- associated companies	-	-	112	-
- unit trust quoted in Malaysia	240	395	-	-
Interest income	16,184	17,396	863	1,736
Gain on foreign exchange	24	480	-	13
Profit on disposal of fixed assets	-	1	-	-
Profit on sale of investments	12,897	25	-	-
Provision for diminution in value				
of investments written back	199	1,905	-	-
Provision for doubtful debts written back	1,334	-	-	-
Reserve on consolidation	2,998	-	-	-

## NOTES TO AND FORMING PART OF THE ACCOUNTS

for the year ended 31st December 1999

### 16. EXCEPTIONAL ITEM

	Group		Company	
	1999	1998	1999	1998
	RM'000	RM'000	RM'000	RM'000
Gain on disposal of a 6.1% equity interest in a subsidiary company namely, Jerneh Insurance Bhd	11,082	-	12,884	-

### 17. TAXATION

	Group		Company	
	1999	1998	1999	1998
	RM'000	RM'000	RM'000	RM'000
Malaysian taxation based on the results for the year				
- current	466	9,569	22,084	3,888
- deferred	33	-	-	-
Foreign taxation	192	-	-	-
Group's share of taxation of associated companies	46	170	-	-
	737	9,739	22,084	3,888
Tax recoverable from reinsurers	(23)	(141)	-	-
Under/(Over)provision in prior year	18	3,251	-	(49)
	732	12,849	22,084	3,839

The Malaysian taxation provided by the Group and Company for the current year is in respect of dividend income only. In view of the tax waiver granted under the Income Tax (Amendment) Act 1999, no provision for Malaysian taxation has been made in the accounts in respect of other income.

### 18. DIVIDEND

	Group		Company	
	1999	1998	1999	1998
	RM'000	RM'000	RM'000	RM'000
Proposed first and final dividend of 15% (1998: 10%) less tax at 28%	7,216	4,810	7,216	4,810



# NOTES TO AND FORMING PART OF THE ACCOUNTS

for the year ended 31st December 1999

## 19. EARNINGS PER SHARE

The earnings per share has been calculated based on the Group earnings for the year of RM58,241,000 (1998: RM14,818,000) and the weighted average number of 66,805,335 (1998: 66,800,002) ordinary shares in issue during the year.

The diluted earnings per share is not shown as the effect of the dilution from the exercise of the options under the ESOS would not be material.

## 20. ACQUISITION OF SUBSIDIARY COMPANIES

The following is an analysis of the underlying net assets of the subsidiary companies acquired during the year, namely Jerneh Insurance (HK) Limited (*formerly known as Kerry Insurance Limited*) and Taishan Insurance Brokers Limited:

	RM'000
<b>ASSETS</b>	
Fixed assets	363
Investments	8,621
Trade debtors	10,521
Other debtors, deposits and prepayment	35
Fixed deposits	21,528
Cash and bank balances	4,731
Total assets	<hr/> 45,799
<b>LIABILITIES</b>	
Net outstanding claims	6,220
Trade creditors	8,205
Other creditors and accruals	1,468
Taxation	468
<b>PROVISION FOR INSURANCE LIABILITIES</b>	
Reserves For Unexpired Risks	3,422
Total liabilities	<hr/> 19,783
Net assets	26,016
Reserve on consolidation	(2,998)
Total purchase consideration	<hr/> 23,018
Cash and bank balances acquired	(4,731)
Net cash paid	<hr/> <hr/> 18,287

## NOTES TO AND FORMING PART OF THE ACCOUNTS

for the year ended 31st December 1999

### 21. MERGER OF JERNEH INSURANCE BHD'S GENERAL INSURANCE BUSINESS WITH THAT OF PARAMOUNT ASSURANCE BERHAD ("PAB")

During the financial year, the Company's subsidiary company, Jerneh Insurance Bhd, merged its general insurance business with that of PAB. The merger involved the acquisition of the following insurance assets and liabilities of PAB for a consideration of RM1.

	RM'000
<b>ASSETS</b>	
Fixed assets	894
Investments	22,303
Outstanding premium including agents, brokers and insured balances	1,694
Amount due from insurers, ceding companies and co-insurers	740
Other debtors, deposits and prepayments	2,960
Interest receivable	651
Fixed and call deposits	11,308
Cash and bank balances	2,395
	42,945
<b>LIABILITIES</b>	
Reserve for unexpired risks	12,811
Provision for outstanding claims	26,054
Amount due to reinsurers, ceding companies and co-insurers	2,106
Amount due to agents, brokers and insureds	1,044
Other creditors and accruals	930
	42,945

Further, the merger also involved the issue by Jerneh Insurance Bhd of 10,425,000 new ordinary shares of RM1 each to PAB for cash at par, resulting in a dilution in the Group's share of Jerneh Insurance Bhd's retained profits amounting to RM3,475,000.

### 22. RELATED PARTY TRANSACTIONS

	1999 RM'000	1998 RM'000
<b>Group</b>		
Gross premiums received from a substantial corporate shareholder and its subsidiary, associated and major investee companies	18,055	23,206
Gross premiums received from companies in which a Director and persons connected to him have substantial interest	5,434	3,934
Rental paid to an associated company	869	944
Secretarial fee paid to a substantial corporate shareholder	31	31
<b>Company</b>		
Interest received on loans made to subsidiary companies	664	152
Internal audit fee received from a subsidiary company	258	227
Management income received from subsidiary companies	35	-
Rental paid to an associated company	103	83
Interest expense paid to a subsidiary company	320	-
Secretarial fee paid to a substantial corporate shareholder	19	19

The above transactions were carried out in the ordinary course of business.



# NOTES TO AND FORMING PART OF THE ACCOUNTS

for the year ended 31st December 1999

## 23. CAPITAL COMMITMENTS

	Group		Company	
	1999 RM'000	1998 RM'000	1999 RM'000	1998 RM'000
Authorised capital expenditure contracted for, not provided for in the accounts	2,313	1,685	-	-

## 24. SEGMENTAL INFORMATION

By activity 1999	Turnover RM'000	Profit before taxation	Assets employed
		RM'000	RM'000
Underwriting and brokerage of general insurance business	203,402	58,314	515,828
Credit and leasing	1,949	665	20,432
	205,351	58,979	536,260
Group's share of associated companies turnover	(1,403)	-	-
	203,948	58,979	536,260

By geographical location 1999	Turnover RM'000	Profit before taxation	Assets employed
		RM'000	RM'000
Malaysia	186,284	56,615	428,058
Outside Malaysia (Hong Kong and the Philippines)	19,067	2,364	108,202
	205,351	58,979	536,260
Group's share of associated companies turnover	(1,403)	-	-
	203,948	58,979	536,260

No comparative segmental analysis is prepared as the Group was primarily engaged in the general insurance business in Malaysia during the previous financial year.

## 25. COMPARATIVE FIGURES

Comparative figures, where appropriate, have been reclassified to conform with the current year's presentation.

## STATEMENT BY DIRECTORS

In the opinion of the Directors, the accounts set out on pages 16 to 34 are drawn up:

- (a) so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31st December 1999 and of their results and the cash flows of the Group for the year then ended;
- (b) in accordance with applicable approved accounting standards, except for Malaysian Accounting Standard No. 3 relating to the recognition of premium income by a subsidiary company, namely, Jerneh Insurance Bhd, as explained in note 1(f) to the accounts.

On behalf of the Directors

**DATUK KHOR CHIN POEY**

*Executive Chairman*

**TAN YEW JIN**

*Executive Director*

Kuala Lumpur  
28th February 2000

## STATUTORY DECLARATION

I, TAN LEE BENG, being the officer primarily responsible for the financial management of JERNEH ASIA BERHAD do solemnly and sincerely declare that to the best of my knowledge and belief, the accounts set out on pages 16 to 34 are 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 )  
at Kuala Lumpur in the Federal Territory )  
this 28th day of February 2000 ) **TAN LEE BENG**

Before me,

**ALI BIN ISA, AMN**  
*Commissioner for Oaths*

Kuala Lumpur  
28th February 2000



# REPORT OF THE AUDITORS

to the members

We have audited the accounts set out on pages 16 to 34. The preparation of the accounts is the responsibility of the Company's Directors. Our responsibility is to express an opinion on the accounts based on our audit.

We conducted our audit in accordance with approved auditing standards issued by the Malaysian Institute of Accountants. These standards require that we plan and perform the audit to obtain reasonable assurance that the accounts are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the accounts. An audit also includes an assessment of the accounting principles used and significant estimates made by the Directors as well as an evaluation of the overall presentation of the accounts.

We believe our audit provides a reasonable basis for our opinion.

In our opinion:

- (a) the accounts have been properly drawn up:
  - (i) so as to give a true and fair view of the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the accounts of the Group and of the Company;
  - (ii) in accordance with the provisions of the Act so as to give a true and fair view of the state of affairs of the Group and of the Company at 31st December 1999 and of their results and the cash flows of the Group for the year ended on that date;
  - (iii) in accordance with applicable approved accounting standards except for Malaysian Accounting Standard No. 3 relating to the recognition of premium income by a subsidiary company, namely, Jerneh Insurance Bhd as explained in note 1(f) to the accounts.
- (b) the accounting and other records and the registers required by the Act to be kept by the Company and by the subsidiaries of which we acted as auditors have been properly kept in accordance with the provisions of the Act.

We have considered the accounts and the auditors' reports of the subsidiary companies of which we have not acted as auditors, and which are indicated in note 4 to the accounts.

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

Our audit report on the accounts of Jerneh Insurance Bhd contained a qualification on the non-compliance of Malaysian Accounting Standard No. 3 relating to the recognition of premium income, as explained in note 1(f) to the accounts. Other than that, the auditors' reports on the accounts of the subsidiary companies were not subject to any qualification, and in respect of subsidiary companies incorporated in Malaysia, did not include any comment made under Section 174(3) of the Act.

**OTHMAN, HEW & CO**  
No. AF: 0088  
*Public Accountants*

**TANG KIN KHEONG**  
No. 1501/9/01 (J)  
*Partner*

Kuala Lumpur  
28th February 2000



# **ANNEXURE** **To Financial Statements**

**JERNEH INVESTMENTS (S) PTE LTD**

**38** Directors' Report

**42** Statement By Directors

**43** Auditors' Report To The Members

**44** Balance Sheet

**45** Profit And Loss Account

**46** Notes To The Financial Statements





## DIRECTORS' REPORT

The Directors submit this annual report to the members together with the audited financial statements of the Company for the financial year ended 31st December 1999.

### 1. NAMES OF DIRECTORS

The Directors in office at the date of this report are:

Mdm Kuok Oon Kwong

Mr Tan Yew Jin

### 2. PRINCIPAL ACTIVITIES

The principal activities of the Company are those of financial managers and general investors. However, the Company was dormant during the financial year.

### 3. FINANCIAL RESULTS

	S\$
Loss for the year	(109)
Retained profits brought forward	91,689
	<hr/>
Profits available for appropriation	91,580
Interim dividend of 45.5% less tax at 26%	(22,562)
	<hr/>
Retained profits carried forward	69,018
	<hr/>

### 4. RESERVES OR PROVISIONS

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

### 5. ISSUE OF SHARES OR DEBENTURES

During the financial year, the Company did not issue any shares or debentures.

### 6. ARRANGEMENTS TO ACQUIRE SHARES OR DEBENTURES

During and at the end of the financial year, the Company was not a party to any arrangement the object of which was to enable the Directors to acquire benefits through the acquisition of shares in or debentures of the Company or of any other corporate body.

## DIRECTORS' REPORT

### 7. DIRECTORS' INTEREST IN SHARES OR DEBENTURES

According to the Register of Directors' Shareholdings kept by the Company under Section 164 of the Companies Act, Cap. 50, the following Director who held office at the end of the financial year was interested in shares of the related corporation as follows:-

	Number of ordinary shares of RM1 each fully paid			
	Shares registered in the name of Director		Shares in which Director is deemed to have an interest	
	As at 1.1.99	As at 31.12.99	As at 1.1.99	As at 31.12.99
ULTIMATE HOLDING COMPANY				
Jerneh Asia Berhad				
Tan Yew Jin	10,000	10,000	103,500	103,500

	No. of options over ordinary shares of RM1 each				
	Option price	At 1.1.1999	Granted	Exercised	At 31.12.1999
	Tan Yew Jin	RM3.19	-	175,000	-

### 8. DIVIDEND

An interim dividend of 45.5% less tax at 26% amounting to \$22,562 was paid during the financial year in respect of the financial year under review.

No dividend was paid during the financial year under review in respect of the previous financial year and no final dividend is proposed for the financial year under review.

### 9. BAD OR DOUBTFUL DEBTS

(a) Before the profit and loss account and balance sheet were made out, the Directors had taken reasonable steps to ascertain that proper action had been taken in relation to the writing off of bad debts and to the provision for doubtful debts and had satisfied themselves that there were no known bad debts and that no provision for doubtful debts was necessary.

(b) At the date of this report, the Directors are not aware of any circumstances which would render it necessary to write off any debts or to make a provision for doubtful debts.

### 10. CURRENT ASSETS

(a) Before the profit and loss account and balance sheet were made out, the Directors had also taken reasonable steps to ensure that any current assets which were unlikely to realise their book values in the ordinary course of business had been written down to their estimated realisable values or had been adequately provided for.

(b) At the date of this report, the Directors are not aware of any circumstances which would render the values attributed to current assets in the financial statements of the Company misleading.



## DIRECTORS' REPORT

### 11. CHARGE ON ASSETS OR EXISTENCE OF CONTINGENT LIABILITY

As at the date of this report:

- a. no charge on the assets of the Company has been made since the end of the financial year to secure the liabilities of any other person; and
- b. no contingent liability has arisen since the end of the financial year.

### 12. CONTINGENT OR OTHER LIABILITY ENFORCEABLE AFTER YEAR END

No contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Company to meet its obligations as and when they fall due.

### 13. OTHER CIRCUMSTANCES

At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in the report or financial statements of the Company which would render any amount stated in the financial statements misleading.

### 14. ITEM, TRANSACTION, EVENT OF A MATERIAL AND UNUSUAL NATURE

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

### 15. SUBSEQUENT EVENTS

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

### 16. DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director has received or has become entitled to receive a benefit under a contract which is required to be disclosed under Section 201(8) of the Companies Act, Cap. 50.

### 17. SHARE OPTIONS GRANTED

No options were granted during the financial year to take up unissued shares of the Company.

## DIRECTORS' REPORT

### 18. SHARE OPTIONS EXERCISED

No shares were issued by virtue of the exercise of options.

### 19. UNISSUED SHARES UNDER OPTION

There were no unissued shares under option at the end of the financial year.

### 20. AUDITORS

The auditors, Foo, Kon & Tan, Certified Public Accountants, have expressed their willingness to accept re-appointment.

On behalf of the Board of Directors

**KUOK OON KWONG**

*Director*

**TAN YEW JIN**

*Director*

Singapore

25th February 2000



## STATEMENT BY DIRECTORS

In the opinion of the Directors, the accompanying balance sheet and profit and loss account, together with the notes thereon, are drawn up so as to give a true and fair view of the state of affairs of the Company as at 31st December 1999 and of the results of the business of the Company for the financial year ended on that date and at the date of this statement there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

On behalf of the Board of Directors

**KUOK OON KWONG**

*Director*

**TAN YEW JIN**

*Director*

Singapore

25th February 2000

## AUDITORS' REPORT TO THE MEMBERS

of Jerneh Investment (S) Pte Ltd

We have audited the accompanying balance sheet of Jerneh Investments (S) Pte Ltd as at 31st December 1999, and the profit and loss account for the financial year then ended. These financial statements are the responsibility of the Company's Directors. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Singapore Standards on Auditing. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Directors, as well as evaluating the overall financial statement presentation. We believe that 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, Cap. 50 and Statements of Accounting Standard and so as to give a true and fair view of:
  - (i) the state of affairs of the Company as at 31st December 1999 and of the results of the Company for the financial year then ended on that date; and
  - (ii) the other matters required by Section 201 of the Act to be dealt with in the financial statements;
- (b) the accounting and other records, and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

**FOO, KON & TAN**

*Certified Public Accountants*

Singapore

25th February 2000



## BALANCE SHEET

31st December 1999

	Note	1999 S\$	1998 S\$
SHARE CAPITAL	3	67,000	67,000
RETAINED PROFITS		69,018	91,689
		<b>136,018</b>	<b>158,689</b>
Represented by:			
<b>CURRENT ASSETS</b>			
Deposit		-	45
Amount owing by immediate holding company	4	136,018	-
Fixed deposits		-	159,267
Cash at bank		-	971
		<b>136,018</b>	<b>160,283</b>
Less:			
<b>CURRENT LIABILITIES</b>			
Accruals		-	1,594
Net current assets		<b>136,018</b>	<b>158,689</b>
		<b>136,018</b>	<b>158,689</b>

The annexed notes from an integral part of and should be read in conjunction with these financial statements.

**PROFIT AND LOSS ACCOUNT**

for the financial year ended 31st December 1999

	Note	1999 S\$	1998 S\$
(Loss)/profit before taxation		(109)	11,243
After charging:			
Audit fee		1,200	600
And crediting:			
Interest income from fixed deposits		3,004	7,469
Taxation	5	–	–
(Loss)/profit for the year		(109)	11,243
Retained profits brought forward		91,689	80,446
Profits available for appropriation		91,580	91,689
Interim dividend of 45.5% (1998 – Nil) less tax at 26%		(22,562)	–
Retained profits carried forward		69,018	91,689

The annexed notes from an integral part of and should be read in conjunction with these financial statements.



# NOTES TO THE FINANCIAL STATEMENTS

31st December 1999

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### a. Accounting convention

The financial statements, expressed in Singapore dollars, are prepared in accordance with the historical cost convention.

### b. Taxation

The liability method of tax effect accounting is adopted by the Company. Deferred taxation is provided at current taxation rate on timing differences existing at balance sheet date.

Future income tax benefits are not recognised unless there is reasonable certainty of their realisation in future periods.

## 2. PRINCIPAL ACTIVITIES

The principal activities of the Company are those of financial managers and general investors. However, the Company was dormant during the financial year.

## 3. SHARE CAPITAL

	1999 S\$	1998 S\$
Authorised:		
100,000 ordinary shares of S\$1 each	<u>100,000</u>	<u>100,000</u>
Issued and fully paid:		
67,000 ordinary shares of S\$1 each	<u>67,000</u>	<u>67,000</u>

## 4. HOLDING COMPANIES

The Company is a wholly owned subsidiary company of Jerneh Insurance Bhd, a company incorporated in Malaysia. The ultimate holding company is Jerneh Asia Berhad, a company incorporated in Malaysia.

The amount owing by immediate holding company is non-trade in nature, unsecured, interest-free and is repayable on demand.

## 5. TAXATION

	1999 S\$	1998 S\$
Current taxation	–	2,800
Utilisation of tax benefits arising from unabsorbed capital allowances and tax losses brought forward	–	(2,800)
	<u>–</u>	<u>–</u>

The Company has tax losses amounting to approximately S\$8,500 (1998 – S\$8,400) which are subject to agreement with the Tax Authorities. These tax losses can be carried forward for offsetting against future taxable income provided that the provisions of Section 37 of the Singapore Income Tax Act, Cap. 134 are complied with.

Unutilised tax benefits arising from the tax losses have not been recognised since there is no reasonable certainty of their realisation in future periods.

## SHAREHOLDINGS STATISTICS

as at 1st March 2000

Class of Shares - Ordinary Shares of RM1.00 each fully paid  
 Voting Rights - One vote per share

### DISTRIBUTION OF SHAREHOLDINGS

Size of Holdings	No. of Holders	%	No. of Shares	% of Issued Capital
Less than 500	4	0.19	742	0.00
500 - 5,000	1,801	83.77	2,904,705	4.34
5,001 - 10,000	178	8.28	1,565,170	2.34
10,001 - 100,000	137	6.37	4,311,510	6.44
100,001 - 1,000,000	17	0.79	4,763,450	7.11
1,000,001 and above	13	0.60	53,399,425	79.77
	<b>2,150</b>	<b>100.00</b>	<b>66,945,002</b>	<b>100.00</b>

### THE TWENTY LARGEST SHAREHOLDERS

Name of Shareholders	No. of Shares Held	% of Issued Capital
1. Kuok Brothers Sdn Berhad	27,038,950	40.39
2. Syarikat Nominee Bumiputra (Tempatan) Sdn Bhd	11,091,605	16.57
3. Malaysia Nominees (Asing) Sdn Bhd	3,321,000	4.96
4. Citicorp Nominees (Asing) Sdn Bhd	2,990,360	4.47
5. Ophir Holdings Berhad	2,322,750	3.47
6. RC Nominees (Tempatan) Sdn Bhd	2,159,000	3.23
7. TCL Nominees (Asing) Sdn Bhd	2,100,000	3.14
8. Universal Trustee (Malaysia) Berhad	2,023,000	3.02
9. Arab-Malaysian Nominees (Tempatan) Sdn Bhd	1,707,000	2.55
10. PB Securities Nominees (Tempatan) Sdn Bhd	805,070	1.20
11. Employees Provident Fund Board	577,000	0.86
12. Adora Holdings Sdn Bhd	464,820	0.69
13. Multi-Purpose Bank Nominees (Tempatan) Sdn Bhd	362,280	0.54
14. Southern Nominees (Tempatan) Sdn Bhd	353,000	0.53
15. HSBC Nominees (Tempatan) Sdn Bhd	350,000	0.52
16. Malaysia Nominees (Tempatan) Sdn Bhd	255,000	0.38
17. Rothputra Nominees (Tempatan) Sdn Bhd	215,000	0.32
18. Cosmic Insurance Corporation Limited	200,000	0.30
19. Quarry Lane Sdn Bhd	200,000	0.30
20. Asia Life (M) Berhad	193,000	0.29
	<b>58,728,835</b>	<b>87.73</b>



## SHAREHOLDINGS STATISTICS

as at 1st March 2000

### SUBSTANTIAL SHAREHOLDERS

Name of Substantial Shareholders	No. of Shares Held			% of Issued Capital
	Direct	Indirect	Total	
1. Kuok Brothers Sdn Berhad	27,038,950	40,000	27,078,950	40.45
2. BHR Enterprise Sdn Bhd	11,091,605	–	11,091,605	16.57
3. Sable Investment Corporation	5,384,240	–	5,384,240	8.04
4. The Miller Insurance Group Limited	2,717,120	–	2,717,120	4.06
5. Dato' Seri Ismail Farouk Abdullah	2,527,630	–	2,527,630	3.78
6. Ophir Holdings Berhad	2,322,750	–	2,322,750	3.47
7. Ahmad Riza bin Basir	100,000	11,091,605	11,191,605	16.72
8. Puan Sri Hamidah bt Abdul Rahman	–	11,091,605	11,091,605	16.57
9. Roshayati bt Basir	–	11,091,605	11,091,605	16.57
10. Rosilawati bt Basir	–	11,091,605	11,091,605	16.57
11. Rozanazetti bt Basir	–	11,091,605	11,091,605	16.57
12. Frank Tsao Wen King	–	5,384,240	5,384,240	8.04
13. Kuok Foundation Berhad	–	2,322,750	2,322,750	3.47

### As Bare Trustees

	No. of Shares Held	% of Issued Capital
Syarikat Nominee Bumiputra (Tempatan) Sdn Bhd	11,091,605	16.57
– Held for BHR Enterprise Sdn Bhd		
Malaysia Nominees (Asing) Sdn Bhd	3,321,000	4.96
– 3,261,000 shares (4.87%) held for Sable Investment Corporation		
Citicorp Nominees (Asing) Sdn Bhd	2,990,360	4.47
– 2,717,120 shares (4.06%) held for The Miller Insurance Corporation Limited		
RC Nominees (Tempatan) Sdn Bhd	2,159,000	3.23
– 2,150,000 shares (3.21%) held for Dato' Seri Ismail Farouk Abdullah		
TCL Nominees (Asing) Sdn Bhd	2,100,000	3.14
– Held for Sable Investment Corporation		
Universal Trustee (Malaysia) Berhad	2,023,000	3.02
– Held as trustee for Pacific Premier Fund		
Arab-Malaysian Trustee Berhad	1,707,000	2.55
– Held as trustee for Pacific Pearl Fund		
Arab-Malaysian Nominees (Tempatan) Sdn Bhd	1,707,000	2.55
– Held for Arab-Malaysian Trustee Berhad		

**LIST OF PROPERTIES**

as at 31st December 1999

Registered Owner	Description/ Location	Tenure	Approximate Building Age (Years)	Approximate Land Area (Sq. Metres)	Net Book Value at 31st December 1999 (RM)
Jerneh Insurance Bhd	2 storey shophouse located at 1&1A, Jalan SG 10/4, Sri Gombak, 68100 Batu Caves, Selangor Darul Ehsan. held under H.S.(D) No. 120961, No. P.T. 9370, Pekan of Batu, District of Gombak, Selangor Darul Ehsan.	Freehold	13	184.69	360,000
Jerneh Insurance Bhd	2 storey shophouse located at No. S-135, Taman Intan 3, Jalan Kuantan, 27000 Jerantut, Pahang Darul Makmur. held under H.S.(M) 2071, P.T. No. 366/16, Mukim of Pedah, District of Jerantut, Pahang Darul Makmur.	Freehold	10	153.29	191,000



**KUOK BROTHERS SDN. BERHAD**  
(INCORPORATED MALAYSIA)  
(1765 T)

28th February 2000

The Board of Directors  
**JERNEH ASIA BERHAD**  
18th Floor, Wisma Jerneh  
38, Jalan Sultan Ismail  
50250 Kuala Lumpur

Dear Sirs,

**RE: NOTICE OF NOMINATION OF AUDITORS**

In accordance with Section 172 (11) of the Companies Act, 1965, we hereby give you notice of our intention to nominate Moores Rowland for appointment as the Auditors of **JERNEH ASIA BERHAD** in place of the retiring Auditors, Othman, Hew & Co. who are not seeking re-appointment at the forthcoming Annual General Meeting.

The Common Seal of  
**KUOK BROTHERS SDN BERHAD**  
was hereunto affixed in the presence of:-

**DATO' LIM CHEE WAH**  
*Director*

**CHAN SWEE HONG**  
*Secretary*

**PROXY FORM**

I/We \_\_\_\_\_

of \_\_\_\_\_

being a member(s) of Jerneh Asia Berhad, hereby appoint \*THE CHAIRMAN OF THE MEETING or

\_\_\_\_\_

of \_\_\_\_\_

and/or failing him/her \_\_\_\_\_

of \_\_\_\_\_

as my/our proxy/proxies to vote for me/us on my/our behalf, at the **Fourth Annual General Meeting** of the Company, to be held on **Tuesday, 25th April 2000** at 10.00 a.m. and at any adjournment thereof, as indicated below:-

	<b>Resolution</b>	<b>For</b>	<b>Against</b>
1.	To adopt the Directors' Report and Accounts.		
2.	To approve the payment of a First and Final Dividend.		
3.	To approve the payment of Directors' fees.		
4.	To elect Encik Ahmad Riza bin Basir as Director.		
5.	To elect Ms Tam Chiew Lin as Director.		
6.	To elect Mr Tan Yew Jin as Director.		
7.	To appoint Moores Rowland as Auditors.		
8.	To approve the issue of shares to full time employees and Executive Directors pursuant to the Employees Share Option Scheme.		

Please indicate with an "X" where appropriate against each resolution how you wish your proxy to vote. If no specific direction to voting is given, the proxy will vote or abstain at his discretion.

\*Delete the words "*THE CHAIRMAN OF THE MEETING*" if you wish to appoint another person to be your proxy.

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2000.

Number of shares held	
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\_\_\_\_\_  
Signature

**Notes:**

1. A member of the Company entitled to attend and vote at the Meeting is entitled to appoint a proxy or proxies (but not more than two) to attend and vote in his/her stead. A proxy may but need not be a member of the Company. Where a member appoints two proxies, the appointment shall be invalid unless he/she specifies the proportion of his/her holding to be represented by each proxy.
2. The instrument appointing the proxy, in the case of an individual, shall be signed by the appointer, or his attorney duly authorised in writing, and in the case of a corporation, either under seal or under the hand of an officer or attorney duly authorised.
3. The instrument appointing the proxy must be deposited at the Registered Office of the Company at 18th Floor, Wisma Jerneh, 38 Jalan Sultan Ismail, 50250 Kuala Lumpur, not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.

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AFFIX  
STAMP

THE COMPANY SECRETARY  
**JERNEH ASIA BERHAD**  
18th Floor, Wisma Jerneh  
38, Jalan Sultan Ismail  
50250 Kuala Lumpur

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