



PARAMOUNT CORPORATION BERHAD

(Incorporated in Malaysia)

CIRCULAR TO SHAREHOLDERS

IN RELATION TO

- PROPOSED RIGHTS ISSUE OF 6,554,142 NEW ORDINARY SHARES OF \$1.00 EACH
- PROPOSED SPECIAL ISSUE OF 14,000,000 NEW ORDINARY SHARES OF \$1.00 EACH TO BUMIPUTRAS
- PROPOSED SUBSCRIPTION FOR A 49% EQUITY INTEREST IN NANYANG INSURANCE CO. (M) BERHAD

ADVISED BY

CHARTERED MERCHANT BANKERS MALAYSIA BERHAD

THIS DOCUMENT IS IMPORTANT. If you are in any doubt as to the course you should follow, you should consult your Stockbroker, Bank Manager, Solicitor, Accountant or other professional adviser immediately.

If you have sold all your shares in Paramount Corporation Berhad, you should at once send this document to the agent through whom the sale was contracted for transmission to the purchaser.

This Circular is dated 25th April, 1981.

PARAMOUNT CORPORATION BERHAD

(formerly Malaysia Rice Industries Berhad)

(Incorporated in Malaysia)

Registered Office:
2nd Floor, Wisma Hangsam,
No. 1, Jalan Cecil,
Kuala Lumpur.
25th April, 1981.

Directors:

Tan Sri Dato Haji Mohamed Noah bin Omar (*Chairman*)

Teo Soo Chuan (*Deputy Chairman*)

Dato' Teo Soo Cheng (*Managing Director*)

Teo Soo Huat

Sim See Kee

Matthew Yoong Chong Seng

Teo Chiang Long (*Alternate to Teo Soo Chuan*)

Teo Chiang Quan (*Alternate to Teo Soo Huat*)

To the Shareholders of Paramount Corporation Berhad

Dear Sir/Madam,

1. PROPOSED RIGHTS ISSUE OF 6,554,142 NEW ORDINARY SHARES OF \$1.00 EACH.
2. PROPOSED SPECIAL ISSUE OF 14,000,000 NEW ORDINARY SHARES OF \$1.00 EACH TO BUMIPUTRAS.
3. PROPOSED SUBSCRIPTION FOR CASH OF 49% EQUITY INTEREST IN NANYANG INSURANCE CO. (M) BERHAD ("NANYANG")

It was announced on 30th March, 1981 that the Capital Issues Committee ("CIC") has approved the following proposals:-

- (i) A Rights Issue of 6,554,142 new Ordinary Shares of \$1.00 each to be offered to shareholders on the basis of one new share for every four shares held at a price of \$2.00 per share. Such new shares to be issued pursuant to this Rights Issue will rank *pari passu* in all respects with the existing ordinary shares except that they shall not rank for any dividends in respect of the financial year ended 31st December, 1980.
- (ii) A Special Issue of 14,000,000 new Ordinary Shares of \$1.00 each to be offered to Bumiputra investor(s) nominated or approved by the Ministry of Trade and Industry at a price of \$1.80 per share. Such new shares to be issued pursuant to this Special Issue will rank *pari passu* in all respects with the existing ordinary shares except that they shall not rank for the Rights Issue mentioned above and for any dividends in respect of the financial year ended 31st December, 1980.

It was further announced on 8th April, 1981 that the CIC has approved a proposed subscription for cash by Paramount of 1,250,000 shares of \$1.00 each in Nanyang at a price of \$3.00 per share. However, the proposal is still subject to the sanction of the shareholders of Nanyang and to the approval of the Director-General of Insurance.

This Circular is intended to give shareholders the necessary information in respect of the proposals to enable them to vote on the resolutions.

You will find enclosed with this Circular a Notice convening an Extraordinary General Meeting on 12th May, 1981 for the purpose of considering and if thought fit, passing the resolutions in respect of these proposals.

Rights Issue and Special Issue

Shareholders may recall that in the 1978 Annual Report, I made reference to the expansion of your Company's activities through diversification inter alia, into the plantation sector as well as in the housing development and related sectors. Since then, your Company had successfully acquired Perumahan Berjaya Sdn. Bhd., a company dealing in real estate and Dindings Oil Palm Estate, an oil palm plantation of approximately 1700 acres. It is the intention of your Board to continue studying investment opportunities so as to expand your Company's activities in line with the diversification programme.

The proceeds from the Rights Issue and the Special Issue will be used to provide for additional working capital and to finance the expansion and diversification programme of your Company and its subsidiary over the next few years. The Special Issue will also enable your Company to comply fully with the requirement of the New Economic Policy to provide 30% Bumiputra participation in the equity of your Company. The proceeds of the above issues would be utilised as follows:-

	\$
Purchase of 1,250,000 shares in Nanyang at \$3.00 a share	3,750,000
Construction of Private Commercial Institute	6,000,000
Construction of Commercial Complex comprising of a cinema and departmental stores	8,500,000
Construction of Supermarket	7,500,000
Estimated expenses of the issues	400,000
Additional working capital requirements	12,158,000
	<hr/>
	\$38,308,000
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When completed, the proposed Rights and Special Issues will increase the issued capital of your Company to \$46,770,713 made up of 46,770,713 Ordinary Shares of \$1.00 each as follows:

	No. of Ordinary Shares of \$1.00 each
Existing shares on issue	26,216,571
Proposed Rights Issue of 1 for 4	6,554,142
Proposed Special Issue	14,000,000
	<hr/>
Total	46,770,713
	<hr/> <hr/>

It is the intention of the Directors to seek a listing and quotation on The Kuala Lumpur Stock Exchange and the Stock Exchange of Singapore Limited for all the 20,554,142 Ordinary Shares to be issued pursuant to the above Issues. If listing is not granted, subscription monies will be refunded in full.

See Hoy Chan Group which presently owns 75.04% of the issued capital has indicated its intention to vote in favour of the resolution proposing the Rights Issue and furthermore, has indicated its intention to subscribe for its full entitlement of approximately 4.918 million shares under the terms of the proposed Rights Issue. The balance of approximately 1.636 million shares will be underwritten by Chartered Merchant Bankers Malaysia Berhad, the Manager of the Rights and Special Issues.

Proposed Subscription for Cash of 49% Equity Interest in Nanyang at a Price of \$3.00 per share

Nanyang was incorporated on 4th November, 1976 to take over the operations of the local Malaysian branch office of Nanyang Insurance Company Limited, a company incorporated in Singapore.

The principal activity of Nanyang consists of general insurance business. A copy of the Company's audited accounts as at 31st December, 1980 is attached to this Circular for information of shareholders. (See Appendix I)

This investment in Nanyang is in line with your Company's diversification programme and would result in your Company having a substantial interest in an insurance company.

The present authorised and issued and paid-up share capital of Nanyang is \$5,000,000 comprising 5,000,000 shares of \$1.00 each and \$1,010,000 comprising of 1,010,000 shares of \$1.00 each respectively.

On completion of the proposal, Paramount's holding of 1,250,000 shares will represent forty-nine per cent of the enlarged issued and paid-up share capital of Nanyang of \$2,550,000 and will result in Nanyang becoming an associated company of Paramount.

Barring any unforeseen circumstances, the Directors of Nanyang have forecast a profit before tax of not less than \$0.5 million for the year ending 31st December, 1981.

The following directors of your Company namely, Mr. Teo Soo Chuan, Dato' Teo Soo Cheng, Mr. Teo Soo Huat, Mr. Teo Chiang Long (*alternate to Mr. Teo Soo Chuan*) and Mr. Teo Chiang Quan (*alternate to Mr. Teo Soo Huat*) are deemed to be directly or indirectly interested in this transaction by virtue of their interests in the issued share capital of Nanyang and shall abstain from voting on the resolution relating to this proposal.

Effects of The Above Proposals on The Enlarged Paramount Group

Barring any unforeseen circumstances, the Directors of Paramount forecast that on completion of the share acquisition of Nanyang and the proposed Rights and Special Issues of 20,554,142 shares, the consolidated profits of the enlarged Group before taxation for the year ending 31st December, 1981 will not be less than \$7.6 million and that the amount of the dividend payment on the enlarged issued share capital will not be less than that of the preceding year. The net tangible asset value per share of \$1.03 as at 31st December, 1980 will increase to \$1.39 per share.

Directors' Recommendation

Your Board of Directors as advised by Chartered Merchant Bankers Malaysia Berhad, has carefully considered the proposals and unanimously agrees that it is in the best interest of the shareholders; all your Directors unanimously recommend to shareholders that they should vote in favour of the resolutions and that they should subsequently take up the Rights to which they are entitled under the issue.

Proxies

If you are unable to attend in person at the meeting, please complete and return the enclosed proxy form, to be received by the Registered Office of the Company at least 48 hours before the time for the holding of the meeting. The proxy form should be completed strictly in accordance with the instruction contained thereon.

Yours faithfully,

TAN SRI DATO HAJI MOHAMED NOAH BIN OMAR
Chairman

PARAMOUNT CORPORATION BERHAD

(Incorporated in Malaysia)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an EXTRAORDINARY GENERAL MEETING of the Company will be held at the Conference Room, 1st Floor, Hotel Malaya, Jalan Cecil, Kuala Lumpur on 12th May, 1981 at 10.00 a.m. for the purpose of considering and, if thought fit, passing the following resolutions as Ordinary Resolutions:

1. THAT the issued and paid-up share capital of the Company be increased from \$26,216,571 to \$32,770,713 by way of a Rights Issue of 6,554,142 new Ordinary Shares of \$1.00 each, such shares to rank pari passu in all respects with the existing issued and fully paid-up shares of the Company except that such shares shall not rank for dividends declared for the year ended 31st December, 1980 and that such shares be provisionally allotted to the shareholders of the Company on the Register of Members at the close of business on a date to be fixed by the Directors on the basis of one (1) share of \$1.00 each for every four (4) shares then held by the said shareholders at \$2.00 per share, fractions to be disregarded and to be dealt with by the Directors as they deem fit.
2. THAT contingent upon the passing of Resolution (1) above, the issued and paid-up share capital of the Company be increased to \$46,770,713 (inclusive of the Rights Issue if approved by shareholders) by a Special Issue of 14,000,000 new Ordinary Shares of \$1.00 each at a price of \$1.80 per share to Bumiputra investor(s) nominated or approved by the Ministry of Trade and Industry such shares to rank pari passu in all respects with the existing Ordinary Shares of the Company except that such shares shall not qualify for the Rights Issue as set out in Resolution (1) above and for the dividends declared for the year ended 31st December, 1980.
3. THAT the Company be and is hereby authorised to subscribe in cash for 1,250,000 new shares of \$1.00 each in Nanyang Insurance Co. (M) Berhad at a price of \$3.00 per share.

By Order of the Board

Robert Lim Seng Loong
Secretary

Kuala Lumpur
25th April 1981

Notes

1. *A member of the Company entitled to attend and vote is entitled to appoint a proxy or proxies to attend and vote instead of him and such proxy or proxies need not be a member(s) of the Company.*
2. *Such proxy or proxies to be valid must be lodged at the Registered Office of the Company, 2nd Floor, Wisma Hangsam, No. 1, Jalan Cecil, Kuala Lumpur, not less than forty-eight hours before the time appointed for the holding of the meeting or adjourned meeting.*





PARAMOUNT CORPORATION BERHAD

FORM OF PROXY

I/We

of
being (a) member(s) of PARAMOUNT CORPORATION BERHAD hereby appoint the Chairman of the Meeting* or

.....
as my/our proxy to vote for me/us on my/our behalf at the Extraordinary General Meeting of the Company to be held on 12th May, 1981 and at any adjournment of such meeting.

Should you desire to direct your proxy how to vote on the Resolutions set out in the Notice of Meeting and summarized below, please indicate with an "X" in the appropriate space. If no specific direction as to voting is given, the proxy will vote or abstain at his discretion.

Resolutions	For	Against
Resolution 1 Rights Issue of 1 for 4		
Resolution 2 Special Issue of 14,000,000 shares		
Resolution 3 To subscribe for 1,250,000 shares in Nanyang Insurance Co. (M) Berhad		

Signed this day of 1981.

*If you wish to appoint some other person(s) to be your proxy/proxies delete the words "the Chairman of the Meeting" and insert the name(s) of the person(s) desired.

Affix and
cancel Malaysia
20 cents postage
stamp here

.....
Signature of Member(s)

Notes

1. This Proxy to be valid must be lodged at the Registered Office of the Company, 2nd Floor, Wisma Hangsam, No. 1 Jalan Cecil, Kuala Lumpur, not less than forty-eight hours before the time appointed for the holding of the meeting or adjourned meeting.
2. A member of the Company entitled to attend and vote is entitled to appoint a proxy or proxies to attend and vote instead of him and such proxy or proxies need not be a member(s) of the Company.
3. Any alteration in this form must be initialled.



APPENDIX I

NANYANG INSURANCE CO. (MALAYSIA) BERHAD
(Incorporated in Malaysia)

ACCOUNTS – 31 DECEMBER 1980

NANYANG INSURANCE CO. (MALAYSIA) BERHAD

(Incorporated in Malaysia)

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 1980

Your directors have pleasure in submitting the audited accounts of the Company for the year ended 31 December 1980.

In the opinion of the directors the results of the operations of the Company for the year ended 31 December 1980 have not been materially affected by items of an abnormal character.

No circumstances have arisen which render adherence to the existing method of valuation of assets or liabilities of the Company misleading or inappropriate.

Except as disclosed in Note 10 to the accounts, no contingent liabilities which have not been discharged were undertaken by the Company during the year ended 31 December 1980.

No contingent liabilities have become enforceable or are likely to become enforceable within the succeeding period of twelve months which will materially affect the Company in its ability to meet its obligations as and when they fall due.

Particulars of directors' shareholdings in the Company were as follows:—

Name	Number of Shares			Balance at 31.12.1980
	Balance at 1.1.1980	Bought	Sold	
Hj. Sulaiman bin Mohd. Don	100,000	—	—	100,000

None of the other directors held any shares during the year.

In accordance with the Company's Articles of Association Mr. Teo Soo Chew and Mr. Teo Chiang Long retire and, being eligible, offer themselves for re-election.

In the opinion of the directors the Balance Sheet and Profit and Loss Account together with the Notes and Statement of Source and Application of Funds, set out on pages 4 to 9, are drawn up so as to give a true and fair view of the state of affairs of the Company at 31 December 1980 and of the results and source and application of the funds of the Company for the year ended on that date.

The retiring auditors, Peat, Marwick, Mitchell & Co., have given their consent to be re-appointed.

On Behalf of the Board:

Dato Teo Soo Cheng
Director

Hj. Sulaiman bin Mohd. Don
Director

Kuala Lumpur
24th April 1981

NANYANG INSURANCE CO. (MALAYSIA) BERHAD

(Incorporated in Malaysia)

STATUTORY DECLARATION

I, CHAN SOO HAR, being the officer primarily responsible for the financial management of NANYANG INSURANCE CO. (MALAYSIA) BERHAD, do solemnly and sincerely declare that the Balance Sheet and Profit and Loss Account together with the Notes and Statement of Source and Application of Funds, set out on pages 4 to 9, 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 SOO HAR)
at Kuala Lumpur) CHAN SOO HAR
in the Federal Territory)
this 24th day of April 1981.)

Before me:
WOON THONG SHIN
Commissioner for Oaths
Kuala Lumpur

NANYANG INSURANCE CO. (MALAYSIA) BERHAD

(Incorporated in Malaysia)

REPORT OF THE AUDITORS TO THE MEMBERS

In our opinion:—

- (a) the Balance Sheet and Profit and Loss Account together with the Notes, set out on pages 4 to 8, are properly drawn up in accordance with the provisions of the Companies Act, 1965 and so as to give a true and fair view of the state of affairs of the Company at 31 December 1980 and of the results for the year ended on that date,
- (b) the accounting and other records, including registers, of the Company examined by us are properly kept in accordance with the provisions of the Act,
- (c) the accompanying Directors' Report, insofar as it is required by the Act to deal with matters dealt with in the accounting and other records examined by us, gives a true and fair view of such matters, and
- (d) the Statement of Source and Application of Funds, set out on page 9, gives a true and fair view of the source and application of funds of the Company for the year ended 31 December 1980.

PEAT, MARWICK, MITCHELL & CO.
Chartered Accounts
Certified Public Accountants

Kuala Lumpur
24th April 1981

NANYANG INSURANCE CO. (MALAYSIA) BERHAD

(Incorporated in Malaysia)

BALANCE SHEET AS AT 31 DECEMBER 1980

	Note	\$	\$	1979 \$
SOURCES OF FUNDS:				
SHARE CAPITAL				
Authorised:				
5,000,000 shares of \$1 each			\$5,000,000	\$5,000,000
Issued and fully paid:				
1,010,000 shares of \$1 each			\$1,010,000	\$1,010,000
PROFIT AND LOSS ACCOUNT			215,306	66,596
RESERVES FOR UNEXPIRED RISKS			1,225,306	1,076,596
			1,556,845	1,503,724
CURRENT LIABILITIES				
Claims admitted or intimated but not paid		\$2,160,797		1,743,125
Reinsurers' deposits		336,456		315,678
Reinsurance premium due		144,724		539,581
Sundry creditors and accruals		76,336		71,912
Bank overdraft (unsecured)		272,287		-
Provision for taxation		117,702		105,876
Due to holding company	3	42,451		22,147
Proposed dividend (net)		30,300		30,300
			3,181,053	2,828,619
			\$5,963,204	\$5,408,939
WHICH WERE EMPLOYED AS FOLLOWS:				
FIXED ASSETS	4		\$ 24,826	\$ 29,387
INVESTMENTS	5		2,547,630	1,730,294
CURRENT ASSETS				
Amount due from clients, agents and reinsurers (less provision for doubtful debts - \$14,703; 1979 - \$7,107)		1,703,664		1,384,905
Sundry debtors and prepayments		33,134		30,134
Cash, bank balances and term deposits		1,653,950		2,234,219
			3,390,748	3,649,258
			\$5,963,204	\$5,408,939

The notes set out on pages 6 to 8 form an integral part of,
and should be read in conjunction with, these accounts.

NANYANG INSURANCE CO. (MALAYSIA) BERHAD

(Incorporated in Malaysia)

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 1980

	Note	1980 \$	1979 \$
Gross operating revenue		\$3,762,233	\$3,622,072
Profit before taxation		\$ 308,510	\$ 227,088
After charging:			
Interest expenses		\$ 10,939	\$ 7,713
Audit fees		12,000	10,000
Depreciation	4	4,097	4,149
Directors' fees provision		7,000	3,500
Director's allowance		2,400	2,400
Loss on disposal of fixed assets		—	96
Provision for bad debts		7,596	5,964
Rent		41,400	21,600
Preliminary expenses written off		—	5,140
and crediting:—			
Interest income		\$ 116,730	\$ 130,079
Investment income (gross)	7	133,386	91,357
Taxation	8	129,500	136,227
Profit after taxation		179,010	90,861
Accumulated profit brought forward		66,596	6,035
Proposed dividend of 5% less tax		245,606	96,896
Unappropriated profit carried forward		\$ 215,306	\$ 66,596

The notes set out on pages 6 to 8 form an integral part of, and should be read in conjunction with, these accounts.

NANYANG INSURANCE CO. (MALAYSIA) BERHAD

(Incorporated in Malaysia)

NOTES TO THE ACCOUNTS – 31 DECEMBER 1980

1. PRINCIPAL ACTIVITY

The principal activity of the Company consists of underwriting general insurance business. There have been no changes to the nature of this activity during the year.

2. ACCOUNTING POLICIES

2.1 Basis of Preparation

The accounts are prepared under the historical cost convention.

2.2 Fixed Assets

Fixed assets are stated at cost less accumulated depreciation and depreciated on the straight line basis over their estimated useful lives. The annual rates of depreciation are as follows:–

Equipment	–	12.5%
Furniture and fittings	–	6.67%

2.3 Investments

Investments are valued at the lower of cost and net market value.

2.4 General Insurance Underwriting Results

The general insurance underwriting results are determined after taking into account, inter alia, unexpired risks and outstanding claims.

The calculation of reserves for unexpired risks is based on the methods and rates prescribed under the Insurance Act, 1963. The following rates are applied:–

Marine	–	Not less than 25% of written premiums
Others – general business	–	Not less than 40% of written premiums

In 1979 the rates used for the calculation of the reserves for unexpired risks for marine were not less than 40% of written premiums for 1979. The effect of this change in policy on the results for the year has been to increase the profit by approximately \$31,000.

Outstanding claims represent claims arising from incidents prior to the accounting date but not settled.

2.5 Income Recognition

Premium income is taken up in the accounts by reference to the effective dates of the relevant policies.

Interest is recognised on the accrual basis.

Dividend income is accounted for on the receipts basis.

2.6 Gross Operating Revenue

Gross operating revenue comprises gross and reinsurance inwards premiums less returns and reinsurance outwards premiums.

2.7 Currency Conversion

Assets and liabilities in foreign currencies are translated into Malaysian Ringgit at the rates of exchange closely approximate to those ruling at Balance Sheet date. Transactions in foreign currencies during the year are converted into Malaysian Ringgit at the rates ruling on transaction dates.

Gains and losses in exchange are taken up in the profit and loss account.

3. HOLDING COMPANY

The holding company is Nanyang Insurance Co. Ltd., a company incorporated in Singapore.

4. FIXED ASSETS

	Cost \$	Accumulated depreciation \$	Net book value \$	Depreciation Charge for the year \$
1980				
Equipment	\$25,655	\$12,675	\$12,981	\$3,116
Furniture and fittings	14,711	2,865	11,845	981
	<u>\$40,366</u>	<u>\$15,540</u>	<u>\$24,826</u>	<u>\$4,097</u>
1979				
Equipment	\$25,900	\$9,620	\$16,280	\$3,146
Furniture and fittings	15,147	2,040	13,107	1,003
	<u>\$41,047</u>	<u>\$11,660</u>	<u>\$29,387</u>	<u>\$4,149</u>

5. INVESTMENTS

	1980		1979	
	Cost \$	Market Value \$	Cost \$	Market Value \$
Malaysian Government loan stock	\$1,080,000	\$1,088,143	\$ 930,000	\$ 938,174
Shares in quoted corporations	1,442,940	3,126,196	775,604	1,422,300
Shares in unquoted corporations	24,690		24,690	
	<u>\$2,547,630</u>		<u>\$1,730,294</u>	

6. RELATED COMPANY TRANSACTIONS

During the year there were cessions inwards from and outwards to the holding company totalling \$59,561 (1979 – \$37,235) and \$38,069 (1979 – \$96,690) respectively.

Management expenses payable to the holding company amounted to \$60,000 (1979 – \$60,000).

7. INCOME FROM INVESTMENTS (GROSS)

	1980 \$	1979 \$
Interest from Malaysian Government loan stock	\$ 63,041	\$ 40,324
Income from investments quoted in Malaysia	69,184	49,872
Income from unquoted investments	1,161	1,161
	<u>\$133,386</u>	<u>\$ 91,357</u>

8. TAXATION

Taxation based on the profit of the year:

	1980 \$	1979 \$
Malaysian income and development taxes	\$145,000	\$128,000
(Less)/Add: Taxation (over)/under provided in respect of prior years	(15,500)	8,227
	<u>\$129,500</u>	<u>\$136,227</u>

9. LOAN COMMITMENT

The Company holds shares in Malaysia Export Credit Insurance Berhad whose Articles of Association specify that shareholders are bound to make loans of up to twenty-five times the amount of shareholding when called upon to do so. In this respect the Company's commitment amounts to \$215,525 (1979 – \$215,525).

10. CONTINGENT LIABILITIES (UNSECURED)

There are contingent liabilities amounting to \$5,691,762 (1979 – \$4,542,136) in respect of guarantees undertaken by the Company in the issuance of performance bonds to customers in the normal course of business, which as a matter of business practice, is substantially reinsured with local and international reinsurers.

There is a contingent liability of \$300,000 (1979 – \$Nil) in respect of a bank guarantee to the Accountant General, Malaysia in compliance with Section 7(1) of the Insurance Act, 1963.

11. COMPARATIVE FIGURES

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

NANYANG INSURANCE CO. (MALAYSIA) BERHAD

(Incorporated in Malaysia)

STATEMENT OF SOURCE AND APPLICATION OF FUNDS FOR THE YEAR ENDED 31 DECEMBER 1980

	1980 \$	1979 \$
SOURCE OF FUNDS		
Profit before tax	\$308,510	\$227,088
Adjustment for items not involving the movement of funds:		
Depreciation of fixed assets	4,097	4,149
Loss on disposal of fixed assets	-	96
Increase in reserves for unexpired risks	53,121	450,435
Preliminary expenses written off	-	5,140
	57,218	459,820
Funds generated from operations	365,728	686,908
Funds from other sources:		
Proceeds from sales of fixed assets	808	40
Proceeds from sale of investment	100,000	10,000
	100,808	10,040
	\$466,536	\$696,948
APPLICATION OF FUNDS		
Income tax paid	\$ 117,674	\$106,510
Purchase of fixed assets	344	10,569
Purchase of investments	917,336	633,688
	1,035,354	750,767
Increase/(decrease) in working capital:		
Debtors	321,759	504,060
Claims admitted or intimated but not paid	(417,672)	(665,428)
Holding company	(20,304)	1,985
Other creditors	399,955	(120,852)
	283,738	(280,235)
Movement in net liquid funds	(852,556)	226,416
	\$466,536	\$696,948

NANYANG INSURANCE CO. (MALAYSIA) BERHAD

(Incorporated in Malaysia)

INSURANCE REVENUE ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 1980

	Fire \$	Marine \$	Motor \$	Others \$	Total \$
Income					
Premium less reinsurance	\$513,605	\$208,130	\$1,838,921	\$1,201,577	\$3,762,233
Increase/(decrease) in reserve for unexpired risks	39,669	(29,791)	(24,764)	68,006	53,120
Earned premium	473,936	237,921	1,863,685	1,133,571	3,709,113
Less: Outgoings					
Claims	70,564	82,300	1,388,940	251,214	1,793,018
Commissions	347,917	90,375	449,847	587,534	1,475,673
Management expenses	52,592	22,208	179,389	124,906	379,095
Total outgoings	471,073	194,883	2,018,176	963,654	3,647,786
Underwriting profit/(loss)	\$ 2,863	\$ 43,038	(\$ 154,491)	\$ 169,917	\$ 61,327

INSURANCE REVENUE ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 1979

	Fire \$	Marine \$	Motor \$	Others \$	Total \$
Income					
Premium less reinsurance	\$429,501	\$204,166	\$1,925,649	\$1,062,756	\$3,622,072
Increase in reserve for unexpired risks	65,870	16,139	250,957	117,469	450,435
Earned premium	363,631	188,027	1,674,692	945,287	3,171,637
Less: Outgoings					
Claims	23,285	38,523	1,040,182	273,542	1,375,532
Commissions	280,567	77,419	574,655	498,969	1,431,610
Management expenses	42,999	17,916	189,910	107,496	358,321
Total outgoings	346,851	133,858	1,804,747	880,007	3,165,463
Underwriting profit/(loss)	\$ 16,780	\$ 54,169	(\$ 130,055)	\$ 65,280	\$ 6,174

