

# CONTENTS

NOTICE OF ANNUAL GENERAL MEETING	2
CORPORATE INFORMATION	5
CHAIRMAN'S STATEMENT	6
PENYATA Pengerusi	10
AUDIT COMMITTEE	14
DIRECTORS' REPORT	18
STATEMENT BY DIRECTORS	23
STATUTORY DECLARATION	23
AUDITORS' REPORT	24
BALANCE SHEETS	25
PROFIT AND LOSS ACCOUNTS	26
CONSOLIDATED CASH FLOW STATEMENT	27
NOTES TO THE ACCOUNTS	29
LIST OF GROUP'S PROPERTIES	50
SHAREHOLDINGS STATISTICS	53
FORM OF PROXY	

# NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Sixth Annual General Meeting of the Company will be held at Delima Courtroom, Ballroom Floor, Hotel Istana, 73 Jalan Raja Chulan, 50200 Kuala Lumpur on Friday, 28 January 2000 at 3.15 p.m. for the following purposes:

- |   |                     |
|---|---------------------|
| 1. To receive and consider the audited accounts for the year ended 30 September 1999 and the reports of the Directors and the Auditors thereon.   | <b>Resolution 1</b> |
| 2. To declare a Final Dividend of 7.5 sen per ordinary share of RM1.00 each less tax at 28% in respect of the year ended 30 September 1999.   | <b>Resolution 2</b> |
| 3. To re-elect Directors:<br><br>Mr Lim Kheng Guan retires by rotation pursuant to Article 80 of the Company's Articles of Association, and being eligible, offers himself for re-election.   | <b>Resolution 3</b> |
| 4. To consider and if thought fit, to pass the following resolution in accordance with Section 129(6) of the Companies Act, 1965:<br><br>"THAT Mr Chan Hua Eng being over the age of 70 years and retiring in accordance with Section 129 of the Companies Act, 1965 be and is hereby re-appointed a Director of the Company to hold office until the next Annual General Meeting of the Company."  | <b>Resolution 4</b> |
| 5. To re-appoint Messrs Arthur Andersen & Co. as auditors and to authorise the Board of Directors to fix their remuneration.  | <b>Resolution 5</b> |
| 6. Special business:<br>To consider and if thought fit, with or without any modification, to pass the following ordinary resolutions:   |                     |
| a) <u>Authority to issue shares pursuant to Section 132D of the Companies Act, 1965</u><br><br>"THAT subject to Section 132D of the Companies Act, 1965 and the approvals of the relevant governmental/regulatory authorities, the Directors be and are hereby empowered to issue shares in the Company, at any time and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares issued pursuant to this Resolution in any one financial year does not exceed ten per cent (10%) of the issued and paid-up share capital of the Company for the time being; AND THAT such authority shall commence immediately upon the passing of this Resolution and continue to be in force until the conclusion of the next Annual General Meeting of the Company." | <b>Resolution 6</b> |

## NOTICE OF ANNUAL GENERAL MEETING (Cont'd.)

### b) Authority to Directors on Purchase Of The Company's Own Shares

“THAT subject to the Companies Act, 1965 (“the Act”), rules, regulations and orders made pursuant to the Act, and the requirements of the Kuala Lumpur Stock Exchange (“KLSE”) and any other relevant authorities, the Directors of the Company be and are hereby unconditionally and generally authorised to:

- i) purchase shares in the Company, at any time and upon such terms and conditions and for such purposes as the Directors may, in their discretion deem fit, provided that the aggregate number of shares bought pursuant to this Resolution does not exceed ten per cent (10%) of the issued and paid-up share capital of the Company for the time being (as at 10 December 1999 the total issued and paid-up share capital of the Company is RM99,200,000 comprising 99,200,000 ordinary shares of RM1.00 each, fully paid) and the total funds allocated shall not exceed the total retained earnings and share premium of the Company which would otherwise be available for dividends; AND THAT such authority shall commence immediately upon the passing of this Resolution and continue to be in force until the conclusion of the next Annual General Meeting of the Company;
- ii) retain the shares so purchased as treasury shares or cancel them or both, with an appropriate announcement to be made to the KLSE in respect of the intention of the Directors whether to retain the shares so purchased as treasury shares or cancel them or both together with the rationale of the decision so made;
- iii) deal with the shares purchased in the manner prescribed by the Act, rules, regulations and orders made pursuant to the Act and the requirements of the KLSE and any other relevant authorities for the time being in force; and
- iv) take all such steps as are necessary or expedient to implement or to effect the purchase of the shares.”

7. To transact any other business which may properly be transacted at an Annual General Meeting.

### Resolution 7

## NOTICE OF ANNUAL GENERAL MEETING (Cont'd.)

### NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

Subject to the approval of the shareholders, a Final Dividend of 7.5 sen per share (previous corresponding period : 7.5 sen) less 28% Malaysian Tax for the year ended 30 September 1999 will be paid on 3 March 2000 to shareholders at the close of business at 5.00 p.m. on 18 February 2000.

A Depositor shall qualify for entitlement only in respect of:

1. shares transferred into the Depositor's Securities Account before 12.30 p.m. on 18 February 2000 in respect of ordinary transfers; and
2. shares bought on the Kuala Lumpur Stock Exchange on a cum entitlement basis according to the Rules of the Kuala Lumpur Stock Exchange.

By Order of the Board

VALERIE CHEAH CHUI MEI (LS 04944)  
HONG PEK HAR (MAICSA 0820727)  
Company Secretaries

Kuala Lumpur  
7 January 2000

#### Notes:

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend and vote in his stead. A proxy may but need not be a member of the Company. The provision of Section 149(1) (b) of the Companies Act, 1965 ("the Act") shall not apply to the Company.
2. The instrument appointing a proxy must be deposited at the registered office of the Company situated at 11<sup>th</sup> Floor, Wisma Bumi Raya, No. 10, Jalan Raja Laut, 50350 Kuala Lumpur not less than forty-eight (48) hours before the time for holding the meeting.
3. A member shall be entitled to appoint more than one (1) proxy to attend and vote at the same meeting. The provision of Section 149 (1) (c) of the Act shall apply to the Company.
4. Where a member appoints more than one (1) proxy (subject always to a maximum of two (2) proxies at each meeting), the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
5. In the case of a corporate member, the instrument appointing a proxy must be executed under its Common Seal or under the hand of its attorney.

### EXPLANATORY NOTES ON SPECIAL BUSINESS

#### 1. Resolution on Authority Pursuant to Section 132D of the Companies Act, 1965

The effect of the resolution under item 6 of the agenda, if passed, will give authority to the Directors of the Company, from the date of the above Annual General Meeting, to issue and allot shares in the Company up to and not exceeding in total ten per cent (10%) of the issued and paid-up share capital of the Company for the time being, for such purposes as they consider would be in the interest of the Company. This authority, unless revoked or varied at a general meeting, will expire at the conclusion of the next Annual General Meeting of the Company.

#### 2. Resolution on Authority To Directors On Purchase Of The Company's Own Shares

This resolution will empower the Directors of the Company to purchase the Company's shares up to ten per cent (10%) of the issued and paid-up share capital of the Company ("Proposed Share Buy Back") by utilising its financial resources not immediately required. This authority, unless revoked or varied at a general meeting, will expire at the conclusion of the next Annual General Meeting of the Company.

Further information on the Proposed Share Buy Back are set out in the Circular to shareholders of the Company which is despatched together with the Company's 1999 Annual Report.

# CORPORATE INFORMATION

## BOARD OF DIRECTORS

Chan Hua Eng  
*Chairman*

Chan Thye Seng  
*Chief Executive Officer*

Lim Kheng Guan  
*Independent Non-Executive Director*

Michael Yee Kim Shing  
*Independent Non-Executive Director*

Y.M. Tunku Mu'tamir Bin Tunku Tan Sri Mohamed  
*Independent Non-Executive Director*

Dato' Abu Hanifah Noordin  
*Independent Non-Executive Director*

## SECRETARIES

Valerie Cheah Chui Mei  
Hong Pek Har

## REGISTRARS

Mega Corporate Services Sdn. Bhd.  
Level 11-2, Faber Imperial Court  
Jalan Sultan Ismail  
50250 Kuala Lumpur  
Malaysia  
Tel : 03-2924271

## AUDITORS

Arthur Andersen & Co.  
Public Accountants  
Level 23A, Menara Milenium  
Jalan Damanlela  
Pusat Bandar Damansara  
Damansara Heights  
50490 Kuala Lumpur  
Malaysia

## PRINCIPAL BANKERS

Malayan Banking Berhad  
Bank Utama (Malaysia) Berhad

## SOLICITORS

Chung, Chan & Hasnal

## REGISTERED OFFICE

11<sup>th</sup> Floor, Wisma Bumi Raya  
No. 10, Jalan Raja Laut  
50350 Kuala Lumpur  
Malaysia  
Tel : 03-2985033  
Fax : 03-2944209  
Web Site : [www.pacific-orient.com](http://www.pacific-orient.com)

## STOCK EXCHANGE LISTING

Kuala Lumpur Stock Exchange Main Board

# CHAIRMAN'S STATEMENT

*On behalf of  
your Board of  
Directors,  
I have the  
pleasure of  
presenting the  
Annual Report and  
Accounts of your  
Company for  
the year ended  
30 September 1999.*

## FINANCIAL RESULTS

For the year under review, Group turnover was RM147.7 million, 25 percent lower than the RM196.3 million recorded in 1998. This reduction was primarily the result of a drop in premiums at the insurance subsidiary. However, pre-tax profit was RM72.8 million, an improvement on the RM38.5 million recorded in 1998 due to a reduction in net claims at the insurance subsidiary and an improvement in the performance of the Group's quoted investments. In keeping with this, after-tax profits increased to RM68.3 million from RM26.7 million in 1998.

At Company level, turnover fell 24 percent to RM54.4 million (1998: RM71.9 million) and pre-tax profit saw a 31 percent reduction to RM46.0 million (1998: RM66.9 million) due to smaller dividend receipts from the insurance subsidiary and lower interest income. After-tax profits were correspondingly reduced to RM32.2 million (1998: RM48.0 million).

## ACTIVITIES OF THE GROUP

The effects of the Malaysian economic downturn constrained the performance of the Group. To varying degrees, all but two of the companies within the Group recorded a reduction in turnover. In view of this decline, your Board will be watchful over developments during the current year. Profitability remains satisfactory for the present but, giving consideration to the uncertainties in the global economy that may affect Malaysia, it is possible that this too may come under pressure during the current financial year.

On a more positive note, the Group balance sheet remains strong. The level of indebtedness is negligible and the net tangible asset position of the Group improved, despite provisions having been made, for prudence, against some of the investments in subsidiaries. Thus the Group remains well placed to benefit from improvements in business conditions.

## Financial Services

The division comprises Pacific & Orient Insurance Co. Berhad ("POI") and P & O Capital Sdn Bhd ("POC"), a provider of private funding.

## CHAIRMAN'S STATEMENT (Cont'd.)

### **Insurance**

Turnover at POI declined by 24 percent to RM132.3 million but pre-tax profit more than tripled to reach RM78.4 million. Recessionary pressures and very competitive conditions in the general insurance market account for the decline in premiums. As mentioned in the last annual report the competitive measures taken by some players in the industry have driven underwriting margins down and will be harmful to the industry in the longer term. Furthermore, the growth of Takaful insurance, with its offer of rebates on premiums, has added to the industry's difficulties. POI is addressing this situation by maintaining sensible underwriting practice and financial discipline as well as taking steps to improve efficiency and the quality of service.

The improvement in profitability came about for two reasons: a reduction in net claims and better performance from POI's quoted investments. Incurred claims were 47 percent lower than in the previous year and investment-related items contributed RM20.6 million towards profitability compared to the loss of RM28.5 million in 1998.

During 1999 POI introduced an extension to the *Teleinsurance* service: road tax renewal. Customers may now have their road tax renewed at the same time as their insurance without having to leave their offices. This new facility is restricted to selected areas in the Kuala Lumpur for the moment but may be extended to other areas if the response is good.

### **Private Funding**

POC continues to contribute positively to the Group. Although turnover at RM10.4 million was lower than the RM16.2 million recorded in 1998, pre-tax profit more than doubled from RM3.4 million to reach RM7.3 million. The reduction in turnover was caused by the partial repayment of a substantial loan whilst pre-tax profit rose because of a reduction in interest expense.

### **Information Technology**

The IT Division spent much of 1999 undergoing reorganisation and restructuring. This process has been undertaken with a view to repositioning this Division to meet the many challenges faced by technology companies and is currently still in progress. The more visible effects of the change that is taking place are first, that the Group increased its interest in Pacific Netlab (Thailand) Co. Ltd. (formerly Mesiniaga Co. Ltd.) from 49 percent to 100 percent, and second, that a number of companies in this division changed names thus:

From:	To:
Power Computer Supplies (M) Sdn Bhd	Pacific Netlab Sdn Bhd ("PNSB")
Power Computer Services (M) Sdn Bhd	P & O Resources Sdn Bhd ("POR")
Pacific & Orient Information Technology Sdn Bhd	P & O Technologies Sdn Bhd ("POT")
Mesiniaga Co. Ltd.	Pacific Netlab (Thailand) Co. Ltd. ("PNT")

## CHAIRMAN'S STATEMENT (Cont'd.)

Development and marketing efforts have continued with a measure of success despite the diversion of some resources away towards the reorganisation and restructuring processes. New products and improvements to existing ones have been released to a variety of target markets ranging from legal firms to financial institutions to broadcasting companies and have been well received.

Turnover at RM5.1 million was lower than the RM11.0 million recorded in 1998. This reduction stems mainly from lower sales and fee income at PNSB and Pacific Research & Development Corp. ("PRD"). At PNSB, the drop in revenue to RM3.8 million from the RM7.8 million posted in 1998 was the largely the result of postponement of customer purchases. The Y2K issue appears to have been a major influence on customers' decisions to defer IT purchases generally. PRD recorded lower revenues because there were no major projects undertaken during the year under review.

The division turned in a pre-tax loss of RM7.4 million, significantly more than the RM1.8 million loss in 1998. The main contributors to this were POT and PRD where research and development efforts have yet to be translated into profits. More specifically, the setting up of a call centre and the integration of associated voice and data networks have incurred considerable expenditure, the benefits of which will only be realised in the future. PNT also showed a loss because of delays in gaining customer approvals in a number of projects. These delays can for the most part be ascribed to the unfavourable economic conditions that prevailed in Thailand.

The IT Division is undergoing a lengthy process of development and during this period profitability may seem difficult to achieve. This is consistent with much global experience of the technology sector in that there commonly is a long gestation period between the conception of an idea and its delivery. This notwithstanding, the Group is committed to and has made significant IT investments in the belief that they will underpin the future growth of the Group.

### Distribution Services

Pacific & Orient Distribution Sdn Bhd recorded sales of only RM58,000 during 1999. The pre-tax loss of RM329,000 was lower than the RM644,000 in 1998. Management has, in November 1999, introduced a *Ringgit Saver* programme to boost awareness of the company and is hopeful that this will improve performance in the longer term.

### YEAR 2000 (Y2K) COMPLIANCE

A Y2K Committee has been established at Pacific & Orient Berhad to address the Year 2000 Millennium Bug issue for the entire operations of the Group. The Committee has performed its risk assessment analysis concerning the impact of Y2K on the Group's activities and has concluded that all mission critical and date dependent processes are Y2K compliant. Y2K conformity confirmations have also been secured from key external parties including financial institutions, business associates and service providers. However, there can be no absolute assurance that the Y2K programme will be completely successful due to the inherent unpredictability and scope of the Y2K problems.

## CHAIRMAN'S STATEMENT (Cont'd.)

### DIVIDEND

Your Board is pleased to recommend a final gross dividend of 7.5 sen less tax for the financial year ended 30 September 1999. Taken together with the three interim dividends of 7.5 sen less tax each paid on 30 June, 30 September and 23 December 1999, the total gross dividend for the year will be 30 sen.

Subject to your approval at the forthcoming Annual General Meeting the final dividend will be payable based on the share capital in your Company in issue as at 30 September 1999.

### APPRECIATION

The Group continued to operate in difficult economic circumstances during the year under review. On behalf of the Board of Directors, I would like to acknowledge the efforts put in by management and staff towards the further development of the Group and to thank our business associates for continued co-operation and support.

**CHAN HUA ENG R OBE**

Chairman

Kuala Lumpur  
28 December 1999

## PENYATA Pengerusi

### KEPUTUSAN KEWANGAN

Bagi tahun di bawah tinjauan, jumlah perolehan Kumpulan adalah RM147.7 juta, 25 peratus lebih rendah daripada RM196.3 juta yang telah direkodkan dalam tahun 1998. Pengurangan ini adalah terutamanya akibat daripada kejatuhan premium subsidiari insurans. Walau bagaimanapun, keuntungan sebelum cukai telah meningkat kepada RM72.8 juta berbanding dengan RM38.5 juta yang telah direkodkan dalam tahun 1998, ini disebabkan oleh pengurangan tuntutan-tuntutan bersih dalam subsidiari insurans dan peningkatan prestasi pelaburan-pelaburan disebut harga dalam Kumpulan. Sejarar dengan perkembangan ini, keuntungan selepas cukai meningkat kepada RM68.3 juta daripada RM26.7 juta pada tahun 1998.

*Bagi pihak  
Lembaga Pengarah,  
saya dengan  
sukacitanya  
membentangkan  
Laporan Tahunan  
dan Akaun  
Syarikat bagi  
tahun berakhir  
30 September 1999.*

Pada peringkat Syarikat, jumlah perolehan menurun sebanyak 24 peratus kepada RM54.4 juta (1998: RM71.9 juta) dan keuntungan sebelum cukai menurun 31 peratus kepada RM46.0 juta (1998: RM66.9 juta) disebabkan oleh penerimaan dividen daripada subsidiari insurans dan pendapatan faedah yang lebih rendah. Sejarar dengan ini, keuntungan selepas cukai telah menurun kepada RM32.2 juta (1998: RM48.0 juta).

### AKTIVITI-AKTIVITI KUMPULAN

Kesan daripada kemerosotan ekonomi Malaysia telah mengekang prestasi Kumpulan. Pada tahap-tahap berbeza, kesemua syarikat dalam Kumpulan kecuali dua telah merekodkan pengurangan dalam jumlah perolehan. Memandangkan penurunan ini, pihak Lembaga Pengarah akan berjaga-jaga terhadap perkembangan-perkembangan dalam tahun semasa. Buat masa ini, keuntungan tetap memuaskan, tetapi selepas mempertimbangkan ketidakpastian dalam ekonomi global yang mungkin menjejaskan Malaysia, besar kemungkinan ini juga akan memberi tekanan dalam tahun kewangan semasa.

Pada pandangan yang lebih positif, kunci kira-kira Kumpulan tetap kukuh. Walaupun peruntukan-peruntukan telah dibuat sebagai langkah berjaga-jaga terhadap beberapa pelaburan dalam subsidiari-subsidiari syarikat, tahap keberhutangan adalah sedikit sahaja dan kedudukan aset ketara bersih Kumpulan bertambah baik. Justeru itu, Kumpulan tetap berada dalam kedudukan yang baik untuk mengambil kesempatan daripada keadaan-keadaan perniagaan yang bertambah baik.

## PENYATA PENERUSI (Samb.)

### Perkhidmatan Kewangan

Bahagian ini terdiri daripada Pacific & Orient Insurance Co. Berhad ("POI") dan P & O Capital Sdn Bhd ("POC") sebagai penyedia pembiayaan persendirian.

### Insurans

Jumlah perolehan POI menurun sebanyak 24 peratus kepada RM132.3 juta tetapi keuntungan sebelum cukai telah melebihi tiga kali ganda untuk mencatat RM78.4 juta. Tekanan kegawatan dan keadaan pasaran insurans am yang amat bersaing telah menyebabkan penyusutan premium. Seperti yang disebut dalam laporan tahunan yang lepas, langkah-langkah persaingan yang diambil oleh beberapa pesaing dalam industri telah menurunkan margin pengunderaitan dan akan memudaratkan industri dalam jangka panjang. Lagipun, pertumbuhan insurans Takaful, dengan tawaran potongan ke atas premiumnya, telah menambahkan kesulitan-kesulitan industri. POI menangani situasi ini dengan mengekalkan amalan pengunderaitan yang munasabah dan disiplin kewangan serta mengambil langkah-langkah untuk meningkatkan kecekapan dan mutu perkhidmatan.

Peningkatan dalam keuntungan disebabkan oleh dua alasan: pengurangan dalam tuntutan bersih dan prestasi pelaburan disebut harga POI yang lebih baik. Tuntutan yang ditanggung adalah 47 peratus lebih rendah daripada tahun sebelumnya dan butir-butir berkaitan dengan pelaburan menyumbang sebanyak RM20.6 juta kepada keuntungan berbanding dengan kerugian sebanyak RM28.5 juta pada tahun 1998.

Dalam tahun 1999, POI telah memperluaskan perkhidmatan *Teleinsurance*: pembaharuan cukai jalan. Pada masa kini, pelanggan-pelanggan boleh memperbaharui cukai jalan dan insurans mereka pada waktu yang sama tanpa meninggalkan pejabat mereka. Kemudahan yang baru ini hanya terhad kepada kawasan-kawasan yang terpilih di Kuala Lumpur tetapi akan dilanjutkan ke kawasan-kawasan lain sekiranya mendapat sambutan yang baik.

### Pembiayaan Persendirian

POC terus menyumbang secara positif kepada Kumpulan. Walaupun jumlah perolehan sebanyak RM10.4 juta adalah lebih rendah daripada RM16.2 juta yang direkodkan pada tahun 1998, keuntungan sebelum cukai meningkat melebihi dua kali ganda daripada RM3.4 juta untuk mencatat RM7.3 juta. Pengurangan dalam jumlah perolehan adalah disebabkan oleh pembayaran balik sebahagian daripada pinjaman yang besar manakala keuntungan sebelum cukai meningkat disebabkan oleh pengurangan dalam perbelanjaan faedah.

### Teknologi Maklumat

Bahagian IT telah menghabiskan sebahagian besar masa di sepanjang tahun 1999 untuk melaksanakan penyusunan semula dan pengstrukturkan semula. Proses ini telah dilaksanakan dengan harapan untuk menetapkan semula Bahagian ini bagi memenuhi cabaran-cabaran yang dihadapi oleh syarikat-syarikat teknologi dan kini masih lagi dalam progres. Kesan perubahan yang sedang berlaku yang dapat dilihat adalah pertamanya, bahawa Kumpulan telah meningkatkan kepentingannya dalam Pacific Netlab (Thailand) Co. Ltd. (dahulunya Mesiniaga Co. Ltd.) daripada 49 peratus kepada 100 peratus, dan keduanya, bahawa beberapa syarikat dalam bahagian ini telah menukar nama iaitu:

## PENYATA PENERUSI (Samb.)

Daripada:	Kepada:
Power Computer Supplies (M) Sdn Bhd	Pacific Netlab Sdn Bhd ("PNSB")
Power Computer Services (M) Sdn Bhd	P & O Resources Sdn Bhd ("POR")
Pacific & Orient Information Technology Sdn Bhd	P & O Technologies Sdn Bhd ("POT")
Mesiniaga Co. Ltd.	Pacific Netlab (Thailand) Co. Ltd. ("PNT")

Usaha-usaha pembangunan dan pemasaran diteruskan dengan membawa kejayaan walaupun terdapat beberapa sumber melencong ke arah proses penyusunan semula dan pengstrukturkan semula. Produk-produk baru dan kemajuan kepada produk sedia ada telah diperkenalkan kepada beberapa pasaran-pasaran yang disasar berkisar daripada firma-firma guaman hinggalah institusi-institusi kewangan serta syarikat-syarikat penyiaran dan telah menerima sambutan yang baik.

Jumlah perolehan sebanyak RM5.1 juta adalah lebih rendah daripada RM11.0 juta yang direkodkan pada tahun 1998. Pengurangan ini berpunca terutamanya akibat daripada jualan dan pendapatan yuran yang lebih rendah di PNSB dan Pacific Research & Development Corp. ("PRD"). Di PNSB, penurunan dalam hasil kepada RM3.8 juta daripada RM7.8 juta yang dicatatkan pada tahun 1998 adalah sebahagian besarnya akibat daripada penangguhan pembelian pelanggan. Secara amnya, kelihatan isu Y2K mempunyai pengaruh besar ke atas keputusan pelanggan-pelanggan untuk menangguhkan pembelian IT. PRD merekodkan pendapatan yang lebih rendah kerana tidak terdapat projek-projek besar yang dilaksanakan dalam tahun di bawah tinjauan.

Bahagian ini mengalami kerugian sebelum cukai sebanyak RM7.4 juta, jauh lebih banyak berbanding dengan kerugian sebanyak RM1.8 juta pada tahun 1998. Penyumbang utama kepada perkembangan ini adalah POT dan PRD di mana usaha-usaha penyelidikan dan pembangunan belum lagi ditukarkan menjadi keuntungan. Lebih khusus lagi, penubuhan pusat panggilan dan integrasi rangkaian suara dan data yang berkaitan telah menelan belanja yang besar, di mana faedah-faedahnya hanya akan dicapai pada masa hadapan. PNT juga menunjukkan kerugian disebabkan oleh kelewatan untuk mendapatkan persetujuan daripada pelanggan-pelanggan dalam beberapa projek. Sebahagian besar daripada kelewatan ini boleh dikaitkan dengan ekonomi yang tidak memuaskan di Thailand.

Bahagian IT sedang melalui proses pembangunan yang panjang dan dalam tempoh ini keuntungan mungkin sukar dicapai. Ini adalah selaras dengan pengalaman global dalam sektor teknologi di mana biasanya terdapat tempoh gestasi yang panjang di antara pencetusan idea dan penyampaiannya. Tanpa mengambil kira hakikat ini, Kumpulan adalah terikat kepada dan telah melabur dalam IT secara besar-besaran dengan kepercayaan bahawa ia akan meningkatkan pertumbuhan Kumpulan pada masa hadapan.

### Perkhidmatan Pengedaran

Pacific & Orient Distribution Sdn Bhd mencatatkan jualan hanya sebanyak RM58,000 dalam tahun 1999. Kerugian sebelum cukai sebanyak RM329,000 adalah lebih rendah daripada RM644,000 pada tahun 1998. Pada November 1999, pihak pengurusan telah memperkenalkan program *Ringgit Saver* (Penjimatan Ringgit) untuk menggalakkan kesedaran terhadap syarikat dan berharap agar ini akan memperbaiki prestasi dalam jangka panjang.

## PENYATA PENERUSI (Samb.)

### PEMATUHAN TAHUN 2000 (Y2K)

Satu Jawatankuasa Y2K telah ditubuhkan di Pacific & Orient Berhad untuk menangani isu Pepijat Alaf Tahun 2000 bagi keseluruhan operasi Kumpulan. Jawatankuasa tersebut telah menjalankan analisa penaksiran risikonya berkenaan dengan kesan Y2K ke atas aktiviti-aktiviti Kumpulan dan kini telah memutuskan bahawa semua misi kritikal dan proses bergantung tarikh adalah mematuhi Y2K. Pengesahan pematuhan Y2K juga telah diperolehi daripada kebanyakan pihak-pihak luar termasuk institusi kewangan, sekutu perniagaan dan penyedia-penyedia perkhidmatan. Walau bagaimanapun, tidak ada jaminan penuh bahawa program Y2K akan berjaya sepenuhnya disebabkan oleh masalah Y2K sedia wujud yang tidak boleh diramal dan skopnya.

### DIVIDEN

Pihak Lembaga Pengarah dengan sukacitanya mencadangkan dividen kasar akhir sebanyak 7.5 sen ditolak cukai bagi tahun kewangan berakhir 30 September 1999. Dengan mengambil kira tiga dividen interim sebanyak 7.5 sen setiap satu ditolak cukai dibayar pada 30 Jun, 30 September dan 23 Disember 1999, jumlah dividen kasar bagi tahun adalah 30 sen.

Tertakluk kepada kelulusan tuan pada Mesyuarat Agung Tahunan yang akan datang dividen akhir akan dibayar berdasarkan modal saham dalam Syarikat tuan dalam terbitan pada 30 September 1999.

### PENGHARGAAN

Kumpulan terus beroperasi dalam keadaan ekonomi yang rumit dalam tahun di bawah tinjauan. Bagi pihak Lembaga Pengarah, saya ingin merakamkan penghargaan di atas usaha yang dibuat oleh pihak pengurusan dan kakitangan ke arah kemajuan Kumpulan selanjutnya dan untuk mengucapkan terima kasih kepada rakan-rakan perniagaan di atas kerjasama dan sokongan berterusan mereka.

**CHAN HUA ENG R OBE**

Pengerusi

Kuala Lumpur  
28 Disember 1999

# AUDIT COMMITTEE

## MEMBERS OF THE COMMITTEE

Michael Yee Kim Shing  
*Chairman (Independent Non-Executive Director)*

Y.M. Tunku Mu'tamir Bin Tunku Tan Sri Mohamed  
*(Independent Non-Executive Director)*

Lim Kheng Guan  
*(Independent Non-Executive Director)*

Dato' Abu Hanifah Noordin  
*(Independent Non-Executive Director)*

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

### 1. OBJECTIVES

The primary objective of the Audit Committee is to assist the Board of Directors in fulfilling its legal responsibilities relating to the financial and accounting records and controls and the reporting practices of the Company.

In particular, the Audit Committee shall oversee and appraise the quality of the audits conducted both by the Company's Internal and External Auditors; and maintain an open line of communication and consultation between the Board of Directors, the Internal Auditors, the External Auditors and Management, as well as to evaluate the adequacy and effectiveness of the Company's administrative, operating and accounting controls and the integrity of its financial information.

### 2. MEMBERSHIP

2.1 The Audit Committee shall be appointed by the Board from amongst the Directors of the Company and shall comprise of not fewer than three members, the majority of whom shall not be:

- a) Executive Directors of the Company or any related corporation;
- b) A spouse, parent, brother, sister, son or adopted son, daughter or adopted daughter of an Executive Director of the Company or any related corporation; or
- c) Any person having a relationship which, in the opinion of the Board of Directors, would interfere with the exercise of independent judgement in carrying out the functions of an Audit Committee.

2.2 The members of the Audit Committee shall elect a Chairman from among them, who is not an Executive Director or employee of the Company or any related corporation.

2.3 If a member of the Committee resigns, dies or for any reason ceases to be a member with the result that the number of members is reduced below three (3), the Board shall, within three (3) months of that event, appoint such number of new members as may be required to make up the minimum of three (3) members.

2.4 The term of office of the Audit Committee members shall be reviewed by the Board no less than once every three years. However, the appointment terminates when a member ceases to be a Director.

## AUDIT COMMITTEE (Cont'd.)

### 3. MEETINGS

- 3.1 The quorum for Audit Committee's meetings shall be at least two thirds of the members with Non-Executive Directors forming the majority.
- 3.2 The Audit Committee shall meet at least three times a year and such additional meetings as the Chairman shall decide in order to fulfil its duties.
- 3.3 Notwithstanding paragraph 3.2 above, upon the request of any member of the Committee, the Management, or the Internal or External Auditors, the Chairman shall convene a meeting of the Committee to consider the matters brought to its attention.
- 3.4 The External Auditors have the right to appear and be heard at any meeting of the Committee and shall appear before the Committee when required to do so.
- 3.5 The Committee may invite any employee of the Company who the Committee thinks fit and proper to attend its meeting to assist in its deliberations and resolutions of matters raised.
- 3.6 The Internal Auditors shall be in attendance at all meetings of the Committee to present and discuss the audit reports of findings and other related matters and the recommendations relating thereto and to follow up on all relevant decisions made.
- 3.7 The Company Secretary shall act as secretary of the Committee and shall be responsible for drawing up and circulating the agenda and the notice of meetings with the concurrence of the Chairman together with the supporting explanatory documentation, to Committee members prior to each meeting.
- 3.8 The secretary shall be entrusted to record all proceedings and minutes of the Committee's meeting and to circulate the minutes to Committee members and to the other members of the Board of Directors.
- 3.9 In addition to the availability of detailed minutes of the Committee's meetings, a summary of significant matters and resolutions will be reported by the Committee at each Board of Directors' Meeting.

### 4. AUTHORITY

- 4.1 The Audit Committee shall have free and unrestricted access to:
  - a) all information, records and documents relevant to its activities;
  - b) both the Internal and External Auditors; and
  - c) senior management and employees of the Company and of the Group.
- 4.2 The Audit Committee shall be authorised to engage, consult and obtain outside legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise it considers necessary.
- 4.3 Any fraud or irregularities discovered by Management shall immediately be referred to the Internal Audit Department for investigation and subsequently reported to the Audit Committee in respect of the findings and recommendations.

## AUDIT COMMITTEE (Cont'd.)

### 5. FUNCTIONS

The functions of the Audit Committee shall be:

- 5.1 To approve the Internal Audit Charter which defines the independent purpose, authority, scope and responsibility of the internal audit function in the Company and Group.
- 5.2 Review and appraise annually, the performance and remuneration of the Head of Internal Audit, and be consulted in his appointment and removal.
- 5.3 Review and approve the annual Audit Plan on audit work and programme and Budget of the Internal Audit Department and ensure that the department has adequate and competent resources and that the goals and objectives of the audit function are commensurate with corporate goals.
- 5.4 Review the scope, approach and results of internal audit procedures to ensure compliance with internal auditing standards, company policies, laws and other regulatory requirements.
- 5.5 To recommend to the Board, the nomination of External Auditors after evaluating their performance and also consider their remuneration and any questions of resignation or dismissal.
- 5.6 Review annually with the External Auditors, the Audit Plan and Audit Report.
- 5.7 Review with the External Auditors the audited balance sheets and profit and loss accounts of the Company and of the Group for purposes of approval before the financial statements are presented to the Board of Directors for adoption.
- 5.8 Review the follow-up actions by Management on the weaknesses of internal accounting procedures and controls as highlighted by the Internal and External Auditors.
- 5.9 Review any significant transactions which are not within the normal course of business and any related party transactions that may arise within the Company or the Group.
- 5.10 Review Chairman's statements, interim and final financial reports including the preliminary and final announcements to the authorities, of the results of the Company and of the Group.

The above functions are in addition to such other functions as may be agreed to from time to time by the Audit Committee and the Board of Directors.

### 6. INTERNAL AUDIT DEPARTMENT

- 6.1 The Head of the Internal Audit Department shall have unrestricted access to the Committee members and report to the Committee whose scope of responsibility includes overseeing the development and the establishment of the philosophy and culture of the internal audit function.
- 6.2 In respect of routine administrative matters, the Head of Internal Audit Department shall report to the Group Chief Executive.

**FINANCIAL**  
**STATEMENTS**

**30 SEPTEMBER 1999**

## DIRECTORS' REPORT

The Directors hereby submit their report together with the audited accounts of the Group and of the Company for the financial year ended 30 September 1999.

### PRINCIPAL ACTIVITIES

The principal activities of the Company are that of investment holding and the provision of management services.

The principal activities of the subsidiary companies are as disclosed in Note 29 to the accounts.

There were no significant changes in the principal activities of the Group and of the Company during the financial year.

### RESULTS

	Group RM'000	Company RM'000
Profit after taxation	68,325	32,151
Retained profits brought forward	67,268	49,279
Profits available for appropriation	135,593	81,430
Dividends	(21,428)	(21,428)
Retained profits carried forward	114,165	60,002

### DIVIDENDS

The amount of dividends paid or declared by the Company since 30 September 1998 were as follows:

	RM'000
In respect of the financial year ended 30 September 1998	
2 <sup>nd</sup> interim dividend of 7.5 sen per share less tax at 28% paid on 23 December 1998	5,357
Final dividend of 7.5 sen per share less tax at 28% paid on 18 March 1999	5,357
In respect of the financial year ended 30 September 1999	
1 <sup>st</sup> interim dividend of 7.5 sen per share less tax at 28% paid on 30 June 1999	5,357
2 <sup>nd</sup> interim dividend of 7.5 sen per share less tax at 28% paid on 30 September 1999	5,357
3 <sup>rd</sup> interim dividend of 7.5 sen per share less tax at 28% payable on 23 December 1999	5,357

The Directors recommend a final dividend of 7.5 sen per share less tax at 28%, amounting to RM5,357,000 in respect of the current financial year.

## DIRECTORS' REPORT (Cont'd.)

### RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year other than as disclosed in the notes to the accounts.

### PROVISIONS FOR OUTSTANDING CLAIMS

Before the profit and loss accounts and balance sheets of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that there was adequate provision for incurred claims, including Incurred But Not Reported (IBNR) claims.

### BAD AND DOUBTFUL DEBTS

Before the profit and loss accounts and balance sheets of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that action had been 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.

At the date of this report, the Directors are not aware of any circumstances which would render the amounts 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.

### CURRENT ASSETS

Before the profit and loss accounts and balance sheets of the Group and of the Company were made out, the Directors took reasonable steps to ensure that any current assets which were unlikely to be realised in the ordinary course of business including their values as shown in the accounting records of the Group and of the Company have been written down to an amount which they might be expected so to realise.

At the date of this report, the Directors are not aware of any circumstances which would render the values attributed to the current assets in the accounts of the Group and of the Company misleading.

### VALUATION METHODS

At the date of this report, the Directors are not aware of any circumstances which have arisen which render adherence to the existing methods of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

## DIRECTORS' REPORT (Cont'd.)

### CONTINGENT AND OTHER LIABILITIES

At the date of this report, there does not exist:

- (a) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
- (b) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

No contingent or other liability of the Group and of the Company 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 Group and of the Company to meet their obligations as and when they fall due.

For the purpose of this paragraph, contingent or other liabilities do not include liabilities arising from contracts of insurance underwritten in the ordinary course of business of the insurance subsidiary.

### CHANGE OF CIRCUMSTANCES

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 accounts misleading.

### ITEMS OF AN UNUSUAL NATURE

The results of the operations of the Group and of the Company during the financial year were not, in the opinion of the Directors, substantially affected by any item, transaction or event of a material and unusual nature other than those disclosed in the accounts.

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, in the opinion of the Directors, 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 (Cont'd.)

### DIRECTORS

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

Chan Hua Eng  
Chan Thye Seng  
Lim Kheng Guan  
Michael Yee Kim Shing  
Y.M. Tunku Mu'tamir Bin Tunku Tan Sri Mohamed  
Dato' Abu Hanifah Noordin

In accordance with Section 129(2) of the Companies Act, 1965, Chan Hua Eng retires at the forthcoming Annual General Meeting and, being eligible, offers himself for re-appointment.

In accordance with Article 80 of the Company's Articles of Association, Lim Kheng Guan retires from the Board by rotation at the forthcoming Annual General Meeting and, being eligible, offers himself for re-election.

### DIRECTORS' BENEFITS

During and at the end of the financial year, no arrangements subsisted to which the Company or its subsidiary companies is a party with the object of enabling 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.

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the Directors as shown in Notes 15 and 18 to the accounts) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

## DIRECTORS' REPORT (Cont'd.)

## DIRECTORS' INTERESTS

According to the register of Directors' shareholdings, the interests of Directors in office at the end of the financial year in shares of the Company and its related corporations during the financial year were as follows:

The Company	Number of Ordinary Shares of RM1.00 Each			
	At 1 October 1998	Bought	Sold	At 30 September 1999
Chan Thye Seng				
– Direct interest	9,615,902	–	–	9,615,902
– Indirect interest	47,424,098	–	–	47,424,098
Michael Yee Kim Shing				
– Indirect interest	125,000	30,000	–	155,000
Lim Kheng Guan				
– Direct interest	10,000	10,000	–	20,000

Mr. Chan Thye Seng, by virtue of his 57.5% interest in the Company is deemed to have interest in the shares of all the related corporations within the Group to the extent the Company has an interest.

None of the other Directors who are in office at the end of the financial year had any interest in the shares of the Company or its related corporations during the financial year.

## AUDITORS

Arthur Andersen & Co. retire and have indicated their willingness to accept re-appointment.

Signed on behalf of the Board  
in accordance with a resolution  
of the Directors

CHAN THYE SENG

MICHAEL YEE KIM SHING

Kuala Lumpur  
7 December 1999

## STATEMENT BY DIRECTORS

We, CHAN THYE SENG and MICHAEL YEE KIM SHING, being two of the Directors of PACIFIC & ORIENT BERHAD, do hereby state that in the opinion of the Directors, the accompanying balance sheets of the Group and of the Company as at 30 September 1999 and the profit and loss accounts of the Group and of the Company and the consolidated cash flow statement for the year then ended, together with the notes thereto, are properly drawn up in accordance with applicable approved accounting standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at 30 September 1999 and of the results of the Group and of the Company and of the cash flow of the Group for the year then ended.

On behalf of the Board

CHAN THYE SENG

MICHAEL YEE KIM SHING

Kuala Lumpur  
7 December 1999

## STATUTORY DECLARATION

I, CHAN THYE SENG, the Director primarily responsible for the financial management of PACIFIC & ORIENT BERHAD, do solemnly and sincerely declare that the accompanying balance sheets of the Group and of the Company as at 30 September 1999 and the profit and loss accounts of the Group and of the Company and the consolidated cash flow statement for the year then ended, together with the notes thereto 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 CHAN THYE SENG	)	
at Kuala Lumpur in Wilayah	)	
Persekutuan on 7 December 1999	)	CHAN THYE SENG

Before me:

ABAS BIN HASAN  
Commissioner for Oaths  
Kuala Lumpur

# AUDITORS' REPORT

To the Shareholders of  
PACIFIC & ORIENT BERHAD

We have audited the accounts of PACIFIC & ORIENT BERHAD (the Company) and the consolidated accounts of PACIFIC & ORIENT BERHAD AND ITS SUBSIDIARY COMPANIES (the Group) as at 30 September 1999. These accounts are the responsibility of the Company's Directors. Our responsibility is to express an opinion on these accounts based on our audit.

We conducted our audit in accordance with approved Standards on Auditing in Malaysia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether 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 assessing the accounting principles used and significant estimates made by the Directors, as well as evaluating the overall accounts presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion,

- (a) the accounts give a true and fair view of the state of affairs of the Company and of the Group as at 30 September 1999 and of the results of the Company and of the Group and cash flows of the Group for the year then ended, and have been properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards; and
- (b) the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiary companies of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

We have considered the accounts and the auditors' report of the subsidiary company of which we have not acted as auditors; as indicated in Note 29 to the accounts, being accounts that have been included in the consolidated 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 these purposes.

The audit reports on the accounts of the subsidiary companies were not subject to any qualification or any adverse comment made under subsection (3) of Section 174 of the Act.

Arthur Andersen & Co.  
No. AF 0103  
Public Accountants

Habibah bte Abdul  
No. 1210/ 5/ 00(J)  
Partner of the Firm

7 December 1999

# BALANCE SHEETS

AS AT 30 SEPTEMBER 1999

	Note	Group		Company	
		1999 RM'000	1998 RM'000	1999 RM'000	1998 RM'000
<b>ASSETS</b>					
Fixed assets	3	34,383	31,688	2,633	1,499
Subsidiary companies	4	-	-	157,940	157,851
Investments	5	596,124	577,307	57,637	51,244
Intangible assets	6	6,755	6,881	-	-
Other assets	7	84,801	127,520	297	85
Total assets		<b>722,063</b>	<b>743,396</b>	<b>218,507</b>	<b>210,679</b>
<b>LIABILITIES</b>					
Deferred taxation	8	72	(3,247)	111	-
Hire purchase creditors	9	217	385	82	220
Other liabilities	10	383,880	440,758	14,897	17,765
Total liabilities		<b>384,169</b>	<b>437,896</b>	<b>15,090</b>	<b>17,985</b>
<b>PROVISION FOR INSURANCE LIABILITIES</b>					
Reserves for unexpired risks	11	60,134	73,759	-	-
<b>SHAREHOLDERS' FUNDS</b>					
Share capital	12	99,200	99,200	99,200	99,200
Reserves	13	178,560	132,541	104,217	93,494
		<b>277,760</b>	<b>231,741</b>	<b>203,417</b>	<b>192,694</b>
Total liabilities and shareholders' funds		<b>722,063</b>	<b>743,396</b>	<b>218,507</b>	<b>210,679</b>

The accompanying notes form an integral part of the balance sheets.

# PROFIT AND LOSS ACCOUNTS

FOR THE YEAR ENDED 30 SEPTEMBER 1999

	Note	Group		Company	
		1999 RM'000	1998 RM'000	1999 RM'000	1998 RM'000
Turnover	14	147,698	196,293	54,387	71,936
Profit before taxation	15	72,839	38,521	46,013	66,931
Taxation	22	(4,514)	(11,858)	(13,862)	(18,941)
Profit after taxation		68,325	26,663	32,151	47,990
Minority interests		-	(32)	-	-
Profit after taxation and minority interests		68,325	26,631	32,151	47,990
Retained profits brought forward		67,268	62,065	49,279	22,717
Profits available for appropriation		135,593	88,696	81,430	70,707
Dividends	23	(21,428)	(21,428)	(21,428)	(21,428)
Retained profits carried forward		114,165	67,268	60,002	49,279
Earnings per share (sen)	24	69	27		

The accompanying notes form an integral part of the profit and loss accounts.

# CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 30 SEPTEMBER 1999

	1999 RM'000	1998 RM'000
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before taxation	72,839	38,521
Adjustments for:		
Depreciation	3,523	3,154
Amortisation of premiums net of accretion of discounts	1,178	92
Amortisation of goodwill	5,000	294
Amortisation of software distribution license	337	-
Preliminary and pre-operating expenses written off	4	-
Post acquisition loss of previous associated company, now a subsidiary company	1,781	-
Profit on sale of fixed assets	(1)	(105)
Fixed assets written off	16	26
Decrease in reserves for unexpired risks	(13,625)	(38,712)
Unrealised foreign exchange (gain) / loss	(2,744)	130
(Profit) / loss on sale of investments	(6,903)	15,117
(Write back of) / provision for diminution in value of investments	(14,022)	10,951
Interest income	(45,442)	(70,667)
Dividend income	(1,036)	(1,617)
Interest expense	306	287
Proceeds from sale of investments	89,836	295,458
Purchase of investments	(146,529)	(298,932)
Operating loss before working capital changes	(55,482)	(46,003)
Changes in working capital:		
(Increase) / decrease in outstanding premium	(608)	1,930
Decrease / (increase) in due from reinsurers	656	(918)
Decrease / (increase) in stocks	238	(398)
Increase in pre-operating expenses	(8)	(6)
Decrease in debtors	300	47,554
Decrease / (increase) in loans	30,502	(42,640)
Decrease / (increase) in bankers' acceptances	35,551	(35,551)
Decrease in deposits and placements with financial institutions	22,077	50,019
(Decrease) / increase in outstanding claims	(46,478)	31,925
Decrease in due to reinsurers	(972)	(419)
Decrease in due to agents	(3)	(383)
Decrease in short term borrowing	(257)	-
Increase in bank borrowing – revolving credit	-	5,000
(Decrease) / increase in creditors	(1,539)	3,678
Cash (used in) / generated from operations	(16,023)	13,788
Interest received	52,540	56,760
Dividend received	758	1,219
Interest paid	(318)	(276)
Tax paid net of recoveries	(9,120)	(19,484)
Net cash generated from operating activities	27,837	52,007

## CONSOLIDATED CASH FLOW STATEMENT (Cont'd.)

FOR THE YEAR ENDED 30 SEPTEMBER 1999

	Note	1999 RM'000	1998 RM'000
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Acquisition of a previous associated company, now a subsidiary company net of cash acquired		(407)	-
Increase in interest in subsidiary company		-	(1,485)
Purchase of fixed assets	25	(5,874)	(5,302)
Proceeds from sale of fixed assets		5	151
Net cash used in investing activities		(6,276)	(6,636)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Dividends paid		(21,428)	(52,140)
Decrease in hire purchase creditors		(168)	(285)
Net cash used in financing activities		(21,596)	(52,425)
Net decrease in cash and cash equivalents		(35)	(7,054)
Cash and cash equivalents at beginning of year		6,168	13,222
Cash and cash equivalents at end of year		6,133	6,168

For the purpose of the consolidated cash flow statement, cash and cash equivalents consist of cash net of bank overdraft. Cash and cash equivalents included in the consolidated cash flow statement comprise the following balance sheet amounts:

	1999 RM'000	1998 RM'000
Cash and bank balances	7,288	6,919
Bank overdraft	(1,155)	(751)
	6,133	6,168

### NOTE TO THE CONSOLIDATED CASH FLOW STATEMENT

During the current financial year, the Group acquired the remaining 51% equity interest in Pacific Netlab (Thailand) Co. Ltd. (formerly known as Mesiniaga Co. Ltd.). The fair value of the assets acquired and liabilities assumed are as follows:

	RM'000
Cash and bank balances	200
Fixed assets	238
Investment	5
Intangible assets	2,472
Trade debtors	122
Other assets	81
Other liabilities	(7,027)
Goodwill on acquisition	2,735
Post acquisition loss of previous associated company, now a subsidiary company	1,781
Purchase consideration	607
Less : Cash and bank balances acquired	200
Cash flow on acquisition net of cash acquired	407

The accompanying notes form an integral part of this statement.

# NOTES TO THE ACCOUNTS

30 SEPTEMBER 1999

## 1. PRINCIPAL ACTIVITIES

The principal activities of the Company are that of investment holding and the provision of management services.

The principal activities of the subsidiary companies are as disclosed in Note 29 to the accounts.

There were no significant changes in the principal activities of the Group and of the Company during the financial year.

## 2. SIGNIFICANT ACCOUNTING POLICIES

### (a) Basis of Accounting

The accounts of the Group and of the Company have been prepared under the historical cost convention modified by the revaluation of certain fixed assets and in compliance with applicable approved accounting standards.

### (b) Basis of Consolidation

The consolidated accounts include the accounts of the Company and its subsidiary companies made up to the end of the financial year. Inter-company transactions are eliminated on consolidation and the consolidated accounts reflect external transactions only.

The total profits and losses of subsidiary companies are included in the Group profit and loss account. The proportion of the profit and loss applicable to minority shareholders is deducted in arriving at the profit attributable to the shareholders of the Company.

All the subsidiary companies are consolidated on the acquisition method of accounting except for Pacific & Orient Insurance Co. Berhad, which is consolidated on the merger method of accounting in accordance with the Malaysian Accounting Standard No. 2.

- (i) Under the acquisition method of accounting, the results of the subsidiary companies acquired or disposed of during the financial year are included from the date of acquisition or up to the date of disposal.
- (ii) Under the merger method of accounting, the results of the subsidiary companies are presented as if the merger had been effected throughout the current and previous financial years.

The cost of investment in the Company's book is recorded as the nominal value of shares issued and the difference between the carrying value of the investment and the nominal value of shares transferred is treated as merger reserve in accordance with merger relief provisions under Section 60(4) of the Companies Act, 1965.

### (c) Associated Companies

The Group treats as associated companies those companies in which a long term equity interest of between 20 and 50 percent is held and where it exercises significant influence through management participation.

## NOTES TO THE ACCOUNTS (Cont'd.)

30 SEPTEMBER 1999

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

## (c) Associated Companies (Cont'd.)

The Group's share of profits less losses of associated companies is included in the consolidated profit and loss account and the Group's interest in associated companies is stated at cost plus adjustments to reflect changes in the Group's share of the net assets of the associated companies.

## (d) Goodwill

Goodwill arising on consolidation represents the excess of acquisition cost over the fair value of the net assets of the subsidiary companies at the date of acquisition. Goodwill arising on consolidation is amortised over a period of twenty five (25) years or the expected useful life, whichever is the shorter.

## (e) Fixed Assets and Depreciation

Fixed assets are stated at cost or valuation less accumulated depreciation. Freehold land and building are stated at cost or valuation.

Depreciation is not provided on freehold land. Depreciation of other fixed assets is provided on a straight line basis calculated to write off the cost or valuation of each asset over its estimated useful life.

The principal annual rates of depreciation are:

Freehold buildings	2%
Leasehold buildings	2%
Computer equipment	10 % – 20%
Motor vehicles	20%
Office equipment, furniture, fixtures and fittings	10 % – 20%

## (f) Investments

(i) Investment properties represent freehold and leasehold land and buildings that are held for their investment potential and rental income. Investment properties are stated at cost less provision for any permanent diminution in value.

(ii) Long term quoted investments are stated at cost less provision for any permanent diminution in value.

(iii) Investment securities are securities that are acquired and held for yield or capital growth, and are usually held to maturity date.

Malaysian Government Securities, Cagamas bonds and Islamic corporate bonds are stated at cost adjusted for the amortisation of premiums or accretion of discounts calculated from date of purchase on a straight line basis to maturity date.

Quoted investments are stated at the lower of cost and market value determined on an aggregate basis.

Unquoted investments are stated at cost less provision for any permanent diminution in value.

(iv) Investments in subsidiary companies are stated at cost and written down when the Directors consider that there is a permanent diminution in the value of such investments.

## NOTES TO THE ACCOUNTS (Cont'd.)

30 SEPTEMBER 1999

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

#### (g) Bad and Doubtful Debts

Known bad debts in the insurance subsidiary company are written off and specific provisions are made for any premiums including agents' balances or reinsurance balances which remain outstanding for more than six months from the date they become payable and for all debts considered doubtful.

For other companies, specific provision is made for known doubtful debts which have been individually reviewed and specifically identified as doubtful.

General provision is made to cover possible losses not specifically identified.

#### (h) Income Recognition

- (i) Interest income on loans are recognised on an accrual basis except where a loan is considered non-performing, i.e. where repayments are in arrears for more than six months, in which case recognition of such interest is suspended. Subsequent to suspension, interest is recognised on the receipt basis until all arrears have been paid.
- (ii) Rental income is recognised on an accrual basis except where default in payment of rent has already occurred and rent due remains outstanding for over six months, in which case recognition of rental income is suspended. Subsequent to suspension, income is recognised on the receipt basis until all arrears have been paid.
- (iii) Interest income from money market instruments and deposits and placements with financial institutions are recognised on an accrual basis.
- (iv) Dividends from subsidiary companies and other investments are recognised when declared or proposed as appropriate.
- (v) Revenue from computer projects are recognised on progress billings based on the percentage of completion. Maintenance contracts are recognised upon completion of services rendered. Sales of hardware are recognised upon delivery of equipment.

#### (i) General Insurance Underwriting Results

The general insurance underwriting results are determined for each class of business after taking into account reinsurance, reserves for unexpired risks, claims incurred and commissions.

##### Premium Income

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

##### Reserves for Unexpired Risks

In determining the Reserves for Unexpired Risks (RUR) at balance sheet date, the methods prescribed by the Director General of Insurance under guidelines JPI/GPI 3 and circular JPI 7/1994 are used:

- 25% method for marine cargo, aviation cargo and transit
- 1/24th method for fire, engineering and marine hull with a deduction of 15%, bonds and motor with a deduction of 10% and all other classes of business with a deduction of 20% or actual commission incurred, whichever is lower
- 1/8th method for overseas inward treaty business with a deduction of 20%

**NOTES TO THE ACCOUNTS** (Cont'd.)

30 SEPTEMBER 1999

**2. SIGNIFICANT ACCOUNTING POLICIES** (Cont'd.)**(i) General Insurance Underwriting Results** (Cont'd.)**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 at balance sheet date on the basis of the actual claims incurred development pattern.

**Inward Treaty Business**

Premium received, commission and claims paid or payable on inward treaty business are accounted for when notified by the ceding companies or brokers concerned.

**(j) Currency Conversion and Translation**

Transactions in foreign currencies during the year are converted into Ringgit Malaysia at rates of exchange approximating those ruling at the transaction dates. Foreign currency monetary assets and liabilities at the balance sheet date are translated into Ringgit Malaysia at rates of exchange approximating those ruling at that date. All exchange gains or losses are dealt with in the profit and loss accounts.

The accounts of foreign subsidiary companies have been translated into Ringgit Malaysia at the rate of exchange ruling at the balance sheet date. On consolidation, the differences arising from such translation are taken to the exchange adjustment reserve.

**(k) Preliminary and Pre-operating Expenses**

Preliminary and pre-operating expenses comprise expenditure carried forward for dormant subsidiary companies and are stated at cost. These expenses will be written off when deemed appropriate.

**(l) Software Distribution Licence**

Software distribution licence is amortised over a period of ten years.

**(m) Deferred Taxation**

Deferred taxation is provided under the liability method in respect of all material timing differences except where there is reasonable evidence that these timing differences will not reverse in the foreseeable future.

Timing differences that give rise to deferred tax benefits are recognised only where there is a reasonable expectation of realisation.

**(n) Hire Purchase and Leased Assets**

The cost of assets acquired under hire purchase and finance lease agreements are capitalised. Outstanding obligations due under hire purchase and lease agreements after deducting finance expenses are included as liabilities in the accounts. The related finance expenses are charged to the profit and loss accounts over the period of the respective agreements.

**(o) Stocks**

Stocks are stated at the lower of cost and net realisable value, after making due allowance for any obsolete items, and are determined on a first-in, first-out or average cost basis as applicable.

## NOTES TO THE ACCOUNTS (Cont'd.)

30 SEPTEMBER 1999

## 3. FIXED ASSETS

Group	Valuation		Cost						
	Freehold land RM'000	Freehold building RM'000	Freehold land RM'000	Freehold buildings RM'000	Leasehold buildings RM'000	Computer equipment RM'000	Motor vehicles RM'000	Office equipment, furniture, fixtures and fittings RM'000	Total RM'000
<b>Valuation / Cost:</b>									
Beginning of year	240	1,360	2,863	2,007	13,129	16,061	3,738	5,866	45,264
Additions	-	-	-	24	473	1,879	190	3,458	6,024
From acquisition of a previous associated company	-	-	-	-	-	150	170	63	383
Disposals/written off	-	-	-	-	-	(2)	-	(43)	(45)
Exchange differences	-	-	-	-	-	(16)	(17)	(6)	(39)
End of year	240	1,360	2,863	2,031	13,602	18,072	4,081	9,338	51,587
<b>Accumulated Depreciation:</b>									
Beginning of year	-	272	-	42	1,272	6,452	2,169	3,369	13,576
Charge for the year	-	27	-	24	316	1,784	679	693	3,523
From acquisition of a previous associated company :									
- at acquisition date	-	-	-	-	-	41	53	27	121
- charge for the year	-	-	-	-	-	9	11	4	24
Disposals/written off	-	-	-	-	-	-	-	(24)	(24)
Exchange differences	-	-	-	-	-	(6)	(7)	(3)	(16)
End of year	-	299	-	66	1,588	8,280	2,905	4,066	17,204
<b>Net Book Value:</b>									
End of year	240	1,061	2,863	1,965	12,014	9,792	1,176	5,272	34,383
Beginning of year	240	1,088	2,863	1,965	11,857	9,609	1,569	2,497	31,688
Depreciation charge for the year ended 30 September 1998	-	27	-	24	288	1,580	686	549	3,154

## NOTES TO THE ACCOUNTS (Cont'd.)

30 SEPTEMBER 1999

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

## Company

	Cost			Total RM'000
	Computer equipment RM'000	Motor vehicles RM'000	Office equipment, furniture, fixtures and fittings RM'000	
<b>Cost:</b>				
Beginning of year	246	1,793	461	2,500
Additions	25	52	1,547	1,624
End of year	271	1,845	2,008	4,124
<b>Accumulated Depreciation:</b>				
Beginning of year	31	897	73	1,001
Charge for the year	26	366	98	490
End of year	57	1,263	171	1,491
<b>Net Book Value:</b>				
End of year	214	582	1,837	2,633
Beginning of year	215	896	388	1,499
Depreciation charge for the year ended 30 September 1998	20	359	45	424

The net book value of the Group's and of the Company's fixed assets acquired under hire purchase and lease agreements amounted to RM782,000 (1998: RM848,000) and RM311,000 (1998: RM482,000) respectively.

Included in the fixed assets of the Group are the following cost of fully depreciated assets which are still in use:

	Group	
	1999 RM'000	1998 RM'000
Computer equipment	732	14
Motor vehicles	607	350
Office equipment, furniture, fixtures and fittings	1,936	1,295
	3,275	1,659

The freehold land and building of the Group were revalued in 1984 based on an appraisal by a firm of professional valuers using an open market value basis. There was no subsequent revaluation performed since then and as permitted under the transitional provision of International Accounting Standard 16 (Revised), Property, Plant and Equipment, these assets are stated at their 1984 valuation less accumulated depreciation.

Certain freehold land and buildings of the subsidiary companies have been pledged to a licensed bank for an overdraft facility granted to one of the said subsidiary companies.

## NOTES TO THE ACCOUNTS (Cont'd.)

30 SEPTEMBER 1999

## 4. SUBSIDIARY COMPANIES

	Company	
	1999 RM'000	1998 RM'000
Unquoted shares – at cost	86,135	85,334
Due from subsidiary companies	75,825	72,517
	161,960	157,851
Provision for diminution in value in subsidiary companies	(4,020)	-
	157,940	157,851

Included in the amount due from subsidiary companies is net dividend receivable from a subsidiary company of RM35,000,000 (1998: RM20,000,000).

## 5. INVESTMENTS

	Group		Company	
	1999 Cost RM'000	1998 Cost RM'000	1999 Cost RM'000	1998 Cost RM'000
<b>Investment in an associated company</b>				
Cost of investment	-	203	-	-
Share of loss in an associated company	-	(203)	-	-
	-	-	-	-
<b>Investment properties</b>				
Freehold buildings	1,159	1,159	-	-
Leasehold building	730	730	-	-
	1,889	1,889	-	-
<b>Long term investment in quoted securities</b>				
Shares in Malaysia	48,802	46,305	46,789	44,292
<b>Investment securities</b>				
Money market instruments:				
Malaysian Government Securities	83,448	105,158	-	-
Amortisation of premiums	(948)	(560)	-	-
Accretion of discounts	-	100	-	-
	82,500	104,698	-	-

## NOTES TO THE ACCOUNTS (Cont'd.)

30 SEPTEMBER 1999

## 5. INVESTMENTS (Cont'd.)

	Group		Company	
	1999 Cost RM'000	1998 Cost RM'000	1999 Cost RM'000	1998 Cost RM'000
<b>Investment securities (Cont'd.)</b>				
Malaysian Semi-Government Securities	400	600	-	-
Cagamas bonds	65,133	26,046	-	-
Amortisation of premium	(321)	(5)	-	-
Accretion of discounts	9	13	-	-
	<b>64,821</b>	<b>26,054</b>	-	-
Islamic corporate bonds	9,939	-	-	-
Accretion of discounts	3	-	-	-
	<b>9,942</b>	-	-	-
Convertible loan stocks	324	-	-	-
Bankers' acceptances	-	35,551	-	-
Quoted securities:				
Shares in Malaysia	72,217	41,832	-	-
Provision for diminution in value	-	(14,022)	-	-
	<b>72,217</b>	<b>27,810</b>	-	-
Warrants in Malaysia	2,998	97	-	-
Unquoted securities:				
Shares in Malaysia	56	56	-	-
	<b>233,258</b>	<b>194,866</b>	-	-
<b>Deposits and placements with financial institutions</b>				
Licensed banks	191,990	100,049	5,448	-
Licensed finance companies	119,207	207,046	4,422	800
Other licensed financial institutions	978	27,152	978	6,152
	<b>312,175</b>	<b>334,247</b>	<b>10,848</b>	<b>6,952</b>
Total investments	<b>596,124</b>	<b>577,307</b>	<b>57,637</b>	<b>51,244</b>
<b>Market value</b>				
Malaysian Government Securities	85,436	104,787	-	-
Cagamas bonds	66,561	25,934	-	-
Islamic corporate bonds	9,884	-	-	-
Shares quoted in Malaysia	114,240	46,542	37,443	18,728
Warrants quoted in Malaysia	3,438	554	-	-

## NOTES TO THE ACCOUNTS (Cont'd.)

30 SEPTEMBER 1999

## 5. INVESTMENTS (Cont'd.)

In 1998, the investment in an associated company represented 49% equity interest in Mesiniaga Co. Ltd., (now known as Pacific Netlab (Thailand) Co. Ltd.), a company incorporated in Thailand, principally engaged in the provision of computer software and systems. The Group's share of loss in this associated company for 1998 of RM798,000 had been set off to the extent of the cost of investment in this company. During the current financial year, this associated company became a wholly owned subsidiary company of the Group pursuant to the additional acquisition of 51% equity interest in Pacific Netlab (Thailand) Co. Ltd.

Fixed deposits of the Group amounting to RM1,249,000 (1998: RM884,000) represent deposits given by the insureds as collateral for bond guarantees granted by the insurance subsidiary company to third parties.

## 6. INTANGIBLE ASSETS

	Group	
	1999	1998
	RM'000	RM'000
Goodwill on consolidation:		
Goodwill on acquisition of subsidiary companies	10,104	7,368
Amortisation	(5,516)	(515)
At end of year	<u>4,588</u>	<u>6,853</u>
Preliminary and pre-operating expenses:		
At beginning of year	28	22
Additions	12	6
Written off	40	28
At end of year	<u>(4)</u>	<u>-</u>
At end of year	<u>36</u>	<u>28</u>
Software Distribution Licence :		
Acquired during the year	2,468	-
Amortisation	(337)	-
At end of year	<u>2,131</u>	<u>-</u>
	<u>6,755</u>	<u>6,881</u>

Included in the pre-operating expenses is audit fee of RM5,000 (1998: RM5,000).

## NOTES TO THE ACCOUNTS (Cont'd.)

30 SEPTEMBER 1999

## 7. OTHER ASSETS

	Group		Company	
	1999 RM'000	1998 RM'000	1999 RM'000	1998 RM'000
Outstanding premium including agents'/brokers' balances	6,764	6,311	-	-
Provision for doubtful debts	(2,021)	(2,176)	-	-
	4,743	4,135	-	-
Due from reinsurers/ceding companies and co-insurers	3,136	5,241	-	-
Provision for doubtful debts	(1,980)	(3,429)	-	-
	1,156	1,812	-	-
Stocks – goods for resale	252	490	-	-
Trade debtors	1,811	5,565	-	-
Other debtors	4,051	3,890	189	36
Accrued income	5,110	4,939	25	9
Cash and bank balances	7,288	6,919	83	40
	18,512	21,803	297	85
Loans:				
– Bank guaranteed promissory note	-	5,121	-	-
– Staff housing loan	-	14	-	-
– Loan to associated company	-	1,453	-	-
– Other secured loans	60,368	93,157	-	-
– Unsecured loan	22	25	-	-
	60,390	99,770	-	-
Total	84,801	127,520	297	85
Loans				
Receivable within 12 months	60,381	79,741	-	-
Receivable after 12 months	9	20,029	-	-
	60,390	99,770	-	-

The unsecured loan to an associated company in the previous financial year was granted by a subsidiary company whose business is that of money lending, at an interest of 14% per annum.

## 8. DEFERRED TAXATION

	Group		Company	
	1999 RM'000	1998 RM'000	1999 RM'000	1998 RM'000
At beginning of year	(3,247)	(2,104)	-	103
Transferred from / (to) profit and loss accounts	3,319	(1,143)	111	(103)
At end of year	72	(3,247)	111	-

## NOTES TO THE ACCOUNTS (Cont'd.)

30 SEPTEMBER 1999

## 8. DEFERRED TAXATION (Cont'd.)

	Group		Company	
	1999 RM'000	1998 RM'000	1999 RM'000	1998 RM'000
This has been based on timing differences on:				
Depreciation and capital allowances on fixed assets	6,312	6,904	(502)	-
Basis for computing reserves for unexpired risks	(7,228)	(4,478)	-	-
Provision for diminution in value of investments	-	(14,022)	-	-
Others	1,172	-	898	-
Timing differences on which deferred taxation is provided	256	(11,596)	396	-

## 9. HIRE PURCHASE CREDITORS

	Group		Company	
	1999 RM'000	1998 RM'000	1999 RM'000	1998 RM'000
Hire purchase creditors	673	849	327	511
Interest-in-suspense	(155)	(196)	(77)	(123)
	518	653	250	388
Amount due within 12 months (Note 10)	(301)	(268)	(168)	(168)
	217	385	82	220

## 10. OTHER LIABILITIES

	Group		Company	
	1999 RM'000	1998 RM'000	1999 RM'000	1998 RM'000
Provision for outstanding claims Recoverable from reinsurers	396,201 (46,229)	448,217 (51,767)	-	-
Net outstanding claims	349,972	396,450	-	-
Due to reinsurers / ceding companies and co-insurers	3,734	4,706	-	-
Due to agents / brokers and insureds	710	713	-	-
Hire purchase creditors (Note 9)	301	268	168	168
Due to stockbrokers	31	3,711	-	2,779
Bank overdraft	1,155	751	-	-
Bank borrowing – revolving credit	5,000	5,000	-	-
Trade creditors	559	749	-	-
Other creditors	7,130	4,906	290	255
Provision for taxation	4,574	12,790	3,725	3,849
3 <sup>rd</sup> interim dividend (1998: 2 <sup>nd</sup> interim dividend)	5,357	5,357	5,357	5,357
Proposed final dividend	5,357	5,357	5,357	5,357
	383,880	440,758	14,897	17,765

## NOTES TO THE ACCOUNTS (Cont'd.)

30 SEPTEMBER 1999

## 10. OTHER LIABILITIES (Cont'd.)

Included in the provision for outstanding claims is an amount of RM162,297,000 (1998: RM205,527,000) in respect of net provision for Incurred But Not Reported (IBNR) claims as determined by an independent professional actuary.

The bank overdraft is secured by a charge over the freehold properties of subsidiary companies. The bank overdraft bears interest at 2.5% (1998: 2% to 3%) above the base lending rate.

The revolving credit facility is unsecured and bears interest at 1.5% (1998: 1.5%) above the cost of funds.

## 11. RESERVES FOR UNEXPIRED RISKS

	Group	
	1999 RM'000	1998 RM'000
At beginning of year	73,759	112,471
Decrease in reserves for unexpired risks (Note 16)	(13,625)	(38,712)
At end of year	60,134	73,759

## 12. SHARE CAPITAL

	Group / Company	
	1999 RM'000	1998 RM'000
Authorised: Shares of RM1.00 each	200,000	200,000
Issued and fully paid: Ordinary shares of RM1.00 each	99,200	99,200

## 13. RESERVES

	Group		Company	
	1999 RM'000	1998 RM'000	1999 RM'000	1998 RM'000
Non-distributable:				
Assets revaluation reserve	2	2	-	-
Exchange adjustment reserve				
At beginning of year	287	94	-	-
Translation difference	(878)	193	-	-
At end of year	(591)	287	-	-
Share premium	44,215	44,215	44,215	44,215
Merger reserve	20,769	20,769	-	-
	64,395	65,273	44,215	44,215
Distributable:				
Retained profits	114,165	67,268	60,002	49,279
	178,560	132,541	104,217	93,494

The assets revaluation reserve cannot be distributed as cash dividends until after realisation of the assets concerned.

## NOTES TO THE ACCOUNTS (Cont'd.)

30 SEPTEMBER 1999

## 14. TURNOVER

Turnover of the Group comprises gross premium received during the financial year net of premiums returned and ceded, dividends, interest and income received from the provision of information technology services and sales of goods net of sales returns.

Turnover of the Company represents dividends, interest and management fees from subsidiary companies.

The cost of sales incurred in relation to the Group's turnover derived from the provision of information technology services and sales of goods was RM2,518,000 (1998: RM2,159,000). The cost of sales consists of goods purchased for resale and related costs.

## 15. PROFIT BEFORE TAXATION

	Note	Group		Company	
		1999 RM'000	1998 RM'000	1999 RM'000	1998 RM'000
(a) Profit before taxation is determined as follows:					
Insurance subsidiary company	16	78,386	24,780	-	-
Others		45,630	67,905	46,013	66,931
Before consolidation		124,016	92,685	46,013	66,931
Consolidation adjustments		(51,177)	(54,164)	-	-
After consolidation		72,839	38,521	46,013	66,931
(b) Profit before taxation is stated after charging:					
Auditors' remuneration		121	99	17	12
Directors' remuneration*:					
Directors of the Company					
- fees		233	224	105	105
- emoluments		492	535	492	535
Directors of subsidiary companies					
- fees		42	42	-	-
- emoluments		646	649	-	-
Depreciation:					
- previous associated company		24	-	-	-
- others		3,523	3,154	490	424
Interest expense:					
- previous associated company		73	-	-	-
- others		306	287	56	54
Fixed assets written off		16	26	-	-
Provision for diminution in value in subsidiary companies		-	-	4,020	-
Amortisation of goodwill		5,000	294	-	-

## NOTES TO THE ACCOUNTS (Cont'd.)

30 SEPTEMBER 1999

## 15. PROFIT BEFORE TAXATION (Cont'd.)

	Note	Group		Company	
		1999 RM'000	1998 RM'000	1999 RM'000	1998 RM'000
Amortisation of software distribution licence		337	-	-	-
Preliminary and pre-operating expenses written off:					
– previous associated company		2	-	-	-
– others		4	-	-	-
Bad debt written off		1	3	-	-
Rental expense		441	376	136	6
Office rental payable to subsidiary company		-	-	245	254
and crediting:					
Interest income:					
– previous associated company		7	-	-	-
– others		45,442	70,667	4,407	15,413
Gross dividends from:					
– shares quoted in Malaysia		1,036	1,617	505	414
– subsidiary company		-	-	48,611	55,556
Rental income		53	29	-	-
Rental income from subsidiary companies		-	-	94	-
Gain on sale of fixed assets		1	105	-	-
Gain / (loss) on foreign exchange		2,604	(91)	898	(4)
Bad debts recovered		43	7	-	-
Write back of / (provision for) doubtful debts		1,596	(859)	-	-
Profit / (loss) on sale of investments		6,950	(15,117)	-	-
Management fee from subsidiary companies		-	-	863	553

\* The estimated monetary value of other benefits not included in the above received by the Directors of the Company was RM34,000 (1998: RM34,000).

## NOTES TO THE ACCOUNTS (Cont'd.)

30 SEPTEMBER 1999

## 16. PROFIT BEFORE TAXATION – INSURANCE SUBSIDIARY COMPANY

## Revenue Account

	Note	Group	
		1999 RM'000	1998 RM'000
<b>Insurance fund</b>			
Gross premium		151,107	200,425
Less: Reinsurance		(18,811)	(27,221)
Net premium		132,296	173,204
Decrease in reserves for unexpired risks (Note 11)		13,625	38,712
Earned premium		145,921	211,916
Net claims incurred	17	(86,942)	(165,032)
Net commission		(13,238)	(15,011)
		(100,180)	(180,043)
Underwriting surplus before management expenses		45,741	31,873
Management expenses	18	(21,641)	(28,011)
Underwriting surplus		24,100	3,862
Investment income	19	32,909	49,993
Bad and doubtful debts	20	1,638	(846)
Other income / (expenditure)	21	18,018	(30,773)
Surplus from insurance fund		76,665	22,236
<b>Non-insurance fund</b>			
Management expenses	18	(11)	(8)
Investment income	19	1,732	2,552
		78,386	24,780

## 17. NET CLAIMS INCURRED

	Group	
	1999 RM'000	1998 RM'000
Gross claims paid less salvage	151,172	149,509
Reinsurances recoveries	(17,752)	(16,402)
Net claims paid	133,420	133,107
Net outstanding claims:		
At end of year	349,972	396,450
At beginning of year	(396,450)	(364,525)
	86,942	165,032

## NOTES TO THE ACCOUNTS (Cont'd.)

30 SEPTEMBER 1999

## 18. MANAGEMENT EXPENSES

	Group	
	1999 RM'000	1998 RM'000
<b>Insurance fund</b>		
Staff salaries and related expenses	12,247	12,891
Directors' remuneration *:		
– fees	102	101
– emoluments	236	349
Auditors' remuneration	70	70
Rental expense	277	316
Interest expense	51	116
Depreciation	2,142	2,005
Other expenses	6,516	12,163
	<b>21,641</b>	<b>28,011</b>
<b>Non-insurance fund</b>		
Staff salaries and related expenses	10	7
Other expenses	1	1
	<b>11</b>	<b>8</b>

\* The estimated monetary value of other benefits not included in the above received by a Director was RM15,000 (1998: RM15,000).

## 19. INVESTMENT INCOME

	Group	
	1999 RM'000	1998 RM'000
<b>Insurance fund</b>		
Interest income from:		
Malaysian Government Securities	7,701	4,326
Cagamas bonds and notes	3,942	5,978
Bankers' acceptances	2,567	5,385
Malaysian Semi-Government Securities	40	57
Islamic and other corporate bonds	291	26
Deposits and placements with financial institutions	14,337	28,404
Staff housing loan	-	1
Other secured loans	2,993	4,129
Gross dividends received from:		
Shares quoted in Malaysia	531	1,203
Rental income	318	311
MMIP investment income	189	173
	<b>32,909</b>	<b>49,993</b>
<b>Non-insurance fund</b>		
Interest income from:		
Deposits and placements with financial institutions	1,732	2,552

## NOTES TO THE ACCOUNTS (Cont'd.)

30 SEPTEMBER 1999

## 20. BAD AND DOUBTFUL DEBTS

	Group	
	1999 RM'000	1998 RM'000
<b>Insurance fund</b>		
Bad debts written off	1	3
Bad debts recovered	(43)	(7)
(Write back of) / provision for doubtful debts	(1,596)	850
	<u>(1,638)</u>	<u>846</u>

## 21. OTHER INCOME / (EXPENDITURE)

	Group	
	1999 RM'000	1998 RM'000
<b>Insurance fund</b>		
Loss on sale of fixed assets	(7)	-
Loss on foreign exchange	(17)	(6)
Profit / (loss) on sale of investments	6,903	(17,126)
Gain on disposal of bankers' acceptances	47	-
Amortisation of premiums net of accretion of discounts	(1,178)	(92)
Write back of / (provision for) diminution in value of investments	14,022	(10,951)
Fixed assets written off	(12)	(26)
Sundry income	294	312
Sundry expenditure	(2,034)	(2,884)
	<u>18,018</u>	<u>(30,773)</u>

## 22. TAXATION

	Group		Company	
	1999 RM'000	1998 RM'000	1999 RM'000	1998 RM'000
Current year's provision				
- Malaysian tax	290	12,852	13,751	19,044
- Foreign tax	461	1	-	-
Transfer to / (from) deferred taxation	3,319	(1,143)	111	(103)
	<u>4,070</u>	<u>11,710</u>	<u>13,862</u>	<u>18,941</u>
Under provision of taxation in prior years	444	148	-	-
	<u>4,514</u>	<u>11,858</u>	<u>13,862</u>	<u>18,941</u>

## NOTES TO THE ACCOUNTS (Cont'd.)

30 SEPTEMBER 1999

**22. TAXATION (Cont'd.)**

The current financial year's provision of the Company relates only to dividend income which is subject to tax. No provision for taxation on other income has been made as the tax payable on chargeable income of the Company is waived pursuant to the Income Tax (Amendment) Act 1999. The estimated chargeable income of the Company of RM977,000 on which tax is waived shall be credited to an exempt account from which tax exempt dividends can be declared, subject to agreement with the Inland Revenue Board.

As at 30 September 1999, the Company has unabsorbed capital allowances amounting to approximately RM1,005,000 (1998: RM680,000), which can be used to offset future taxable profits arising from business income subject to agreement with the Inland Revenue Board.

As at 30 September 1999, the Company has sufficient tax credit under Section 108 of the Income Tax Act, 1967 and sufficient balance in the exempt account to declare dividends out of its entire distributable reserves without incurring additional tax liabilities.

In 1998, the effective rate of taxation of the Company was higher than the statutory rate of taxation due to certain expenses and provisions which were not deductible for income tax purposes.

**23. DIVIDENDS**

	Group		Company	
	1999 RM'000	1998 RM'000	1999 RM'000	1998 RM'000
1 <sup>st</sup> interim dividend of 7.5 sen per share less tax at 28% (1998: 15 sen per share less tax at 28%)	5,357	10,714	5,357	10,714
2 <sup>nd</sup> interim dividend of 7.5 sen per share less tax at 28% (1998: 7.5 sen per share less tax at 28%)	5,357	5,357	5,357	5,357
3 <sup>rd</sup> interim dividend of 7.5 sen per share less tax at 28% (1998: Nil)	5,357	-	5,357	-
Proposed final dividend of 7.5 sen per share less tax at 28% (1998: 7.5 sen per share less tax at 28%)	5,357	5,357	5,357	5,357
	<b>21,428</b>	<b>21,428</b>	<b>21,428</b>	<b>21,428</b>

**24. EARNINGS PER SHARE (sen)**

The earnings per share have been calculated based on the profit after taxation of RM68,325,000 (1998: RM26,631,000) and on 99,200,000 (1998: 99,200,000) ordinary shares in issue during the financial year.

**25. PURCHASE OF FIXED ASSETS**

During the year, the Group acquired fixed assets with an aggregate cost of RM6,024,000 of which RM150,000 was acquired by means of hire purchase financing and the balance was acquired by cash.

## NOTES TO THE ACCOUNTS (Cont'd.)

30 SEPTEMBER 1999

## 26. SIGNIFICANT RELATED PARTY TRANSACTIONS

	Company	
	1999 RM'000	1998 RM'000
Purchase of investments from subsidiary company	-	4,440
Purchases from subsidiary companies:		
– fixed assets	85	57
– others	87	5
Disposal of fixed assets to subsidiary company	-	(14)
Maintenance income from subsidiary companies	195	-

## 27. COMMITMENTS AND CONTINGENCIES

## (a) Capital commitment

	Group	
	1999 RM'000	1998 RM'000
Authorised and contracted for	553	-

## (b) Contingent liabilities

	Company	
	1999 RM'000	1998 RM'000
Guarantees given to financial institutions for facilities extended to subsidiary companies – unsecured	6,246	5,762

## (c) Other commitments and contingencies

The Group may be required to contribute up to a maximum amount of RM1,449,000 (1998: RM1,900,000) in the following financial year to the Insurance Guarantee Scheme Fund.

In the normal course of business, the Group makes various commitments and incurs certain contingent liabilities on behalf of its customers. No material losses are anticipated as a result of these transactions.

Details of other commitments and contingencies are as follows:

	Group	
	1999 RM'000	1998 RM'000
Performance bonds	6,258	4,195
Advance payment guarantees	2,447	2,447
Tender bonds	12	12
	8,717	6,654

## NOTES TO THE ACCOUNTS (Cont'd.)

30 SEPTEMBER 1999

## 28. SEGMENT REPORTING

## Analysis by activity:

	Turnover		Profit / (loss) before taxation		Total assets employed	
	1999 RM'000	1998 RM'000	1999 RM'000	1998 RM'000	1999 RM'000	1998 RM'000
General insurance business	132,296	173,204	78,386	24,780	598,205	608,414
Investment holding	54,387	71,936	46,013	66,931	218,507	210,679
Information technology	5,081	11,043	(7,373)	(1,762)	24,783	23,112
Others	10,449	16,270	6,990	2,736	41,975	54,494
	202,213	272,453	124,016	92,685	883,470	896,699
Consolidation adjustments	(54,515)	(76,160)	(51,177)	(54,164)	(161,407)	(153,303)
	147,698	196,293	72,839	38,521	722,063	743,396

## Analysis by geographical location:

	Turnover		Profit / (loss) before taxation		Total assets employed	
	1999 RM'000	1998 RM'000	1999 RM'000	1998 RM'000	1999 RM'000	1998 RM'000
Malaysia	201,138	269,568	127,799	94,124	876,569	889,676
United States of America	720	2,885	(2,691)	(1,439)	4,203	7,023
Thailand	355	-	(1,092)	-	2,698	-
	202,213	272,453	124,016	92,685	883,470	896,699
Consolidation adjustments	(54,515)	(76,160)	(51,177)	(54,164)	(161,407)	(153,303)
	147,698	196,293	72,839	38,521	722,063	743,396

## NOTES TO THE ACCOUNTS (Cont'd.)

30 SEPTEMBER 1999

## 29. SUBSIDIARY COMPANIES

The subsidiary companies are:

Incorporated in Malaysia	Effective Interests		Principal activities
	1999 %	1998 %	
Pacific & Orient Insurance Co. Berhad	100	100	General insurance business
P & O Technologies Sdn. Bhd. (formerly known as Pacific & Orient Information Technology Sdn. Bhd.)	100	100	Provision of information technology services and sale of information technology equipment
Pacific & Orient Distribution Sdn. Bhd.	100	100	Distribution of consumer products
P & O Capital Sdn. Bhd.	100	100	Money lending
Pacific Netlab Sdn. Bhd. (formerly known as Power Computer Supplies (M) Sdn. Bhd.)	100	100	Dealing in computer hardware, software and systems
P & O Resources Sdn. Bhd. (formerly known as Power Computer Services (M) Sdn. Bhd.)	100	100	Dealing in computer hardware, software and systems
Lembah Megah Sdn. Bhd.	100	100	Dormant
Berkat Ibarat Sdn. Bhd.	100	100	Dormant
Seni Perkasa Sdn. Bhd.	100	100	Dormant
Seni Bayu Sdn. Bhd.	100	100	Dormant
Pacific & Orient – F.I.H. Sdn. Bhd.	100	100	Dormant
Seni Sempurna Sdn. Bhd.	100	100	Dormant
<b>Incorporated in the United States of America</b>			
Pacific Research & Development Corp. *	100	100	Information technology services, research and development and trading activities
<b>Subsidiary company of Pacific Netlab Sdn. Bhd.</b>			
<b>Incorporated in Thailand</b>			
Pacific Netlab (Thailand) Co. Ltd. (formerly known as Mesiniaga Co. Ltd.)	100	49	Dealing in computer software and systems

\* Subsidiary company not audited by Arthur Andersen &amp; Co.

## 30. COMPARATIVE FIGURES

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

## 31. CURRENCY

All amounts are stated in Ringgit Malaysia.

# LIST OF GROUP'S PROPERTIES

AS AT 30 SEPTEMBER 1999

No.	Location	Gross build-up area (Land area) sq. ft.	Tenure	Description/ Existing use	Net Book Value @ 30/9/1999 RM'000	Approximate Age of Building (Years)
<b>MALAYSIA</b>						
1.	P.N. 7383 Lot 1703 Section 46 and P.N. 7382 Lot 1700 Section 46  10 <sup>th</sup> Floor Wisma Bumi Raya No. 10, Jalan Raja Laut 50350 Kuala Lumpur Wilayah Persekutuan	10,590	Leasehold expiring 8.4.2074	Office	4,034	14
2.	Lot No. P.T. 7 Section 46 and Lot No. P.T. 8 Section 47 Title Nos. H.S.(D) 814 and H.S.(D) 815 Town and District of Kuala Lumpur  11 <sup>th</sup> and 12 <sup>th</sup> Floor Wisma Bumi Raya No. 10, Jalan Raja Laut 50350 Kuala Lumpur Wilayah Persekutuan	11 <sup>th</sup> Floor 10,589  12 <sup>th</sup> Floor 10,589	Leasehold expiring 8.4.2074	Office	6,259	14
3.	Lot No. 38041 Mukim of Kuala Lumpur District and State of Wilayah Persekutuan  Unit 171-12, 12 <sup>th</sup> Floor Sri Wangsaria Condominium Jalan Ara, Bangsar Baru 59100 Kuala Lumpur Wilayah Persekutuan	1,757	Freehold	Condominium/ Residential	453	14
4.	Lot No. 262 Mukim of Ampang District and State of Wilayah Persekutuan  Unit 15-A, 15 <sup>th</sup> Floor GCB Court No. 63, Jalan Ampang 60000 Kuala Lumpur Wilayah Persekutuan	1,596	Freehold	Condominium/ Residential	398	16
5.	Grant Nos. 7486, 7491, 1362 and C.T. 1226 1438, 323, 322 & 2145 Town of Seremban  Shoplot No. G.07 Ground Floor Wisma Punca Emas Jalan Yam Tuan 70000 Seremban Negeri Sembilan Darul Khusus	312.5	Freehold	Shop-lot	158	20

## LIST OF GROUP'S PROPERTIES (Cont'd.)

AS AT 30 SEPTEMBER 1999

No.	Location	Gross build-up area (Land area) sq. ft.	Tenure	Description/ Existing use	Net Book Value @ 30/9/1999 RM'000	Approximate Age of Building (Years)
6.	Lot No. 36 (formerly known as Private Lot No. 33), Block E Part of Lot No. 281 Section 48 Kuching Town Land District  Taman Sri Sarawak Mall Jalan Padungan 93100 Kuching, Sarawak	3,878	Leasehold expiring 11.8.2771	4 storey shop-house	730	15
7.	Lot No. 167 Title No. H.S. (D) 4665 Town Area XXXIX (39) District of Melaka Tengah Melaka  No. 288, 288A and 288B Taman Melaka Raya Off Jalan Taman 75000 Melaka	3,776 (1,600)	Leasehold expiring 19.8.2075	3 storey shop-house	236	15
8.	Lot No. 3.01 GL Nos. 20325 & 20326  Lot 3.1, 3 <sup>rd</sup> Floor Wisma Kota Emas Jalan Dato' Tahwil Azhar Ipoh, Perak	787	Freehold	Office-lot	50	16
9.	Lot No. 3.02 GL Nos. 20323 & 20324  Lot 3.2, 3 <sup>rd</sup> Floor Wisma Kota Emas Jalan Dato' Tahwil Azhar Ipoh, Perak	743	Freehold	Office-lot	50	16
10.	Lot No. 591, Section 41 Town and District of Kuala Lumpur Wilayah Persekutuan Title No. Geran 365  No. 2, Jalan Kamunting Off Jalan Dang Wangi 50300 Kuala Lumpur Wilayah Persekutuan	8,524 (1,724)	Freehold	5 storey office building/ office	1,301	19
11.	No.2, Jalan PM7 Plaza Mahkota Bandar Hilir 75000 Melaka	8,347	Leasehold expiring 25.7.2090	4 storey shop-office	1,484	1

## LIST OF GROUP'S PROPERTIES (Cont'd.)

AS AT 30 SEPTEMBER 1999

No.	Location	Gross build-up area (Land area) sq. ft.	Tenure	Description/ Existing use	Net Book Value @ 30/9/1999 RM'000	Approximate Age of Building (Years)
12.	Lot No. 4328 N Held under Title No. 8385 Town of Ipoh District of Kinta Ipoh, Perak  Parcel No. BO-26 No. 26, Ground Floor Cherry Apartment Off Jalan Maxwell 30100 Ipoh, Perak	748	Freehold	Apartment/ Residential	50	8
13.	Lot No. P.T. 6147 Title No. H.S. (D) 41601 Mukim Of Sungai Buloh District Of Petaling Jaya  No. 29, Jalan SS21/37 Damansara Utama 47400 Petaling Jaya Selangor	(1,650)	Freehold	3½ storey mid terraced shop-office	1,867	19
14.	Lot No. P.T. 5972 Title No. H.S. (D) 80192 Mukim Of Sungai Buloh District Of Petaling Jaya  No. 21, Jalan SS21/56B Damansara Utama 47400 Petaling Jaya Selangor	(1,650)	Freehold	3½ storey mid terraced shop-office	1,667	19
<b>UNITED STATES OF AMERICA</b>						
15.	East Quogue Town of Southampton Suffolk County New York  S.C.T.M. Dist. 900 Sec. 220 Blk. 01 Lot 90	(240,362)	Freehold	2 storey building	1,295	30

# SHAREHOLDINGS STATISTICS

AS AT 10 DECEMBER 1999

Authorised capital	:	RM200,000,000
Issued and fully paid-up capital	:	RM99,200,000
Class of shares	:	Ordinary shares of RM1.00 each
Voting rights	:	One vote per RM1.00 share

## BREAKDOWN OF SHAREHOLDINGS

Size of Holdings	No. of Shareholders		No. of Shares		Percentage	
	Malaysian	Foreign	Malaysian	Foreign	Malaysian	Foreign
1 – 499	5	0	400	0	0.00	0.00
500 – 5,000	3,284	79	6,433,800	202,600	6.48	0.20
5,001 – 10,000	343	48	2,856,000	393,700	2.88	0.40
10,001 – 100,000	268	37	7,212,000	1,107,000	7.27	1.12
100,001 – 1,000,000	33	7	11,801,000	2,374,500	11.90	2.39
1,000,001 and above	8	2	41,746,630	25,072,370	42.08	25.27
<b>Total</b>	<b>3,941</b>	<b>173</b>	<b>70,049,830</b>	<b>29,150,170</b>	<b>70.61</b>	<b>29.38</b>

## TWENTY LARGEST SHAREHOLDERS

Name	No. of RM1.00 Shares	% of Issued Capital
1. Shong Investments Limited	23,692,370	23.88
2. Pacific & Orient Management Services Sdn Bhd	17,769,278	17.91
3. Chan Thye Seng	9,615,902	9.69
4. Mah Wing Holdings Sdn Bhd (formerly known as Shong Holdings Sdn Bhd)	5,962,450	6.01
5. Employees Provident Fund Board	2,160,000	2.18
6. Permodalan Nasional Berhad	1,719,000	1.73
7. Southern Bank Berhad	1,575,000	1.59
8. Wong Thean Yew	1,495,000	1.51
9. Ancom Berhad	1,450,000	1.46
10. Libra Asia Securities Limited	1,380,000	1.39
11. Amanah Saham Mara Berhad	960,000	0.97
12. Premier Securities Investment Limited	946,000	0.95
13. Mayban Balanced Trust Fund	926,000	0.93
14. 20 / 20 Emerging Markets Value Fund	869,800	0.88
15. Yap Chee Keong	689,000	0.69
16. Pacific Premier Fund	685,000	0.69
17. Pertubuhan Keselamatan Sosial	548,000	0.55
18. Yayasan Sarawak	500,000	0.51
19. Yayasan Sabah	500,000	0.51
20. Amanah Saham Sarawak	500,000	0.51
<b>Total</b>	<b>73,942,800</b>	<b>74.54</b>

## SHAREHOLDINGS STATISTICS (Cont'd.)

AS AT 10 DECEMBER 1999

## SUBSTANTIAL SHAREHOLDERS

Name	No. of RM1.00 Shares			
	Direct Interest	%	Indirect Interest	%
1. Shong Investments Limited	23,692,370	23.88	-	-
2. Pacific & Orient Management Services Sdn Bhd	17,769,278	17.91	-	-
3. Chan Thye Seng	9,615,902	9.69	*47,424,098	47.81
4. Mah Wing Holdings Sdn Bhd (formerly known as Shong Holdings Sdn Bhd)	5,962,450	6.01	-	-
5. Oriental Nominee (Tempatan) Sdn Bhd	<sup>a</sup> 2,400,000	2.42	-	-
6. Employees Provident Fund Board	2,160,000	2.18	-	-
7. Universal Trustee (Malaysia) Berhad	<sup>@</sup> 2,011,000	2.03	-	-

**Notes:** \* Held by virtue of his substantial shareholding in Mah Wing Holdings Sdn Bhd (formerly known as Shong Holdings Sdn Bhd), Shong Investments Limited and Pacific & Orient Management Services Sdn Bhd

<sup>a</sup> Held as bare trustee for a beneficial owner who has disclosed his substantial shareholding to the Company

<sup>@</sup> Held as bare trustee for various beneficial owners



# PACIFIC & ORIENT BERHAD

(308366-H)

(Incorporated in Malaysia)

## FORM OF PROXY

\*I/We, \_\_\_\_\_  
of \_\_\_\_\_  
being a member/members of PACIFIC & ORIENT BERHAD, hereby appoint \_\_\_\_\_  
\_\_\_\_\_ of \_\_\_\_\_ or failing whom,  
\_\_\_\_\_ of \_\_\_\_\_  
\_\_\_\_\_ as \*my/our proxy to vote for \*me/us on \*my/our behalf at the Sixth Annual General Meeting of the Company, to be held at Delima Courtroom, Ballroom Floor, Hotel Istana, 73 Jalan Raja Chulan, 50200 Kuala Lumpur on Friday, 28 January 2000 at 3.15 p.m. and at any adjournment thereof.

#The proportion of \*my/our holding to be represented by \*my/our proxies are as follows:  
*[The next paragraph must be completed if two proxies are appointed]*

No. of Shares Held	_____
--------------------	-------

First Proxy \_\_\_\_\_ %

Second Proxy \_\_\_\_\_ %

\*My/Our proxies \*is/are to vote as indicated herebelow:

	Resolutions	For	Against
1.	To receive the audited accounts for the year ended 30 September 1999 and the Reports of the Directors and the Auditors thereon.		
2.	To declare a Final Dividend of 7.5 sen.		
3.	To re-elect Mr Lim Kheng Guan as a director of the Company.		
4.	To re-appoint Mr Chan Hua Eng as a director of the Company pursuant to Section 129 of the Companies Act, 1965.		
5.	To re-appoint Messrs Arthur Andersen & Co. as auditors and to authorise the Directors to fix their remuneration.		
6.	To authorise the Directors to issue shares in the Company in the financial year which does not exceed ten per cent (10%) of the issued and paid-up share capital of the Company for the time being.		
7.	To authorise the Directors to purchase shares in the Company.		

*[Please indicate with an "x" how you wish your vote to be casted. If no specific direction as to voting is given, the proxy/proxies will vote or abstain at his/their discretion.]*

*\*Delete if not applicable.*

As witness my hand this \_\_\_\_\_ day of \_\_\_\_\_ 2000

\_\_\_\_\_  
Signature / Common Seal of Member(s)

### Notes :

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend and vote in his stead. A proxy may but need not be a member of the Company. The provision of Section 149(1) (b) of the Companies Act, 1965 ("the Act") shall not apply to the Company.
2. The instrument appointing a proxy must be deposited at the registered office of the Company situated at 11<sup>th</sup> Floor, Wisma Bumi Raya, No. 10, Jalan Raja Laut, 50350 Kuala Lumpur not less than forty-eight (48) hours before the time for holding the meeting.
3. A member shall be entitled to appoint more than one (1) proxy to attend and vote at the same meeting. The provision of Section 149 (1) (c) of the Act shall apply to the Company.
4. Where a member appoints more than one (1) proxy (subject always to a maximum of two (2) proxies at each meeting), the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
5. In the case of a corporate member, the instrument appointing a proxy must be executed under its Common Seal or under the hand of its attorney.

2nd fold here

Affix  
Stamp

The Company Secretary

**PACIFIC & ORIENT BERHAD**

(308366-H)

11<sup>th</sup> Floor, Wisma Bumi Raya  
No. 10 Jalan Raja Laut  
50350 Kuala Lumpur  
Malaysia

1st fold here

Fold this sealing

