

Annual Report 2008



Jerneh
ASIA BERHAD
(363984-X)



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Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the 13TH ANNUAL GENERAL MEETING of the Company will be held at 19th Floor, Wisma Jerneh, 38 Jalan Sultan Ismail, 50250 Kuala Lumpur on Tuesday, 26th May 2009 at 9.30 a.m. for the following purposes:-

1. To receive the audited Financial Statements for the year ended 31st December 2008, and the Reports of the Directors' & Auditors' thereon. **RESOLUTION 1**

2. To declare a Final Dividend of 5 sen per share less 26% Income Tax for the financial year ended 31st December 2008. **RESOLUTION 2**

3. To approve the payment of Directors' Fees for the financial year ended 31st December 2008. **RESOLUTION 3**

- 4.1 To re-elect Encik Ahmad Riza bin Basir who retires by rotation in accordance with Article 101 of the Articles of Association of the Company. **RESOLUTION 4**

- 4.2 To re-elect Mr Cheang Kwan Chow who retires in accordance with Article 108 of the Articles of Association of the Company. **RESOLUTION 5**

5. To consider and if thought fit, pass the following resolution pursuant to Section 129(6) of the Companies Act 1965:-

"**THAT** pursuant to Section 129(6) of the Companies Act 1965, YM Raja Dato' Seri Abdul Aziz bin Raja Salim be hereby re-appointed a Director of the Company to hold office until the conclusion of the next Annual General Meeting of the Company." **RESOLUTION 6**

6. To appoint Auditors and to authorize the Directors to fix their remuneration.

Notice of Nomination pursuant to Section 172(11) of the Companies Act, 1965, a copy of which is annexed in the Annual Report as "Appendix A" has been received by the Company for the nomination of Mazars, Chartered Accountants who have given their consent to act, for appointment as Auditors and of the intention to propose the following Ordinary Resolution:

"**THAT** Mazars, Chartered Accountants be and are hereby appointed as Auditors of the Company in place of the retiring Auditors, Moores Rowland Chartered Accountants, to hold office until the conclusion of the next Annual General Meeting at a remuneration to be determined by the Directors." **RESOLUTION 7**

AS SPECIAL BUSINESS

To consider, and if thought fit, pass the following Ordinary Resolution:-

7. **AUTHORITY TO ISSUE AND ALLOT SHARES**

"**THAT** pursuant to Section 132D of the Companies Act, 1965, 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 total number of shares issued pursuant to this resolution in any one financial year does not exceed ten percent (10%) of the issued and paid-up share capital of the Company for the time being and that the Directors be and are also empowered to obtain approval for the listing of and quotation for the additional shares so issued on the Bursa Malaysia Securities Berhad and that such authority shall continue in force until the conclusion of the next Annual General Meeting ("AGM") of the Company." **RESOLUTION 8**

8. To transact any other business of which due notice has been given.

By Order of the Board

CHOY CHIEW LING
Company Secretary

Kuala Lumpur
30th April 2009

NOTES :

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

Explanatory Note on Special Business

Authority to issue and allot shares

The proposed Ordinary Resolution is to empower the Directors to issue shares in the Company up to an amount not exceeding in total ten percent (10%) of the issued share capital of the Company for such purposes as the Directors consider would be in the interest of the Company. This authority, unless revoked or varied at a general meeting, shall be valid until the conclusion of the next Annual General Meeting of the Company.

Statement Accompanying Notice of Annual General Meeting

Further details of the Directors who are standing for re-election and re-appointment, namely, Encik Ahmad Riza bin Basir, Mr Cheang Kwan Chow and YM Raja Dato' Seri Abdul Aziz bin Raja Salim are set out on pages 8 to 9 of this Annual Report and the details of the Directors' interest in the securities of the Company and its subsidiaries are disclosed on pages 102 to 104 of this Annual Report.

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

23 February 2009

The Board of Directors
Jerneh Asia Berhad
18th Floor Wisma Jerneh
38 Jalan Sultan Ismail
50250 Kuala Lumpur

Dear Sirs

NOMINATION FOR APPOINTMENT OF MAZARS, CHARTERED ACCOUNTANTS AS THE AUDITORS OF JERNEH ASIA BERHAD ("THE COMPANY")

Pursuant to Section 172(11) of the Companies Act, 1965, we, being a shareholder of the Company, hereby give notice of our intention to nominate Mazars, Chartered Accountants for appointment as Auditors of the Company and to propose the following as an ordinary resolution to be tabled at the forthcoming Annual General Meeting of the Company, to replace the retiring Auditors, Moores Rowland, Chartered Accountants:-

"That Mazars, Chartered Accountants be and are hereby appointed as Auditors of the Company in place of the retiring Auditors, Moores Rowland, Chartered Accountants to hold office until the conclusion of the next Annual General Meeting at a remuneration to be determined by the Directors."

Yours faithfully
for and on behalf of
KUOK BROTHERS SDN BERHAD

DATO' LIM CHEE WAH
Director

BOARD OF DIRECTORS

Dato' Lim Chee Wah *Chairman*

Tam Chiew Lin *Managing Director*

YM Raja Dato' Seri Abdul Aziz bin Raja Salim *Independent Non-Executive Director*

Ahmad Riza bin Basir *Non-Independent Non-Executive Director*

Datuk Haron bin Siraj *Independent Non-Executive Director*

Cheang Kwan Chow *Non-Independent Non-Executive Director*

AUDIT COMMITTEE

YM Raja Dato' Seri Abdul Aziz
Bin Raja Salim *Chairman*
Datuk Haron bin Siraj
Cheang Kwan Chow

MANAGEMENT COMMITTEE

Ahmad Riza bin Basir *Chairman*
Tam Chiew Lin
Cheang Kwan Chow

INVESTMENT COMMITTEE

Dato' Lim Chee Wah *Chairman*
Tam Chiew Lin
Ahmad Riza bin Basir

REMUNERATION COMMITTEE

Datuk Haron bin Siraj *Chairman*
Tam Chiew Lin
Cheang Kwan Chow

COMPANY SECRETARY

Choy Chiew Ling
MAICSA : 7012415

REGISTERED OFFICE

18th Floor, Wisma Jerneh
38 Jalan Sultan Ismail
50250 Kuala Lumpur
Telephone : 03-2141 4255
Facsimile : 03-2142 1677

PRINCIPAL BANKER

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

AUDITORS

Moores Rowland
Chartered Accountants
7th Floor, South Block
Wisma Selangor Dredging
142-A Jalan Ampang
50450 Kuala Lumpur

REGISTRARS

PPB Corporate Services Sdn Bhd
17th Floor, Wisma Jerneh
38 Jalan Sultan Ismail
50250 Kuala Lumpur
Telephone : 03-2117 0888
Facsimile : 03-2117 0999

STOCK EXCHANGE LISTING

Bursa Malaysia Securities Berhad
(Main Board)
Sector : Finance
Stock Number : 6394
ISIN : MYL639400000
Reuters Code : JNEH.KL

WEBSITE

www.jerneh.com.my

Corporate Structure



Profile of the Board Of Directors

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DATO' LIM CHEE WAH

**(69 years of age – Malaysian)
Chairman/Non-Independent
Non-Executive Director
Chairman of Investment Committee**

Dato' Lim Chee Wah was appointed as a Director of Jerneh Asia Berhad on 27th June 1996 and assumed the position of Chairman on 2nd September 2002. He obtained his Bachelor of Arts (Honours) Degree in Economics from the University of Malaya in 1963.

Dato' Lim is the Deputy Chairman of PPB Group Berhad, a position he held since 1st July 2004. He is also the Executive Chairman of Malayan Sugar Manufacturing Co. Bhd. since August 2001. He sits on the Board of Malaysian Bulk Carriers Berhad, Kuok Foundation Berhad (a charitable organisation), Jerneh Insurance Berhad and Kuok Brothers Sdn Berhad.

Dato' Lim does not have any family relationship with any Director and/or major shareholder of the Company and has no conflict of interest with the Company. He has had no conviction for any offences within the past 10 years. He attended all the Board Meetings held during the financial year ended 31st December 2008.

MS TAM CHIEW LIN

**(58 years of age – Malaysian)
Managing Director
Member of Management Committee,
Remuneration Committee and
Investment Committee**

Ms Tam Chiew Lin was appointed as a Director of Jerneh Asia Berhad on 27th June 1996 and assumed the position of Executive Director on 1st August 2000. On 29th November 2005, she was re-designated as the Managing Director of the Jerneh Group. She is a Fellow of the Institute of Chartered Accountants in England and Wales, a member of the Malaysian Association of Certified Public Accountants and the Malaysian Institute of Accountants. In 1987, she received her Diploma in Applied International Management from the Swedish Institute of Management and in 1995, she received her Postgraduate Certificate in Business Administration from the University of Wales, Bangor.

Ms Tam also sits on the Board of Jerneh Insurance Berhad and several other subsidiaries of the Jerneh Group, HSBC Amanah Takaful (Malaysia) Sdn Bhd and Areca Capital Sdn Bhd.

Ms Tam does not have any family relationship with any Director and/or major shareholder of the Company and has no conflict of interest with the Company. She has had no conviction for any offences within the past 10 years. She attended all the Board Meetings held during the financial year ended 31st December 2008.

YM RAJA DATO' SERI ABDUL AZIZ BIN RAJA SALIM

**(70 years of age – Malaysian)
Independent Non-Executive Director
Chairman of the Audit Committee**

YM Raja Dato' Seri Abdul Aziz bin Raja Salim was appointed to the Board of Jerneh Asia Berhad on 27th June 1996. He is a Fellow member of the Chartered Institute of Management Accountants since 1986 and the Chartered Association of Certified Accountants, United Kingdom since 1983. He is also a member of the Malaysian Institute of Accountants since 1976 and a Fellow member of the Malaysian Institute of Taxation since 1992.

YM Raja Dato' Seri Abdul Aziz served as the Director-General of the Inland Revenue from 1980 to 1990 and as the Accountant-General Malaysia from 1990 to 1994. Currently, he sits on the Board of Amanah Saham Mara Berhad, Camerlin Group Berhad, Gamuda Berhad, Hong Leong Industries Bhd, K&N Kenanga Holdings Berhad, Kenanga Unit Trust Bhd, Kenanga Investment Bank Berhad, Panasonic Manufacturing Malaysia Berhad, PPB Group Berhad, Southern Steel Berhad and Tasek Corporation Berhad. He also serves on the Board of Jerneh Insurance Berhad and several other private limited companies in Malaysia.

YM Raja Dato' Seri Abdul Aziz does not have any family relationship with any Director and/or major shareholder of the Company and has no conflict of interest with the company. He has had no conviction for any offences within the past 10 years. He attended all the Board Meetings held during the financial year ended 31st December 2008.

ENCIK AHMAD RIZA BIN BASIR

**(48 years of age – Malaysian)
Non-Independent
Non-Executive Director
Chairman of Management Committee
Member of Investment Committee**

Encik Ahmad Riza bin Basir was appointed to the Board of Jerneh Asia Berhad on 27th June 1996. He is a lawyer by training. He graduated with a Bachelor of Law (Honours) degree from the University of Hertfordshire, Hertford, United Kingdom and Barrister at Law (Lincoln's Inn), London in 1984 and was called to the Malaysian Bar in 1986.

Encik Riza is currently the Chairman of Fima Corporation Berhad, a director of Kumpulan Fima Berhad, Manulife Holdings Berhad, KESM Industries Berhad, United Plantations Berhad and Jerneh Insurance Berhad. He also sits on the Board of several other private limited companies in Malaysia.

Encik Riza and persons connected with him are deemed major shareholders of the Company by virtue of their substantial shareholdings in BHR Enterprise Sdn Bhd. He has had no conviction for any offences within the past 10 years. He attended all the Board Meetings held during the financial year ended 31st December 2008.

**DATUK HARON
BIN SIRAJ**

**(64 years of age - Malaysian)
Independent Non-Executive Director
Chairman of Remuneration
Committee
Member of Audit Committee**

Datuk Haron bin Siraj was appointed as a Director of Jerneh Asia Berhad on 10th July 2006. He graduated with a Bachelor of Economics (Honours) degree from the University of Manchester, United Kingdom in 1968 and Master Degree of Development of Economics from Williams College, United States of America in 1975.

Datuk Haron joined the Malaysian Civil Service as an Assistant Controller of Ministry of Commerce and Industry back in 1969 and over the years had held several positions of increasing responsibilities including at Ministry of International Trade and Industry Malaysia (MITI) and the Permanent Mission of Malaysia in Geneva, Switzerland. His last held position was Secretary General, Ministry of Primary Industries until December 2000. In 2001, he assumed the position of Chief Executive Office of Malaysian Palm Oil Promotion Council, until his retirement in January 2006. He also sits on the Board of Scomi Group Berhad, Kulim (Malaysia) Berhad and several other private limited companies in Malaysia.

Datuk Haron does not have any family relationship with any Director and/or major shareholder of the Company and has no conflict of interest with the Company. He has had no conviction for any offences within the past 10 years. He attended all the Board Meetings held during the financial year ended 31st December 2008.

**MR CHEANG
KWAN CHOW**

**(56 years of age - Malaysian)
Non-Independent
Non-Executive Director
Member of Audit Committee and
Remuneration Committee**

Mr Cheang Kwan Chow was appointed as a Director of Jerneh Asia Berhad on 15th December 2008. He is a Member of Chartered Institute of Arbitrators, London, United Kingdom and sits on the Panel of Arbitrators of The Palm Oil Refiners Association of Malaysia. In 1976, he received his Diploma in Marketing, United Kingdom from Redditch College, Worcestershire, England and in 1978, he received his Postgraduate Diploma in Export Marketing and Diploma in Export from Buckinghamshire College, Buckinghamshire, England. He obtained his Master of Arts Communications Management from University of South Australia in 1999.

Mr Cheang joined the Kuok Group of Companies in 1980 and had over the years, held several positions of increasing responsibilities in various companies within the Kuok Group. Mr Cheang was appointed as Deputy Managing Director of PGEO Group/Marketing Sdn Bhd in July 2002, the position he held until December 2007.

Mr Cheang is presently the Executive Assistant to the Chairman of Kuok Brothers Sdn Berhad as well as the Deputy Chairman of Malayan Sugar Manufacturing Co Bhd. He also sits on the Board of PPB Group Berhad.

Mr Cheang does not have any family relationship with any Director and/or major shareholder of the Company and has no conflict of interest with the Company. He has had no conviction for any offences within the past 10 years. There was no Board Meeting held for the financial year ended 31st December 2008 since his appointment.

Group Financial Highlights

	2007 RM'000	2008 RM'000	% CHANGE
INCOME STATEMENT			
Operating revenue	216,558	224,594	(4)
Profit before taxation	45,414	9,721	(79)
(Loss)/Profit after taxation and minority interest	19,083	(3,190)	(117)

BALANCE SHEET

Total assets	949,057	964,482	2
Shareholders' funds	420,128	408,825	(3)

RATIOS (Attributable to equity holders)

Basic earnings per share	Sen	12.89	(1.77)	(114)
Net dividends per share	Sen	4.50	3.70	(18)
Net assets per share	RM	2.32	2.26	(3)

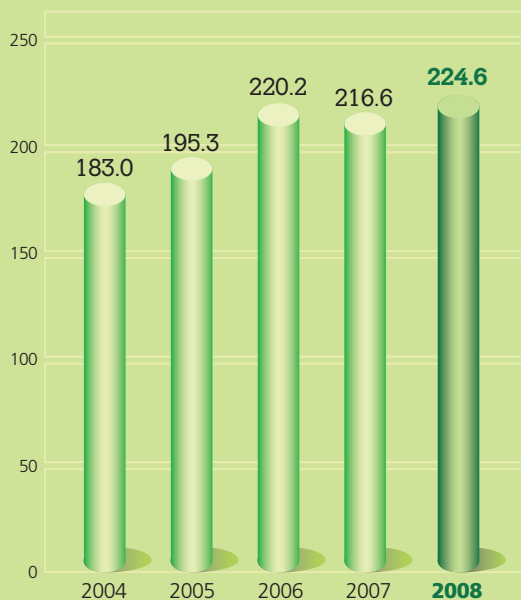
FIVE YEARS' GROUP STATISTICS year ended 31st December

	2004 RM'000	2005 RM'000	2006 RM'000	2007 RM'000	2008 RM'000	
Operating revenue	182,978	195,270	220,160	216,558	224,594	
Operating profit	40,437	31,337	35,766	54,003	36,815	
Share of losses in associated companies (net of tax)	(6,689)	(7,049)	(12,254)	(19,012)	(14,054)	
Profit before taxation	33,922	26,408	29,542	45,414	9,721	
Profit after taxation and minority interest	20,971	14,678	10,918	19,083	(3,190)	
Dividends – net	6,243	3,917	2,393	8,133	6,687	
Issued share capital	108,389	108,802	109,274	180,721	180,721	
Shareholders' funds	274,107	284,876	294,393	420,128	408,825	
Total assets employed	658,126	735,848	821,624	949,057	964,482	
Net earnings per share	Sen	19.40	17.68	10.01	12.89	(1.77)
Share price						
High	RM	2.51	2.39	2.10	2.17	1.67
Low	RM	2.13	2.02	1.85	1.45	1.02

Five-Year Group Performance Charts

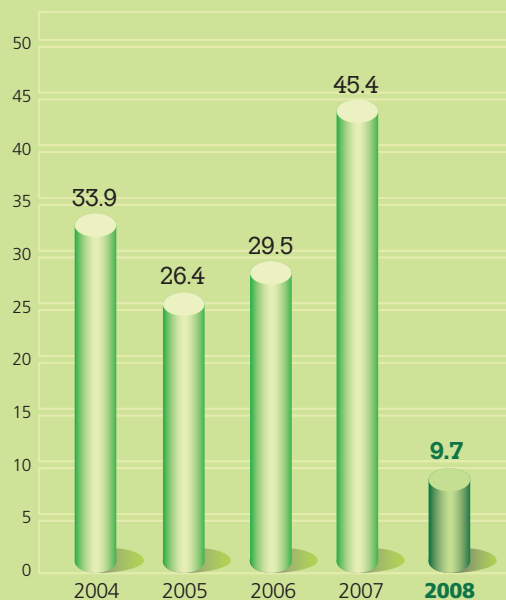
OPERATING REVENUE

(RM Million)



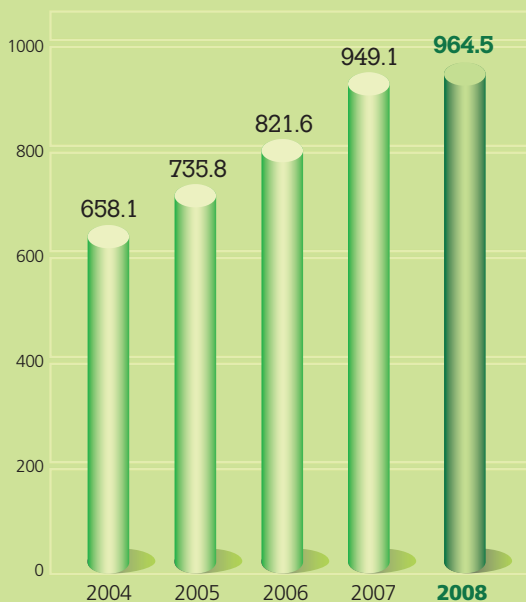
PROFIT BEFORE TAXATION

(RM Million)



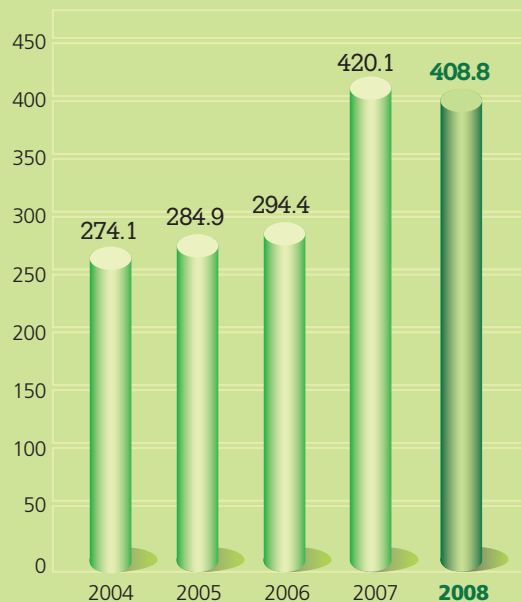
TOTAL ASSETS EMPLOYED

(RM Million)



SHAREHOLDERS' FUNDS

(RM Million)



On behalf of the Board of Directors, it is my pleasure to present the annual results of Jerneh Asia Berhad and its subsidiaries and associated companies for the year ended 31st December 2008.

PERFORMANCE FOR 2008

The Group generated a pre-tax profit of RM9.7 million for the year. This is a decrease in earnings of 78.6% from RM45.4 million in 2007. After accounting for taxes of RM9.8 million and minority interests of RM3.2 million, loss attributable to shareholders for the year was RM3.2 million which is a drop in earnings of 116.7% as compared to RM19.1 million in 2007. As explained in the report for the financial quarter ended December 2008, the Group made a total provision of RM35.0 million in diminution in value of its stock portfolios as at year end. Notwithstanding that stock markets worldwide turned in the worst performance ever in the last quarter of 2008, it is pertinent to note that the operating subsidiaries within the Group, other than the associate companies, turned in positive operating results. The Group's share of losses of associated companies has been reduced from RM19.0 million to RM14.1 million.

Jerneh Insurance Bhd ("JIB") recorded a total gross written premium of RM353.6 million (2007 : RM311.7 million), an increase of 13.4% from the preceding year. This surpassed the registered Gross Domestic Product ("GDP") estimated growth of 4.6%, and the average industry growth of 8.4% (Source: ISM statistics). Given that large commercial risks, which is subject to a continual softening of market rates, constitutes a major portion of JIB's portfolio, the company continues to perform creditably in an increasingly difficult market condition.

For the financial year ended 31st December 2008, the company registered an increase in the underwriting surplus of RM9.2 million to RM23.8 million (2007 : RM14.7 million). JIB registered a lower net claims ratio of 59.7% (2007 : 58.8%) as compared to the industry average of 65.5% (Source: ISM statistics). Total investment income reduced by 99% on a year-on-year basis to (RM0.2 million) as compared to RM39.7 million in 2007.

JIB closed the year with a profit before tax of RM22.7 million, a reduction from RM55.7 million from the previous year.

OVERSEAS INVESTMENT

Generali Philippines

The life division ended the year with a total premium income of PHP1,799.6 million representing a 5% drop as compared to the previous year. During the year under review, the sale of premiums was largely influenced by the weakening of the economy and the AIG crisis that halted the confidence of the insurable public to buy insurance, and instead the company experienced a high level of policy surrenders. Nonetheless, bancassurance through Banco De Oro with a total of 669 branches after the merger with Equitable PCI Bank, remains the largest contributor of revenue to the life division, accounting for approximately half of the total premium revenue of the company. Bancassurance remains and will be the growth catalyst for the company within the next five years.

For the non-life operations, the company achieved a substantial jump of 71.3% from previous year's production, closing the year 2008 with PHP807.6 million in gross premium income (2007 : PHP471.5 million).

OVERSEAS INVESTMENT continued

Generali Philippines continued

Overall, Generali Philippines managed to reduce its operating losses with the life division recording a loss of PHP308.6 million in 2008 (2007 : PHP342.0 million loss). The continued loss was principally caused by the lower revenue and provision for doubtful debts for the year. The non-life division also registered a lower operating loss of PHP121.7 million (2007 : PHP176.3 million loss), albeit with a significantly higher operating revenue. The claims ratio, which was a major contributor to the losses in the past year improved significantly by 17% to 67% (2007 : 84%). The introduction of a new motor pricing structure in the 4th quarter of 2008 and the tightening up of the backroom operations were the two major aspects that have strengthened the foundation of the non-life division.

Generali Thailand

For the year 2008, the life division recorded a net profit of Baht17.6 million on the back of Baht1,206.0 million premium underwritten which represents a growth of 26.1% from 2007. In 2008, the telemarketing distribution channel continued to deliver good performance with 63% growth in total premium income which enabled it to retain its ranking of 2nd and 3rd in terms of new and renewal premium written for telemarketing respectively.

The non-life division wrote Baht256.0 million of premiums in 2008, which was 38% lower than 2007 due to Management's decision to cease writing unprofitable motor business. Non-life business continues to face a very difficult environment for growth and Generali Thailand will be extremely cautious in accepting underwriting business.

Going forward, Generali Thailand's growth will largely depend on the recovery rate of its country's economy given the present political issues inherent in Thailand.

HSBC Amanah Takaful

For the year 2008, HSBC Amanah Takaful recorded gross written premiums totaling RM96.7 million. During the year, HSBC Amanah Takaful's priorities were the distribution of first class competitive protection solutions to HSBC clients, product development in life (linked and non-linked) policies, developing employees' skills set and competencies, building a comprehensive online sales support infrastructure to assist multi-channel sales and product servicing as well as leveraging on the HSBC's Insurance Centre of Excellence (ICOE) in Cyberjaya for operational efficiencies and scalability to cope with forecast volume increases.

In line with the broader economy and the insurance (life) industry, momentum in the takaful industry remains positive and HSBC Amanah Takaful remains on track to achieve profitable results within the first 5 years of operations.

PROSPECTS

Moving forward, the Board is cautious of the economic and market conditions bearing in mind the forecasts by Bank Negara Malaysia ("BNM") and Malaysian Institute of Economic Research that GDP will fall to -2.2%. Beyond the current financial year, Jerneh must be prepared to face a rapidly changing landscape with the impending market liberalization.

BNM has already implemented the Risk Based Capital Framework on 1 January 2009. JIB has carried out a series of stress test analysis on its financials and found the Capital Adequacy Ratio levels to be consistently above BNM's supervisory target of 130% confidence level. The Board is confident that JIB has the financial resilience and a sound risk management framework in place which commensurates with its business risk profiles.

On the regional front, together with our partners, the Board remains committed to selectively pursue opportunities for expansion with a view to maintaining growth and profitability as well as enhancing shareholders' value.

DIVIDENDS

Your Board of Directors is pleased to recommend a Final Dividend of 5% less income tax of 25% per ordinary share for the financial year ended 31st December 2008.

CORPORATE GOVERNANCE

The Group subscribes to the recommended Best Practices outlined in Bank Negara Malaysia's JPI/GPI 25 - Prudential Framework of Corporate Governance for Insurers and Revised Code on Corporate Governance.

ACKNOWLEDGEMENT

On behalf of the Board, I would like to put on record our appreciation to Mr Graham Hecmond Wong for his invaluable contributions to the Group. To Mr Cheang Kwan Chow, who was appointed to the Board on 15th December 2008, we extend our warm welcome.

I would also like to convey our appreciation and gratitude to the Management and staff of the Group for their hard work, commitment and loyalty; Bank Negara Malaysia and the other relevant authorities for their guidance; our valued customers, business associates, agents, brokers and reinsurers for their continued support and assistance.

Last but not least, to our shareholders, we thank you for your unwavering support and continuous faith in the Group.

Dato' Lim Chee Wah

Chairman

OVERVIEW

Jerneh Asia Berhad (“JAB”) is an investment holding company. The Group’s primary activity is the underwriting of general, life and takaful insurance, reinsurance, insurance and reinsurance broking, and credit leasing. The subsidiaries and associates operate in Malaysia, Hong Kong, Philippines, Thailand and Indonesia.

GENERAL INSURANCE

The General Insurance division offers risk management services together with a wide range of insurance products and is recognized for its commercial insurance leadership. Jerneh caters to the insurance needs of businesses from retail to industrial as well as individuals looking for personal cover.

Established in 1971, **Jerneh Insurance Berhad (“JIB”)** has distinguished itself as a specialist/leader in the larger scale risks of industrial property, marine and engineering class. JIB continues to build upon this strength and capabilities and has invested into technology and human capital that can deliver both measurable results and provide personalised services to meet the needs of our clients.

In 2003, JIB embarked on a 5-year IT initiatives to ensure commitment to a full integration to better meet customers’ needs and expectations. To date, JIB has successfully migrated its back end core insurance GIS400 system to the more comprehensive Policy/Asia system as well as implemented certain e-business initiatives. Going forward, JIB intends to expand its JerneheBiz to include other classes of insurance and integrate the front end and back end systems.

JIB focuses on offering comprehensive tailor-made risk management insurance solutions. For its corporate customers, JIB also provides loss prevention and loss control solutions which helps businesses to manage their resources efficiently thus minimizing impact on the environment and maximizing business productivity.

The comprehensive range of general insurance products and services offered include property and pecuniary insurance, liability insurance, marine hull and cargo insurance, personal accident insurance, medical insurance, motor insurance, construction and engineering insurance, Foreign Workers’ Compensation Scheme (FWCS) and its associated Insurance Guarantee (FWIG).

JIB also provides “JERNEH HELPLINE” 24-hour Toll Free emergency auto assistance programme for its motor policyholders. The benefits include:-

- 24-hour Towing Service following an Accident
- 24-hour Emergency Breakdown and Roadside Repair Services
- 6 months warranty on all repairs
- Medical referrals and Emergency Medical Evacuation assistance
- Travel Assistance, Hotel Accommodation referrals
- Legal Assistance referrals
- 24-hour Police Assistance
- Home Assist Services.

Currently, JIB has about 1,500 agents and 19 branches strategically located in major cities and towns in Peninsular Malaysia, Sabah and Sarawak. The distribution provides a geographically diverse group of independent agents equipped with a wide spread of insurance products customized to serve clients in all respective areas.

INSURANCE AND REINSURANCE BROKING

The broking subsidiaries provide insurance solutions for our corporate clients in Hong Kong, China and the Philippines by way of leveraging on Jerneh's experiences in insurance and risk management services.

Taishan Insurance Brokers Limited ("TIBL") has been a significant captive insurance broker in Hong Kong and China since 1993. The TIBL insurance specialists are renowned for their innovative approach to developing integrated insurance products and alternative risk transfer solutions to meet the insurance needs of the Kuok Group business interests in Asia. TIBL also cooperates with other large international brokers to service group business in Europe.

Taishan Insurance Brokers Phils, Inc. ("TIBP") and **KRM Reinsurance Brokers Phils., Inc. ("KRMR")** are wholly-owned subsidiaries of the Group in the Philippines. **TIBP**, aside from being a risk management advisor to the Group in the Philippines, is also a direct insurance intermediary handling general insurance and employee benefits requirements of business and industrial entities as well as for individuals who require comprehensive yet reasonably priced insurance covers. **KRMR** handles both facultative and treaty reinsurance requirements of a large number of Philippine-based insurance companies which require the services of a professional reinsurance intermediary offering solid and proven reinsurance security available in reinsurance centers such as Lloyds, Singapore, HK and North America. For the year 2008, KRMR as a reinsurer broker, retained its number 1 ranking in terms of income and premium production in the Philippines.

FUND MANAGEMENT

JAB associate company **Areca Capital Sdn Bhd** was incorporated in July 2006. The licensed Fund Management Company specializes in providing versatile and personalized investment solutions to meet individuals' investment objectives. Areca provides diversified investment options within two types of asset classes; equity and non-equity, through private investment mandates and various unit trusts products.

AFFILIATED BUSINESSES

The following companies were established to complement the insurance services of the Group:-

Jerneh Asia Reinsurance Ltd. ("JAR") an offshore composite reinsurer which underwrites reinsurance business primarily from ASEAN countries. It also operates as a captive reinsurer for JIB. JAR's line of business includes Fire, Marine, Engineering, General Accident and Medical insurance.

Jerneh Credit Leasing Sdn Bhd ("JCL") specialises in hire purchase and lease financing of capital equipment covering small scale industrial, agricultural, manufacturing, transportation, construction and medical sectors. As one of the more active equipment financing companies, JCL provides the small and medium sized enterprises (SMEs) with cost-effective alternatives for capital acquisition to grow their businesses. JCL leverages on the Government's initiatives to develop a competitive, innovative and technologically strong SME sector, that is able to contribute to the growth of the economy, and target increased growth in this area of credit financing and channels the commercial and personal line insurance businesses to JIB.

PARTNERSHIP WITH GENERALI

JAB's strategic partnership with Assicurazioni Generali S.p.A., ("Generali") the largest composite insurer in Italy is through a joint venture investment holding company ; Generali Asia N.V.,

The Group has, through Generali Asia N.V., entered into a joint venture with the SM Group and Banco De Oro Banking Group of the Philippines to establish Generali Pilipinas Holding Inc. for investments in wholly-owned Generali Pilipinas Life Assurance Company Inc. and Generali Pilipinas Insurance Company Inc. The year 2008 marked the 8th full year of operations for the Philippines companies.

In 2002, Generali Asia N.V., acquired Pornpat Insurance Co. Ltd and Pornpat Life Assurance Co. Ltd. in Thailand which were subsequently renamed as Generali Insurance (Thailand) Co. Ltd. and Generali Life Assurance (Thailand) Co. Ltd. For Generali Thailand, the year 2008 marked its 6th year of operation.

On 11th December 2007, Generali N.V. acquired PT Asuransi Jiwa Arta Mandiri Prima, a life insurance company in Indonesia which was subsequently renamed as PT Asuransi Jiwa Generali Indonesia. Operations will commence in 2009/2010.

Today, both the companies in Philippines and Thailand offer life, general, group life and other insurance products.

The Group will continue to focus on its strategy of taking a long term approach to investments in insurance operations within South East Asia region with Generali.

PARTNERSHIP WITH HSBC

On 2nd March 2006, Bank Negara Malaysia awarded a Takaful licence to the consortium of HSBC Insurance (Asia Pacific) Holdings Limited, JAB and the Employees Provident Fund Board. HSBC Amanah Takaful (Malaysia) Sdn Bhd commenced operations in the second half of 2006.

HSBC Amanah Takaful (Malaysia) Sdn Bhd offers family takaful which provides a combination of long term savings and protection for participants and their dependents arising from death, disability or survival as well as general takaful which focuses on short-term protection of properties and liabilities against any loss or damage.

The Board of Directors of Jerneh Asia Berhad (“JAB”) is committed to ensuring that a high standard of corporate governance is practiced throughout the Group as a fundamental part of discharging their fiduciary responsibilities to protect and enhance shareholders’ value and the financial performance of JAB Group.

COMPLIANCE STATEMENT

To this end, the Board adopted the recommendations of the Malaysian Code on Corporate Governance (the “Code”) and has taken steps to comply with all the Best Practices as outlined in the Code, with the exception of the establishment of a Nominating Committee.

As JAB is mainly involved in the underwriting of general insurance business and in view of its size, the Board is of the opinion that there is currently no necessity for the establishment of a Nominating Committee. Rather, the Board has always assumed the role of reviewing the performance of its members as well as identifying new appointment of Directors to the Board whenever the need arises.

PRINCIPLES STATEMENT

The following statement sets out how the Company has applied the principles in Part 1 of the Code. The principles are dealt with under the following headings:-

- (A) Board of Directors;
- (B) Directors’ Remuneration;
- (C) Shareholders’ Relation and Communication; and
- (D) Accountability and Audit.

BOARD OF DIRECTORS

Board Responsibilities

The Board of Directors of JAB takes full responsibility for the performance of the Group. The Board provides the Company with the stewardship of its direction and operations, and ultimately the enhancement of long-term shareholders’ value. In carrying out this responsibility, the Board is empowered to decide on all matters relating to the Company’s business and to delegate these powers accordingly. Where appropriate, it has set up Committees, all of which have terms of reference to govern their responsibilities. All Board Committees report to the Board.

Board Balance

At the date of this statement, the Board has six (6) members comprising one (1) Managing Director, three (3) Non-Independent Non-Executive Directors (including the Chairman) and two (2) Independent Non-Executive Directors. The composition of Board of Directors has complied with the Listing Requirements of Bursa Malaysia Securities Berhad which requires a minimum of one-third (1/3) of the total number of Directors to be Independent. A brief profile of each Director is presented on pages 7 to 9 of this Annual Report.

The roles of the Chairman and the Managing Director are segregated to ensure that there is a balance of power and authority. The Chairman heads and leads discussions on policy establishment and decision making whilst the Managing Director is responsible for the implementation of policies and decisions of the Board, overseeing as well as coordinating the development and implementation of business and corporate strategies.

BOARD OF DIRECTORS continued

Board Balance continued

The Non-Executive Directors participate actively in areas such as policy and strategy, performance monitoring, allocation of resources as well as improving governance and control.

The concept of independence adopted by the Board is in tandem with the definition of an Independent Director in Section 1.01 of the Listing Requirements of Bursa Malaysia Securities Berhad. The presence of the Independent Non-Executive Directors bring to bear objective and independent judgement to the decision making of the Board and provide a capable check and balance for the Managing Director. They also ensure that major proposals by Management are fully deliberated and examined, with due regard to risk management, taking into account the overall interests of shareholders and other stakeholders including employees, customers, suppliers and the communities in which the Group conducts its business. The Independent Non-Executive Directors provide unbiased and independent views to safeguard the interests of the minority shareholders.

To this end, the Board has appointed YM Raja Dato' Seri Abdul Aziz bin Raja Salim as the Senior Independent Non-Executive Director of the Board to whom concerns of the Group may be conveyed.

Board Meetings

The Board of Directors holds at least five (5) regular scheduled meetings annually, with additional meetings convened when urgent and important decisions need to be considered between the scheduled meetings.

During the financial year ended 31st December 2008, the Board met on five (5) occasions; where it deliberated upon and considered a variety of matters including the Group's financial results, major investments and strategic decisions, business plan and future direction of the Group.

The Board members are supplied with all necessary information prior to and in advance of each Board Meeting to enable them to effectively discharge their responsibilities.

All proceedings of the Board Meetings are duly minuted and signed by the Chairman of the Meeting. Record of Directors' attendance at Board Meetings held in the financial year ended 31st December 2008 is as follows:-

Directors	Attended
Dato' Lim Chee Wah	5 of 5 meetings held
Ms Tam Chiew Lin	5 of 5 meetings held
YM Raja Dato' Seri Abdul Aziz bin Raja Salim	5 of 5 meetings held
Encik Ahmad Riza bin Basir	5 of 5 meetings held
Encik Anwarudin bin Haji Abdul Rahman <i>(resigned on 15th April 2008)</i>	1 of 1 meeting held
Mr Graham Hecmond Wong <i>(resigned on 15th December 2008)</i>	4 of 5 meetings held
Datuk Haron bin Siraj	5 of 5 meetings held
Mr Cheang Kwan Chow <i>(appointed on 15th December 2008)</i>	See Note below

Note

There were no Board Meetings held subsequent to Mr Cheang Kwan Chow's appointment.

BOARD OF DIRECTORS continued

Supply of Information

Board papers are issued prior to a Board Meeting to enable the Directors to review and consider the agenda items to be discussed at the Board Meeting and where necessary, to obtain further explanations in order to be fully briefed before the Meeting. The Board papers include reports relevant to the issues of the meetings covering the areas of strategic, financial, operational and regulatory compliance matters.

In addition, there is a schedule of matters reserved specifically for the Board's decision, including the approval of annual business plan and budgets, the overall Group strategy and direction, major acquisitions or disposals of business or assets of a substantial value, major investments and financial decisions and approval of all corporate announcements, including the announcement of the quarterly financial results, prior to releasing to the Bursa Malaysia Securities Berhad.

In exercising their duties, the Directors have access to all information within the Company and to the advice and services of the Company Secretary. If necessary, the Directors are entitled to seek independent professional advice from external consultants at the Company's expense.

Re-Election

In accordance with the Company's Articles of Association, all Directors who are appointed by the Board are subject to re-election by shareholders at the first Annual General Meeting after their appointment. The Articles also provide that at least one-third or the number nearest to one-third of the remaining Directors be subject to re-election by rotation at each Annual General Meeting provided always that all Directors shall retire from office at least once every three (3) years but shall be eligible for re-election.

Directors over seventy years of age are required to submit themselves for re-appointment annually in accordance with Section 129(6) of the Companies Act, 1965.

Directors' Training

The Directors continually attend education programmes and seminars to keep abreast with developments in the market place, such as seminars accredited under Bursa Malaysia Securities Berhad's Continuing Education Programme.

The Company also organizes in-house training programmes, facilitated by industry experts, for Directors of listed companies in the Group and senior management. Seminars held during the financial year ended 31st December 2008 were as follows :-

Seminar Topics	No. of Hours
General outlook on "soft" commodities and the distortion of funds	
on the fundamentals of supply and demand	1
Comprehensive understanding of palm oil	1
Importance of IT security	2.5
Latest development on tax audits and tax investigations	1

BOARD OF DIRECTORS continued

Appointments to the Board

The Board is constantly reviewing the performance of its existing Directors as well as identifying and appointing new Directors to the Board whenever the need arises. The Board itself functions as a Nominating Committee.

Board Committees

The Board of Directors delegates certain responsibilities to the following Board Committees, namely:-

- (a) Audit Committee
- (b) Management Committee
- (c) Risk Management Committee (*under Jerneh Insurance Berhad*)
- (d) Investment Committee
- (e) Remuneration Committee

The duties and responsibilities of each committee are established and controlled by the Board of Directors. All committees have written terms of reference and operating procedures, and the Board receives minutes or reports of their proceedings and deliberations.

The Chairmen of the various committees will report to the Board the outcome of the committee meetings and such reports form part of the proceedings of the Board Meeting. Where necessary, the Board's ratification is sought for pertinent decisions made by the above committees.

Audit Committee

For details on the Audit Committee, please refer to the Audit Committee Report set out on pages 29 to 32.

Management Committee

The members of the Management Committee during the year were:-

- Encik Ahmad Riza bin Basir (*Chairman*)
- Ms Tam Chiew Lin
- Mr Cheang Kwan Chow (*appointed on 15th December 2008*)

This Committee was established on 21st January 1998 and tasked with the responsibility of interpreting the policies set by the Board of Directors and ensuring that such policies are being carried out by Management. It also reviews from time to time the effectiveness of existing policies and if need be, recommends new policy guidelines to the Board for approval.

During the financial year ended 31st December 2008, this Committee had five (5) meetings which were attended by majority of its members together with the Senior Management of the Group.

Besides obtaining updates on operational and financial reviews, the meetings also act as a forum for discussion on internal control issues and problems faced by the operating units. Critical issues are highlighted for timely resolution and where necessary, brought to the Board for further direction.

BOARD OF DIRECTORS continued

Risk Management Committee

The Group's principal subsidiary, Jerneh Insurance Berhad, being a licensed insurer operates under a highly regulated environment. In line with Bank Negara Malaysia's requirements to ensure insurers manage their risks, the Risk Management Committee was established by Jerneh Insurance Berhad on 26th August 2003 to oversee and monitor management's initiatives of managing key risks areas and to ensure that the risk management processes and Enterprise Risk Management Framework are in place and functioning effectively.

The members of the Risk Management Committee during the year were:-

- YM Raja Dato' Seri Abdul Aziz bin Raja Salim (*Chairman*)
- Encik Ahmad Riza bin Basir
- Dato' (Dr) Teo Chiang Quan (*Director of Jerneh Insurance Berhad*)
- Ms Tam Chiew Lin

Investment Committee

The members of the Investment Committee during the year were:-

- Dato' Lim Chee Wah (*Chairman*)
- Ms Tam Chiew Lin
- Encik Ahmad Riza bin Basir

This Committee was established on 11th May 2001 and is primarily responsible for the management of the Group's investment funds including the Policyholders Fund of Jerneh Insurance Berhad.

The following are the broad objectives of the Investment Committee:-

- (1) To preserve capital employed;
- (2) To generate a regular income stream;
- (3) To achieve consistent capital appreciation; and
- (4) Where appropriate, to develop reciprocal business support.

During the financial year ended 31st December 2008, this Committee had seven (7) meetings which were attended by a majority of its members as well as the Chief Investment Officer of Jerneh Insurance Berhad.

Remuneration Committee

The members of the Remuneration Committee during the year were:-

- Datuk Haron bin Siraj (*Chairman*)
- Ms Tam Chiew Lin
- Mr Cheang Kwan Chow (*appointed on 15th December 2008*)

This Committee comprising mainly Non-Executive Directors was established on 11th May 2001.

This Committee is responsible for reviewing the personnel policies of the Group and recommending to the Board the remuneration framework for executive directors as well as the senior management personnel of the Company and its major subsidiary companies.

DIRECTORS' REMUNERATION

Remuneration Policy

The remuneration of Directors is determined at levels that enable the Company to attract and retain Directors with the relevant experience and expertise needed to assist in managing the Group effectively. The level of remuneration of Non-Executive Directors reflects the experience and level of responsibility undertaken by them.

Remuneration Procedure

The Remuneration Committee reviews and recommends to the Board the terms of employment of and all elements of the remuneration of the Managing Director and Senior Management personnel of the Company and its major subsidiaries. The Remuneration Committee also recommends the annual bonus and salary increment of the Managing Director and Senior Management personnel.

The determination of the remuneration of Non-Executive Directors is a matter for the Board as a whole, subject to approval of shareholders at the Annual General Meeting.

During the financial year ended 31st December 2008, the Remuneration Committee met once and the meeting was attended by all the members.

Details of the Remuneration Package

The aggregate Directors' remuneration paid or payable or otherwise made available to all Directors of the Company who served during the financial year are as follows:-

	Fees RM'000	Benefits-In-Kind RM'000	Other Emoluments RM'000	Total RM'000
Executive Director	-	-	690	690
Non-Executive Directors	186	-	-	186

The number of Directors of the Company who served during the financial year and whose income from the Group falling within the following bands are:-

	Executive Director	Non-Executive Directors
Less than RM50,000	-	3
RM50,000 to RM700,000	1	4

SHAREHOLDERS' RELATION

The Board believes that shareholders should be kept informed of all material business developments of the Company. In addition to the various announcements made during the year, release of financial results on a quarterly basis provides shareholders with an overview of the Group's performance and operations. The Jerneh web-site www.jerneh.com.my provides up-to-date information on the Group's products and operations.

SHAREHOLDERS' RELATION continued

Any queries, concerns and/or feedback regarding the Group may be conveyed to:-

1.	YM Raja Dato' Seri Abdul Aziz bin Raja Salim
	<i>Senior Independent Non-Executive Director</i>
	Telephone Number : 03 – 2145 0485
	Facsimile Number : 03 – 2143 2817

2.	Ms Choy Chiew Ling
	<i>Company Secretary</i>
	Telephone Number : 03 – 2141 4255
	Facsimile Number : 03 – 2142 1677

The Annual General Meeting is the principal forum for dialogue and interaction with shareholders wherein shareholders are given opportunities to raise questions pertaining to the business activities and direction of the Group. Members of the Board as well as the Auditors of the Company are present to answer questions raised at the meeting.

For re-election of Directors, the Board will ensure that the requisite information on Directors who are standing for re-election is disclosed in the statement accompanying the notice of meeting.

Each item of special business included in the notice of the meeting will be accompanied by an explanatory statement on the effects of the proposed resolution.

ACCOUNTABILITY AND AUDIT

Financial Reporting

In presenting the annual financial statements, quarterly and half-yearly announcement of results to shareholders, the Directors take responsibility to present a balance and fair assessment of the Group's position and prospects. The Audit Committee assists in reviewing the information disclosed to ensure accuracy and adequacy.

A statement by the Directors of their responsibilities in preparing the financial statements is set out on page 26 of this Annual Report.

Relationship with the Auditors

The role of the Audit Committee in relation to the external Auditors is described on pages 29 to 32 of this Annual Report. The Company has always maintained a close and transparent relationship with its Auditors in seeking their professional advice towards ensuring compliance with the relevant accounting standards.

CORPORATE SOCIAL RESPONSIBILITIES

The Group subscribes to a risk management philosophy and believes in creating risk awareness among the community. To this end, prior to Chinese New Year, the Group worked closely with the Polis Diraja Malaysia, New Pantai Expressway and Besraya (M) Sdn Bhd to launch "Ops Sikap XXI" and "Kempen Keselamatan Lebuhraya". As part of our community support efforts, Management and staff of the Group participated in a blood donation campaign. Donations were also collected in aid of National Kidney Foundation. Preservation of the environment is another important policy of the Group, hence the Group launched the "Jerneh Friend of Green Malaysia Short Film Malaysia", which was powered by EduSmith and supported by the Ministry of Natural Resources and Environment.

Additional Compliance Information

as at 31st December 2008

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Share Buy-backs

There were no share buy-backs by the Company during the financial year.

Options, Warrants or Convertible Securities

The Company did not issue any options, warrants or convertible securities during the financial year.

American Depository Receipt ("ADR") or Global Depository Receipt ("GDR") Programme

The Company did not sponsor any ADR or GDR programme during the financial year.

Imposition of Sanctions and/or Penalties

There was no sanction and/or penalty imposed on the Company and/or its subsidiaries, Directors or Management by the relevant regulatory bodies.

Non-Audit Fees

During the year under review, the Company did not pay any non-audit fees to the Auditors of the Company.

Variation in Results

There is a deviation between the Audited consolidated financial results for the year ended 31st December 2008 as compared to the Unaudited Quarterly Report for the year ended 31st December 2008 announced on 26th February 2009.

The Group announced a loss after tax and minority interest of RM2.571 million (audited). The audited loss after tax and minority interest is RM3.190 million. The variance is mainly due to the underprovision of taxation and deferred taxation, movement in Incurred But Not Reported reserves and the reversal of tax credit credited as other income in subsidiaries.

Profit Guarantee

There were no profit guarantees given by the Company during the financial year.

Material Contracts

There was no material contract entered into by the Company and/or its subsidiaries involving Directors' and major shareholders' interests which were still subsisting as at the end of the financial year or if not then subsisting, entered into since the end of the previous financial year.

Revaluation Policy on Landed Properties

The Company does not have a revaluation policy on landed properties.

Responsibility Statement by the Board of Directors

In preparing the annual financial statements of the Group and of the Company, the Directors are collectively responsible to ensure that these financial statements have been prepared to give a true and fair view of the state of affairs of the Group and the Company at the end of the financial year and the results and cash flows of the Group and the Company in accordance with the applicable approved accounting standards in Malaysia, the provisions of the Companies Act, 1965 and the Listing Requirements of the Bursa Malaysia Securities Berhad.

In preparing the financial statements for the year ended 31st December 2008 set out on pages 34 to 99 of this Annual Report, the Directors have applied appropriate accounting policies on a consistent basis and made judgements and estimates that are reasonable and prudent.

The Directors have responsibility for ensuring that proper accounting records are kept which disclose with reasonable accuracy, the financial position of the Group and the Company and which enable them to ensure that the financial statements comply with the Companies Act, 1965.

The Directors have overall responsibilities for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

This Statement is made in accordance with a resolution of the Board of Directors dated 21st April 2009.

The Board is committed to maintain a sound system of internal control in the Group and is pleased to provide the following statement, which has been prepared in accordance with the Statement on Internal Control : Guidance for Directors of Public Listed Companies issued by the Institute of Internal Auditors in Malaysia and adopted by Bursa Malaysia Securities Berhad.

BOARD RESPONSIBILITY

The Board is ultimately responsible for the Group's system of internal control and its effectiveness to safeguard shareholders' investment and the Group's assets. Such a system includes the establishment of an appropriate control environment and framework as well as processes for reviewing its adequacy and integrity. The control environment means the overall attitude, awareness and actions of Directors and Management regarding the internal control system and its importance in the respective companies.

In view of the limitations that are inherent in any system of internal control, this system is designed to manage, rather than eliminate, the risk of failure to achieve the business objectives of the Group. Accordingly, it can only provide reasonable but not absolute assurance against material misstatement or loss. The system of internal control covers, inter alia, risk management and financial, organisational, operational and compliance controls.

The Board confirms that there is an ongoing process, for identifying, evaluating and managing the significant risks faced by the Group, which is regularly reviewed by the Board and accords with the guidelines for directors on internal control under the Statement on Internal Control: Guidance for Directors of Public Listed Companies.

THE KEY ELEMENTS OF THE GROUP'S INTERNAL CONTROL ARE DESCRIBED BELOW:-

- The Board maintains an organisation structure with clearly defined authorities and responsibilities and appropriate reporting procedures of the Board, Committee and Management of the Group. The Group consists of several companies, each of which has its own management and internal control structures. Operating management of each business unit bears responsibility for the identification and mitigation of major business risks and each maintains controls and procedures appropriate to its own business environment.
- Detailed budgeting process requiring all business units to prepare budgets annually which are reviewed by the Board. Monthly management reports are drawn up for the review of the Managing Director. Results are monitored against budget, with major variances being followed up.
- The Board meets 5 times a year and has a formal agenda to discuss amongst other things, appropriate policies on internal control over strategic, financial, operational and compliance issues and to seek assurance that the system of internal control is functioning adequately and that its integrity is maintained.
- The Audit Committee, together with the Internal Audit and Senior Management, review the effectiveness of the internal financial and operating control environment of the Group. The Audit Committee holds regular meetings and reviews reports from internal and external auditors covering such matters. Where areas of improvement in the system are recommended, the Board considers the recommendations made by the Audit Committee and Management.

THE KEY ELEMENTS OF THE GROUP'S INTERNAL CONTROL ARE DESCRIBED BELOW:-

- In accordance with the requirements of *JPI/GPI 27 - Guidelines on Anti-Money Laundering Measures* ("AML") for Jerneh Insurance Berhad, the Company has formalized the appointment of Compliance Officers for both its Head Office and branches. On-going trainings are conducted for all executives as well as Branch Managers. AML training are also tailored for junior and front-line staff to assist them in detecting possible money laundering activities.
- In line with Bank Negara Malaysia's call for all insurers to have in place a Risk Based Capital Framework by 1st January 2009, the Board of Jerneh Insurance Berhad has endorsed the timeline for Management to carry out the various tasks under the Enterprise Risk Management Framework which will encapsulate the RBC Framework. As such, the RBC Framework has been adopted and implemented. It will also be subject to periodic review. The general insurance portfolios are reviewed by professional actuaries to ensure that the reserves are adequate to meet liabilities.

INTERNAL CONTROL THAT RESULTS IN MATERIAL LOSSES

There were no material losses incurred during the financial year under review as a result of weaknesses in internal control. Management is continuously assessing and taking measures to strengthen the control environment of the group.

The Group's system of internal control applies principally to Jerneh Asia Berhad and its subsidiaries. Associated companies have been excluded because the Group does not have full management control over them.

This statement is made in accordance with the resolution of the Board of Directors dated 21st April 2009.

COMPOSITION

The Audit Committee ("AC") was appointed by the Board of Directors from amongst the Directors of the Company and comprises not less than three (3) members, the majority of whom are Independent Directors. The Chairman of the Committee is an Independent Director.

MEMBERS OF THE COMMITTEE

The Members of the Committee for the financial year ended 31st December 2008 comprises the following Directors:-

- YM Raja Dato' Seri Abdul Aziz bin Raja Salim
~ *Chairman, Independent Non-Executive Director*
~ *A member of the Malaysian Institute of Accountants*
- Datuk Haron bin Siraj
~ *Independent Non-Executive Director*
- Mr Cheang Kwan Chow (appointed on 15th December 2008)
~ *Non-Independent Non-Executive Director*
- Ms Tam Chiew Lin (resigned on 15th December 2008)
~ *Managing Director*

SECRETARY

The Secretary to the AC is the Company Secretary of the Company.

TERMS OF REFERENCE

The Committee was established on 10th July 1996 and its terms of reference are set out below:-

Authority

The AC shall:-

1. have explicit authority to investigate any matter within its terms of reference;
2. have the resources which are required to perform its duties;
3. have full and unrestricted access to any information pertaining to the Company/Group;
4. have direct communication channels with the external and internal auditors;
5. be able to obtain independent professional or other advice;
6. be able to convene meetings with the external auditors, excluding the attendance of the executive members of the committee, where deemed necessary; and
7. refer any fraud or irregularities discovered by Management to the Internal Audit Department ("IAD") for investigation and all findings shall be reported to the AC.

TERMS OF REFERENCE continued**Duties**

The duties of the AC are to:-

1. approve the internal audit charter which defines its:-
 - (i) independent purpose
 - (ii) authority
 - (iii) scope and responsibility of the internal audit functions of the Company/Group.
2. ensure that the IAD has adequate and competent resources to cover their scope and other audit projects.
3. ensure that the goals and objectives of the IAD are in line with corporate goals.
4. approve the appointment or termination, review of performance, remuneration of Head and senior staff of IAD.
5. review with the IAD the annual audit plan. The plan should detail out the audit activities for the year and allocation of resources to the tasks. It will indicate the scope of work and prioritise audit assignments using Risk Management and System Audit approaches.
6. review the scope and results of internal audit procedures including:-
 - (i) compliance with internal auditing standards, company policies relating to compliance with laws and regulatory requirements.
 - (ii) the effective operation of the system of internal controls, in particular financial controls, underwriting controls and claims controls.
 - (iii) independent and reporting relationships.
 - (iv) professionalism and capacity of the internal auditors.
 - (v) restrictions placed on internal auditors by management.
 - (vi) the internal audit programme or processes; major findings of internal audit programme or processes; or investigations undertaken; and whether or not appropriate action (including management response) is taken on the recommendations of the internal audit function.
 - (vii) coordination between internal and external auditors.
7. be informed of resignation of internal audit staff and provide the resigning staff an opportunity to submit his reasons for resigning.
8. consider and recommend the appointment of external auditors after evaluating their performance, the remuneration and any questions of resignation or dismissal.
9. discuss audit report qualifications, problems and reservations arising from the interim and final audits, and any matter the auditors may wish to discuss, in the absence of management where necessary.

TERMS OF REFERENCE continued

Duties continued

10. review the following and report the same to the Board of Directors of the Company:-
- (i) with the external auditors, the annual audit plan, its Budget, scope and nature of audit of the Company/Group and the audit report.
 - (ii) with the external auditors on the evaluation of the system of internal controls.
 - (iii) the Company's and Group's quarterly results and year end financial statements, focusing particularly on:-
 - significant changes and adjustments in the presentation of financial statements.
 - changes in or implementation of major accounting policies and principles.
 - the going concern assumption.
 - compliance with accounting standards and other legal requirements.
 - significant adjustments resulting from the audit.
 - material fluctuations in Statement of Balances.
 - significant and unusual events.
 - significant variations in audit scope.
 - significant commitments and contingent liabilities.
 - (iv) interim financial reports and preliminary announcements.
 - (v) any related party transactions and conflict of interest situation that may arise within the Company or Group including any transaction, procedure or course of conduct that raises questions of management integrity which come to light in the course of internal audit or as reported by management.
 - (vi) effectiveness of the internal control systems and in particular, to review the external auditor's management letter and management's response.
11. ensure prompt publication of annual accounts of the Company and the Board of Directors is duty bound to ensure that accounts are timely and accurate, with frequent reviews on adequacy of provisions against contingencies and bad and doubtful debts.

MEETINGS AND MINUTES

For the financial year ended 31st December 2008, the Committee convened five (5) meetings, which were attended by all members. The meetings were structured through the use of appropriate agendas and reports, which were distributed to members with sufficient notification.

The Managing Director, Chief Executive Officer of its principal subsidiary, Internal Audit Manager and Finance Managers were present by invitation at all the meetings. Representatives of the Auditors also attended the meetings upon invitation.

In carrying out his duties, the Chairman of the Committee reported to and updated the Board on significant issues and concerns discussed during the Committee's meetings and where appropriate made the necessary recommendations to the Board. Reports reviewed by the Committee were made available to all Board members.

ACTIVITIES OF AUDIT COMMITTEE

The Committee carried out its duties in accordance with its terms of reference during the financial year.

The main activities undertaken by the AC were as follows:-

1. Reviewed the Auditors' scope of work and audit plans for the financial year 2008.
2. Reviewed with the Auditors the results of the audit, the audit report and the management letter, including management's response.
3. Consideration and recommendation to the Board for approval of the audit fees payable to the Auditors as disclosed in Note 26 to the financial statements.
4. Reviewed the independence and objectivity of the Auditors and services provided, including non-audit services.
5. Reviewed the internal audit reports, which highlighted the audit issues, recommendations and management's response.
6. Recommended to the Board improvement opportunities in internal control, procedures and risk management.
7. Reviewed the quarterly and audited financial statements of the Company prior to submission to the Board for their consideration and approval.
8. Reviewed the related party transactions entered into by the Group.
9. Reviewed the inspection and examination reports issued by the regulatory authorities such as Bank Negara Malaysia and the appropriate remedial actions taken in respect of any findings.

INTERNAL AUDIT FUNCTION

The Committee is assisted by the IAD of the Group in providing independent and objective reports on the state of internal controls of the various operating units within the Group and the extent of compliance of the operating units with established policies, procedures, regulations, guidelines and best practices from the various regulatory bodies.

During the financial year, audit assignments were carried out in line with the Audit Plan approved by the Committee on various operating units of the Group. Audit reports were issued incorporating findings and recommendations with regard to system and control weaknesses noted in the course of audit, the corresponding Management's responses and the remedial actions taken by Management. The IAD followed up on the implementation of all findings and recommendations in its review process.

YM Raja Dato' Seri Abdul Aziz bin Raja Salim

Chairman

Independent Non-Executive Director

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Directors' Report

for the year ended 31st December 2008

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31st December 2008.

PRINCIPAL ACTIVITIES

The Company is principally an investment holding company. The principal activities of the subsidiary companies are indicated in explanatory Note 6 to the financial statements.

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

RESULTS

	Group RM'000	Company RM'000
(Loss)/Profit for the year attributable to shareholders of the Company	(3,190)	5,325
Retained profit brought forward	161,078	83,364
Profit available for appropriation	157,888	88,689
Dividends	(6,687)	(6,687)
Retained profit carried forward	151,201	82,002

DIVIDENDS

During the financial year, the Company paid a final dividend of 5% less 26% tax amounting to RM6,686,663 in respect of the financial year ended 31st December 2007.

The Directors now recommend a final dividend of 5% less 25% income tax amounting to RM6,777,038 (based on share capital of 180,720,605 as of 31st December 2008) in respect of the year under review.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year except as disclosed in the consolidated statement of changes in equity as set out on page 40.

ISSUE OF SHARES AND DEBENTURES

The Company did not issue any shares or debentures during the financial year.

WARRANTS

On 29th June 2007, the Company issued 66,339,602 units of free detachable Warrants on the basis of 1 free Warrant for every 1 Rights Share subscribed. The exercise price of the Warrants is fixed at RM1.60 per Warrant.

The Warrants entitle the holders to subscribe for new ordinary shares of RM1.00 each within five years from the date of issuance of the Warrants to the expiry date on 26th July 2012 and any Warrants not exercised by that date shall thereafter lapse and cease to be valid.

None of the above Warrants were exercised.

The Warrants are listed on the Bursa Malaysia Securities Berhad.

The main features of the Warrants are set out in explanatory Note 16 to the financial statements.

DIRECTORS

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

Dato' Lim Chee Wah	(Chairman)
Tam Chiew Lin	(Managing Director)
YM Raja Dato' Seri Abdul Aziz bin Raja Salim	
Ahmad Riza bin Basir	
Datuk Haron bin Siraj	
Cheang Kwan Chow	(Appointed on 15.12.2008)
Graham Hecmond Wong	(Resigned on 15.12.2008)

In accordance with Article 101 of the Company's Articles of Association, Ahmad Riza bin Basir retires by rotation at the forthcoming Annual General Meeting, and being eligible, offers himself for re-election.

In accordance with Article 108 of the Company's Articles of Association, Cheang Kwan Chow who was appointed to the Board subsequent to the last Annual General Meeting retires at the forthcoming Annual General Meeting, and being eligible, offers himself for re-election.

YM Raja Dato' Seri Abdul Aziz bin Raja Salim, being over seventy years of age, retires in accordance with Section 129(2) of the Companies Act, 1965 and offers himself for re-appointment pursuant to Section 129(6) of the Act to hold office until the conclusion of the next Annual General Meeting.

DIRECTORS' INTERESTS IN SHARES

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

Name of Director	Ordinary shares of RM1 each			At 31.12.2008
	At 1.1.2008	Bought	Sold	
Dato' Lim Chee Wah				
- direct	72,000	-	-	72,000
Tam Chiew Lin				
- direct	284,700	-	-	284,700
YM Raja Dato' Seri Abdul Aziz bin Raja Salim				
- direct	96,000	-	-	96,000
Ahmad Riza bin Basir				
- direct	345,000	-	-	345,000
- indirect	27,956,651	-	-	27,956,651

By virtue of his interest in the shares of the Company, Ahmad Riza bin Basir is also deemed to be interested in the shares of all the subsidiaries of the Company to the extent that the Company has an interest. The Company's shareholdings in its subsidiaries during the financial year are as follows:

DIRECTORS' INTERESTS IN SHARES continued

	Ordinary shares of RM1 each			
	At 1.1.2008	Bought	Sold	At 31.12.2008
Jerneh Insurance Berhad	80,000,000	-	-	80,000,000
Jerneh Credit Leasing Sdn Bhd	1,000,000	-	-	1,000,000
Jerneh Healthcare Services Sdn Bhd	250,000	-	-	250,000
Jerneh Asia Capital Sdn Bhd	2	-	-	2
Minsec Management Services Sdn Bhd	25,000	-	-	25,000

	Ordinary shares of HKD100 each			
	At 1.1.2008	Bought	Sold	At 31.12.2008
Jerneh Investment (HK) Limited	500,000	-	-	500,000

	Ordinary shares of HKD1 each			
	At 1.1.2008	Bought	Sold	At 31.12.2008
Taishan Insurance Brokers Limited	1,000,000	-	-	1,000,000

	Ordinary shares of PHP100 each			
	At 1.1.2008	Bought	Sold	At 31.12.2008
KRM Reinsurance Brokers Phils., Inc.	480,000	-	-	480,000
Taishan Insurance Brokers Philippines, Inc.	480,000	-	-	480,000

	Ordinary shares of USD1 each			
	At 1.1.2008	Bought	Sold	At 31.12.2008
Jerneh Asia Reinsurance Limited	3,200,000	-	-	3,200,000

DIRECTORS' INTERESTS IN SHARES continued

The following Directors who held office at the end of the financial year had interest in warrants during the financial year, as follows:

Warrants	No. of Warrants to Subscribe for New Ordinary Shares of RM1 each				
	At 1.1.2008	Bought	Sold	Exercised	At 31.12.2008
Dato' Lim Chee Wah					
- direct	27,000	-	-	-	27,000
Tam Chiew Lin					
- direct	109,700	-	-	-	109,700
YM Raja Dato' Seri Abdul Aziz bin Raja Salim					
- direct	36,000	-	-	-	36,000
Ahmad Riza bin Basir					
- indirect	10,483,744	-	-	-	10,483,744

DIRECTORS' BENEFITS

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

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

OTHER STATUTORY INFORMATION

- (a) Before the income statements and balance sheets of the Group and of the Company were made out, the Directors took reasonable steps:
- (i) to ascertain the action taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and have satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and
 - (ii) to ensure that any current assets which were unlikely to realise in the ordinary course of business their values as shown in the accounting records of the Group and of the Company had been written down to an amount which they might be expected so to realise.

OTHER STATUTORY INFORMATION continued

- (b) At the date of this report, the Directors are not aware of any circumstances:
- (i) which would render the amount written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent, or
 - (ii) which would render the values attributed to the current assets in the financial statements of the Group and of the Company misleading, or
 - (iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (c) At the date of this report, there does not exist:
- (i) any charge on the assets of the Company or its subsidiary companies which has arisen since the end of the financial year which secures the liabilities of any other person, or
 - (ii) any contingent liability of the Company or its subsidiary companies which has arisen since the end of the financial year other than those arising from the following:
 - contracts of insurance underwritten in the ordinary course of business by the subsidiary companies, namely, Jerneh Insurance Berhad and Jerneh Asia Reinsurance Limited.
 - the adjustment clause set out in an agreement with HSBC Insurance (Asia) Limited for the transfer of the insurance portfolio of Jerneh Investment (HK) Limited to HSBC Insurance (Asia) Limited, which is described in greater detail in explanatory Note 35 to the financial statements.
- (d) No contingent or other liability of the Company or its subsidiary companies has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may affect the ability of the Company or its subsidiary companies to meet their obligations as and when they fall due.
- (e) At the date of this report, the Directors are not aware of any circumstances, not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the respective financial statements misleading.
- (f) In the opinion of the Directors:
- (i) the results of the operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature; and
 - (ii) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature which is likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

AUDITORS

The auditors, Moores Rowland, Chartered Accountants, retire at the forthcoming annual general meeting and do not wish to seek re-appointment. The directors have received a nomination to appoint Mazars, Chartered Accountants, as auditors for the ensuing year. Mazars have expressed their willingness to accept nomination as auditors and a motion to resolve their appointment will be tabled at the forthcoming annual general meeting.

Signed on behalf of the Directors in accordance with a resolution of the Directors dated 21st April 2009

DATO' LIM CHEE WAH
Director

TAM CHIEW LIN
Director

Kuala Lumpur

Report of the Auditors

to the members of Jerneh Asia Berhad (Incorporated in Malaysia)

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of Jerneh Asia Berhad, which comprise the balance sheets of the Group and of the Company as at 31st December 2008, and the income statements, statements of changes in equity and cash flow statements of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 42 to 99.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia so as to give a true and fair view of the state of affairs of the Group and of the Company as of 31st December 2008 and their financial performance and cash flows for the year then ended.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act 1965 in Malaysia, we also report the following:

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.
- (b) We have considered the financial statements and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in explanatory Note 6 to the financial statements.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS continued

- (c) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.
- (d) The auditors' reports on the financial statements of the subsidiaries did not contain any qualification or any adverse comment made under section 174(3) of the Act.

OTHER MATTERS

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

MOORES ROWLAND
No. AF: 0539
Chartered Accountants

GAN MORN GHUAT
No. 1499/5/09 (J)
Partner

Kuala Lumpur

Date: 21st April 2009

Balance Sheets

as at 31st December 2008

	Note	Group		Company	
		2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
ASSETS					
Property, plant and equipment	3	22,273	24,574	292	289
Investment property	4	22,359	21,426	-	-
Intangible assets	5	719	1,305	-	-
Investment in subsidiary companies	6	-	-	107,236	107,236
Investment in associated companies	7	61,823	77,340	121,105	121,105
Amounts owing by subsidiary companies	8	-	-	70,092	72,365
Amount owing by an associated company	9	8,513	4,056	8,513	4,056
Other investments	10	286,656	290,017	10,000	-
Deferred tax assets	11	2,281	3,493	163	228
Trade and other receivables	12	190,027	181,103	107	119
Current tax assets		9,028	942	827	927
Marketable securities	13	14,584	18,166	-	-
Deposits	14	326,247	292,150	40,149	57,671
Cash and bank balances	15	19,972	34,485	4,197	1,543
TOTAL ASSETS		964,482	949,057	362,681	365,539
EQUITY					
Share capital	16	180,721	180,721	180,721	180,721
Share premium		69,335	69,335	69,335	69,335
Exchange fluctuation reserves (non-distributable)		7,568	8,994	-	-
Retained profits	17	151,201	161,078	82,002	83,364
Equity attributable to equity holders of the Company		408,825	420,128	332,058	333,420
Minority interest		47,236	44,090	-	-
TOTAL EQUITY		456,061	464,218	332,058	333,420
LIABILITIES					
Provision for outstanding claims	18	208,474	203,799	-	-
Trade and other payables	19	104,337	99,494	606	2,119
Amount owing to a subsidiary company	8	-	-	17	-
Unearned premium reserves	20	104,036	91,403	-	-
Bank borrowings	21	90,600	85,042	30,000	30,000
Deferred tax liabilities	22	701	-	-	-
Current tax liabilities		273	5,101	-	-
TOTAL LIABILITIES		508,421	484,839	30,623	32,119
TOTAL EQUITY AND LIABILITIES		964,482	949,057	362,681	365,539

Notes to and forming part of the financial statements are set out on pages 48 to 99
Auditors' Report - pages 40 to 41

Income Statements

for the year ended 31st December 2008

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	Note	Group		Company	
		2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Operating revenue	23	224,594	216,558	-	-
Operating costs applicable to operating revenue	24	(118,883)	(116,365)	-	-
Gross profit		105,711	100,193	-	-
Other operating income	25	9,882	14,728	229	70
Operating expenses	26	(78,778)	(60,918)	(2,671)	(3,326)
Profit from operations		36,815	54,003	(2,442)	(3,256)
Share of losses in associated companies (net of tax)		(14,054)	(19,012)	-	-
Net investment (expenses)/income	28	(9,046)	15,581	9,991	21,156
Finance costs	29	(3,994)	(5,158)	(1,361)	(3,081)
Profit before tax		9,721	45,414	6,188	14,819
Tax expense	30	(9,765)	(18,211)	(863)	(3,646)
(Loss)/Profit for the year		(44)	27,203	5,325	11,173
Attributable to:					
Equity holders of the Company		(3,190)	19,083		
Minority interest		3,146	8,120		
		(44)	27,203		
Basic earnings per share (sen)	31	(1.77)	12.89		
Diluted earnings per share (sen)	31	-	12.32		
Dividend per share (net of tax) (sen)		3.70	4.50		

Notes to and forming part of the financial statements are set out on pages 48 to 99
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Statements of Changes in Equity

for the year ended 31st December 2008

Group	Note	Attributable to equity holders of the Company								Minority interest RM'000	Total equity RM'000
		Non distributable				Retained profits RM'000	Dividend RM'000	Total RM'000			
		Share capital RM'000	Share premium RM'000	Exchange fluctuation reserves RM'000	Share option reserve RM'000						
At 1st January 2007		109,274	27,000	5,249	372	150,105	2,393	294,393	38,160	332,553	
Net gain not recognised in income statement											
- currency translation difference		-	-	3,745	-	-	-	3,745	-	3,745	
Profit for the year		-	-	-	-	19,083	-	19,083	8,120	27,203	
Issue of shares pursuant to ESOS	16	1,292	242	-	(132)	-	-	1,402	-	1,402	
Issue of shares pursuant to											
Rights Issue	16	66,340	39,804	-	-	-	-	106,144	-	106,144	
Issue of shares pursuant to											
Special Issue	16	3,815	2,289	-	-	-	-	6,104	-	6,104	
ESOS lapsed		-	-	-	(240)	23	-	(217)	-	(217)	
Dividends paid	32	-	-	-	-	(8,133)	(2,393)	(10,526)	(2,190)	(12,716)	
Balance at 31st December 2007		180,721	69,335	8,994	-	161,078	-	420,128	44,090	464,218	
Net loss not recognised in income statement											
- currency translation difference		-	-	(1,426)	-	-	-	(1,426)	-	(1,426)	
Loss for the year		-	-	-	-	(3,190)	-	(3,190)	3,146	(44)	
Dividends paid	32	-	-	-	-	(6,687)	-	(6,687)	-	(6,687)	
Balance at 31st December 2008		180,721	69,335	7,568	-	151,201	-	408,825	47,236	456,061	

Notes to and forming part of the financial statements are set out on pages 48 to 99
Auditors' Report - pages 40 to 41

statement of changes in equity

for the year ended 31st December 2008

continued

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Company	Note	Non- distributable			Retained profits RM'000	Dividend RM'000	Total RM'000
		Share capital RM'000	Share premium RM'000	Share Option reserve RM'000			
At 1st January 2007		109,274	27,000	372	80,301	2,393	219,340
Profit for the year		-	-	-	11,173	-	11,173
Issue of shares pursuant to ESOS	16	1,292	242	(132)	-	-	1,402
Issue of shares pursuant to Rights Issue	16	66,340	39,804	-	-	-	106,144
Issue of shares pursuant to Special Issue	16	3,815	2,289	-	-	-	6,104
ESOS lapsed		-	-	(240)	23	-	(217)
Dividends paid	32	-	-	-	(8,133)	(2,393)	(10,526)
Balance at 31st December 2007		180,721	69,335	-	83,364	-	333,420
Profit for the year		-	-	-	5,325	-	5,325
Dividends paid	32	-	-	-	(6,687)	-	(6,687)
Balance at 31st December 2008		180,721	69,335	-	82,002	-	332,058

Notes to and forming part of the financial statements are set out on pages 48 to 99
Auditors' Report - pages 40 to 41

Cash Flow Statements

for the year ended 31st December 2008

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax	9,721	45,414	6,188	14,819
Adjustments for:				
Accretion of discounts (net)	(1,023)	(674)	-	-
Allowance for diminution in value of other investments	25,763	2,098	-	-
Allowance for doubtful debts	594	1,851	-	-
Amortisation of intangible assets	934	1,241	-	-
Bad debts written off	6,072	343	-	-
Changes in unearned premium reserves	12,633	13,239	-	-
Depreciation	2,187	2,729	95	126
Dividend income	(8,314)	(8,957)	(5,525)	(17,485)
Loss/(Gain) on sale of other investments	3,118	(20,621)	-	-
Interest expense	4,011	5,188	1,361	3,081
Interest income	(27,487)	(25,380)	(4,466)	(3,671)
Gain on disposal of property, plant and equipment	(152)	(1)	-	-
Unrealised (gain)/loss on foreign exchange	(606)	892	362	424
Share of losses in associated companies	14,054	19,012	-	-
Property, plant and equipment written off	5	-	-	-
Writeback/(down) of marketable securities to net realisable value	6,109	(220)	-	-
Operating profit/(loss) before changes in working capital	47,619	36,154	(1,985)	(2,706)
Changes in fixed deposits	(57,374)	(41,913)	-	-
Proceeds from sale of other investments	45,413	83,431	-	-
Purchase of other investments	(51,101)	(104,952)	-	-
Changes in trade receivables	(19,656)	(47,035)	-	-
Changes in other receivables	3,935	(364)	17	29
Changes in marketable securities	(2,202)	(11,212)	-	-
Changes in provision for outstanding claims	4,675	3,911	-	-
Changes in trade payables	6,013	9,522	-	-
Changes in other payables	(29)	12,573	(431)	288
Cash used in operations	(22,707)	(59,885)	(2,399)	(2,389)
Income tax (paid)/refunded	(19,494)	(12,588)	(566)	222
Interest received	23,407	21,687	-	-
Dividends received	5,196	5,150	5,393	14,772
Net cash (used in)/generated from operating activities	(13,598)	(45,636)	2,428	12,605

Notes to and forming part of the financial statements are set out on pages 48 to 99
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cash flow statements

for the year ended 31st December 2008
continued

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	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES				
Advances to associated companies	(4,828)	(12,794)	(4,828)	(12,794)
Proceeds from sale of other investments	21,974	39,369	-	-
Proceeds from disposal of property, plant and equipment	253	1	-	-
Purchase of property, plant and equipment (Note 33)	(1,228)	(1,166)	(98)	(320)
Purchase of intangible assets (Note 34)	(348)	(381)	-	-
Purchase of other investments	(40,635)	(40,527)	(10,000)	-
Acquisition of a new associated company	-	(3,600)	-	(3,600)
Interest received	4,178	3,499	4,461	3,630
Dividends received	1,713	2,095	-	-
Repayment from subsidiary companies	-	-	2,282	3,110
Cash received/(paid) for transfer of insurance business portfolio (Note 35)	285	(17,359)	-	-
Net cash used in investing activities	(18,636)	(30,863)	(8,183)	(9,974)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from issuance of shares	-	113,410	-	113,410
Repayment to subsidiary company	-	-	17	-
Drawdown of bank borrowings	6,244	22,532	-	-
Repayments of bank borrowings	(642)	(46,000)	-	(46,000)
Interest paid	(4,133)	(5,188)	(1,387)	(4,037)
Dividends paid to shareholders of the Company	(7,743)	(10,526)	(7,743)	(9,443)
Dividend paid to a minority shareholder of a subsidiary company	-	(2,190)	-	-
Net cash generated from financing activities	(6,274)	72,038	(9,113)	53,930
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS				
	(38,508)	(4,461)	(14,868)	56,561
CASH AND CASH EQUIVALENTS BROUGHT FORWARD				
	183,499	189,119	59,214	2,653
EFFECT OF EXCHANGE RATE CHANGES				
	718	(1,159)	-	-
CASH AND CASH EQUIVALENTS CARRIED FORWARD				
	145,709	183,499	44,346	59,214
Represented by:				
Cash and bank balances	19,972	34,485	4,197	1,543
Deposits	125,737	149,014	40,149	57,671
	145,709	183,499	44,346	59,214

Notes to and forming part of the financial statements are set out on pages 48 to 99
Auditors' Report - pages 40 to 41

Notes to the Financial Statements

for the year ended 31st December 2008

1. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The financial statements comply with applicable approved Financial Reporting Standards ("FRSs") issued by the Malaysian Accounting Standards Board, the provisions of the Companies Act, 1965. Further, the financial statements of a subsidiary company, namely, Jerneh Insurance Berhad which have been consolidated with the Company's financial statements also comply with the provisions of the Insurance Act, 1996 and the circulars/guidelines issued by Bank Negara Malaysia in all material aspects.

The measurement bases applied in the preparation of the financial statements include cost, recoverable value, realisable value and fair value. Estimates are used in measuring these values.

The financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency. Unless otherwise indicated, the amounts in these financial statements have been rounded to the nearest thousand.

(b) Changes in accounting policies

The significant accounting policies adopted are consistent with those of the previous financial year except for the adoption of the following revised FRSs.

Amendment to FRS 121 The Effects of Changes in Foreign Exchange Rates - Net Investment in a Foreign Operation

FRS 107	Cash Flow Statements
FRS 112	Income Taxes
FRS 118	Revenue
FRS 134	Interim Financial Reporting
FRS 137	Provisions, Contingent Liabilities and Contingent Assets

The adoption of the above FRSs do not have any significant financial impact on the Group and the Company.

(c) New FRSs that are not yet effective

The Group and the Company have not adopted the following accounting standards (including its consequential amendments) that have been issued and relevant to their operations as they are only effective for the financial periods beginning on or after:

1 July 2009

FRS 8	Operating Segment
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1 January 2010

FRS 4	Insurance Contracts
FRS 7	Financial Instruments: Disclosures
FRS 139	Financial Instruments: Recognition and Measurement
IC Interpretation 9	Reassessment of Embedded Derivatives
IC Interpretation 10	Interim Financial Reporting and Impairment

1. SIGNIFICANT ACCOUNTING POLICIES continued**(c) New FRSs that are not yet effective** continued

The impact of applying FRS 4, FRS 7 and FRS 139 on the financial statements upon first adoption as required by paragraph 30(b) of FRS 108, Accounting Policies, Changes in Accounting Estimates and Errors is not disclosed by virtue of the exemptions given in the respective FRSs. Other than the implications as discussed below, the initial application of the other standards (and its consequential amendments) and interpretations above is not expected to have any material impact on the financial statements of the Group and of the Company.

FRS 8, Operating Segment

FRS 8, which replaces FRS 114, Segment Reporting, requires identification and reporting of operating segments based on internal reports that are regularly reviewed by the entity's chief operating decision maker in order to allocate resources to the segment and to assess its performance. Currently, the Group presents segment information in respect of its business and geographical segments (See Note 40).

The adoption of FRS 8 will not have any significant impact on the financial statements of the Group other than expanded disclosure requirements.

IC Interpretation 10, Interim Financial Reporting and Impairment

IC Interpretation 10 prohibits the reversal of an impairment loss recognised in an interim period during a financial year in respect of an investment in an equity instrument or a financial asset carried at cost. IC Interpretation 10 is applicable prospectively from the date the Group first applied the measurement criteria of FRS 136 and FRS 139 respectively. The adoption of IC Interpretation 10 will not have any significant impact on the Group.

Risk-Based Capital Framework for Insurers

Bank Negara Malaysia has issued detailed guidelines under the Risk-Based Capital Framework for Insurers ("the Framework") which is effective for annual period beginning on or after 1st January 2009. The Group's subsidiary, Jerneh Insurance Berhad will adopt the accounting policies on investments, receivables, unexpired risks and general insurance liabilities as specified in the Framework for the annual period beginning on 1st January 2009. Pursuant to the Framework, the impact of applying these accounting policies will be disclosed in financial statements for the year ending 31st December 2009.

(d) Significant accounting judgements and estimates

The preparation of financial statements requires management to exercise judgement in the process of applying the accounting policies. It also requires the use of accounting estimates and assumptions that affect the reported amounts of assets, liabilities, and disclosures of contingent assets and liabilities at the balance sheet date, and the reported amounts of income and expenses during the financial year.

Although these estimates are based on management's best knowledge of current events and actions, historical experiences and various other factors, including expectations for future events that are believed to be reasonable under the circumstances, actual results may ultimately differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are disclosed in the respective accounting policies.

1. SIGNIFICANT ACCOUNTING POLICIES continued**(e) Change of estimates**

During the financial year, the Group's subsidiary, Jerneh Insurance Berhad revised the confidence level used in computing the Incurred But Not Reported ("IBNR") provision from 95% to 85% in order to gradually realign itself with the RBC requirement of 75% confidence level by end of financial year 2009. The revision resulted in a nett release of IBNR and claims reserves provision of RM10,124,000 as at 31st December 2008.

(f) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and of all its subsidiary companies made up to the end of the financial year. The consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances.

All intra-group balances, transactions, income and expenses are eliminated in full on consolidation and the consolidated financial statements reflect external transactions only.

All subsidiary companies are consolidated on the purchase method of accounting from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Under the purchase method of accounting, the cost of an acquisition is measured as the aggregate of the fair values of the assets given, liabilities incurred or assumed and equity instruments issued at the date of exchange, plus any costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed are measured at their fair values at the acquisition date.

The excess of the acquisition cost over the fair values of the identifiable assets, liabilities, contingent liabilities acquired is retained in the balance sheet as goodwill, while the shortfall is immediately credited to the consolidated income statement. The goodwill is accounted for in accordance with the accounting policy set out in (n)(i).

Goodwill arising on the acquisition of subsidiary companies is presented separately in the balance sheet.

After initial recognition, goodwill is measured at cost less accumulated impairment losses, if any. Goodwill is tested for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying values may be impaired.

Minority interests represent the portion of the profit or loss and net assets of subsidiary companies not held by the Group.

(g) Subsidiary companies

A subsidiary company is an entity controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The existence and effect of potential voting rights that are currently exercisable or convertible, are considered when assessing whether the Company has the power to govern the financial and operating policies of another entity.

In the Company's separate financial statements, investments in subsidiary companies are stated at cost less impairment losses. Impairment losses are charged to the income statement.

On disposal, the difference between the net disposal proceeds and the carrying amount of the subsidiary disposed of is taken to the income statement.

1. SIGNIFICANT ACCOUNTING POLICIES continued**(h) Associated companies**

An associated company is an entity in which the Group has significant influence and that is neither a subsidiary company nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has significant influence.

In the Company's separate financial statements, investments in associated companies are stated at cost less impairment losses. Impairment losses are charged to income statement.

On disposal, the difference between the net disposal proceeds and the carrying amount of the associated company disposed of is taken to the income statement.

Investments in associated companies are accounted for in the consolidated financial statements by the equity method of accounting. Under the equity method, the investments in associated companies are initially recognised at cost and adjusted thereafter for post-acquisition changes in the Group's share of net assets of the associated companies.

The Group's share of net profits or losses and changes recognised directly in the equity of the associated companies are recognised in the consolidated income statement and consolidated statement of changes in equity, respectively.

An investment in an associated company is accounted for using the equity method from the date on which the Group obtains significant influence until the date the Group ceases to have a significant influence over the associated company.

Premium relating to an associated company is included in the carrying value of the investment and it is not tested for impairment separately. Instead, the entire carrying amount of the investment is tested for impairment in accordance with the accounting policy set out in (n)(ii).

Discount on acquisition is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's share of the associated company's profit or loss in the period in which the investment is acquired.

Unrealised gains on transactions between the Group and its associated companies are eliminated to the extent of the Group's interest in the associated companies. Unrealised losses are also eliminated unless the transaction provides evidence of impairment of the asset transferred.

Equity accounting is discontinued when the carrying amount of the investment in an associated company diminishes by virtue of losses to zero, unless the Group has incurred legal or constructive obligations or made payments on behalf of the associated company.

The results and reserves of associated companies are accounted for in the consolidated financial statements based on audited and/or unaudited management financial statements made up to the end of the financial year and prepared using accounting policies that conform to those used by the Group for like transactions in similar circumstances.

1. SIGNIFICANT ACCOUNTING POLICIES continued**(i) Property, plant and equipment***(i) Measurement basis*

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any.

The cost of property, plant and equipment includes expenditure that is directly attributable to the acquisition of the assets.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the asset will flow to the Group and the Company and the cost of the asset can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial year in which they are incurred.

Property, plant and equipment are derecognised upon disposal or when no future economic benefits are expected from their use or disposal. On disposal, the difference between the net disposal proceeds and the carrying amount is recognised in the income statement.

(ii) Depreciation

Freehold land is not depreciated.

Depreciation is calculated to write off the depreciable amount of other property, plant and equipment on a straight line basis over their expected useful lives. Depreciable amount of a property, plant and equipment is determined by deducting the residual value from the cost of the property, plant and equipment.

The principal annual rates used for this purpose are:

Buildings	2% - 2.5%
Computers	20% - 33 1/3%
Office equipment, furniture and fittings	10% - 20%
Motor vehicles	20%
Office renovation	10% - 33 1/3%

The residual values, useful lives and depreciation method are reviewed, and adjusted if appropriate, at each balance sheet date.

(j) Investment properties

Investment properties are properties held to earn rental income or for capital appreciation or both rather than for use in the production or supply of goods or services or for administrative purposes, or sale in the ordinary course of business.

1. SIGNIFICANT ACCOUNTING POLICIES continued

(j) Investment properties continued

(i) *Measurement basis*

Investment properties are stated at cost less accumulated depreciation and impairment losses, if any.

The cost of investment properties includes expenditure that is directly attributable to the acquisition of the asset.

Subsequent costs are included in the asset's carrying amount only when it is probable that future economic benefits associated with the asset will flow to the Group and the Company and the cost of the asset can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial year in which they are incurred.

Investment properties are derecognised upon disposal or when they are permanently withdrawn from use and no future economic benefits are expected from their disposal. On disposal, the difference between the net disposal proceeds and the carrying amount is recognised in the income statement.

(ii) *Depreciation*

Freehold land is not depreciated. Depreciation is calculated to write off the cost of investment properties on a straight line basis to their residual values over their expected useful lives. The annual depreciation rate used is 2%. The useful lives and depreciation method are reviewed and adjusted if appropriate, at each balance sheet date.

(k) Intangible assets

Intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses. The useful lives of intangible assets are assessed to be either finite or infinite. Intangible assets with finite lives are amortised on a straight line basis over the estimated economic useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each balance sheet date. The principal annual rate for amortisation of computer software is 20%.

Intangible assets with infinite useful lives are not amortised but tested for impairment annually or more frequently if the events or changes in circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level. The useful life of an intangible asset with an infinite life is also reviewed annually to determine whether the useful life assessment continues to be supportable.

(l) Other investments

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

Quoted investments are stated at the lower of cost and market value determined on an aggregate basis by category of investments except that if any decline in value of a particular investment is regarded as other than temporary, an allowance for diminution in value is made against the value of that investment. The allowance for diminution in value is charged to the income statement.

Unquoted investments are stated at cost less allowance for diminution in value.

On disposal, the difference between the net disposal proceeds and the carrying amount of the investment disposed of is taken to the income statement.

1. SIGNIFICANT ACCOUNTING POLICIES continued**(m) Marketable securities**

Marketable securities comprising quoted securities are stated at the lower of cost and market value, determined on an aggregate basis by category of investment in the case of Jerneh Asia Capital Sdn Bhd and are stated at fair value in the case of Jerneh Investment (HK) Limited. Changes in the carrying amount of the securities are recognised in the income statement. On disposal, the difference between the net sales proceeds and the carrying amounts is taken to the income statement.

(n) Impairment of assets**(i) Goodwill**

Goodwill is tested for impairment, annually or more frequently if events or changes in circumstances indicate that the goodwill may be impaired.

For the purpose of impairment testing of goodwill, goodwill is allocated to each of the Group's cash-generating units that are expected to benefit from synergies of the business combination.

An impairment loss is recognised in the income statement when the carrying amount of the cash-generating unit, including the goodwill exceeds the recoverable amount of the cash-generating unit. The recoverable amount of the cash-generating unit is the higher of the cash-generating unit's fair value less cost to sell and value in use.

The total impairment loss is allocated first to reduce the carrying amount of goodwill allocated to the cash-generating unit and then to the other assets of the cash-generating unit pro-rata on the basis of the carrying amount of each asset in the cash-generating unit.

Impairment loss recognised for goodwill is not reversed in subsequent period.

(ii) Property, plant and equipment, investment property, intangible assets, investment in subsidiary companies and associated companies

These assets are assessed at each balance sheet date to determine whether there is any indication of impairment. If such an indication exists, the asset's recoverable amount is estimated. The recoverable amount is the higher of an asset's fair value less cost to sell and its value in use. Value in use is the present value of the future cash flows expected to be derived from the asset. Recoverable amounts are estimated for individual asset, or, if it is not possible, for the cash-generating unit to which the asset belongs.

An impairment loss is recognised whenever the carrying amount of an asset or a cash-generating unit exceeds its recoverable amount. Impairment losses are charged to the income statement.

Any reversal of impairment loss as a result of a subsequent increase in recoverable amount should not exceed the carrying amount that would have been determined (net of amortisation or depreciation, if applicable) had no impairment loss been previously recognised for the asset.

(o) Loans

Loans which consist of mortgage loans and other secured loans are stated at cost less allowance for doubtful debts.

1. SIGNIFICANT ACCOUNTING POLICIES continued

(p) Leases

A lease is an agreement whereby the lessor conveys to the lessee in return for a payment or series of payments the right to use an asset for an agreed period of time.

(i) *Finance lease*

A finance lease is a lease that transfers substantially all the risks and rewards incidental to ownership of an asset. Title may or may not eventually be transferred.

(ii) *Operating lease*

An operating lease is a lease other than a finance lease.

Operating lease income or operating lease rentals are credited or charged to the income statement on a straight line basis over the period of the lease.

(q) Receivables

Receivables are initially recognised at their costs when the contractual right to receive cash and another financial asset from another entity is established. Subsequent to initial recognition, receivables are stated at cost less allowance for doubtful debts.

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

In addition to the above, all motor premiums outstanding for more than 30 days and non-motor premiums outstanding for more than six months from the inception date of the policy are fully provided for in accordance with Bank Negara Malaysia's guidelines on the determination of allowance for doubtful debts.

(r) Equity instruments

Ordinary shares are recorded at nominal value and proceeds received in excess of the nominal value of shares issued, are accounted for as share premium. Both ordinary shares and share premium are classified as equity. Costs incurred directly attributable to the issuance of the shares are accounted for as a deduction from share premium, if any, otherwise it is charged to the income statement.

Dividends to shareholders are recognised as a reduction of equity in the period in which they are declared.

(s) Borrowing costs

All borrowing costs are taken to the income statement in the period in which they are incurred.

(t) Payables

Payables are measured initially and subsequently at cost. Payables are recognised when there is a contractual obligation to deliver cash or another financial asset to another entity.

1. SIGNIFICANT ACCOUNTING POLICIES continued**(u) Provisions**

A provision is recognised if, as a result of a past event, the Group and the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote. Contingent liabilities do not include liabilities arising from contracts of insurance underwritten in the ordinary course of business of the Group.

(v) General insurance underwriting results

General insurance underwriting results are determined for each class of business after taking into account reinsurances, commissions, unearned premium reserves and claims incurred.

(i) Premium income

Premium is recognised in a financial period in respect of risks assumed during that particular financial year. Inward treaty reinsurance premiums are recognised on the basis of periodic advices received from ceding insurers. Inwards facultative reinsurance premiums are recognised on inception date.

(ii) Inward treaty business

Underwriting results relating to reinsurance inward treaty transaction, regardless of the underwriting years to which they pertain, are included in current operations to the extent that such transactions are reported by the brokers and reinsurers in their statements of accounts received at the end of the financial year.

(iii) Unearned premium reserves ("UPR")

Premiums are considered earned after accounting for reinsurance outwards and UPR. UPR is computed based on the following methods:

	Jerneh Insurance Berhad	Jerneh Asia Reinsurance Limited
Direct and facultative transit business	25% method	40% method
Inward treaty business	1/24th method	40% method
Overseas inward facultative business	1/8th method	40% method
All other direct business	1/24th method	40% method

1. SIGNIFICANT ACCOUNTING POLICIES *continued*

(v) General insurance underwriting results *continued*

(iv) *Provision for claims*

Provision is made for the estimated costs of all claims together with related expenses less reinsurance recoveries in respect of claims notified but not settled at balance sheet date.

Provision is also made for the cost of claims together with related expenses incurred but not reported ("IBNR") at balance sheet date. For inward treaty business, the IBNR provision is based on submissions by treaty parties. For direct and facultative business, the IBNR provision is based on actuarial valuations carried out by independent actuarial firms in the case of Jerneh Insurance Berhad and Jerneh Asia Reinsurance Limited.

The valuation of the provision for outstanding claim involves projection of the Group's future claims experience based on current and past claims experience and underwriting practice. As with all projection, there are elements of uncertainty and thus projected future claims experience may be different from its actual claims experience due to the level of uncertainty involved in projecting future claims experience based on past claims experience and underwriting practice.

These uncertainties arise from changes in underlying risks, changes in spread of risks, claims settlement as well as uncertainties in the projection model and underlying assumptions.

(v) *Acquisition costs*

The cost of acquiring and renewing insurance policies net of income derived from ceding reinsurance premiums is recognised as incurred and properly allocated to the periods in which it is probable they give rise to income.

(w) Income recognition

- (i) Insurance premium income is recognised as disclosed under explanatory Note v(i).
- (ii) Interest income from government securities, bonds and loan stocks, fixed deposits and term loans receivable is recognised on an accrual basis.
- (iii) Interest income from hire purchase and leasing transactions is recognised on a time proportion basis after taking into account the effective yield of the assets. When an account becomes non-performing, the recognition of interest income is suspended until it is realised on a cash basis. An account is deemed to be non-performing when repayment is in arrears for more than three months.
- (iv) Dividend income is recognised when the right to receive has been established.
- (v) Revenue from property management and consultancy services is recognised upon services being rendered.
- (vi) Brokerage fee income is recognised when the insurance policy is accepted by the insurer.
- (vii) Rental income is recognised on a straight line basis over the specific periods of the respective leases.

1. SIGNIFICANT ACCOUNTING POLICIES continued**(x) Foreign currencies***(i) Functional currency*

Functional currency is the currency of the primary economic environment in which an entity operates.

The financial statements of each entity within the Group are measured using their respective functional currency.

(ii) Transactions and balances in foreign currencies

Transactions in currencies other than the functional currency ("foreign currencies") are translated to the functional currency at the rate of exchange ruling at the date of the transaction.

Monetary items denominated in foreign currencies at the balance sheet date are translated at foreign exchange rates ruling at that date.

Non-monetary items which are measured in terms of historical costs denominated in foreign currencies are translated at foreign exchange rates ruling at the date of the transaction.

Non-monetary items which are measured at fair values denominated in foreign currencies are translated at the foreign exchange rates ruling at the date when the fair values were determined.

Exchange differences arising on the settlement of monetary items and the translation of monetary items are included in the income statement for the period.

When a gain or loss on a non-monetary item is recognised directly in equity, any corresponding exchange gain or loss is recognised directly in equity. When a gain or loss on a non-monetary item is recognised in the income statement, any corresponding exchange gain or loss is recognised in income statement.

(iii) Translation of foreign operations

For consolidation purposes, all assets and liabilities of foreign operations that have a functional currency other than RM (including goodwill and fair value adjustments arising from the acquisition of the foreign operations) are translated at the exchange rates ruling at the balance sheet date.

Income and expense items are translated at exchange rates approximating those ruling on transactions dates.

All exchange differences arising from the translation of the financial statements of foreign operations are dealt with through the exchange translation reserve account within equity. On the disposal of a foreign operation, the exchange translation differences relating to that foreign operation are recognised in the income statement as part of the gain or loss on disposal.

(y) Employee benefits*(i) Short term benefits*

Wages, salaries, paid annual leave, paid sick leave, bonuses and non-monetary benefits are recognised as expenses in the period in which the associated services are rendered by employees of the Group and the Company.

1. SIGNIFICANT ACCOUNTING POLICIES continued

(y) Employee benefits continued

(ii) *Post-employment benefits*

The Company and its Malaysian subsidiaries pay fixed contributions to the Employees Provident Fund Board ("EPF") which is a defined contribution plan.

The legal or constructive obligations of the Company and its Malaysian subsidiaries are limited to the amount that they agree to contribute to the EPF. Contributions to the EPF are charged to the income statement in the period to which they relate.

Some of the foreign subsidiary companies make contributions to their respective countries' statutory pension schemes which are recognised as an expense in the income statement as incurred.

(z) Taxation

The tax expense in the income statement represents the aggregate amount of current tax and deferred tax included in the determination of profit or loss for the year.

On the balance sheet, a deferred tax liability is recognised for taxable temporary differences while a deferred tax asset is only recognised for deductible temporary differences and unutilised tax losses to the extent that it is probable that taxable profit will be available in future against which the deductible temporary different and unutilised tax losses can be utilised.

No deferred tax is recognised for temporary differences arising from the initial recognition of:

- (i) goodwill, or
- (ii) an asset or liability which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax assets and liabilities are measured based on tax consequences that would follow from the manner in which the asset or liability is expected to be recovered or settled, and based on the tax rates enacted or substantively enacted by the balance sheet date that are expected to apply to the period when the asset is realised or when the liability is settled.

Current tax and deferred tax are charged or credited directly to equity if the tax relates to items that are credited or charged, whether in the same or a different period, directly to equity.

(aa) Cash equivalents

Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value.

(ab) Financial instruments

A financial instrument is any contract that gives rise to both a financial asset of one enterprise and a financial liability or equity instrument of another enterprise.

1. SIGNIFICANT ACCOUNTING POLICIES continued**(ab) Financial instruments** continued(i) *Financial instruments recognised in the balance sheet*

The Group's financial instruments which are recognised in the balance sheet comprise cash and cash equivalents, other investments, receivables, payables, bank borrowings and ordinary shares.

These financial instruments are recognised when a contractual relationship has been established. The accounting policies and methods adopted, including the basis of measurement applied are disclosed above, where relevant.

The information about the extent and nature of these recognised financial instruments, including significant terms and conditions that may affect the amount, timing and certainty of future cash flows are disclosed in the respective notes below, where applicable.

(ii) *Financial instruments not recognised in the balance sheet*

The Company has provided corporate guarantees to bank for credit facilities granted to subsidiary company which represent present obligations existing at the balance sheet date. The corporate guarantees are not recognised in the financial statements at inception because it is not probable that an outflow of economic benefits will be required to settle the obligations.

(ac) Segment reporting

Segment revenue, expense, assets and liabilities are those amounts resulting from operating activities of a segment that are directly attributable to the segment and a relevant portion that can be allocated on a reasonable basis to the segment.

Segment revenue, expense, assets and liabilities are determined before intra-group balances and intra-group transactions are eliminated as part of the consolidation process, except to the extent that such intra-group balances and transactions are between group entities within a single segment.

(ad) Disclosure of fair value

Cash and cash equivalents, trade and other receivables, trade and other payables, short term investments and short term borrowings

The carrying amounts of these financial instruments approximate fair values because of their short maturities.

Long term investments

The fair value of quoted investments is estimated based on quoted market price.

For unquoted investments, a reasonable estimate of fair value is not practical due to the lack of comparable quoted market prices and available market data for valuation. Therefore, such investments are valued at cost subject to review for diminution in value.

2. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The objective of risk management is to ensure that the Group's overall risk is managed at an acceptable level and that appropriate return is earned for the level of risk assumed.

A risk management policy is in place to identify and measure significant areas of business risk and to effectively manage those risks by establishing internal controls, systems, policies and procedures. Systems are designed to provide reasonable assurance that the assets are safeguarded, insurance risk exposure is within desired limits, reinsurance protection is adequate and counterparties are subject to security assessment. The risk management framework is reviewed on a periodic basis.

The general insurance portfolios are reviewed by professional actuaries and the review takes into account the adequacy of reserves to meet liabilities.

Subsidiaries and affiliates engaged in the insurance business comply with their specific Insurance Acts and Regulations in their respective jurisdictions.

Underwriting risk

Although the Group has in place underwriting guidelines which ensure that underwriting risks undertaken adhere to proper control procedures, the Group may be exposed to potential financial liabilities resulting from higher claim costs than expected. This is due to the random nature of claims and their unpredictable frequency and severity and the risk of changes in legal or economic conditions affecting insurance pricing and conditions of insurance or reinsurance cover.

The underwriting and claims monitoring programme incorporates standards for underwriting procedures, policy retention limits, the use of reinsurance and the setting of claim reserves. Underwriting standards are established to manage the initial insurability of customers. Renewal underwriting standards are in place for business that renews on a periodic basis.

Reinsurance risk

In the normal course of business, the Group limits the amount of loss on any one policy/event by reinsuring certain levels of risk with other reinsurers/insurers. Reinsurance does not discharge the Group's liability as the primary insurer. Failure of reinsurers to honour their obligations could also result in losses to the Group. In order to minimise losses from reinsurance insolvencies, the Group only deals with the most creditworthy counterparties.

Interest rate risk

The Group's earnings are affected by changes in market interest rates due to the impact such changes have on interest income from cash and cash equivalents and investments. Strict investment guidelines are in place and reviewed regularly to provide the general direction for the Group's investment funds and to monitor the risk undertaken.

In respect of the unsecured revolving loan, the Group has maintained the funding on floating rates that allows it to take advantage of cheaper funding in a low interest rate environment. To minimise exposure to future interest rate hikes, the Group has an option to switch the funding to fixed rate terms.

Credit risk

Other than the credit criteria observed in respect of the reinsurers and insurance companies, credit risk does arise in the ordinary course of business if customers, counterparties or intermediaries are unable or unwilling to fulfil their payment obligations.

The Group has a credit policy in place and the exposure to credit risk is monitored and controlled on an on-going basis within approved guidelines and procedures.

2. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES continued*Foreign currency risk*

The Group is exposed to foreign currency risk on transactions that are denominated in a currency other than Ringgit Malaysia. As the transactions are not material in the context of each operating unit's risk profile, the Group will consider hedging only in limited circumstances.

The Group's foreign currency translation exposures are represented by the net asset value of the Group's foreign currency equity in its subsidiary and associated companies. These are mainly held as long-term investments and ostensibly carry long gestation periods. The Group's investments are in Thailand, Philippines, Indonesia and Hong Kong. Gains and losses on foreign currency exposure are taken to reserves.

Market risk

The Group and the Company's investment portfolio is generally exposed to fluctuation in market prices. The risk is managed via setting diversification requirement and investment limits of each investee groups, which is in accordance to BNM guidelines or admitted assets. Risk and return are constantly monitored and reviewed by the investment Committee.

Liquidity and cash flow risk

The Group manages its liquidity and cash flow profiles to ensure that business operations maintain optimum levels of liquidity at all times sufficient to meet contractual obligations as and when they fall due. All operating insurance units within the Group have met the margin of solvency minimum requirements.

3. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land	Buildings	Computers	Office equipment, furniture and fittings	Motor vehicles	Renovations	Total
2008	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Cost							
At 1.1.2008	7,417	15,743	10,014	4,749	2,739	2,014	42,676
Additions	-	-	413	136	426	239	1,214
Disposals	-	-	(2,384)	(184)	(585)	-	(3,153)
Write-offs	-	-	(278)	(98)	-	-	(376)
Transfer to investment property (417)	-	(850)	-	-	-	-	(1,267)
Foreign exchange adjustments	-	(229)	8	(111)	(39)	(19)	(390)
At 31.12.2008	7,000	14,664	7,773	4,492	2,541	2,234	38,704
Accumulated depreciation							
At 1.1.2008	-	2,356	9,084	3,256	1,757	1,649	18,102
Charge for the year	-	289	583	379	448	171	1,870
Disposals	-	-	(2,367)	(175)	(510)	-	(3,052)
Write-offs	-	-	(276)	(95)	-	-	(371)
Transfer to investment property	-	(17)	-	-	-	-	(17)
Foreign exchange adjustments	-	(11)	7	(65)	(26)	(6)	(101)
At 31.12.2008	-	2,617	7,031	3,300	1,669	1,814	16,431

3. PROPERTY, PLANT AND EQUIPMENT continued

Group	Freehold land RM'000	Buildings RM'000	Computers RM'000	Office equipment, furniture and fittings RM'000	Motor vehicles RM'000	Renovations RM'000	Total RM'000
2008							
Carrying value							
At 31.12.2008	7,000	12,047	742	1,192	872	420	22,273
Cost							
At 1.1.2007	7,417	15,490	9,959	5,004	2,328	2,414	42,612
Additions	-	-	423	146	475	118	1,162
Disposals	-	-	-	(8)	-	-	(8)
Write-offs	-	-	(317)	(440)	(120)	(505)	(1,382)
Foreign exchange adjustments	-	253	(51)	47	56	(13)	292
At 31.12.2007	7,417	15,743	10,014	4,749	2,739	2,014	42,676
Accumulated depreciation							
At 1.1.2007	-	1,990	8,396	3,291	1,367	2,028	17,072
Charge for the year	-	290	1,056	428	477	161	2,412
Disposals	-	-	-	(8)	-	-	(8)
Write-offs	-	-	(317)	(440)	(120)	(505)	(1,382)
Foreign exchange adjustments	-	76	(51)	(15)	33	(35)	8
At 31.12.2007	-	2,356	9,084	3,256	1,757	1,649	18,102
Carrying value							
At 31.12.2007	7,417	13,387	930	1,493	982	365	24,574

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for the year ended 31st December 2008

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3. PROPERTY, PLANT AND EQUIPMENT continued

Company					
2008		Office equipment, furniture and fittings	Motor vehicles	Renovations	Total
Cost	Computers RM'000	RM'000	RM'000	RM'000	RM'000
At 1.1.2008	186	223	502	365	1,276
Additions	12	-	86	-	98
At 31.12.2008	198	223	588	365	1,374
Accumulated depreciation					
At 1.1.2008	178	200	253	356	987
Charge for the year	5	7	74	9	95
At 31.12.2008	183	207	327	365	1,082
Carrying value					
At 31.12.2008	15	16	261	-	292
2007					
Cost					
At 1.1.2007	177	221	193	365	956
Additions	9	2	309	-	320
At 31.12.2007	186	223	502	365	1,276
Accumulated depreciation					
At 1.1.2007	172	179	191	319	861
Charge for the year	6	21	62	37	126
At 31.12.2007	178	200	253	356	987
Carrying value					
At 31.12.2007	8	23	249	9	289

4. INVESTMENT PROPERTY

	Group	
	2008 RM'000	2007 RM'000
Freehold land and building, at cost		
At 1st January	23,645	23,645
Transfer from property, plant and equipment	1,267	-
At 31st December	24,912	23,645
Accumulated depreciation and impairment		
At 1st January	2,219	1,902
Charge for the year	317	317
Transfer from property, plant and equipment	17	-
At 31st December	2,553	2,219
Carrying value	22,359	21,426

The directors' estimate the fair value of the investment property as at 31st December 2008 is RM32,450,000 (2007 : RM28,000,000). The fair value is arrived at by reference to market evidence of transaction prices of similar properties and is performed by a registered independent valuer having an appropriate recognised professional qualification and recent experience in the location and category of the properties being valued.

5. INTANGIBLE ASSETS

Computer software	Group	
	2008 RM'000	2007 RM'000
Cost		
At 1st January	7,337	7,337
Additions	348	-
Write-offs	(104)	-
At 31st December	7,581	7,337
Accumulated amortisation		
At 1st January	6,032	4,791
Charge for the year	934	1,241
Write-offs	(104)	-
At 31st December	6,862	6,032
Carrying value	719	1,305

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6. INVESTMENT IN SUBSIDIARY COMPANIES

	Company	
	2008 RM'000	2007 RM'000
Unquoted shares, at cost	107,236	107,236

The subsidiary companies are:

	Country of incorporation	Principal activities	Equity interest	
			2008 %	2007 %
Jerneh Insurance Berhad ("JIB")	Malaysia	Underwriting of general insurance business	80	80
Jerneh Credit Leasing Sdn Bhd ("JCL")	Malaysia	Hire purchase and leasing business	100	100
Jerneh Asia Capital Sdn Bhd ("JAC")	Malaysia	Trading in marketable securities	100	100
Jerneh Healthcare Services Sdn Bhd ("JHS")	Malaysia	Dormant	100	100
Minsec Management Services Sdn Bhd ("MMS")	Malaysia	Management services	100	100
* Jerneh Asia Reinsurance Limited ("JAR")	Labuan Malaysia	Offshore reinsurance	100	100
+ Jerneh Investment (HK) Limited ("JIHK")	Hong Kong	Trading in marketable securities	100	100
+ Taishan Insurance Brokers Limited ("TIBL")	Hong Kong	Insurance broker	100	100
* Taishan Insurance Brokers Philippines, Inc. ("TIBP")	Philippines	Insurance broker	100	100
* KRM Reinsurance Brokers Phils., Inc. ("KRMR")	Philippines	Reinsurance broker	100	100

+ Audited by an associate of Moores Rowland

* Not audited by Moores Rowland or its associates

7. INVESTMENT IN ASSOCIATED COMPANIES

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Unquoted shares, at cost	121,105	121,105	121,105	121,105
Share of post-acquisition losses	(70,543)	(56,489)	-	-
Effect of exchange rate changes	11,261	12,724	-	-
	61,823	77,340	121,105	121,105

The associated companies are:

	Country of incorporation	Principal activities	Equity interest	
			2008 %	2007 %
Generali Asia N.V.	Netherlands	Investment holding	40	40
HSBC Amanah Takaful (M) Sdn Bhd	Malaysia	Managing of family takaful and general takaful businesses	31	31
Areca Capital Sdn Bhd	Malaysia	Fund managers	30	30

The financial year end of all associated companies is 31st December except for Areca Capital Sdn Bhd, which end on 30th April.

For the purpose of applying the equity method of accounting, audited financial statements made up to the end of the financial year have been used except for Areca Capital Sdn Bhd where management financial statements made up to 31st December, have been used.

Subsidiary companies of Generali Asia N.V. are as follows:

	Country of incorporation	Principal activities	Equity interest	
			2008 %	2007 %
PT Asuransi Jiwa Generali Indonesia <i>(formerly known as PT Asuransi Jiwa Arta Mandiri Prima)</i>	Indonesia	Underwriting of life insurance business	80	80
Generali Insurance (Thailand) Co., Ltd	Thailand	Underwriting of general insurance business	75	75
Generali Life Assurance (Thailand) Co., Ltd	Thailand	Underwriting of life insurance business	75	75
Generali Pilipinas Insurance Company, Inc	Philippines	Underwriting of general insurance business	60	60
Generali Pilipinas Life Assurance Company, Inc	Philippines	Underwriting of life insurance business	60	60

7. INVESTMENT IN ASSOCIATED COMPANIES continued

The Group's share of total assets and liabilities and results in the associated companies are as follows:

	2008 RM'000	2007 RM'000
Assets and liabilities		
Total assets	440,100	410,881
Total liabilities	306,410	257,124
Results		
Revenue	99,966	116,197
Loss for the year	(14,054)	(19,012)

8. AMOUNTS OWING BY/TO SUBSIDIARY COMPANIES

The amounts owing by the subsidiary companies are unsecured with no fixed repayment terms. Included in the amount owing by subsidiary companies are advances totaling RM68.83 million (2007: RM63.83 million) which bear interest at 0.5% (2007: 0.5%) per annum above the cost of funds of a reference bank. The effective interest rate of those advances at the balance sheet date range between 4.25% and 4.57% (2007: between 4.56% and 4.57%) per annum.

The currency exposure profile of the amounts owing by subsidiary companies are as follows:

	Company	
	2008 RM'000	2007 RM'000
- RM	69,049	64,755
- United States Dollar	-	6,635
- Hong Kong Dollar	20	10
- Philippine Peso	1,023	965
	70,092	72,365

The amount owing to the subsidiary company represents unsecured interest free advance which is payable on demand.

9. AMOUNT OWING BY ASSOCIATED COMPANY

The amount owing by the associated company is denominated in Euro, unsecured and interest free with no fixed repayment terms.

notes to the financial statement

for the year ended 31st December 2008

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10. OTHER INVESTMENTS

	Group			
	2008	2008	2007	2007
	Carrying Value RM'000	Market Value RM'000	Carrying Value RM'000	Market Value RM'000
Quoted investments				
Malaysian government securities, at cost	13,764		21,119	
Accretion of discounts/(Amortisation of premiums)	757		(1,414)	
	14,521	14,615	19,705	19,773
Shares in corporations, at cost				
- quoted in Malaysia	112,775		100,169	
Allowance for diminution in value	(23,803)		(106)	
	88,972	88,972	100,063	144,420
- quoted outside Malaysia	1,206		206	
Allowance for diminution in value	(488)		(134)	
	718	775	72	72
Unit trust of corporations quoted in Malaysia, at cost				
Allowance for diminution in value	9,793		9,793	
	(1,698)		-	
	8,095	8,095	9,793	12,039
Bonds and loan stocks of corporations, at cost				
- quoted in Malaysia	133		*	113
- quoted outside Malaysia	-		2,366	2,228
Allowance for diminution in value	(15)		-	-
	118	118	2,366	2,341
Unquoted investments				
Unit trust of corporations in Malaysia, at cost	10,000	∅	-	-

notes to the financial statement

for the year ended 31st December 2008

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10. OTHER INVESTMENTS continued

	Group			
	2008		2007	
	Carrying Value RM'000	Market Value RM'000	Carrying Value RM'000	Market Value RM'000
Bonds and loan stocks of corporations, at cost				
- in Malaysia	155,590		154,875	
- outside Malaysia	4,219		-	
Accretion of discounts	4,003		2,723	
	163,812	#	157,598	#
Unquoted shares, at cost	420	**	420	**
	286,656		290,017	

	Company			
	2008		2007	
	Carrying Value RM'000	Market Value RM'000	Carrying Value RM'000	Market Value RM'000
Unquoted unit trust of corporations in Malaysia, at cost	10,000	Ø	-	-

* RM380

Ø Net Assets Value of the unit trust was RM10,197,000 (2007: Nil).

The unquoted bonds and loan stocks are traded in "over the counter" markets. The fair value of these unquoted investments based on market prices quoted on these "over the counter" markets are as follows:

	Group	
	2008 RM'000	2007 RM'000
Unquoted bonds and loan stocks		
- in Malaysia	157,713	157,926
- outside Malaysia	4,077	1,533
	161,790	159,459

** It was not practical to estimate the fair value of the unquoted shares in corporations without incurring excessive costs.

notes to the financial statement

for the year ended 31st December 2008

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10. OTHER INVESTMENTS continued

The effective interest rates of the fixed interest-bearing investments at the balance sheet date were as follows:

	Group	
	2008 %	2007 %
Malaysian government securities	3.9 to 4.3	3.9 to 7.6
Bonds and loan stocks of corporations	3.0 to 8.4	3.0 to 8.4

The maturity terms of the above fixed interest-bearing investments are as follows:

	Group	
	2008 RM'000	2007 RM'000
Malaysian government securities		
- within 1 year	10,007	10,385
- within 2 to 5 years	4,514	9,320
	14,521	19,705
Bonds and loan stocks of corporations		
- within 1 year	19,859	30,370
- within 2 to 5 years	59,707	53,502
- after 5 years	84,364	76,092
	163,930	159,964

The currency exposure profile of the above investments are as follows:

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
- RM	281,992	280,817	10,000	-
- United States Dollar	4,219	5,585	-	-
- Hong Kong Dollar	381	640	-	-
- Philippine Peso	64	72	-	-
- Singapore Dollar	-	2,903	-	-
	286,656	290,017	10,000	-

notes to the financial statement

for the year ended 31st December 2008

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11. DEFERRED TAX ASSETS

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
At beginning of the year	3,493	4,291	228	-
(Reversal)/Originating during the year	(1,142)	(875)	(65)	228
Foreign exchange adjustments	(70)	77	-	-
At end of the year	2,281	3,493	163	228

The Group and the Company have recognised deferred tax assets arising from deductible temporary differences as it is probable that their existing businesses would generate sufficient taxable profits in the future against which the deferred tax assets can be utilised.

The deferred tax assets on temporary differences recognised in the financial statements are as follows:

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Allowance for doubtful debts	1,424	4,734	-	-
Accruals for bonus	104	1,295	104	95
Unabsorbed capital allowances	748	660	-	-
Accumulated amortisation of premiums	-	368	-	-
Diminution in value of investments	-	530	-	-
Excess of accumulated depreciation over capital allowance on property, plant and equipment	366	588	-	-
Excess of capital allowance over accumulated depreciation on property, plant and equipment	(7)	(538)	(7)	(7)
Accumulated accretion of discounts	-	(1,362)	-	-
Unrealised foreign exchange losses	66	147	94	88
Lease rental receivable	(671)	(1,193)	-	-
Dividend receivable	-	(36)	-	-
Other temporary differences	251	(1,700)	(28)	52
Net deferred tax assets	2,281	3,493	163	228

11. DEFERRED TAX ASSETS continued

The temporary differences and unabsorbed tax losses for which deferred tax assets have not been recognised in the financial statements as at 31st December are as follows:

	Group	
	2008 RM'000	2007 RM'000
Unutilised tax losses	12,748	9,502
Unabsorbed capital allowances	256	256
	13,004	9,758

The unutilised tax losses are available for offset against future taxable profits of the subsidiaries in which those items arose. Deferred tax assets have not been recognised in respect of these items as they may not be used to offset taxable profits of others subsidiaries in the Group.

12. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Outstanding premium including insureds, agents, brokers and co-insurer balances	65,911	62,416	-	-
Amount due from reinsurers and ceding companies	8,322	11,501	-	-
	74,233	73,917	-	-
Allowance for doubtful debts	(11,880)	(11,496)	-	-
	62,353	62,421	-	-
Loans and advances	122,886	110,105	-	-
Allowance for doubtful debts	(4,884)	(4,462)	-	-
	180,355	168,064	-	-
Brokerage fees receivable	1,647	1,290	-	-
	182,002	169,354	-	-
Other trade receivables	24	22	-	-
Other receivables	5,945	9,335	-	-
Allowance for doubtful debts	(1,572)	(1,784)	-	-
	186,399	176,927	-	-
Interest receivable	2,505	2,603	46	41
Prepayments and deposits	1,123	1,573	61	78
	190,027	181,103	107	119

notes to the financial statement

for the year ended 31st December 2008

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12. TRADE AND OTHER RECEIVABLES continued

The currency exposure profile of gross trade and other receivables are as follows:

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
- RM	195,576	187,259	107	119
- United States Dollar	4,127	3,774	-	-
- Hong Kong Dollar	3,386	1,421	-	-
- Philippine Peso	4,483	5,486	-	-
- Singapore Dollar	578	734	-	-
- Brunei Dollar	78	73	-	-
- Thai Baht	118	98	-	-
- Japanese Yen	15	-	-	-
- Nigeria Naira	2	-	-	-
	208,363	198,845	107	119

Loans and advances granted under the hire purchase and leasing business are for tenures of up to 5 years.

The credit term for brokerage fees receivable are 90 days.

Other trade receivables represent management and security fees receivables which are due at the beginning of the month. The credit period may be extended to 30 days at the discretion of management.

The effective interest rates of the loans and advances at balance sheet date ranged from 3.00% to 9.25% (2007: 3.15% to 9.25%) per annum.

13. MARKETABLE SECURITIES

	Group	
	2008 RM'000	2007 RM'000
Securities quoted in Malaysia		
- at cost	223	6,222
- at market value	9,403	1,416
Securities quoted outside Malaysia, at market value	4,958	10,528
	14,584	18,166
Market value of securities quoted in Malaysia	9,642	8,912

13. MARKETABLE SECURITIES continued

The currency exposure profile of marketable securities is as follows:

	Group	
	2008 RM'000	2007 RM'000
- RM	9,626	7,638
- Hong Kong Dollar	3,884	6,363
- Singapore Dollar	1,074	4,165
	14,584	18,166

14. DEPOSITS

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Fixed and call deposits with				
- licensed financial institutions in Malaysia	289,079	273,788	40,149	57,671
- licensed banks outside Malaysia	37,168	18,362	-	-
	326,247	292,150	40,149	57,671

Deposits with licensed banks outside Malaysia in 2007 totaling RM641,600 was pledged to secure bank term loan referred to explanatory Note 21.

The currency exposure profile of the deposits is as follows:

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
- RM	283,236	251,951	40,149	57,671
- United States Dollar	18,262	16,027	-	-
- Hong Kong Dollar	16,479	17,917	-	-
- Philippine Peso	7,685	5,794	-	-
- Singapore Dollar	585	461	-	-
	326,247	292,150	40,149	57,671

notes to the financial statement

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14. DEPOSITS continued

The effective interest rates of the deposits at the balance sheet date were as follows:

	Group		Company	
	2008 %	2007 %	2008 %	2007 %
Fixed and call deposits with				
- licensed financial institutions in Malaysia	0.3 to 3.7	2.0 to 4.7	3.15 to 3.45	3.3 to 3.4
- licensed banks outside Malaysia	0.01 to 7.0	1.8 to 7.0	-	-

All the deposits have maturities of 12 months or less.

15. CASH AND BANK BALANCES

The currency exposure profile of cash and bank balances are as follows:

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
- RM	14,092	19,418	4,197	1,543
- United States Dollar	2,665	6,514	-	-
- Hong Kong Dollar	2,407	1,928	-	-
- Philippine Peso	719	1,516	-	-
- Singapore Dollar	61	12	-	-
- Japanese Yen	-	4,722	-	-
- Australian Dollar	28	375	-	-
	19,972	34,485	4,197	1,543

16. SHARE CAPITAL

	2008		2007	
	No. of shares '000	RM'000	No. of shares '000	RM'000
Authorised:				
Ordinary shares of RM1 each	500,000	500,000	500,000	500,000

16. SHARE CAPITAL continued

	2008		2007	
	No. of shares '000	RM'000	No. of shares '000	RM'000
Issued and fully paid:				
Ordinary shares of RM1 each				
At beginning of the year	180,721	180,721	109,274	109,274
Shares issued pursuant to ESOS	-	-	1,292	1,292
Shares issued pursuant to Special Issue	-	-	3,815	3,815
Shares issued pursuant to Rights Issue	-	-	66,340	66,340
At end of the year	180,721	180,721	180,721	180,721

Employees' Share Option Scheme ("ESOS")

All ESOS expired on 14th January 2007.

The main features of the ESOS (prior to 14th January 2007) as set out in the By-Laws were as follows:

- (a) The Option Committee appointed by the Board of Directors to administer the ESOS may from time to time offer options to eligible employees of the Group, including Executive Directors, to subscribe for new ordinary shares of RM1 each in the Company.
- (b) In aggregate, the maximum number of new shares to be allotted pursuant to the exercise of options granted under the ESOS shall not exceed 10% of the issued and paid up share capital of the Company at any point of time during the existence of the ESOS, save and except in the subsequent event of a reduction in the issued and paid up share capital of the Company by virtue of the Company purchasing its own shares which may cause the aforesaid limit to be exceeded.
- (c) The price at which the option holder is entitled to subscribe for a new share under an option shall be the higher of:
 - (i) the weighted average market price of the shares as shown in the Daily Official List issued by Bursa Malaysia for the five (5) market days immediately preceding the date of offer with a discount of 10% if deemed appropriate by the Option Committee; or
 - (ii) the par value of the shares.
- (d) No option shall be granted for less than 1,000 shares and more than 500,000 shares to any eligible employee or Director. The allocation to eligible Executive Directors and senior management shall not exceed 50% of the new shares available under the scheme. In addition, not more than 10% of the new shares available under the scheme should be allocated to any individual Executive Director or employee who, either singly or collectively, through his associates (as defined in the Act), holds 20% or more of the issued and paid up capital of the Company.
- (e) Options granted under the ESOS carry no rights to dividends and voting. The employees' entitlements to the options are not subject to any vesting conditions. Shares issued pursuant to the ESOS rank *pari passu* in all respect with existing ordinary shares of the Company.
- (f) The persons to whom the options have been granted shall not be eligible to participate by virtue of the options in any share issue of any other company.

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16. SHARE CAPITAL *continued*

The details of options granted under the ESOS over the ordinary shares of the Company in 2007 were as follows:

Date option granted	Date of expiry	Exercise price RM	No. of unissued shares of RM1 each under ESOS				
			At 1.1.2007 '000	Granted '000	Lapsed '000	Exercised '000	At 31.12.2007 '000
31.1.2002	14.1.2007	1.90	1,541	-	898	643	-
1.7.2002	14.1.2007	1.94	118	-	58	60	-
3.3.2003	14.1.2007	1.80	61	-	43	18	-
28.7.2003	14.1.2007	1.94	65	-	65	-	-
10.1.2006	14.1.2007	1.87	1,598	-	1,027	571	-
			3,383	-	2,091	1,292	-

Details of ESOS exercised in 2007 were as follows:

Exercise Date	Fair value of shares at share issue date RM/Share	Exercise Price RM/Share	Number of shares issued '000
1st January 2007 – 14th January 2007	2.12 - 2.13	1.80	18
1st January 2007 – 14th January 2007	2.12 - 2.13	1.90	3
1st January 2007 – 14th January 2007	2.33 - 2.38	1.87	173
1st January 2007 – 14th January 2007	2.33 - 2.38	1.90	57
1st January 2007 – 14th January 2007	2.29 - 2.30	1.87	398
1st January 2007 – 14th January 2007	2.29 - 2.30	1.90	583
1st January 2007 – 14th January 2007	2.29 - 2.30	1.94	60
			1,292

ESOS exercised in 2007 resulted in the issuance of 1,292,000 new ordinary shares at an average price of RM1.89 each. The related weighted average share price at the dates of exercise was RM2.30.

Warrants 2007/2012

The salient terms of the Warrants 2007/2012 are as follows:-

- The Warrants are constituted by a Deed Poll executed on 11th April 2007.
- The Warrants are traded separately.
- The Warrants can be exercised any time during the tenure of 5 years commencing from the date of issue 27th July 2007 to 26th July 2012 ("Exercise Period"). Warrants not exercised during the Exercise Period will lapse and cease to be valid.

16. SHARE CAPITAL continued

Warrants 2007/2012 continued

The salient terms of the Warrants 2007/2012 are as follows:- continued

- (d) Each Warrant entitles the registered holder to subscribe for one new ordinary share ("Shares") in the Company.
- (e) RM1.60 is payable in respect of each new Share upon exercise of the Warrants ("the Exercise Price"). The Exercise Price and the number of outstanding Warrants shall be subjected to the adjustments in accordance with the terms and provisions of the Deed Poll during the Exercise Period.
- (f) Subject to the provisions in the Deed Poll, the Exercise Price and the number of Warrants held by each Warrant holder shall be adjusted by the Directors in consultation with the adviser, in the event of alteration to the share capital of the Company.
- (g) Subject to the provisions in the Deed Poll, the Company is free to issue shares to shareholders either for cash or as a bonus distribution and further subscription rights upon such terms and conditions as the Company sees fit but the Warrant holders will not have any participating rights in such issues unless otherwise resolved by the Company in general meeting.

All the warrants remained unexercised as at year ended 31st December 2008.

17. RETAINED PROFITS

Subject to agreement with the Inland Revenue Board and the prevailing tax rate applicable to dividends, the Company has sufficient tax credits available to frank the entire unappropriated profit of the Company.

18. PROVISION FOR OUTSTANDING CLAIMS

	Group	
	2008 RM'000	2007 RM'000
Provision for outstanding claims	340,137	301,459
Recoverable from reinsurers	(131,663)	(97,660)
Net outstanding claims	208,474	203,799

Movement of claims is analysed as follows:

	Group	
	2008 RM'000	2007 RM'000
Gross claims paid less salvage	140,735	133,674
Reinsurance recoveries	(36,093)	(40,792)
Net claims paid	104,642	92,882

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18. PROVISION FOR OUTSTANDING CLAIMS continued

	Group	
	2008 RM'000	2007 RM'000
Net outstanding claims:		
At end of the year	208,474	203,799
Transfer of insurance business portfolio (Note 35)	-	14,559
At beginning of the year	(203,799)	(214,386)
Foreign exchange adjustments	-	(61)
Insurance claims incurred (Note 24)	109,317	96,793

19. TRADE AND OTHER PAYABLES

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Amounts due to insureds, agents, brokers and co-insurers	24,581	22,331	-	-
Amounts due to reinsurers and ceding companies	46,184	42,607	-	-
Other payables	31,911	30,837	20	39
Dividend payables	27	1,083	27	1,083
Interest payable	185	307	74	100
Unpaid balance for acquisition of property, plant and equipment (Note 33)	575	589	-	-
Accruals	874	1,740	485	897
	104,337	99,494	606	2,119

The currency exposure profile of trade and other payables are as follows:

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
- RM	95,107	90,554	606	2,119
- United States Dollar	4,156	3,124	-	-
- Hong Kong Dollar	1,609	1,489	-	-
- Philippine Peso	3,318	4,193	-	-
- Singapore Dollar	113	129	-	-
- Thai Baht	2	3	-	-
- Indian Rupee	2	2	-	-
- Danish Kroner	15	-	-	-
- Britain Pound	7	-	-	-
- Indonesian Rupee	8	-	-	-
	104,337	99,494	606	2,119

20. UNEARNED PREMIUM RESERVES

	Group	
	2008 RM'000	2007 RM'000
At beginning of the year	91,403	82,130
Increase for the year	12,633	13,239
Transfer of insurance business portfolio (Note 35)	-	(3,962)
	104,036	91,407
Foreign exchange adjustments	-	(4)
At end of the year	104,036	91,403

21. BANK BORROWINGS

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Term loan - secured	-	642	-	-
Revolving credits - unsecured	90,600	84,400	30,000	30,000
	90,600	85,042	30,000	30,000

The term loan borne interest at 9.135% per annum and were denominated in Philippine Peso.

The revolving credits, which are denominated in RM, bear interest at 0.5% (2007: 0.5%) per annum above the cost of funds of a lending bank. The effective interest rates ranges between 4.25% and 4.56% (2007: between 4.56% and 4.57%) per annum.

22. DEFERRED TAX LIABILITIES

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
At beginning of the year	-	2,077	-	2,077
Originating/(Reversal) during the year	701	(2,077)	-	(2,077)
At end of the year	701	-	-	-

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22. DEFERRED TAX LIABILITIES continued

The deferred tax liabilities on temporary differences recognised in the financial statements are as follows:

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Allowance for doubtful debts	(2,812)	-	-	-
Accumulated accretion of discounts	1,190	-	-	-
Accruals for bonus	(694)	-	-	-
Excess of capital allowance claimed over accumulated depreciation on property, plant and equipment	230	-	-	-
Diminution in value of investment	(6,379)	-	-	-
Dividend receivable	11	-	-	-
Other temporary difference	9,155	-	-	-
Net deferred tax liabilities	701	-	-	-

23. OPERATING REVENUE

	Group	
	2008 RM'000	2007 RM'000
Gross written premium less returns	352,185	310,418
Reinsurance outwards	(157,948)	(140,677)
Changes in unearned premium reserves (<i>Note 20</i>)	(12,633)	(13,239)
	181,604	156,502
Brokerage fee income	10,406	9,485
Proceeds from sale of marketable securities held for trading	599	20,455
Security service income	85	88
Interest income from		
- fixed and call deposits	5,530	6,271
- Malaysian government securities	366	1,295
- unquoted bond and loan stocks	7,439	5,139
- loan and advances	9,023	7,618
Gross dividend income from		
- shares quoted in Malaysia	5,322	5,920
- shares quoted outside Malaysia	236	-
- unit trust quoted in Malaysia	622	460
Income from investment property		
- rental income	1,927	1,830
- parking income	195	207
Accretion of discounts on other investments	1,240	1,288
	224,594	216,558

24. OPERATING COSTS APPLICABLE TO OPERATING REVENUE

	Group	
	2008 RM'000	2007 RM'000
Insurance claims incurred (<i>Note 18</i>)	109,317	96,793
Net commission expense	2,765	4,298
Cost of marketable securities sold	502	14,877
Write down/(back) of marketable securities to net realisable value	6,109	(220)
Building management expenses	(26)	(16)
Amortisation of premiums on other investments	216	633
	118,883	116,365

25. OTHER OPERATING INCOME

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Income from other investments:				
- gain on disposal	4,103	11,234	-	-
- accretion of discounts	1	26	-	-
- interest income:				
• bonds and loan stocks quoted outside Malaysia	78	486	-	-
• fixed deposits	704	832	-	-
• treaty premium reserve withheld	166	158	-	-
- gross dividend income from quoted shares				
outside Malaysia	12	5	-	-
Management fee income	-	-	64	70
Allowance for doubtful debts written back	2	57	-	-
Bad debts recovered	11	3	-	-
Gain on disposal of property, plant and equipment	159	1	-	-
Gain on foreign exchange				
- realised	2,032	351	165	-
- unrealised	968	591	-	-
Commission income	658	437	-	-
Net claims recovered together with interest				
on claim reserves (<i>Note 35</i>)	285	-	-	-
Others	703	547	-	-
	9,882	14,728	229	70

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26. OPERATING EXPENSES

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Marketing costs	17,281	17,217	-	-
Administrative and general expenses	43,395	39,489	2,309	2,902
Loss on sale of other investments	5,887	-	-	-
Loss on foreign exchange				
- realised	86	553	-	-
- unrealised	362	1,483	362	424
Interest payable on bond policies	17	30	-	-
Allowance for diminution in value of other investments	11,750	2,146	-	-
	78,778	60,918	2,671	3,326
Other operating expenses include:				
Employee benefits expense				
(excluding Directors' remunerations)				
- salaries, bonuses and allowances	26,819	27,968	951	1,062
- defined contribution plan	3,447	3,556	141	140
- fair value of ESOS	-	33	-	33
Auditors' remuneration	256	253	35	35
Depreciation of property, plant and equipment	1,870	2,412	95	126
Depreciation of investment property	317	317	-	-
Direct operating expenses of revenue				
generating from investment property	1,324	1,332	-	-
Property, plant and equipment written off	5	-	-	-
Amortisation of intangible assets	934	1,241	-	-
Directors' remuneration * (Note 27)	1,802	2,923	876	1,407
Hire of equipment	601	554	-	-
Loss on disposal of property, plant and equipment	7	-	-	-
Allowance for doubtful debts	596	1,908	-	-
Bad debts written off	6,072	343	-	-
Rental of premises	1,163	1,383	203	203

* Does not include the estimated monetary value of benefits-in-kind received or receivable.

27. DIRECTORS' REMUNERATION

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Directors of the Company				
- fees	337	362	186	192
- other emoluments	690	1,215	690	1,215
	1,027	1,577	876	1,407
- benefit-in-kind	-	13	-	13
	1,027	1,590	876	1,420
Directors' of the subsidiary companies				
- fees	48	25	-	-
- other emoluments	727	1,321	-	-
	775	1,346	-	-
- benefit-in-kind	23	7	-	-
	798	1,353	-	-
	1,825	2,943	876	1,420

The share options granted to Directors, with executive functions, under the ESOS were granted on the same term and conditions as those offered to other employees of the Group (explanatory Note 16). All ESOS expired on 14th January 2007. Details of ESOS prior to 14th January 2007 were as follows:

Date of option granted	Date of expiry	Exercise price RM	No. of unissued shares of RM1 each under ESOS			
			At 1.1.2007	Granted	Exercised	At 31.12.2007
31.1.2002	14.1.2007	1.90	65,000	-	65,000	-

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28. INVESTMENT INCOME (NET)

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Gross dividends from				
- subsidiary companies	-	-	5,525	17,485
- shares quoted in Malaysia	1,922	2,402	-	-
- unquoted shares	84	99	-	-
- unit trust	116	71	-	-
Interest income from				
- advances to subsidiary companies	-	-	3,057	2,832
- fixed deposits	4,146	3,431	1,409	839
- unquoted bonds and loan stocks in Malaysia	35	150	-	-
Amortisation of premiums on other investments	(2)	(7)	-	-
(Loss)/Gain on sale of other investments	(1,334)	9,387	-	-
Allowance for diminution in value of other investments	(14,013)	-	-	-
Write-back of provision for diminution in value of other investments	-	48	-	-
	(9,046)	15,581	9,991	21,156

29. FINANCE COSTS

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Interest on revolving credits	3,994	5,158	1,361	3,081

30. TAX EXPENSE

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Malaysian tax based on the results for the year				
- current	6,945	20,890	820	5,472
- deferred	1,929	(3,953)	(65)	(2,252)
Foreign tax based on the results for the year				
- current	1,350	1,334	81	103
- deferred	142	(113)	-	-
	10,366	18,158	836	3,323
(Over)/Underestimated in prior years				
- current	(373)	(2,811)	(103)	376
- deferred	(228)	2,864	130	(53)
	9,765	18,211	863	3,646

The provision for tax differs from the amount of taxation determined by applying the applicable statutory tax rates to the profit before tax as a result of the following differences:

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Accounting profit (excluding share of results in associated companies)	23,775	64,426	6,188	14,819
Taxation at applicable tax rates	6,182	17,395	1,609	4,001
Tax effect of:				
- non-deductible expenses	3,298	1,606	538	653
- non-taxable income	(2,108)	(2,402)	(1,385)	(1,427)
- different tax rates in foreign countries	775	675	-	-
- change in tax rate	150	80	(7)	(9)
Origination of deferred tax assets not recognised	1,990	701	-	-
Foreign tax paid	81	103	81	103
Others	(2)	-	-	2
(Over)/Underestimated in prior year	(601)	53	27	323
Tax at effective rate	9,765	18,211	863	3,646

31. EARNINGS PER SHARE

(i) Basic earnings per share

The basic earnings per share have been calculated based on the consolidated loss RM3,190,000 (2007: profit RM19,083,000) for the year and on 180,721,000 (2007: 148,088,000) weighted average number of ordinary shares in issue during the year as follows:

	Group	
	2008 '000	2007 '000
Number of ordinary shares at 1st January	180,721	109,274
Effects of shares issued pursuant to		
- ESOS	-	1,194
- Special Issue	-	2,090
- Rights Issue	-	35,530
Weighted average number of ordinary shares	180,721	148,088

(ii) Diluted earnings per share

The diluted earnings per share in 2007 was calculated based on the consolidated profit of RM19,083,000 and on the weighted average number of ordinary shares that would had been in issue upon full exercise of remaining 66,399,602 Warrants and adjusted for the shares that would had been issued at fair value calculated as follows:

	Group	
	2008 '000	2007 '000
Weighted average number of ordinary shares as in (i)	*	148,088
Number of unissued shares under Warrants		
- based on exercise price	*	66,340
- based on average fair value	*	(59,564)
Weighted average number of ordinary shares that would have been in issue after exercise of warrants at fair value	*	154,864

* *The diluted earnings per ordinary share for the financial year is not presented as the average market value of the ordinary shares of the Company is lower than the exercise price for the outstanding warrants and it is anti-dilutive.*

32. DIVIDENDS

	2008 RM'000	2007 RM'000
<i>In respect of the year ended 31st December 2006</i>		
Final dividend of 5% less tax at 27%	-	4,175
<i>In respect of the year ended 31st December 2007</i>		
Interim dividend of 3% less tax at 27%	-	3,958
Final dividend of 5% less tax at 26%	6,687	-
	6,687	8,133

The Directors now recommend a final dividend of 5% less 25% income tax amounting to RM6,777,038 (based on the share capital of 180,720,605 as of 31st December 2008) in respect of the year under review.

33. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Current year's acquisition	1,214	1,162	98	320
Payment of previous year's acquisitions	14	593	-	-
Unpaid balance included under other payables (<i>Note 19</i>)	-	(589)	-	-
Cash paid during the year	1,228	1,166	98	320

34. PURCHASE OF INTANGIBLE ASSETS

	Group	
	2008 RM'000	2007 RM'000
Current year's acquisition	348	-
Payment of previous year's acquisitions	-	381
Cash paid during the year	348	381

35. TRANSFER OF INSURANCE BUSINESS PORTFOLIO

On 25st January 2007, the Company and JIHK entered into an agreement with HSBC Insurance (Asia) Limited ("HSBC Insurance") for the transfer of JIHK's entire insurance business portfolio to HSBC Insurance, retrospective to 1st January 2007.

The transfer involved the assumption by HSBC Insurance of JIHK's insurance liabilities as at 31st December 2006 and the transfer of insurance assets totaling an equivalent amount to HSBC Insurance.

According to an adjustment clause set out in the agreement, JIHK undertakes to pay HSBC Insurance any shortfall in the assets transferred to run off the insurance liabilities assumed. Under the agreement, the Company guarantees HSBC Insurance the payment of any shortfall in Claims Reserve which is not met by JIHK. Conversely, any surplus assets will be refunded to JIHK.

The analysis of assets and insurance liabilities transferred in 2007 was as follows:-

	RM'000
Trade and other receivables	2,114
Provision for outstanding claims	(14,559)
Unearned premium reserves	(3,962)
Trade and other payables	(952)
	(17,359)
Assets transferred by cash consideration	(17,359)
	-

During the year, a net claims recovery and an interest income on claim reserves totaling RM285,000 were recovered from HSBC Insurance. This amount has been recognised as other operating income in the current financial year.

The Directors are of the opinion that the amount of assets transferred and the further provision for claims reserves made to date are sufficient to meet the insurance liabilities assumed by HSBC Insurance.

Notwithstanding the above, the Group is liable for any further shortfall in the assets transferred. It is presently impracticable to estimate the further claims payable, if any.

36. RELATED PARTY DISCLOSURES

(a) Significant related party transactions during the financial year were as follows:

	Transaction value				Balance outstanding			
	Group		Company		Group		Company	
	2008	2007	2008	2007	2008	2007	2008	2007
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<i>Transaction with a substantial shareholder namely Kuok Brothers Sdn Bhd ("KBSB") and KBSB's subsidiary and associated and major invested companies</i>								
Gross premium received								
or receivable	43,167	39,038	-	-	-	4,765	-	-
Secretarial fee paid	32	42	18	18	-	-	-	-
Security fee received								
and receivable	67	67	-	-	6	8	-	-
<i>Transaction with subsidiary companies</i>								
Loan interest receivable from								
- JCL	-	-	2,224	1,995	-	-	-	126
- JAC	-	-	833	837	-	-	66	139
Internal audit fee receivable from								
- JIB	-	-	587	642	-	-	-	642
- JAR	-	-	30	-	-	-	-	-
Management fee income receivable from								
- JIHK	-	-	34	39	-	-	9	10
- TIBL	-	-	10	12	-	-	10	-
- JAR	-	-	12	12	-	-	-	1
Office rental payable to JIB	-	-	203	202	-	-	-	-

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36. RELATED PARTY DISCLOSURES continued

(b) Key management personnel compensation

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
<i>Directors</i>				
Fees and other remunerations	885	1,374	734	1,204
Estimated monetary value of benefit-in-kind	-	13	-	13
Total short-term employee benefits	885	1,387	734	1,217
Post-employment benefits				
- EPF	142	170	142	170
Fair value of ESOS	-	33	-	33
	1,027	1,590	876	1,420
<i>Other key management personnel</i>				
Salaries, allowances and bonuses	1,951	1,809	-	-
Estimated monetary value of benefit-in-kind	44	32	-	-
Total short-term employee benefits	1,995	1,841	-	-
Post-employment benefits				
- EPF	111	136	-	-
Fair value of ESOS	-	23	-	-
	2,106	2,000	-	-
Total compensation	3,133	3,590	876	1,420

36. RELATED PARTY DISCLOSURES continued

(b) Key management personnel compensation continued

Movements in share options granted under the ESOS to key management personnel in 2007 were as follows:

	Group '000	Company '000
<i>Directors</i>		
At beginning of the year	120	120
Granted	-	-
Exercised	(120)	(120)
Lapsed	-	-
At end of the year	-	-
<i>Other key management personnel</i>		
At beginning of the year	150	-
Granted	-	-
Exercised	(75)	-
Lapsed	(75)	-
At end of the year	-	-

37. CONTINGENT LIABILITIES

- (a) In 2005 JIB terminated a software development agreement entered into in 2003 with CMS I-Systems Berhad for the development of a general insurance software programme for a contract sum of RM2 million. JIB terminated the said agreement as a consequence of project delays and non-completion of deliverables.

CMS I-Systems Berhad has made a claim for breach of contract (without specifying any amount) and invoiced JIB RM5,466,968 for work performed up to the point of termination, which JIB, in turn, had disputed. The matter has been referred to arbitration proceedings which are on-going.

JIB's directors have been advised by counsel that JIB has a reasonable chance to defend the matter. Accordingly, no provision has been made in the financial statements for the said amount invoiced.

- (b) The Company has given guarantees amounting to RM11,650,000 (2007: RM13,150,000) to secure bank guarantees given to certain third parties.

38. OPERATING LEASE COMMITMENTS*The Group as lessee*

The Group leases premises from various parties under operating leases. These leases are non-cancellable and typically run for a period of 3 years. None of the leases includes contingent rentals. There are no restrictions placed upon the Group by entering into these leases.

At the balance sheet date, the Group had total future aggregate minimum lease payments under non-cancellable operating leases, which are payables as follows:

	Group	
	2008	2007
	RM'000	RM'000
Not later than 1 year	342	336
Later than 1 year but not later than 5 year	143	459
	485	795

39. FINANCIAL INSTRUMENTS(a) *Credit risk*

The Group and the Company does not have any significant concentration of credit risk that may arise from exposure to a single customer or to a single group of customers.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet.

(b) *Fair value*

The carrying amounts of the financial assets and liabilities of the Group at the balance sheet date approximated their fair values due to their short maturities except for the unquoted equity investments.

It is not practical to estimate the fair value of the unquoted equity investments due to the lack of information on market value and inability to estimate the fair value without incurring excessive costs. However, the Group believes that the carrying amount fairly represents the recoverable value.

40. SEGMENTAL REPORTING

(a) By business segment 2008	Underwriting general insurance business RM'000	Insurance brokerage RM'000	Credit and leasing RM'000	Trading in marketable services RM'000	Administration and management services RM'000	Investment holding RM'000	Elimination RM'000	Consolidated RM'000
REVENUE								
External sales	203,452	10,406	9,023	1,628	85	-	-	224,594
Inter-segment sales	260	-	-	-	90	-	(350)	-
Total revenue	203,712	10,406	9,023	1,628	175	-	(350)	224,594
RESULTS								
Segment result	38,150	4,475	7,271	(10,600)	45	(2,526)	-	36,815
Interest income	2,054	410	31	262	15	1,409	-	4,181
Dividend income	2,122	-	-	-	-	5,525	(5,525)	2,122
Loss on sale of other investments	(1,334)	-	-	-	-	-	-	(1,334)
Allowance for diminution in value of other investments	(14,013)	-	-	-	-	-	-	(14,013)
Amortisation of premiums	-	-	-	(2)	-	-	-	(2)
Share of losses in associated companies	-	-	-	-	-	-	-	(14,054)
Finance costs	-	-	(4,857)	(833)	-	(1,361)	3,057	(3,994)
Profit before tax								9,721
Tax expense								(9,765)
Loss after tax								(44)
Minority interest								(3,146)
Loss for the year								(3,190)

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40. SEGMENTAL REPORTING continued

2008	Underwriting general insurance business RM'000	Insurance brokerage RM'000	Credit and leasing RM'000	Trading in marketable securities RM'000	Administration and management services RM'000	Investment holding RM'000	Consolidated RM'000
OTHER INFORMATION							
Segment assets	95,035	8,989	121,159	17,705	90	13,110	256,088
Investing assets	22,359	-	-	-	-	-	22,359
Associated companies	-	-	-	-	-	-	61,823
Tax assets	7,716	587	1,539	445	32	990	11,309
Other investments	274,795	64	-	11,797	-	-	286,656
Deposits	264,057	9,997	-	11,493	551	40,149	326,247
Consolidated total assets							<u>964,482</u>
Segment liabilities	410,595	4,416	729	454	47	606	416,847
Tax liabilities	721	253	-	-	-	-	974
Bank borrowings	-	-	60,600	-	-	30,000	90,600
Consolidated total liabilities							<u>508,421</u>
Capital expenditure	1,421	43	-	-	-	98	<u>1,562</u>
Amortisation and depreciation	2,668	319	27	11	1	95	<u>3,121</u>

40. SEGMENTAL REPORTING continued

(a) By business segment 2007	Underwriting general insurance business RM'000	Insurance brokerage RM'000	Credit and leasing RM'000	Trading in marketable services RM'000	Administration and management services RM'000	Investment holding RM'000	Elimination RM'000	Consolidated RM'000
REVENUE								
External sales	177,353	9,485	7,618	22,014	88	-	-	216,558
Inter-segment sales	260	-	-	-	90	-	(350)	-
Total revenue	177,613	9,485	7,618	22,014	178	-	(350)	216,558
RESULTS								
Segment result	45,655	3,698	6,996	923	40	(3,309)	-	54,003
Interest income	2,118	295	-	314	13	841	-	3,581
Dividend income	2,572	-	-	-	-	17,485	(17,485)	2,572
Gain on sale of other investments	9,387	-	-	-	-	-	-	9,387
Allowance for diminution in value of other investment	48	-	-	-	-	-	-	48
Amortisation of premiums	-	-	-	(7)	-	-	-	(7)
Share of losses in associated companies	-	-	-	-	-	-	-	(19,012)
Finance costs	-	(44)	(4,070)	(839)	-	(3,081)	2,876	(5,158)
Profit before tax								45,414
Tax expense								(18,211)
Profit after tax								27,203
Minority interest								(8,120)
Profit for the year								19,083

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40. SEGMENTAL REPORTING continued

2007	Underwriting general insurance business RM'000	Insurance brokerage RM'000	Credit and leasing RM'000	Trading in marketable securities RM'000	Administration and management services RM'000	Investment holding RM'000	Consolidated RM'000
OTHER INFORMATION							
Segment assets	110,244	11,098	108,501	27,739	100	6,007	263,689
Investing assets	21,426	-	-	-	-	-	21,426
Associated companies	-	-	-	-	-	-	77,340
Tax assets	1,065	800	1,386	-	29	1,155	4,435
Other investments	285,910	72	-	4,035	-	-	290,017
Deposits	210,504	8,382	-	15,046	547	57,671	292,150
Consolidated total assets							<u>949,057</u>
Segment liabilities	380,987	5,182	854	5,458	96	2,119	394,696
Tax liabilities	4,698	332	25	46	-	-	5,101
Bank borrowings	-	642	54,400	-	-	30,000	85,042
Consolidated total liabilities							<u>484,839</u>
Capital expenditure	597	215	5	22	3	320	<u>1,162</u>
Amortisation and depreciation	3,468	334	27	15	-	126	<u>3,970</u>

(b) By geographical segment	Revenue RM'000	Carrying amount of segment assets RM'000	Capital expenditure RM'000
2008			
Malaysia	213,651	239,218	1,172
Hong Kong	5,215	10,990	20
Philippines	5,728	5,880	22
	<u>224,594</u>	<u>256,088</u>	<u>1,214</u>

40. SEGMENTAL REPORTING continued

(b) By geographical segment <small>continued</small>	Revenue RM'000	Carrying amount of segment assets RM'000	Capital expenditure RM'000
2007			
Malaysia	205,925	238,164	925
Hong Kong	4,835	16,910	147
Philippines	5,798	8,615	90
	216,558	263,689	1,162

All inter-segment transactions have been carried out in the normal course of business and have been established under negotiated terms.

41. AUTHORISATION FOR ISSUE OF FINANCIAL STATEMENTS

These financial statements were authorised for issue on 21st April 2009 by the Board of Directors.

Statement by Directors

Pursuant to Section 169 (15) of the Companies Act, 1965

In the opinion of the Directors, the financial statements set out on pages 42 to 99 are drawn up:

- (a) so as to give a true and fair view of the state of affairs of the Group and of the Company at 31st December 2008 and of their results and cash flows for the year then ended on that date;
- (b) in accordance with Financial Reporting Standards and the provisions of the Companies Act, 1965.

Signed on behalf of the Directors in accordance with a resolution of the Directors dated 21st April 2009

DATO' LIM CHEE WAH
Director

TAM CHIEW LIN
Director

Statutory Declaration

Pursuant to Section 169 (16) of the Companies Act, 1965

101

I, Tam Chiew Lin, being the Director primarily responsible for the financial management of Jerneh Asia Berhad, do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements set out on pages 42 to 99 are correct.

And I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared at
Kuala Lumpur in the Federal Territory

this 21st April 2009

)
)
)
)

TAM CHIEW LIN

Before me:

ROBERT LIM HOCK KEE
Commissioner for Oaths

Kuala Lumpur

Shareholdings Statistics

as at 31st March 2009

Authorised Share Capital	-	RM500,000,000
Issued and Fully Paid up Capital	-	RM180,720,605
Class of Shares	-	Ordinary Shares of RM1.00 each fully paid
Voting Rights	-	One vote per share

DISTRIBUTION OF SHAREHOLDINGS

Size of Holdings	No. of Holders	% of Holders	No. of Shares	% of Issued Capital
Less than 100	72	2.29	1,131	0.00
100 -1,000	324	10.33	250,196	0.14
1,001 -10,000	2,069	65.93	8,414,568	4.65
10,001 -100,000	589	18.77	17,184,614	9.51
100,001 to less than 5% of issued shares	80	2.55	47,221,397	26.13
5% and above of issued shares	4	0.13	107,648,699	59.57
	3,138	100.00	180,720,605	100.00

DIRECTORS' INTERESTS IN SHARES

In the Company	Direct Interest		Deemed Interest	
	No. of Shares	% of Issued Capital	No. of Shares	% of Issued Capital
Dato' Lim Chee Wah	72,000	0.04	-	-
Tam Chiew Lin	284,700	0.16	-	-
YM Raja Dato' Seri Abdul Aziz bin Raja Salim	96,000	0.05	-	-
Ahmad Riza bin Basir	345,000	0.19	27,956,651	15.47
Datuk Haron bin Siraj	-	-	-	-
Cheang Kwan Chow	-	-	-	-

IN RELATED CORPORATIONS

Ahmad Riza bin Basir is deemed to be interested in the shares of the following subsidiary companies:-

	No. of Ordinary Shares of RM1.00 each	% of Issued Capital
Jerneh Insurance Bhd	80,000,000	80
Jerneh Credit Leasing Sdn Bhd	1,000,000	100
Jerneh Healthcare Services Sdn Bhd	250,000	100
Jerneh Asia Capital Sdn Bhd	2	100
Minsec Management Services Sdn Bhd	25,000	100
	No. of Ordinary Shares of HKD100 each	% of Issued Capital
Jerneh Investment (HK) Limited	500,000	100
	No. of Ordinary Shares of HKD1.00 each	% of Issued Capital
Taishan Insurance Brokers Limited	1,000,000	100
	No. of Ordinary Shares of PHP100 each	% of Issued Capital
KRM Reinsurance Brokers Phils., Inc	480,000	100
Taishan Insurance Brokers Philippines, Inc	480,000	100
	No. of Ordinary Shares of USD1.00 each	% of Issued Capital
Jerneh Asia Reinsurance Limited	3,200,000	100

Other than as disclosed above, none of the Directors of the Company had any direct nor deemed interest in shares of any other related corporations of the Company.

Shareholdings Statistics

as at 31st March 2009

continued

DISTRIBUTION OF WARRANTS

Size of Holdings	No. of Holders	% of Holders	No. of warrants	%
Less than 100	3	0.20	139	0.00
100 -1,000	362	23.64	298,971	0.45
1,001 -10,000	912	59.57	3,517,891	5.30
10,001 -100,000	211	13.78	5,880,244	8.86
100,001 to less than 5% of issued warrants	39	2.55	16,316,995	24.60
5% and above of issued warrants	4	0.26	40,325,362	60.79
	1,531	100.00	66,339,602	100.00

DIRECTORS' INTERESTS IN WARRANTS

In the Company	Direct Interest No. of Warrants	%	Deemed Interest No. of Warrants	%
Dato' Lim Chee Wah	27,000	0.04	-	-
Tam Chiew Lin	109,700	0.17	-	-
YM Raja Dato' Seri Abdul Aziz bin Raja Salim	36,000	0.05	-	-
Ahmad Riza bin Basir	-	-	10,483,744	15.80
Datuk Haron bin Siraj	-	-	-	-
Cheang Kwan Chow	-	-	-	-

SUBSTANTIAL SHAREHOLDERS

Name of Substantial Shareholders	Direct Interest No. of Shares	% of Issued Capital	Deemed Interest No. of Shares	% of Issued Capital
Kuok Brothers Sdn Berhad	66,825,648	36.98	96,000	0.05
BHR Enterprise Sdn Bhd	27,956,651	15.47	-	-
Sable Investment Corporation	12,922,176	7.15	-	-
Ahmad Riza bin Basir	345,000	0.19	27,956,651	15.47
Puan Sri Hamidah bt Abdul Rahman	96,000	0.05	27,956,651	15.47
Roshayati bt Basir	-	-	27,956,651	15.47
Rosilawati bt Basir	-	-	27,956,651	15.47
Rozanazetti bt Basir	-	-	27,956,651	15.47
Frank Tsao Wen King	-	-	12,922,176	7.15

THE THIRTY LARGEST SHAREHOLDERS (As per Record of Depositors)

Name of Shareholders	No. of Shares	% of Issued Capital
1. Kuok Brothers Sdn Berhad	66,825,648	36.98
2. BHR Enterprise Sdn Bhd	16,156,651	8.94
3. HDM Nominees (Asing) Sdn Bhd <i>Exempt AN for UOB Kay Hian (Hong Kong) Limited (Clients)</i>	12,866,400	7.12
4. CIMB Group Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for BHR Enterprise Sdn Bhd</i>	11,800,000	6.53
5. Alliancegroup Nominees (Tempatan) Sdn Bhd <i>PHEIM Asset Management Sdn Bhd for Employees Provident Fund Board</i>	6,100,360	3.38
6. Cimsec Nominees (Tempatan) Sdn Bhd <i>CIMB for Dato' Seri Ismail Farouk bin Abdullah</i>	5,804,000	3.21
7. Ophir Holdings Berhad	5,574,600	3.08
8. Citigroup Nominees (Asing) Sdn Bhd <i>CB LDN for The Miller Insurance Group Limited</i>	4,075,680	2.26
9. Key Development Sdn Berhad	1,746,880	0.97
10. Gan Teng Siew Realty Sdn Berhad	1,289,760	0.71
11. Chinchoo Investment Sdn Berhad	1,142,900	0.63
12. TA Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Oh Kim Sun</i>	1,010,000	0.56
13. Dalex Investments Limited	886,400	0.49
14. HDM Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Oh Kim Sun</i>	753,000	0.42
15. Gan Teng Siew Realty Sdn Berhad	718,400	0.40
16. Lim Tean Kau	718,000	0.40
17. Adora Holdings Sdn Bhd	707,230	0.39
18. Leong Kok Tai	655,420	0.36
19. JF Apex Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Teo Kwee Hock (Margin)</i>	654,400	0.36
20. Kuok Khoon Ping @ Kuek Koon Ping	640,072	0.35
21. BHLB Trustee Berhad <i>For Pacific Recovery Fund</i>	577,120	0.32
22. Sai Yee @ Sia Say Yee	549,700	0.30
23. Quarry Lane Sdn Bhd	508,800	0.28
24. UOBM Nominees (Tempatan) Sdn Bhd <i>Exempt AN for Areca Capital Sdn Bhd (Client A/C 1)</i>	500,000	0.28
25. Tan Siow Koon @ Tan Yew Jin	472,000	0.26
26. Mikdavid Sdn Bhd	462,400	0.26
27. Yap Ah Ngah @ Yap Neo Nya	450,000	0.25
28. Neoh Choo Ee & Company, Sdn Berhad	440,000	0.24
29. Citigroup Nominees (Asing) Sdn Bhd <i>CBNY for DFA Emerging Markets Fund</i>	425,120	0.24
30. Malaysia Nominees (Tempatan) Sendirian Berhad <i>Pledged Securities Account for Melval Holdings Sdn Bhd</i>	420,480	0.23
	144,931,421	80.20

THE THIRTY LARGEST WARRANT HOLDERS (As per Record of Depositors)

Name of Warrant holders	No. of Warrants	%
1. Kuok Brothers Sdn Berhad	25,059,618	37.77
2. BHR Enterprise Sdn Bhd	5,683,744	8.57
3. CIMB Group Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for BHR Enterprise Sdn Bhd</i>	4,800,000	7.24
4. HDM Nominees (Asing) Sdn Bhd <i>Exempt AN for UOB Kay Hian (Hong Kong) Limited (Clients)</i>	4,782,000	7.21
5. Cimsec Nominees (Tempatan) Sdn Bhd <i>CIMB for Dato' Seri Ismail Farouk bin Abdullah</i>	2,274,000	3.43
6. Alliancegroup Nominees (Tempatan) Sdn Bhd <i>PHEIM Asset Management Sdn Bhd for Employees Provident Fund Board</i>	2,093,760	3.16
7. Ophir Holdings Berhad	2,090,475	3.15
8. RHB Nominees (Tempatan) Sdn Bhd <i>RHB Investment Management Sdn Bhd for Ng Siong Ket</i>	1,088,800	1.64
9. Key Development Sdn Berhad	655,080	0.99
10. Ho Kah Heng	579,000	0.87
11. Mayban Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Ng Siong Ket</i>	512,000	0.77
12. Gan Teng Siew Realty Sdn Berhad	483,660	0.73
13. Twin Ritz Sdn Bhd	449,000	0.68
14. HLG Nominee (Tempatan) Sdn Bhd <i>Pledged Securities Account for Teo Ah Seng</i>	384,600	0.58
15. TA Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Oh Kim Sun</i>	380,000	0.57
16. Leong Kok Tai	367,720	0.55
17. Mayban Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Yong Nyen Yin</i>	338,000	0.51
18. HDM Nominees (Asing) Sdn Bhd <i>UOB Kay Hian (Hong Kong) Limited for Dalex Investments Limited</i>	332,400	0.50
19. Public Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Lu Yap Yang</i>	319,800	0.48
20. Chinchoo Investment Sdn Berhad	301,200	0.45
21. Gan Teng Siew Realty Sdn Berhad	269,400	0.41
22. JF Apex Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Teo Kwee Hock</i>	223,400	0.34
23. RHB Nominees (Tempatan) Sdn Bhd <i>RHB Investment Management Sdn Bhd for Ng Nam See</i>	217,900	0.33
24. Quarry Lane Sdn Bhd	190,800	0.29
25. Lai Siang Fong	188,400	0.28
26. Tan Siow Koon @ Tan Yew Jin	177,000	0.27
27. Mikdavid Sdn Bhd	173,400	0.26
28. HLG Nominee (Tempatan) Sdn Bhd <i>Pledged Securities Account for Yap Swee Hang</i>	166,000	0.25
29. Esteem Channel Sdn Bhd	165,700	0.25
30. Neoh Choo Ee & Company, Sdn Berhad	165,000	0.25
	54,911,857	82.77

List of Properties

as at 31st March 2009

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Registered Owner	Description/ Location	Tenure	Approximate Building Age (Years)	Approximate Land Area (Sq. Metres)	Net Book Value at 31st December 2008 (RM)	Date of Acquisition
Jerneh Insurance Bhd	2 storey shophouse located at 1&1A Jalan SG 10/4 Sri Gombak 68100 Batu Caves Selangor Darul Ehsan Held under H.S.(D) No. 12096 P.T. No. 9370 Pekan of Batu District of Gombak Selangor Darul Ehsan	Freehold	22	184.69	333,061	01.07.1995
Jerneh Insurance Bhd	2 storey shophouse located at No. S-135 Taman Intan 3 Jalan Kuantan 27000 Jerantut Pahang Darul Makmur Held under H.S.(M) 2071 P.T. No. 366/16 Mukim of Pedah District of Jerantut Pahang Darul Makmur	Freehold	19	153.29	165,652	11.02.1999
Jerneh Insurance Bhd	18 storey office building located at 38 Jalan Sultan Ismail 50250 Kuala Lumpur Held under H.S.(D) 83191 P.T. No. 30, Section 57 Town and District of Kuala Lumpur Federal Territory	Freehold	21	1,632	37,693,613	01.07.2001

List of Properties

as at 31st March 2009

continued

Registered Owner	Description/ Location	Tenure	Approximate Building Age (Years)	Approximate Land Area (Sq. Metres)	Net Book Value at 31st December 2008 (RM)	Date of Acquisition
Jerneh Insurance Bhd	2 units of 3 storey office building located at No. 266 & 268 Victoria Street 10300 Penang Held under H.S.(D) Nos. 42, 44, 45 & 47 Lot Nos. 000675, 000677 000678 and 000680 Section 23 Town of Georgetown North East District, Penang.	Freehold	36	522.00	1,434,008	25.05.2001

Proxy Form

I/We (the full name in block letters) _____

Of (address) _____

being a member(s) of **Jerneh Asia Berhad**, hereby appoint (full name and IC No.) _____

Of (address) _____

or failing him/her, (full name and IC No.) _____

Of (address) _____

and/or failing him/her *THE CHAIRMAN OF THE MEETING as my/our proxy/proxies to vote for me/us on my/our behalf, at the 13th Annual General Meeting of the Company, to be held on Tuesday, 26th May 2009 at 9.30 a.m. and at any adjournment thereof, as indicated below:

RESOLUTION	FOR	AGAINST
1. To adopt the audited Financial Statements for the year ended 31st December 2008.		
2. To approve the payment of a Final Dividend.		
3. To approve the payment of Directors' Fees.		
4. To re-elect Encik Ahmad Riza bin Basir as Director.		
5. To re-elect Mr Cheang Kwan Chow as Director.		
6. To re-appoint YM Raja Dato' Seri Abdul Aziz bin Raja Salim as Director.		
7. To appoint Mazars as Auditors.		
8. To authorise the Directors to issue and allot shares.		

Please indicate with an "X" in the space provided above on how you wish your vote to be cast.
If you do not do so, the proxy will vote or abstain from voting at his discretion.

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

The proportion of my/our holding to be represented by my / our proxies are as follows:-

	Number of shares
First proxy	
Second proxy	
Total	

Dated this _____ day of _____ 2009.

Signature

NOTES :

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

please fold here -----

Stamp

The Company Secretary
JERNEH ASIA BERHAD 363984-X
18th Floor, Wisma Jerneh
38 Jalan Sultan Ismail
50250 Kuala Lumpur

please fold here -----

CORPORATE DIRECTORY

JERNEH ASIA BERHAD

16th Floor, Wisma Jerneh, 38 Jalan Sultan Ismail
50250 Kuala Lumpur
Tel : (6)03 2145 0485 Fax : (6)03 2143 2817
URL : www.jerneh.com.my

Dato' Lim Chee Wah (lcw@msm.com.my) *Chairman*
Tam Chiew Lin (cltam@jerneh.com.my) *Managing Director*
Teoh Boon Kiaw (bkteoh@jerneh.com.my)
Finance & Corporate Services - Senior Manager

JERNEH INSURANCE BERHAD

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Lim Sun (slim@jerneh.com.my) *Chief Executive Officer*
Tan Yoke Leong (yltan@jerneh.com.my) *Underwriting - GM*
Tan Kui Huat (khtan@jerneh.com.my) *Marketing - GM*
Jimmy Goh Chong Jen (cjgoh@jerneh.com.my)
IT - Chief Information Officer
Yeow Toh Siang (tsyeow@jerneh.com.my)
Investment - Chief Investment Officer
Jessica Teng Mee Nguk (mnteng@jerneh.com.my)
Finance - Senior Manager
Siew Wai San (wssiew@jerneh.com.my)
Office & Methods - Senior Manager

JERNEH CREDIT LEASING SDN. BHD.

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Tel : (6)03 2141 1646 Fax : (6)03 2144 8425
Andy Au Yin Yun (yyau@jerneh.com.my) *Director*

JERNEH ASIA REINSURANCE LIMITED

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UO-185 Jalan Merdeka
87000 Federal Territory of Labuan, Malaysia
Tel : (6)087 427 818 Fax : (6)087 426 818

Chin Chee Kee *Resident Director*
Jane Justene Loh (syloh@jerneh.com.my) *Resident Manager*

MINSEC MANAGEMENT SERVICES SDN. BHD.

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Irene Lai Soo Mei (smlai@jerneh.com.my) *Director*

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Salcedo Village, Makati City, 1226 Philippines
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URL : www.krmre.com
Ruben M. Rubio (rnrubio@krmre.com) *Director*
Joselito S. Villamil (jsv@krmre.com) *Director*

TAISHAN INSURANCE BROKERS PHILS., INC.

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Sedeno cor. Valero Sts.
Salcedo Village, Makati City, 1226 Philippines
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URL : www.taishanphils.com
Paterno M. Obsuna (pmobsuna@taishanphils.com) *Director*
Ruben M. Rubio (rnrubio@krmre.com) *Director*

TAISHAN INSURANCE BROKERS LIMITED

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26 Harbour Road, Wanchai
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Tel : (852) 2877 0893 Fax : (852) 2802 3158
Peters Shum Man Kiu (petersshum@taishanhk.com) *Director*

JERNEH INVESTMENT (HK) LIMITED

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26 Harbour Road, Wanchai
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Peters Shum Man Kiu (petersshum@taishanhk.com) *Director*

GENERALI LIFE ASSURANCE (THAILAND) CO., LTD

GENERALI INSURANCE (THAILAND) CO., LTD
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CRC Tower, All Seasons Place
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Tel : (66) 2 685 3828 Fax : (66) 2 685 3829
URL : www.generalithailand.com
Keith Brooks (keithb@generalico.th) *Chief Executive Officer*

GENERALI PILIPINAS LIFE ASSURANCE COMPANY, INC.

GENERALI PILIPINAS INSURANCE COMPANY, INC.
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URL : www.generalico.com.ph
Derek Chan (dchan@generalico.com.ph)
Chief Executive Officer

PT Assuransi Jiwa Generali Indonesia

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No. 14, Jakarta, 10160, Indonesia
Tel : (6221) 3435 2125 Fax : (6221) 350 2258
Edy Tuhirman (edy.tuhirman@generaliasia.com)
Chief Executive Officer

HSBC AMANAH TAKAFUL (MALAYSIA) SDN. BHD.

3rd & 5th Floor
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URL : www.takaful.hsbcamanah.com.my
Zainudin Ishak (zainudinishak@hsbc.com.my)
Executive Director & Chief Executive Officer

ARECA CAPITAL SDN. BHD.

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URL : www.arecacapital.com
Danny Wong Teck Meng (dannywong@arecacapital.com)
Executive Director

