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notice of annual general meeting

NOTICE IS HEREBY GIVEN that the Seventh Annual General Meeting of the Company will be held at Baiduri & Berlian Courtroom, Ballroom Floor, Hotel Istana, 73 Jalan Raja Chulan, 50200 Kuala Lumpur on Friday, 16 February 2001 at 11.30 a.m. for the following purposes:

1. To receive and consider the audited financial statements for the year ended 30 September 2000 and the reports of the Directors and the Auditors thereon. **Resolution 1**

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 2000. **Resolution 2**

3. To re-elect a Director: **Resolution 3**
 Mr Michael Yee Kim Shing retires by rotation pursuant to Article 80 of the Company's Articles of Association, and being eligible, offers himself for re-election.

4. To consider and if thought fit, to pass the following resolution in accordance with Section 129(6) of the Companies Act, 1965: **Resolution 4**
 "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 as a Director of the Company to hold office until the next Annual General Meeting of the Company."

5. To re-appoint Messrs Arthur Andersen & Co. as auditors and to authorise the Board of Directors to fix their remuneration. **Resolution 5**

6. Special business: **Resolution 6**
 To consider and if thought fit, with or without any modification, to pass the following ordinary resolutions:
 - a) Authority to issue shares pursuant to Section 132D of the Companies Act, 1965
 "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."

notice of annual general meeting

b) Authority to Directors on purchase of the Company's own shares

Resolution 7

"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 31 December 2000 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 (unless earlier revoked or varied by ordinary resolution of the shareholders of the Company in general meeting or upon the expiration of the period within which the next AGM is required by law to be held, whichever occurs first);
- 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.

notice of annual general meeting

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 tax at 28% for the year ended 30 September 2000 will be paid on 6 March 2001 to depositors registered in the Records of Depositors at the close of business on 20 February 2001.

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 20 February 2001 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

31 January 2001

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 11th 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 the funds allocated which shall not exceed the total retained earnings and share premium 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.

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 2000 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: 03-26924271

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 AND PRINCIPAL PLACE OF BUSINESS

11th Floor, Wisma Bumi Raya
No. 10, Jalan Raja Laut
50350 Kuala Lumpur
Malaysia
Tel : 03-26985033
Fax : 03-26944209
Web Site : 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
Financial Statements
of your Company
for the year ended
30 September 2000.

FINANCIAL RESULTS

Group turnover for the year under review was RM151.5 million, a slight increase on the RM147.7 million recorded in 1999. The improvement was mainly due to an increase in business for the Financial Services and IT Divisions. Despite this, pre-tax profit fell to RM19.5 million from the RM72.8 million posted in 1999. The reduction in profit was primarily caused by a reduction in underwriting surplus and investment income at the insurance subsidiary company. After-tax profits were also reduced to RM9.4 million from RM68.3 million in 1999 but the reduction was partly due to 1999 being a tax-waiver year.

Turnover at Company level was lower at RM36.5 million compared to RM54.4 million in 1999 because of decreases in dividend receipts and interest income. In line with this, pre-tax profit was reduced to RM29.7 million from RM46.0 million in 1999 and after-tax profits were lower at RM20.9 million (1999: RM32.2 million).

ACTIVITIES OF THE GROUP

In keeping with the general economic recovery, the level of business enjoyed by the Group has improved over that in recent years. However, although turnover has picked up for many companies within the Group, profitability has suffered. This situation is mainly ascribable to heavy competition in the insurance industry, which is in a period of fundamental change with the authorities urging consolidation of a fragmented industry. Until such time as greater progress is made in terms of structural reform it is likely that the Group will continue to face thin underwriting margins.

The diversification into IT and distribution had been and still is intended to ease reliance on insurance, especially in light of the state of the industry. However, the former businesses are, from a Group perspective, still in their infancy and until they attain sufficient size and are able to contribute more significantly to Group earnings, the Group will continue to be subject to the vagaries of the insurance industry.

Financial Services

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

Insurance

Turnover at POI rose 8 percent to RM143.3 million. Although such increase is noteworthy in view of the decline in premiums recorded by the company in recent years, pre-tax profit, at RM34.5 million, was 56 percent lower. The improvement in turnover is attributable to the continued recovery of the economy and also to the increase in marketing efforts over the last two years. However, POI

continues to face stiff competition and will have to strike a balance between the two objectives of increasing premiums and maintaining profitability. POI will, as mentioned in recent annual reports endeavour to achieve this by maintaining underwriting discipline and pressing forward with service and efficiency improvements in order to remain competitive.

Pre-tax profit was lower because a narrowing of underwriting margins (the result of lower earned premium of RM135.4 million from RM145.9 million in 1999; and increased claims incurred of RM96.8 million from RM86.9 million in 1999) and a reduction in investment income of RM25.1 million from RM34.6 million in 1999.

A new capitalisation requirement takes effect on 30 June 2001 making it necessary for insurers to have a minimum paid-up capital of RM100 million. POI's paid-up capital currently stands at RM80 million but with reserves of more than RM60 million, it is well placed to meet the increase.

During the year POI launched two new products. The first, *Sihat Malaysia*, is part of an industry initiative to introduce a fuss-free hospitalisation scheme. The initial response from the agency network and the public has been encouraging but this product will only reach its full potential when higher levels of public education and awareness are reached. The second and only recently launched is personal accident coverage tailored to the needs of motorcyclists.

As mentioned in the last annual report, in 1999 the *Teleinsurance* service was expanded to include road tax renewal in selected areas within Kuala Lumpur. The introduction of the renewal service was well received and as a result, has been widened during 2000 to cover more areas within Kuala Lumpur and also recently extended to Penang and Ipoh.

Private Funding

POC recorded a reduction in turnover to RM1.7 million due to a reduction in lending activity and, as a consequence, posted a pre-tax loss of RM1.7 million. The loss occurred because of interest expenses that continued to accrue despite the cutback in lending. This situation is expected to be temporary and POC should contribute positively to the Group in 2001.

Information Technology

During 2000 the IT Division was further reorganised and restructured, change being prompted by recognition of the need to present a single corporate "face". Thus during the period under review P & O Global Technologies Sdn. Bhd. ("POGT" – formerly known as Pacific Netlab Sdn. Bhd.) acquired the business operations of P & O Technologies Sdn. Bhd. thereby consolidating system integration, software, hardware and networking operations into one entity. In keeping with this move towards promoting a single identity, the U.S. and Thai units changed their names to P & O Global Technologies, Inc. (from Pacific Research & Development Corp.) and P & O Global Technologies (Thailand) Co., Ltd. (from Pacific Netlab (Thailand) Co. Ltd.) respectively.



chairman's statement

The market for insurance applications in Malaysia was generally quiet as many insurers were reluctant to make substantial commitments of money and resources in the face of uncertainty in the industry, viz. new (higher) capitalisation requirements and possible mergers. This situation is likely to persist into 2001. Nevertheless, product and market development efforts continue and INS 2000 the successor to PowerVision, an integrated insurance software solution, will be launched soon.

The PelicanSuite family of products continued to attract major interest from the banking sector and, by extension, the legal profession and credit collection companies. Building on this, management is looking to add new products and generate export sales. Thus ClaimsFlow, a claims management solution for insurance companies is soon to be released and will support a direct connection to INS 2000 and PelicanSuite will soon be offered in Thailand and Singapore.

Telephony and network sales have been hampered by changes at Lucent Technologies – specifically the spin-off of the data networks and voice switching businesses to Avaya Communications. Pending resolution of spin-off issues, POGT will concentrate on a limited number of products and emphasise professional network services.

Turnover at RM13.5 million was notably higher than the RM5.1 million posted in 1999. This growth was broad-based with all units showing higher sales. However, a higher pre-tax loss was recorded, the division losing RM10.1 million compared to RM7.4 million in 1999. This loss is primarily related to market development and restructuring costs, which from a longer-term perspective can be viewed as investments in future profitability.

Distribution Services

During the year, Pacific & Orient Distribution Sdn. Bhd. launched the *Ringgit Saver* programme to promote the company. The programme was generally well received by the public but less so by the agency network despite earlier indications to the contrary. In view of this, management is currently considering alternative means of developing this business.

Sales during the promotional period were minimal at RM0.02 million, lower than the RM0.06 million recorded in 1999. The company posted a pre-tax loss of RM2.5 million, higher than the RM0.3 million in 1999 because of expenses connected with the promotional campaign.

DIVIDEND

Your Board is pleased to recommend a final gross dividend of 7.5 sen less tax for the financial year ended 30 September 2000. Taken together with the three interim dividends of 7.5 sen less tax each paid on 30 June, 29 September and 22 December 2000, 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 2000.

APPRECIATION

On behalf of the Board of Directors, I would like to acknowledge the efforts put in by management and staff during the year and to thank our business associates for continued co-operation and support.

CHAN HUA ENG R OBE

Chairman

Kuala Lumpur

23 December 2000

Bagi pihak Lembaga
Pengaruh anda, saya
dengan sukacitanya
membentangkan
Laporan Tahunan
dan Penyata-penyata
Kewangan Syarikat anda
bagi tahun berakhir
30 September 2000.

KEPUTUSAN KEWANGAN

Jumlah perolehan Kumpulan bagi tahun di bawah kajian ialah RM151.5 juta, satu peningkatan kecil berbanding dengan RM147.7 juta yang dicatat pada 1999. Peningkatan ini disebabkan terutamanya oleh pertambahan dalam perniagaan bagi Bahagian Perkhidmatan Kewangan dan IT. Namun demikian, keuntungan sebelum cukai telah merosot kepada RM19.5 juta daripada RM72.8 juta yang dicatat pada 1999. Pengurangan dalam keuntungan terutamanya disebabkan oleh pengurangan dalam lebihan pengunderaitan dan pendapatan pelaburan pada peringkat anak syarikat insurans. Keuntungan selepas cukai juga turut merosot kepada RM9.4 juta dari RM68.3 juta pada 1999 tetapi pengurangan tersebut sebahagiannya adalah disebabkan oleh 1999 merupakan tahun dikecualikan cukai.

Jumlah perolehan pada peringkat Syarikat adalah lebih rendah iaitu sebanyak RM36.5 juta berbanding dengan RM54.4 juta pada 1999 disebabkan pengurangan dalam penerimaan dividen dan pendapatan faedah. Seajar dengan ini, keuntungan sebelum cukai telah menurun kepada RM29.7 juta daripada RM46.0 juta pada 1999 dan keuntungan selepas cukai adalah lebih rendah sebanyak RM20.9 juta (1999: RM32.2 juta).

AKTIVITI-AKTIVITI KUMPULAN

Selaras dengan pemulihan ekonomi secara menyeluruh, Kumpulan menikmati tahap perniagaan yang bertambah baik berbanding dengan tahun-tahun sebelumnya. Namun demikian, walaupun jumlah perolehan telah bertambah bagi kebanyakan syarikat dalam Kumpulan, keuntungan adalah mengecewakan. Keadaan ini terutamanya berpunca daripada persaingan sengit dalam industri insurans, yang berada dalam tempoh perubahan penting dengan pihak-pihak berkuasa menggesa supaya industri yang bertaburan disatukan. Sehingga suatu masa apabila lebih banyak perubahan struktur mengambil tempat, Kumpulan dijangka akan berterusan menghadapi margin pengunderaitan yang lebih kecil.

Pempelbagaian ke dalam IT dan pengedaran telah dan masih dihasratkan untuk mengurangkan pergantungan kepada insurans, terutamanya memandangkan keadaan industri. Walau bagaimanapun, setakat mana Kumpulan adalah berkenaan, perniagaan-perniagaan tersebut masih lagi berada di peringkat awal dan sehinggalah perniagaan-perniagaan ini mencapai saiz yang mencukupi dan berupaya untuk menyumbang dengan lebih banyak kepada pendapatan Kumpulan, Kumpulan akan terus tertakluk kepada ragam industri insurans.

Perkhidmatan Kewangan

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

Insurans

Jumlah perolehan POI meningkat sebanyak 8 peratus kepada RM143.3 juta. Sungguhpun peningkatan tersebut membanggakan, memandangkan pengurangan dalam premium yang dicatat oleh syarikat dalam tahun-tahun kebelakangan ini, keuntungan sebelum cukai, sebanyak RM34.5 juta, adalah 56 peratus lebih rendah. Peningkatan yang bertambah baik dalam jumlah perolehan boleh dikaitkan kepada pemulihan dalam ekonomi dan juga penambahan dalam

penyata pengerusi

usaha-usaha pemasaran dalam masa dua tahun yang lepas. Walau bagaimanapun, POI terus berhadapan dengan persaingan sengit dan terpaksa mencari keseimbangan di antara dua objektif iaitu menaikkan premium dan mengekalkan keuntungan. POI akan, sebagaimana dinyatakan dalam laporan tahunan baru-baru ini berusaha untuk mencapai keseimbangan ini dengan cara mengekalkan disiplin pengunderaitan dan memaju ke hadapan dengan peningkatan dalam perkhidmatan dan keberkesanan yang lebih baik agar dapat kekal bersaing.

Keuntungan sebelum cukai adalah lebih rendah disebabkan oleh margin pengunderaitan yang kecil (disebabkan premium diperolehi yang lebih rendah sebanyak RM135.4 juta berbanding dengan RM145.9 juta pada 1999; dan tuntutan kena dibayar yang meningkat sebanyak RM96.8 juta berbanding dengan RM86.9 juta pada 1999) dan pengurangan dalam pendapatan pelaburan sebanyak RM25.1 juta berbanding dengan RM34.6 juta pada 1999.

Syarat permodalan baru yang memerlukan penanggung insurans untuk mempunyai modal berbayar sekurang-kurangnya sebanyak RM100 juta, akan berkuatkuasa pada 30 Jun 2001. Modal berbayar POI pada masa ini adalah sebanyak RM80 juta tetapi dengan rizab melebihi RM60 juta, ia berupaya untuk memenuhi syarat peningkatan ini.

Dalam tahun ini, POI telah melancarkan dua produk baru. Pertama, *Sihat Malaysia*, merupakan sebahagian daripada inisiatif industri untuk memperkenalkan skim kemasukan ke hospital yang mudah. Sambutan awal daripada rangkaian agensi dan orang awam begitu menggalakkan tetapi produk ini akan hanya mencapai potensi sepenuhnya apabila tahap pendidikan awam dan kesedaran yang lebih tinggi dicapai. Produk kedua yang dilancarkan baru-baru ini ialah perlindungan kemalangan diri yang direka khas untuk memenuhi keperluan penunggang-penunggang motosikal.

Sebagaimana dinyatakan dalam laporan tahunan yang lepas, pada 1999 perkhidmatan *Teleinsurance* telah diperluaskan untuk merangkumi pembaharuan cukai jalan di lokasi-lokasi terpilih dalam kawasan Kuala Lumpur. Pengenalan perkhidmatan pembaharuan telah disambut dengan baik dan akibat daripada itu, perkhidmatan ini telah diperluaskan dalam tahun 2000 untuk meliputi lebih banyak lokasi dalam kawasan Kuala Lumpur dan baru-baru ini telah diperluaskan ke Pulau Pinang dan Ipoh.

Pembiayaan Persendirian

POC telah mencatat pengurangan dalam jumlah perolehan kepada RM1.7 juta disebabkan oleh pengurangan dalam aktiviti pemberian pinjaman dan, akibat daripada itu, mencatat kerugian sebelum cukai sebanyak RM1.7 juta. Kerugian dialami akibat daripada perbelanjaan faedah yang terus terakru walaupun pemberian pinjaman dikurangkan. Keadaan ini dijangka untuk sementara waktu sahaja dan POC seharusnya menyumbang secara positif kepada Kumpulan pada tahun 2001.

Teknologi Maklumat

Pada tahun 2000, Bahagian IT selanjutnya telah diatur dan disusun semula, dengan kesedaran betapa perlunya untuk menyampaikan imej satu korporat. Oleh yang demikian dalam tempoh di bawah kajian, P & O Global Technologies Sdn. Bhd. ("POGT" – dahulunya dikenali sebagai Pacific Netlab Sdn. Bhd.) membeli operasi perniagaan P & O Technologies Sdn. Bhd. dengan itu menyatukan operasi integrasi sistem, perisian, perkakasan dan perangkaan kepada satu entiti. Sejajar dengan langkah ini yang bertujuan untuk memperkenalkan identiti tunggal,

unit U.S. dan Thai telah menukar nama mereka masing-masing kepada P & O Global Technologies, Inc. (daripada Pacific Research & Development Corp.) dan P & O Global Technologies (Thailand) Co., Ltd. (daripada Pacific Netlab (Thailand) Co. Ltd.).

Pada keseluruhannya, pasaran bagi aplikasi insurans di Malaysia agak sepi memandangkan kebanyakan penanggung insurans enggan mengambil komitmen kewangan dan sumber yang besar akibat ketidaktentuan dalam industri, sebagai contoh syarat-syarat permodalan baru yang lebih tinggi dan kemungkinan penggabungan. Kemungkinan besar keadaan ini akan berterusan sehingga tahun 2001. Namun demikian, usaha pembangunan produk dan pasaran akan berterusan dan INS 2000 yang merupakan pengganti kepada PowerVision, satu penyelesaian perisian insurans berintegrasi, akan dilancarkan tidak lama lagi.

Produk-produk dalam kumpulan PelicanSuite terus menarik perhatian sektor perbankan dan, berikutan itu, profesion undang-undang dan syarikat-syarikat pemungutan kredit. Dalam perkembangan ini, pihak pengurusan sedang melakukan sesuatu untuk menambahkan produk-produk baru dan meningkatkan jualan-jualan eksport. Oleh yang demikian ClaimsFlow, satu penyelesaian pengurusan tuntutan bagi syarikat-syarikat insurans akan diperkenalkan dan akan menyokong perhubungan langsung kepada INS 2000 dan PelicanSuite akan kemudiannya ditawarkan di Thailand dan Singapura.

Perkhidmatan telefoni dan rangkaian jualan telah terjejas oleh perubahan di Lucent Technologies – khususnya perniagaan penyampingan keluaran rangkaian data dan pensuisan suara kepada Avaya Communications. Sementara menunggu penyelesaian isu-isu penyampingan, POGT akan memberi penumpuan kepada bilangan produk yang terhad dan menitik beratkan perkhidmatan rangkaian profesional.

Jumlah perolehan sebanyak RM13.5 juta adalah jauh lebih tinggi daripada RM5.1 juta yang dicatat pada tahun 1999. Pertumbuhan ini sejajar dengan kesemua unit mencatat jualan yang lebih tinggi. Walau bagaimanapun, kerugian sebelum cukai yang lebih tinggi telah dicatatkan, dengan bahagian ini mencatat kerugian sebanyak RM10.1 juta berbanding dengan RM7.4 juta pada 1999. Kerugian ini pada dasarnya berkait kepada kos pembangunan pasaran dan penyusunan semula, yang dari segi jangka panjang boleh dilihat sebagai pelaburan yang akan memberi keuntungan pada masa hadapan.

Perkhidmatan Penedaran

Dalam tahun ini, Pacific & Orient Distribution Sdn. Bhd. telah melancarkan program *Ringgit Saver* untuk memperkenalkan syarikat. Program ini pada amnya diterima dengan baik oleh orang ramai tetapi kurang mendapat sambutan di kalangan rangkaian agensi meskipun petunjuk awal yang bertentangan. Memandangkan perkembangan ini, pihak pengurusan sedang menimbang alternatif yang sesuai untuk terus membangunkan perniagaan ini.

Jualan dalam tempoh promosi adalah kurang iaitu RM0.02 juta, lebih rendah daripada RM0.06 juta yang dicatat pada 1999. Syarikat mencatat kerugian sebelum cukai sebanyak RM2.5 juta, lebih tinggi daripada RM0.3 juta pada 1999 disebabkan perbelanjaan berkaitan dengan kempen promosi.

DIVIDEN

Lembaga Syarikat anda dengan sukacitanya mencadangkan dividen kasar akhir sebanyak 7.5 sen ditolak cukai bagi tahun kewangan berakhir 30 September 2000. Dengan mengambil kira tiga dividen interim sebanyak 7.5 sen ditolak cukai yang setiap satunya dibayar pada 30 Jun, 29 September dan 22 Disember 2000, jumlah dividen kasar bagi tahun akan menjadi 30 sen.

Tertakluk kepada kelulusan tuan-tuan pada Mesyuarat Agung Tahunan yang akan datang, dividen akhir akan dibayar berdasarkan modal saham dalam Syarikat dalam terbitan pada 30 September 2000.

PENGHARGAAN

Bagi pihak Lembaga Pengarah, saya ingin merakamkan penghargaan kepada usaha-usaha yang telah dicurahkan oleh pihak pengurusan dan kakitangan dalam tahun dan ingin mengucapkan terima kasih kepada rakan-rakan sekutu perniagaan di atas kerjasama dan sokongan mereka yang berterusan.

CHAN HUA ENG R OBE

Pengerusi
Kuala Lumpur
23 Disember 2000

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 judgment 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.

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

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

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directors' report

The Directors hereby submit their report together with the audited financial statements of the Group and of the Company for the financial year ended 30 September 2000.

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 23 to the financial statements.

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
Net profit for the year	9,397	20,869
Accumulated profits brought forward	114,165	60,002
Profits available for appropriation	123,562	80,871
Dividends	(21,428)	(21,428)
Accumulated profits carried forward	102,134	59,443

DIVIDENDS

The amount of dividends paid or declared by the Company since 30 September 1999 were as follows:

	RM'000
In respect of the financial year ended 30 September 1999	
3 rd interim dividend of 7.5 sen per share less tax at 28% paid on 23 December 1999	5,357
Final dividend of 7.5 sen per share less tax at 28% paid on 3 March 2000	5,357
In respect of the financial year ended 30 September 2000	
1 st interim dividend of 7.5 sen per share less tax at 28% paid on 30 June 2000	5,357
2 nd interim dividend of 7.5 sen per share less tax at 28% paid on 29 September 2000	5,357
3 rd interim dividend of 7.5 sen per share less tax at 28% payable on 22 December 2000	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.

RESERVES AND PROVISIONS

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

PROVISIONS FOR OUTSTANDING CLAIMS

Before the income statements 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 income statements 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 provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent.

CURRENT ASSETS

Before the income statements 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 financial statements 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.

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 company.

directors' report

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 financial statements of the Group and of the Company which would render any amount stated in the financial statements 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.

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

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, Michael Yee Kim Shing 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 7 and 14 to the financial statements) 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' 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:

	Number of Ordinary Shares of RM1.00 Each			
	At 1 October 1999	Bought	Sold	At 30 September 2000
The Company				
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	155,000	–	–	155,000
Lim Kheng Guan				
– Direct interest	20,000	–	–	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 were 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 2000

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 financial statements set out on pages 22 to 52 are properly drawn up in accordance with the provisions of the Companies Act, 1965 and the applicable approved accounting standards in Malaysia 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 2000 and of the results and cash flows of the Group and of the Company for the year then ended.

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 2000

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 financial statements set out on pages 22 to 52 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 2000) **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 financial statements set out on pages 22 to 52. The financial statements are the responsibility of the Company's Directors. Our responsibility is to express an opinion on the financial statements based on our audit.

We conducted our audit in accordance with approved Standards on Auditing in Malaysia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Directors, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion,

- (a) the financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 30 September 2000 and of the results and cash flows of the Group and of the Company 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 in Malaysia; 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 financial statements and the auditors' reports of all the subsidiary companies of which we have not acted as auditors, as indicated in Note 23 to the financial statements, being financial statements that have been included in the consolidated financial statements.

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

The audit reports on the financial statements 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. 1210/05/02(J)
Partner of the Firm

7 December 2000

income statements

for the year ended 30 September 2000

	Note	Group		Company	
		2000 RM'000	1999 RM'000	2000 RM'000	1999 RM'000
Revenue	3	151,497	147,698	36,455	54,387
Other operating income	4	50,791	58,562	1,628	1,195
		202,288	206,260	38,083	55,582
Changes in inventories		(2,397)	(2,061)	-	-
Net claims incurred	5	(96,793)	(86,942)	-	-
Net commission		(15,059)	(13,238)	-	-
(Increase) / decrease in reserves for unexpired risks		(7,897)	13,625	-	-
Staff costs		(19,778)	(19,408)	(2,562)	(2,457)
Depreciation:					
- former associated company		-	(24)	-	-
- others		(3,590)	(3,523)	(580)	(490)
Amortisation	6	(2,116)	(6,410)	-	-
Other operating expenses	7	(34,650)	(15,083)	(5,185)	(6,566)
Profit from operations		20,008	73,196	29,756	46,069
Finance costs	8	(526)	(357)	(54)	(56)
Profit before taxation	9	19,482	72,839	29,702	46,013
Income tax expense	15	(10,085)	(4,514)	(8,833)	(13,862)
Net profit for the year		9,397	68,325	20,869	32,151
Basic earnings per share (sen)	16	9.5	68.9		
Dividends per share (sen)					
30 sen (1999: 30 sen) less tax		21.6	21.6		

The accompanying notes form an integral part of the income statements.

balance sheets

as at 30 September 2000

	Note	Group		Company	
		2000 RM'000	1999 RM'000	2000 RM'000	1999 RM'000
ASSETS					
Cash and bank balances		5,199	7,288	75	83
Deposits and placements with financial institutions	17	19,304	12,741	17,869	10,848
Investments	18	564,119	583,383	46,940	46,789
Secured loan	19	–	20,237	–	–
Trade receivables	20	49,313	47,863	–	–
Other receivables	21	8,811	9,161	451	214
Inventories – goods for resale		263	252	–	–
Property, plant and equipment	22	34,530	34,383	2,394	2,633
Subsidiary companies	23	–	–	146,230	157,940
Intangible assets	24	5,944	6,755	–	–
Total assets		687,483	722,063	213,959	218,507
LIABILITIES					
Trade payables	25	324,381	354,975	–	–
Other payables	26	24,030	23,176	11,063	11,172
Hire purchase creditors	27	67	217	4	82
Bank overdraft	28	1,197	1,155	–	–
Provision for taxation		8,750	4,574	–	3,725
Deferred taxation	29	(4,846)	72	34	111
Total liabilities		353,579	384,169	11,101	15,090
PROVISION FOR INSURANCE LIABILITIES					
Reserves for unexpired risks	30	68,031	60,134	–	–
SHAREHOLDERS' FUNDS					
Share capital	31	99,200	99,200	99,200	99,200
Reserves	32	166,673	178,560	103,658	104,217
		265,873	277,760	202,858	203,417
Total liabilities and shareholders' funds		687,483	722,063	213,959	218,507

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

statements of changes in equity

for the year ended 30 September 2000

Group	Share Capital RM'000	Share Premium RM'000	Merger Reserve RM'000	Revaluation Reserve RM'000	Translation Reserve RM'000	Accumulated Profits RM'000	Total RM'000
At 1 October 1998	99,200	44,215	20,769	2	287	67,268	231,741
Currency translation differences	-	-	-	-	(878)	-	(878)
Net profit for the year	-	-	-	-	-	68,325	68,325
Dividends (Note 33)	-	-	-	-	-	(21,428)	(21,428)
At 30 September 1999	99,200	44,215	20,769	2	(591)	114,165	277,760
Currency translation differences	-	-	-	-	144	-	144
Net profit for the year	-	-	-	-	-	9,397	9,397
Dividends (Note 33)	-	-	-	-	-	(21,428)	(21,428)
At 30 September 2000	99,200	44,215	20,769	2	(447)	102,134	265,873
Company							
At 1 October 1998	99,200	44,215	-	-	-	49,279	192,694
Net profit for the year	-	-	-	-	-	32,151	32,151
Dividends (Note 33)	-	-	-	-	-	(21,428)	(21,428)
At 30 September 1999	99,200	44,215	-	-	-	60,002	203,417
Net profit for the year	-	-	-	-	-	20,869	20,869
Dividends (Note 33)	-	-	-	-	-	(21,428)	(21,428)
At 30 September 2000	99,200	44,215	-	-	-	59,443	202,858

The accompanying notes form an integral part of the statements.

consolidated cash flow statement

for the year ended 30 September 2000

	2000 RM'000	1999 RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	19,482	72,839
Adjustments for:		
Depreciation	3,590	3,523
Amortisation of premiums, net of accretion of discounts	1,378	1,178
Amortisation of goodwill	379	5,000
Amortisation of software distribution licence	359	232
Preliminary and pre-operating expenses written off	43	4
Post acquisition loss of a former associated company	-	1,781
Profit on sale of property, plant and equipment	(59)	(1)
Property, plant and equipment written off	154	16
Bad debts written off	8	1
Provision for / (written back of) doubtful debts	1,126	(1,596)
Discount allowed	117	-
Increase / (decrease) in reserves for unexpired risks	7,897	(13,625)
Unrealised foreign exchange loss / (gain)	184	(1,652)
Profit on sale of investments	(25,022)	(6,903)
Provision for / (written back of) diminution in value of investments	12,696	(14,022)
Interest income	(25,343)	(45,442)
Dividend income	(2,263)	(1,036)
Interest expense	536	306
Proceeds from sale of investments	120,231	89,836
Purchase of investments	(43,087)	(146,529)
Operating profit / (loss) before working capital changes	72,406	(56,090)
Changes in working capital:		
Decrease in bankers' acceptances	-	35,551
(Increase) / decrease in deposits and placements of the insurance subsidiary company with financial institutions	(46,726)	20,393
(Increase) / decrease in trade receivable	(1,563)	7,208
Decrease in other receivables	19,631	24,637
(Increase) / decrease in inventories – goods for resale	(11)	238
Increase in pre-operating expenses	(7)	(8)
Decrease in trade payables	(30,054)	(47,656)
Increase / (decrease) in other payables	414	(1,102)
Cash generated from / (used in) operations	14,090	(16,829)
Interest received	25,699	52,540
Dividends received	1,569	758
Interest paid	(553)	(318)
Tax paid, net of recoveries	(10,821)	(9,120)
Net cash generated from operating activities	29,984	27,031

consolidated cash flow statement

for the year ended 30 September 2000

	Note	2000 RM'000	1999 RM'000
CASH FLOW FROM INVESTING ACTIVITIES			
Acquisition of a former associated company net of cash acquired		-	(402)
Purchase of property, plant and equipment	34	(3,943)	(5,874)
Proceeds from sale of property, plant and equipment		129	5
Net cash used in investing activities		(3,814)	(6,271)
CASH FLOW FROM FINANCING ACTIVITIES			
Dividends paid		(21,428)	(21,428)
Decrease in hire purchase creditors		(162)	(168)
Net cash used in financing activities		(21,590)	(21,596)
Effects of exchange rate changes on cash and cash equivalents		(144)	(878)
Net increase / (decrease) in cash and cash equivalents		4,436	(1,714)
Cash and cash equivalents at beginning of year		18,870	20,588
Cash and cash equivalents at end of year		23,306	18,874
Cash and cash equivalents comprise the following:			
Cash and bank balances		5,199	7,288
Bank overdraft		(1,197)	(1,155)
Deposits and placements with financial institutions*		19,304	12,741
Cash and cash equivalents as previously reported		23,306	18,874
Effect of exchange rate changes		-	(4)
Cash and cash equivalents as restated		23,306	18,870

* The deposits and placements with financial institutions treated as cash and cash equivalents relate to those of the Company and the non-insurance subsidiary companies.

consolidated cash flow statement

for the year ended 30 September 2000

NOTE TO THE CONSOLIDATED CASH FLOW STATEMENT

In 1999, the Group acquired the remaining 51% equity interest in P & O Global Technologies (Thailand) Co. Ltd. (formerly known as Pacific Netlab (Thailand) Co. Ltd.). The fair value of the assets acquired and liabilities assumed are as follows:

	1999
	RM'000
Cash and bank balances	205
Property, plant and equipment	238
Intangible assets	2,472
Trade receivables	122
Other receivable	81
Other payables	(7,027)
Goodwill on acquisition	2,735
Post acquisition loss of a former associated company	1,781
<hr/>	
Purchase consideration	607
Less: Cash and bank balances acquired	205
<hr/>	
Cash flow on acquisition net of cash acquired	402

The accompanying notes form an integral part of the statement.

cash flow statement

for the year ended 30 September 2000

	Note	2000 RM'000	1999 RM'000
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxation		29,702	46,013
Adjustments for:			
Depreciation		580	490
Provision for diminution in value in subsidiary companies		570	4,020
Unrealised foreign exchange gain		-	(898)
Profit on sale of property, plant and equipment		(21)	-
Property, plant and equipment written off		2	-
Interest income		(3,560)	(4,407)
Dividend income		(31,320)	(49,116)
Interest expense		54	56
Purchase of investments		(151)	(2,497)
Operating loss before working capital changes		(4,144)	(6,339)
Changes in working capital:			
Increase in other receivables		(22)	(153)
(Increase) / decrease in due from subsidiary companies		(11,888)	14,975
Decrease in other payables		(109)	(2,784)
Cash (used in) / generated from operations		(16,163)	5,699
Interest received		592	1,205
Dividends received		48,633	20,364
Interest paid		(54)	(56)
Tax paid, net of recoveries		(4,167)	(124)
Net cash generated from operating activities		28,841	27,088
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	34	(364)	(1,584)
Proceeds from sale of property, plant and equipment		42	-
Net cash used in investing activities		(322)	(1,584)
CASH FLOW FROM FINANCING ACTIVITIES			
Dividends paid		(21,428)	(21,428)
Decrease in hire purchase creditors		(78)	(137)
Net cash used in financing activities		(21,506)	(21,565)
Net increase in cash and cash equivalents		7,013	3,939
Cash and cash equivalents at beginning of year		10,931	6,992
Cash and cash equivalents at end of year		17,944	10,931
Cash and cash equivalents comprise the following:			
Cash and bank balances		75	83
Deposits and placements with financial institutions		17,869	10,848
		17,944	10,931

The accompanying notes form an integral part of the statement.

notes to the financial statements

30 September 2000

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 23 to the financial statements.

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 financial statements of the Group and of the Company have been prepared under the historical cost convention modified by the revaluation of certain property, plant and equipment and in compliance with the provisions of the Companies Act, 1965 and the applicable approved accounting standards in Malaysia.

(b) Basis of Consolidation

The consolidated financial statements include the financial statements 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 financial statements reflect external transactions only.

The total profits and losses of subsidiary companies are included in the Group income statements. 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 merged 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.

The Group's share of profits less losses of associated companies is included in the consolidated income statement 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.

notes to the financial statements

30 September 2000

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd.)

(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) Property, Plant and Equipment and Depreciation

Property, plant and equipment 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 property, plant and equipment 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:

Leasehold land	over the term of the lease of 92 years
Buildings	2%
Computer equipment	10%
Motor vehicles	20%
Office equipment, furniture, fixtures and fittings	10% – 20%

During the year, the depreciation rate for computer equipment of certain subsidiary companies was revised from 20% to 10% per annum to be consistent with the Group's policy. The revision had no material effect on the financial statements.

(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 amortisation of premiums or accretion of discounts calculated from date of purchase on a straight line basis to maturity date.

Quoted securities are stated at the lower of cost and market value determined on an aggregate basis by category except that if diminution in value of an investment is considered permanent, provision for such diminution is then made accordingly.

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.

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' and 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, rental 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 is 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.

notes to the financial statements

30 September 2000

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd.)

(i) General Insurance Underwriting Results (Cont'd.)

Reserves for Unexpired Risks

The Reserves for Unexpired Risks (RUR) represent the portion of premium income not yet earned at balance sheet date. RUR is computed on the following bases:

- 25% method for marine cargo, aviation cargo and transit
- 1/24th method for fire, engineering and marine hull with a deduction of 15%, motor with a deduction of 10% and all other classes of business with a deduction of 20% or actual commission incurred, whichever is lower
- 1/24th method (until 31 May 2000) and 100% method (effective from 1 June 2000) for bonds with a deduction of 10% commission
- 1/8th method for overseas inward treaty business with a deduction of 20%.

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 income statements.

The financial statements 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 translation reserve.

The exchange rates for each unit of foreign currency ruling at balance sheet date are as follows:

	2000	1999
	RM	RM
United States (US\$)	3.8000	3.8001
Thailand (Baht)	0.0898	0.0925

(k) Preliminary and Pre-operating Expenses

In previous years, the preliminary and pre-operating expenses comprise expenditure carried forward for dormant subsidiary companies and are stated at cost. As from the current year, such expenses are written off as and when incurred.

notes to the financial statements

30 September 2000

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd.)**(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 financial statements. The related finance expenses are charged to the income statements over the period of the respective agreements.

(o) Inventories

Inventories are stated at the lower of cost (determined on the first in, first out or average cost basis as appropriate) and net realisable value, after making due allowance for any obsolete items.

(p) Cash and Cash Equivalents

Cash and cash equivalents are short term, highly liquid balances which are readily convertible to cash with insignificant risks of changes in value but exclude deposits and placements of the insurance subsidiary company with financial institutions.

3. REVENUE

	Group		Company	
	2000 RM'000	1999 RM'000	2000 RM'000	1999 RM'000
Net premiums	143,311	132,296	-	-
Interest income:				
– subsidiary company	-	-	3,010	3,214
– others	2,073	11,545	550	1,193
Gross dividends:				
– shares quoted in Malaysia	765	505	765	505
– subsidiary company	-	-	30,555	48,611
Sale of goods and services	5,348	3,352	1,575	864
	151,497	147,698	36,455	54,387

notes to the financial statements

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4. OTHER OPERATING INCOME

	Group		Company	
	2000 RM'000	1999 RM'000	2000 RM'000	1999 RM'000
Interest income:				
– former associated company	–	7	–	–
– others	23,270	33,897	–	–
Gross dividends:				
– shares quoted in Malaysia	1,498	531	–	–
Rental income:				
– subsidiary companies	–	–	378	94
– others	112	53	–	–
Profit on sale of property, plant and equipment	59	1	21	–
Profit on sale of investments	25,022	6,950	–	–
Gain on foreign exchange:				
– unrealised	–	1,652	–	898
– realised	–	952	–	–
Diminution in value of investment written back	–	14,022	–	–
Others	830	497	1,229	203
	50,791	58,562	1,628	1,195

5. NET CLAIMS INCURRED

	Group	
	2000 RM'000	1999 RM'000
Gross claims paid less salvage	143,736	151,172
Reinsurance recoveries	(17,155)	(17,752)
Net claims paid	126,581	133,420
Net outstanding claims:		
At end of year	320,184	349,972
At beginning of year	(349,972)	(396,450)
	96,793	86,942

6. AMORTISATION

	Group	
	2000 RM'000	1999 RM'000
Amortisation of:		
– premiums, net of accretion of discounts	1,378	1,178
– goodwill	379	5,000
– software distribution licence	359	232
	2,116	6,410

notes to the financial statements

30 September 2000

7. OTHER OPERATING EXPENSES

	Group		Company	
	2000 RM'000	1999 RM'000	2000 RM'000	1999 RM'000
Other operating expenses include:				
Auditors' remuneration	138	121	18	17
Directors' remuneration*:				
Directors of the Company:				
– fees	225	233	105	105
– emoluments	590	492	590	492
Directors of the subsidiary companies:				
– fees	42	42	–	–
– emoluments	757	646	–	–
Property, plant and equipment written off	154	16	2	–
Provision for diminution in value of:				
– subsidiary companies	–	–	570	4,020
– quoted investments	12,696	–	–	–
Rental of office equipment	4	13	60	–
Preliminary and pre-operating expenses written off:				
– former associated company	–	2	–	–
– others	43	4	–	–
Bad debts:				
– recovered	(98)	(43)	–	–
– written off	8	1	–	–
Office rental:				
– subsidiary company	–	–	226	245
– others	811	571	318	136
Loss on foreign exchange:				
– unrealised	184	–	–	–
– realised	8	–	–	–
Doubtful debts:				
– provision	1,126	–	–	–
– written back	–	(1,596)	–	–

* The estimated monetary value of other benefits not included in the above received by the Directors of the Company was RM34,000 (1999: RM34,000).

8. FINANCE COSTS

	Group		Company	
	2000 RM'000	1999 RM'000	2000 RM'000	1999 RM'000
Interest expense:				
– former associated company	–	73	–	–
– others	514	269	54	56
Others	12	15	–	–
	526	357	54	56

notes to the financial statements

30 September 2000

9. PROFIT BEFORE TAXATION

	Note	Group		Company	
		2000 RM'000	1999 RM'000	2000 RM'000	1999 RM'000
Determined as follows:					
Insurance subsidiary company	10	34,468	78,386	-	-
Others		15,276	45,630	29,702	46,013
Before consolidation		49,744	124,016	29,702	46,013
Consolidation adjustments		(30,262)	(51,177)	-	-
After consolidation		19,482	72,839	29,702	46,013

10. PROFIT BEFORE TAXATION - INSURANCE SUBSIDIARY COMPANY

Revenue Account	Note	Group	
		2000 RM'000	1999 RM'000
Insurance fund			
Gross premium		160,744	151,107
Less: Reinsurance		(17,433)	(18,811)
Net premium		143,311	132,296
(Increase) / decrease in reserves for unexpired risks	30	(7,897)	13,625
Earned premium		135,414	145,921
Net claims incurred	5	(96,793)	(86,942)
Net commission		(15,059)	(13,238)
		(111,852)	(100,180)
Underwriting surplus before operating expenses		23,562	45,741
Investment income	11	22,782	32,909
Other income / (expenditure)	12	10,755	19,195
Staff costs		(11,536)	(12,247)
Depreciation		(2,064)	(2,142)
Amortisation of premiums net of accretion of discounts		(1,378)	(1,177)
Bad and doubtful debts	13	(15)	1,638
Other operating expenses	14	(9,951)	(7,232)
Profit from operations		32,155	76,685
Finance costs		(24)	(20)
Surplus from insurance fund		32,131	76,665
Non-insurance fund			
Investment income	11	2,356	1,732
Staff costs		(16)	(10)
Other operating expenses	14	(3)	(1)
		34,468	78,386

notes to the financial statements

30 September 2000

11. INVESTMENT INCOME

	Group	
	2000 RM'000	1999 RM'000
Insurance fund		
Interest income:		
– Malaysian Government Securities	6,548	7,701
– Malaysian Semi-Government Securities	24	40
– Cagamas bonds	4,069	3,942
– Islamic and other corporate bonds	602	291
– bankers' acceptances	–	2,567
– deposits and placements with financial institutions	8,071	14,337
– secured loans	1,537	2,993
Gross dividends:		
– shares quoted in Malaysia	1,498	531
Rental income	297	318
MMIP investment income	136	189
	22,782	32,909

Non-insurance fund

Interest income:		
– deposits and placements with financial institutions	2,273	1,732
– secured loans	83	–
	2,356	1,732

12. OTHER INCOME / (EXPENDITURE)

	Group	
	2000 RM'000	1999 RM'000
Insurance fund		
Profit / (loss) on sale of:		
– investments	25,022	6,903
– bankers' acceptances	–	47
– property, plant and equipment	37	(7)
Gain / (loss) on foreign exchange	2	(17)
Sundry income	134	293
Diminution in value of investments:		
– provision	(12,696)	–
– written back	–	14,022
Property, plant and equipment written off	(107)	(12)
Sundry expenditure	(1,637)	(2,034)
	10,755	19,195

notes to the financial statements

30 September 2000

13. BAD AND DOUBTFUL DEBTS

	Group	
	2000 RM'000	1999 RM'000
Insurance fund		
Bad debts		
– written off	3	1
– recovered	(98)	(43)
Doubtful debts:		
– provision	110	–
– written back	–	(1,596)
	15	(1,638)

14. OTHER OPERATING EXPENSES

	Group	
	2000 RM'000	1999 RM'000
Insurance fund		
Directors' remuneration*:		
– fees	102	102
– emoluments	254	236
Auditors' remuneration	75	70
Rental expense	239	277
Other expenses	9,281	6,547
	9,951	7,232
Non-insurance fund		
Other expenses	3	1

* The estimated monetary value of other benefits not included in the above received by a Director was RM10,000 (1999: RM15,000).

notes to the financial statements

30 September 2000

15. INCOME TAX EXPENSE

	Group		Company	
	2000 RM'000	1999 RM'000	2000 RM'000	1999 RM'000
Current year's provision				
– Malaysian tax	15,015	290	8,910	13,751
– Foreign tax	–	461	–	–
Transfer (from) / to deferred taxation	(4,918)	3,319	(77)	111
	10,097	4,070	8,833	13,862
(Over) / under provision in prior years	(12)	444	–	–
	10,085	4,514	8,833	13,862

The effective rate of taxation of the Company for the current year is higher than the statutory rate of tax due to certain expenses and provisions which are not deductible for income tax purpose.

The previous year's provision of the Company related only to dividend income which was subjected to tax. No provision for taxation on other income had been made as the tax payable on chargeable income of the Company for the previous year was waived pursuant to the provisions of the Income Tax (Amendment) Act 1999.

As at 30 September 2000, the Company has:

- tax exempt account of approximately RM1,828,000 (1999: RM977,000), which is available for distribution, subject to agreement with the Inland Revenue Board.
- unabsorbed capital allowances of approximately RM1,439,000 (1999: RM1,005,000), which can be used to offset future taxable profits arising from business income subject to agreement with the Inland Revenue Board.
- 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.

16. BASIC EARNINGS PER SHARE (SEN)

The basic earnings per ordinary share have been calculated based on the Group's profit after taxation of RM9,397,000 (1999: RM68,325,000) and on 99,200,000 (1999: 99,200,000) ordinary shares in issue during the year.

17. DEPOSITS AND PLACEMENTS WITH FINANCIAL INSTITUTIONS

	Group		Company	
	2000 RM'000	1999 RM'000	2000 RM'000	1999 RM'000
Licensed banks	14,835	7,156	13,460	5,448
Licensed finance companies	3,459	4,607	3,459	4,422
Other licensed financial institutions	1,010	978	950	978
	19,304	12,741	17,869	10,848

The deposits and placements relate only to the Company and the non-insurance subsidiary companies. The deposits and placements of the insurance subsidiary company are included as investments under Note 18.

notes to the financial statements

30 September 2000

18. INVESTMENTS

	Group		Company	
	2000 RM'000	1999 RM'000	2000 RM'000	1999 RM'000
Cost				
Investment properties				
Freehold buildings	1,159	1,159	-	-
Leasehold land and building	730	730	-	-
	1,889	1,889	-	-
Long term investment in quoted securities				
Shares in Malaysia	48,953	48,802	46,940	46,789
Investment securities				
Money market instruments:				
Malaysian Government Securities	82,399	83,448	-	-
Amortisation of premiums	(1,712)	(948)	-	-
	80,687	82,500	-	-
Malaysian Semi-Government Securities	200	400	-	-
Cagamas bonds	30,792	65,133	-	-
Amortisation of premiums	(635)	(321)	-	-
Accretion of discounts	-	9	-	-
	30,157	64,821	-	-
Islamic corporate bonds	-	9,939	-	-
Accretion of discounts	-	3	-	-
	-	9,942	-	-
Convertible loan stocks	-	324	-	-
Quoted securities:				
Shares in Malaysia	61,112	72,217	-	-
Provision for diminution in value	(7,894)	-	-	-
	53,218	72,217	-	-
Warrants in Malaysia	7,601	2,998	-	-
Provision for diminution in value	(4,802)	-	-	-
	2,799	2,998	-	-
Unquoted securities:				
Shares in Malaysia	56	56	-	-
Total investment securities	167,117	233,258	-	-

notes to the financial statements

30 September 2000

18. INVESTMENTS (Cont'd.)

	Group		Company	
	2000 RM'000	1999 RM'000	2000 RM'000	1999 RM'000
Deposits and placements of the insurance subsidiary company with financial institutions				
Licensed banks	212,017	184,834	-	-
Licensed finance companies	134,143	114,600	-	-
	346,160	299,434	-	-
Total investments	564,119	583,383	46,940	46,789
Market value				
Malaysian Government Securities	81,784	85,436	-	-
Cagamas bonds	30,561	66,561	-	-
Islamic corporate bonds	-	9,884	-	-
Shares quoted in Malaysia	90,063	114,240	36,840	37,443
Warrants quoted in Malaysia	2,799	3,438	-	-

Deposits and placements of the Group amounting to RM795,000 (1999: RM1,249,000) represent deposits given by the insureds as collateral for bond guarantees granted by the insurance subsidiary company to third parties.

19. SECURED LOAN

	Group	
	2000 RM'000	1999 RM'000
Secured loan	-	20,237
Due within 12 months	-	20,237

The secured loan was granted to a third party by the insurance subsidiary company.

20. TRADE RECEIVABLES

	Group	
	2000 RM'000	1999 RM'000
Outstanding premium including agents' / brokers' balances	7,578	6,764
Provision for doubtful debts	(2,102)	(2,021)
	5,476	4,743
Due from reinsurers / ceding companies and co-insurers	3,273	3,136
Provision for doubtful debts	(1,968)	(1,980)
	1,305	1,156

notes to the financial statements

30 September 2000

20. TRADE RECEIVABLES (Cont'd.)

	Group	
	2000 RM'000	1999 RM'000
Loans:		
– secured loans	41,270	40,131
– unsecured loans	31	22
	41,301	40,153
Others	2,173	1,811
Provision for doubtful debts	(942)	-
	1,231	1,811
	49,313	47,863
Loans:		
Due within 12 months	40,816	40,144
Due after 12 months	485	9
	41,301	40,153

21. OTHER RECEIVABLES

	Group		Company	
	2000 RM'000	1999 RM'000	2000 RM'000	1999 RM'000
Accrued income	3,933	5,110	21	25
Others	4,878	4,051	430	189
	8,811	9,161	451	214

notes to the financial statements

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22. PROPERTY, PLANT AND EQUIPMENT

Group	Valuation		Cost						Office equipment, furniture, fixtures and fittings RM'000	Total RM'000
	Freehold land RM'000	Building RM'000	Freehold land RM'000	Leasehold land RM'000	Buildings RM'000	Computer equipment RM'000	Motor vehicles RM'000			
Valuation / Cost:										
At beginning of year	240	1,360	2,863	350	15,283	18,072	4,081	9,338	51,587	
Additions	-	-	380	-	278	2,331	30	944	3,963	
Disposals / written off	-	-	-	-	-	(246)	(216)	(139)	(601)	
Translation differences	-	-	-	-	-	(4)	(5)	(2)	(11)	
At end of year	240	1,360	3,243	350	15,561	20,153	3,890	10,141	54,938	
Accumulated										
Depreciation:										
At beginning of year	-	299	-	7	1,647	8,280	2,905	4,066	17,204	
Charge for the year	-	27	-	4	338	1,850	566	805	3,590	
Disposals / written off	-	-	-	-	-	(119)	(147)	(111)	(377)	
Translation differences	-	-	-	-	-	(2)	(4)	(3)	(9)	
At end of year	-	326	-	11	1,985	10,009	3,320	4,757	20,408	
Net Book Value:										
At end of year	240	1,034	3,243	339	13,576	10,144	570	5,384	34,530	
At beginning of year	240	1,061	2,863	343	13,636	9,792	1,176	5,272	34,383	
Depreciation charge for the year ended 30 September 1999	-	27	-	4	336	1,793	690	697	3,547	

notes to the financial statements

30 September 2000

22. PROPERTY, PLANT AND EQUIPMENT (Cont'd.)

Company

	Cost			Total RM'000
	Computer equipment RM'000	Motor vehicles RM'000	Office equipment, furniture, fixtures and fittings RM'000	
Cost:				
At beginning of year	271	1,845	2,008	4,124
Additions	105	–	259	364
Disposals / written off	–	(96)	(2)	(98)
At end of year	376	1,749	2,265	4,390
Accumulated Depreciation:				
At beginning of year	57	1,263	171	1,491
Charge for the year	32	335	213	580
Disposals / written off	–	(75)	–	(75)
At end of year	89	1,523	384	1,996
Net Book Value:				
At end of year	287	226	1,881	2,394
At beginning of year	214	582	1,837	2,633
Depreciation charge for the year ended 30 September 1999	26	366	98	490

Certain freehold land and buildings of the subsidiary companies amounting to RM1,500,000 (1999: RM1,500,000) have been pledged to a licensed bank for an overdraft facility granted to one of the said subsidiary companies referred to in Note 28.

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 properties are stated at their 1984 valuation less accumulated depreciation. Had the revalued freehold land and building been carried at historical cost less accumulated depreciation, the cost and net book value as at 30 September 2000 would be as follows:

notes to the financial statements

30 September 2000

22. PROPERTY, PLANT AND EQUIPMENT (Cont'd.)

	Group	
	2000 RM'000	1999 RM'000
Cost:		
Freehold land	149	149
Building	847	847
	996	996
Accumulated depreciation:		
Building	203	186
Net book value	793	810

Included in the property, plant and equipment of the Group and of the Company are the following costs of fully depreciated assets which are still in use:

	Group		Company	
	2000 RM'000	1999 RM'000	2000 RM'000	1999 RM'000
Computer equipment	777	732	-	-
Motor vehicles	1,681	607	489	-
Office equipment, furniture, fixtures and fittings	2,278	1,936	-	-
	4,736	3,275	489	-

The net book value of the Group's and of the Company's property, plant and equipment acquired under hire purchase agreements amounted to RM267,000 (1999: RM782,000) and RM99,000 (1999: RM311,000) respectively.

23. SUBSIDIARY COMPANIES

	Company	
	2000 RM'000	1999 RM'000
Unquoted shares – at cost	86,135	86,135
Due from subsidiary companies	64,685	75,825
	150,820	161,960
Provision for diminution in value	(4,590)	(4,020)
	146,230	157,940

Included in the amount due from subsidiary companies is net dividend receivable from the insurance subsidiary company of RM9,000,000 (1999: RM35,000,000).

notes to the financial statements

30 September 2000

23. SUBSIDIARY COMPANIES (Cont'd.)

The subsidiary companies are:

	Effective Interests		Principal activities
	2000 %	1999 %	
Incorporated in Malaysia			
Pacific & Orient Insurance Co. Berhad	100	100	General insurance business
P & O Technologies 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
P & O Global Technologies Sdn. Bhd. (formerly known as Pacific Netlab Sdn. Bhd.)	100	100	Dealing in computer hardware, software and systems
P & O Resources Sdn. Bhd.	100	100	Dealing in computer hardware, software and systems
P & O Nominees Services (Tempatan) Sdn. Bhd. (formerly known as Lembah Megah Sdn. Bhd).	100	100	Dormant
Pacific Global Technologies Sdn. Bhd. (formerly known as 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

notes to the financial statements

30 September 2000

23. SUBSIDIARY COMPANIES (Cont'd.)

	Effective Interests		Principal activities
	2000 %	1999 %	
Incorporated in the United States of America			
P & O Global Technologies, Inc. (formerly known as Pacific Research & Development Corp.)*	100	100	Information technology services, research and development and trading activities
Subsidiary company of P & O Global Technologies Sdn. Bhd.			
Incorporated in Thailand			
P & O Global Technologies (Thailand) Co. Ltd. (formerly known as Pacific Netlab (Thailand) Co. Ltd.)	100	100	Dealing in computer software and systems

* Subsidiary company not audited by Arthur Andersen & Co.

24. INTANGIBLE ASSETS

	Group	
	2000 RM'000	1999 RM'000
Goodwill on consolidation:		
Goodwill on acquisition of subsidiary companies	10,104	10,104
Amortisation	(5,895)	(5,516)
At end of year	4,209	4,588
Preliminary and pre-operating expenses:		
At beginning of year	36	28
Additions	7	12
	43	40
Written off	(43)	(4)
At end of year	-	36
Software distribution licence:		
At beginning of year	2,131	-
Acquired during the year	-	2,468
Amortisation	(359)	(232)
Translation differences	(37)	(105)
At end of year	1,735	2,131
	5,944	6,755

Included in the pre-operating expenses is audit fee of RM5,000 (1999: RM5,000).

notes to the financial statements

30 September 2000

25. TRADE PAYABLES

	Group	
	2000 RM'000	1999 RM'000
Provision for outstanding claims	362,255	396,201
Recoverable from reinsurers	(42,071)	(46,229)
Net outstanding claims	320,184	349,972
Due to reinsurers / ceding companies and co-insurers	3,058	3,734
Due to agents / brokers and insureds	841	710
Others	298	559
	324,381	354,975

Included in the provision for outstanding claims is an amount of RM135,441,000 (1999: RM162,297,000) in respect of net provision for Incurred But Not Reported (IBNR) claims as determined by an independent professional actuary.

26. OTHER PAYABLES

	Note	Group		Company	
		2000 RM'000	1999 RM'000	2000 RM'000	1999 RM'000
Hire purchase creditors	27	130	301	69	168
Bank borrowing – revolving credit		5,000	5,000	–	–
3 rd interim dividend		5,357	5,357	5,357	5,357
Proposed final dividend		5,357	5,357	5,357	5,357
Due to stockbrokers		–	31	–	–
Others		8,186	7,130	280	290
		24,030	23,176	11,063	11,172

The revolving credit is unsecured and bears interest at 1.5% (1999: 1.5%) per annum above the cost of funds.

27. HIRE PURCHASE CREDITORS

	Group		Company	
	2000 RM'000	1999 RM'000	2000 RM'000	1999 RM'000
Hire purchase creditors	257	673	94	327
Interest-in-suspense	(60)	(155)	(21)	(77)
	197	518	73	250
Amount due within 12 months (Note 26)	(130)	(301)	(69)	(168)
Non-current portion	67	217	4	82
The non-current portion is payable as follows:				
Within 1-2 years	45	151	4	78
Within 2-5 years	22	66	–	4
	67	217	4	82

notes to the financial statements

30 September 2000

28. BANK OVERDRAFT

The bank overdraft is secured over certain of the freehold land and buildings of the subsidiary companies and bears interest at 2.5% (1999: 2.5%) per annum above the base lending rate.

29. DEFERRED TAXATION

	Group		Company	
	2000 RM'000	1999 RM'000	2000 RM'000	1999 RM'000
At beginning of year	72	(3,247)	111	–
Transferred (to) / from income statements	(4,918)	3,319	(77)	111
At end of year	(4,846)	72	34	111
This has been based on timing differences on:				
Depreciation and capital allowances on property, plant and equipment	5,234	6,312	(778)	(502)
Basis for computing reserves for unexpired risks	(10,745)	(7,228)	–	–
Provision for diminution in value of investments	(12,696)	–	–	–
Others	898	1,172	898	898
Timing differences on which deferred taxation is provided	(17,309)	256	120	396

30. RESERVES FOR UNEXPIRED RISKS

	Group	
	2000 RM'000	1999 RM'000
At beginning of year	60,134	73,759
Increase / (decrease) in reserves for unexpired risks (Note 10)	7,897	(13,625)
At end of year	68,031	60,134

31. SHARE CAPITAL

	Group / Company	
	2000 RM'000	1999 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

notes to the financial statements

30 September 2000

32. RESERVES

	Group		Company	
	2000 RM'000	1999 RM'000	2000 RM'000	1999 RM'000
Non-distributable:				
Revaluation reserve	2	2	-	-
Translation reserve	(447)	(591)	-	-
Share premium	44,215	44,215	44,215	44,215
Merger reserve	20,769	20,769	-	-
	64,539	64,395	44,215	44,215
Distributable:				
Accumulated profits	102,134	114,165	59,443	60,002
	166,673	178,560	103,658	104,217

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

33. DIVIDENDS

	Group		Company	
	2000 RM'000	1999 RM'000	2000 RM'000	1999 RM'000
1 st interim dividend of 7.5 sen per share less tax at 28% (1999: 7.5 sen per share less tax at 28%)	5,357	5,357	5,357	5,357
2 nd interim dividend of 7.5 sen per share less tax at 28% (1999: 7.5 sen per share less tax at 28%)	5,357	5,357	5,357	5,357
3 rd interim dividend of 7.5 sen per share less tax at 28% (1999: 7.5 sen per share less tax at 28%)	5,357	5,357	5,357	5,357
Proposed final dividend of 7.5 sen per share less tax at 28% (1999: 7.5 sen per share less tax at 28%)	5,357	5,357	5,357	5,357
	21,428	21,428	21,428	21,428

34. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

	Group		Company	
	2000 RM'000	1999 RM'000	2000 RM'000	1999 RM'000
For cash	3,943	5,874	364	1,584
Under hire purchase	20	150	-	40
	3,963	6,024	364	1,624

notes to the financial statements

30 September 2000

35. SIGNIFICANT RELATED PARTY TRANSACTIONS

	Company	
	2000 RM'000	1999 RM'000
Purchases from subsidiary companies:		
– property, plant and equipment	95	85
– others	906	87
Maintenance income from subsidiary companies	(672)	(195)
Management fee from subsidiary companies	(1,575)	(864)

36. COMMITMENTS AND CONTINGENCIES

(a) Capital commitment

	Group	
	2000 RM'000	1999 RM'000
Authorised and contracted for	–	553

(b) Contingent liabilities

	Company	
	2000 RM'000	1999 RM'000
Guarantees given to financial institutions for facilities extended to subsidiary companies – unsecured	6,271	6,246

(c) Other commitments and contingencies

The Group may be required to contribute up to a maximum amount of RM1,563,000 (1999: RM1,449,000) 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 such commitments and contingencies are as follows:

	Group	
	2000 RM'000	1999 RM'000
Performance bonds	3,658	6,258
Advance payment guarantees	1,790	2,447
Tender bonds	12	12
	5,460	8,717

notes to the financial statements

30 September 2000

37. SEGMENT REPORTING

	Revenue		Profit / (loss) before tax		Total assets employed	
	2000 RM'000	1999 RM'000	2000 RM'000	1999 RM'000	2000 RM'000	1999 RM'000
Analysis by activity:						
General insurance business	143,311	132,296	34,468	78,386	555,860	598,205
Investment holding	36,455	54,387	29,702	46,013	213,959	218,507
Information technology	13,501	5,081	(10,123)	(7,373)	32,023	24,783
Others	1,695	10,449	(4,303)	6,990	43,610	41,975
	194,962	202,213	49,744	124,016	845,452	883,470
Consolidation adjustments	(43,465)	(54,515)	(30,262)	(51,177)	(157,969)	(161,407)
	151,497	147,698	19,482	72,839	687,483	722,063
Analysis by geographical location:						
Malaysia	189,633	201,138	51,956	127,799	838,419	876,569
United States of America	3,874	720	(107)	(2,691)	4,462	4,203
Thailand	1,455	355	(2,105)	(1,092)	2,571	2,698
	194,962	202,213	49,744	124,016	845,452	883,470
Consolidation adjustments	(43,465)	(54,515)	(30,262)	(51,177)	(157,969)	(161,407)
	151,497	147,698	19,482	72,839	687,483	722,063

38. NUMBER OF EMPLOYEES AND REGISTERED OFFICE

The average number of employees in the Group and in the Company was 533 (1999: 534) and 44 (1999: 44) respectively.

The registered office of the Company is located at 11th Floor, Wisma Bumi Raya, No. 10, Jalan Raja Laut, 50350 Kuala Lumpur, Malaysia.

39. COMPARATIVE FIGURES

The presentation of the financial statements for the current year has been changed to adopt the format as prescribed in accordance with Malaysian Accounting Standards Board (MASB) Standard No.1 – Presentation of Financial Statements. Comparative figures have accordingly been reclassified to conform with this presentation.

list of group's properties

as at 30 September 2000

No.	Location	Gross Build-up Area (Land Area) Sq. Ft.	Tenure	Description / Existing Use	Net Book Value @ 30/9/2000 RM'000	Approximate Age of Building Years
MALAYSIA						
1.	P.N. 7383 Lot 1703 Section 46 and P.N. 7382 Lot 1700 Section 46 10 th Floor Wisma Bumi Raya No. 10, Jalan Raja Laut 50350 Kuala Lumpur Wilayah Persekutuan	10,590	Leasehold expiring 8.4.2074	Office	3,944	15
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 th and 12 th Floor Wisma Bumi Raya No. 10, Jalan Raja Laut 50350 Kuala Lumpur Wilayah Persekutuan	11th Floor 10,589 12th Floor 10,589	Leasehold expiring 8.4.2074	Office	6,071	15
3.	Lot No. 38041 Mukim of Kuala Lumpur District and State of Wilayah Persekutuan Unit 171-12, 12 th Floor Sri Wangsaria Condominium Jalan Ara, Bangsar Baru 59100 Kuala Lumpur Wilayah Persekutuan	1,757	Freehold	Condominium / Residential	453	15
4.	Lot No. 262 Mukim of Ampang District and State of Wilayah Persekutuan Unit 15-A, 15 th Floor GCB Court No. 63, Jalan Ampang 50450 Kuala Lumpur Wilayah Persekutuan	1,596	Freehold	Condominium / Residential	398	15

list of group's properties

as at 30 September 2000

No.	Location	Gross Build-up Area (Land Area) Sq. Ft.	Tenure	Description / Existing Use	Net Book Value @ 30/9/2000 RM'000	Approximate Age of Building Years
5.	Grant Nos. 7486, 7491, 1362 and C.T. 1226 1438, 323, 322 & 2145 Town of Seremban Shop-lot No. G.07 Ground Floor Wisma Punca Emas Jalan Yam Tuan 70000 Seremban Negeri Sembilan Darul Khusus	312.5	Freehold	Shop-lot	158	21
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	16
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	228	16
8.	Lot No. 3.01 GL Nos. 20325 & 20326 Lot 3.1, 3 rd Floor Wisma Kota Emas Jalan Dato' Tahwil Azhar Ipoh, Perak	787	Freehold	Office-lot	50	17

list of group's properties

as at 30 September 2000

No.	Location	Gross Build-up Area (Land Area) Sq. Ft.	Tenure	Description / Existing Use	Net Book Value @ 30/9/2000 RM'000	Approximate Age of Building Years
9.	Lot No. 3.02 GL Nos. 20323 & 20324 Lot 3.2, 3 rd Floor Wisma Kota Emas Jalan Dato' Tahwil Azhar Ipoh, Perak	743	Freehold	Office-lot	50	17
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	1,274	20
11.	No.2, Jalan PM7 Plaza Mahkota Bandar Hilir 75000 Melaka	8,347	Leasehold expiring 25.7.2090	4 storey shop-office	1,457	2
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	9
13.	H.S.(D) 128978 P.T. No. 43545 Mukim of Petaling No. 40, Jalan BP 5/8 Bandar Bukit Puchong Puchong 47100 Kuala Lumpur	5,099 (3,477)	Freehold	1½ storey factory corner unit / office	432	1

list of group's properties

as at 30 September 2000

No.	Location	Gross Build-up Area (Land Area) Sq. Ft.	Tenure	Description / Existing Use	Net Book Value @ 30/9/2000 RM'000	Approximate Age of Building Years
14.	H.S.(D) 128977 P.T. No. 43544 Mukim of Petaling No. 38, Jalan BP 5/8 Bandar Bukit Puchong Puchong 47100 Kuala Lumpur	2,875 (2,002)	Freehold	1½ storey intermediate unit / office	221	1
15.	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	1,855	20
16.	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	1,655	20
UNITED STATES OF AMERICA						
17.	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	31

shareholdings statistics

as at 19 December 2000

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	7	0	399	0	0.00	0.00
500 - 5,000	4,419	68	8,650,301	155,000	8.72	0.16
5,001 - 10,000	438	29	3,679,000	249,300	3.71	0.25
10,001 - 100,000	329	20	8,419,000	693,000	8.49	0.70
100,001 - 1,000,000	38	4	11,549,000	936,000	11.64	0.94
1,000,001 and above	4	2	39,890,380	24,978,620	40.21	25.18
Total	5,235	123	72,188,080	27,011,920	72.77	27.23

TWENTY LARGEST SHAREHOLDERS

Name	No. of RM1.00 Shares	% of Issued Capital
1. Mah Wing Investments Limited	23,848,620	24.04
2. Mah Wing Holdings Sdn Bhd	23,575,478	23.77
3. Chan Thye Seng	9,615,902	9.69
4. Employees Provident Fund Board	4,980,000	5.02
5. Permodalan Nasional Berhad	1,719,000	1.73
6. Libra Asia Securities Limited	1,130,000	1.14
7. Amanah Saham Mara Berhad	960,000	0.97
8. Universal Trustee (Malaysia) Berhad – BHLB Pacific High Growth Fund	750,000	0.76
9. Universal Trustee (Malaysia) Berhad – Mayban Balanced Trust Fund	600,000	0.61
10. Universal Trustee (Malaysia) Berhad – BHLB Pacific Emerging Companies Growth Fund	592,000	0.60
11. Libra Capital Markets Sendirian Berhad – Libra Asia Securities Limited for Premier Securities Investment Limited	577,000	0.58
12. AM Nominees (Tempatan) Sdn Bhd – Pertubuhan Keselamatan Sosial	548,000	0.55
13. Yayasan Sarawak	500,000	0.50
14. Yayasan Sabah	500,000	0.50
15. Amanah Raya Berhad – BHLB Pacific Double Growth Fund	458,000	0.46
16. Citicorp Nominees (Asing) Sdn Bhd – TNTC for Government of Singapore Investment Corporation Pte Ltd	450,000	0.45
17. Menteri Besar Incorporation	441,000	0.45
18. Yayasan Kedah Berhad	427,000	0.43
19. Yeoh Kean Hua	377,000	0.38
20. HDM Nominees (Tempatan) Sdn Bhd – Pledged Securities Account for Ancom Berhad	347,000	0.35
Total	72,396,000	72.98

shareholdings statistics

as at 19 December 2000

SUBSTANTIAL SHAREHOLDERS

	Name	Direct Interest	No. of RM1.00 Shares		
			%	Indirect Interest	%
1.	Mah Wing Investments Limited	23,848,620	24.04	–	–
2.	Mah Wing Holdings Sdn Bhd	23,575,478	23.77	–	–
3.	RHB Nominees (Asing) Sdn Bhd	@10,455,148	10.54	–	–
4.	Chan Thye Seng	9,615,902	9.69	*47,424,098	47.81
5.	Employees Provident Fund Board	4,980,000	5.02	–	–
6.	Oriental Nominee (Tempatan) Sdn Bhd	#2,400,000	2.42	–	–
7.	Universal Trustee (Malaysia) Berhad	^2,304,000	2.32	–	–

Notes : @ Out of this block of shares, Mah Wing Investments Limited is the beneficial owner of 10,444,148 ordinary shares comprising 10.53% of the paid-up capital of the Company. The remaining ordinary shares are held in trust for beneficial owners, each of whom has less than 2% of the paid-up capital of the Company.

* Held by virtue of his substantial shareholding in Mah Wing Investments Limited and Mah Wing Holdings Sdn Bhd.

Mr Chan Thye Seng is the beneficial owner of these shares.

^ These shares are held in trust for beneficial owners, each of whom has less than 2% of the paid-up capital of the Company.



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 Seventh Annual General Meeting of the Company, to be held at Baiduri & Berlian Courtroom – Ballroom Floor, Hotel Istana, 73 Jalan Raja Chulan, 50200 Kuala Lumpur on Friday, 16 February 2001 at 11.30 a.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]

Table with 2 columns: No. of Shares Held, []

First Proxy _____ % Second Proxy _____ %

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

Table with 4 columns: Resolutions, For, Against. Rows 1-7 detailing resolutions on financial statements, dividends, directors, and share issues.

[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 _____ 2001 _____ 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 11th 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.