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NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 14TH ANNUAL GENERAL MEETING of the Company will be held at 19th Floor, Wisma Jerneh, 38 Jalan Sultan Ismail, 50250 Kuala Lumpur on Wednesday, 26th May 2010 at 9.30 a.m. for the following purposes :-

- | | | |
|-------|---|-----------------------|
| 1. | To receive the audited Financial Statements for the financial year ended 31st December 2009 and the Reports of the Directors' & Auditors' thereon. | (Resolution 1) |
| <hr/> | | |
| 2. | To declare a Final Dividend of 5 sen per share less 25% Income Tax for the financial year ended 31st December 2009. | (Resolution 2) |
| <hr/> | | |
| 3. | To approve the payment of Directors' Fees for the financial year ended 31st December 2009. | (Resolution 3) |
| <hr/> | | |
| 4. | To re-elect Datuk Haron bin Siraj who retires by rotation in accordance with Article 101 of the Articles of Association of the Company. | (Resolution 4) |
| <hr/> | | |
| 5. | To consider and if thought fit, pass the following resolutions pursuant to Section 129(6) of the Companies Act, 1965 :- | |
| 5.1 | "THAT pursuant to Section 129(6) of the Companies Act, 1965, Dato' Lim Chee Wah be hereby re-appointed as a Director of the Company to hold office until the conclusion of the next Annual General Meeting of the Company." | (Resolution 5) |
| 5.2 | "THAT pursuant to Section 129(6) of the Companies Act, 1965, YM Raja Dato' Seri Abdul Aziz bin Raja Salim be hereby re-appointed as a Director of the Company to hold office until the conclusion of the next Annual General Meeting of the Company." | (Resolution 6) |
| <hr/> | | |
| 6. | To re-appoint Messrs Mazars as Auditors of the Company and to authorise the Directors to fix their remuneration. | (Resolution 7) |

AS SPECIAL BUSINESS

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

- | | | |
|-------|---|-----------------------|
| 7. | AUTHORITY TO ISSUE SHARES PURSUANT TO SECTION 132D OF THE COMPANIES ACT 1965 | |
| | "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) |
| <hr/> | | |
| 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 2010

NOTICE OF ANNUAL GENERAL MEETING (cont'd)

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 Notes

1. RE-APPOINTMENT OF DIRECTORS PURSUANT TO SECTION 129(6) OF THE COMPANIES ACT 1965

Pursuant to Section 129(6) of the Companies Act, 1965, a person of or over the age of 70 years who is proposed for appointment as a Director of the Company, shall be appointed by a resolution passed by a majority of not less than three-fourths of the members of the Company present and voting in person or by proxy at a general meeting, and if so appointed, the Director shall hold office until the next annual general meeting of the Company.

The proposed Resolutions 5 and 6, if passed, will enable Dato' Lim Chee Wah and YM Raja Dato' Seri Abdul Aziz bin Raja Salim to hold office until the next Annual General Meeting of the Company.

2. AUTHORITY TO ISSUE SHARES PURSUANT TO SECTION 132D OF THE COMPANIES ACT 1965

The authority to issue shares, once granted by the shareholders, would facilitate the issuance of new ordinary shares in the Company arising from the exercise of warrants by warrant holders wherein each warrant entitles the registered holder to subscribe for one (1) new ordinary share in the Company at an exercise price of RM1.60.

The proposed Resolution 8 would enable the Directors to avoid delay and cost of convening further general meetings to approve the issue of such shares for such purposes. This authority, unless revoked or varied by the Company at a general meeting, will expire at the conclusion of the next Annual General Meeting of the Company.

The Company had obtained the general mandate to issue shares in the last Annual General Meeting. There were no proceeds raised from the previous mandate.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Dato' Lim Chee Wah	<i>Chairman</i>
Tam Chiew Lin	<i>Managing Director</i>
YM Raja Dato' Seri Abdul Aziz bin Raja Salim	<i>Independent Non-Executive Director</i>
Ahmad Riza bin Basir	<i>Non-Independent Non-Executive Director</i>
Datuk Haron bin Siraj	<i>Independent Non-Executive Director</i>
Cheang Kwan Chow	<i>Non-Independent Non-Executive Director</i>

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

REMUNERATION COMMITTEE

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

INVESTMENT COMMITTEE

Dato' Lim Chee Wah *Chairman*
Tam Chiew Lin
Ahmad Riza bin Basir
Dato' (Dr) Teo Chiang Quan
(Director of Jerneh Insurance Berhad)

RISK MANAGEMENT COMMITTEE

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

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

Mazars
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 Market)
Sector : Finance
Stock Number : 6394
ISIN : MYL639400000
Reuters Code : JNEH.KL

WEBSITE

www.jerneh.com.my

CORPORATE STRUCTURE



PROFILE OF THE BOARD OF DIRECTORS

Dato' Lim Chee Wah

(70 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 Malayan Sugar Manufacturing Co. Bhd. 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 2009.

Ms Tam Chiew Lin

(59 years of age - Malaysian)

Managing Director

Member of Management Committee,

Remuneration Committee,

Investment Committee and

Risk Management 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 2009.

YM Raja Dato' Seri Abdul Aziz bin Raja Salim

(71 years of age - Malaysian)

Independent Non-Executive Director

Chairman of the Audit Committee and

Risk Management 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, Gamuda Berhad, Hong Leong Industries Bhd, K&N Kenanga Holdings Berhad, Kenanga Fund Management Berhad, Kenanga Investment Bank Berhad, Panasonic Manufacturing Sdn Bhd, PPB Group Berhad and Southern Steel 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 2009.

PROFILE OF THE BOARD OF DIRECTORS (cont'd)

Encik Ahmad Riza bin Basir
(49 years of age - Malaysian)
Non-Independent Non-Executive Director
Chairman of Management
Committee and Member of
Investment Committee and
Risk Management 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 Algotech (M) Sdn Bhd, a director of Manulife Holdings Berhad, KESM Industries Berhad, United Plantations Berhad, Jerneh Insurance Berhad and EON Capital Berhad. He also sits on the Board of several other private limited companies in Malaysia.

Encik Riza and persons connected with him are major shareholders of the Company. He has had no conviction for any offences within the past 10 years. He attended four out of the five Board Meetings held during the financial year ended 31st December 2009.

Datuk Haron bin Siraj
(65 years of age - Malaysian)
Independent Non-Executive Director
Chairman of Remuneration
Committee and 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, EON Capital 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 four out of the five Board Meetings held during the financial year ended 31st December 2009.

Mr Cheang Kwan Chow
(57 years of age - Malaysian)
Non-Independent Non-Executive Director
Member of Audit Committee,
Management 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 various senior management positions 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. 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. He attended all the Board Meetings held during the financial year ended 31st December 2009.

GROUP FINANCIAL HIGHLIGHTS

	2008 RM'000	2009 RM'000	% CHANGE	
INCOME STATEMENT				
Operating revenue	224,594	260,033	16	
Profit before taxation	9,721	53,553	451	
Profit/(Loss) after taxation and minority interest	(3,190)	29,180	1,015	
BALANCE SHEET				
Total assets	964,482	1,057,464	10	
Shareholders' funds	408,825	434,952	6	
RATIOS (Attributable to equity holders)				
Basic earnings per share	Sen	(1.77)	16.15	1,012
Net dividends per share	Sen	3.70	6.00	62
Net assets per share	RM	2.26	2.41	7

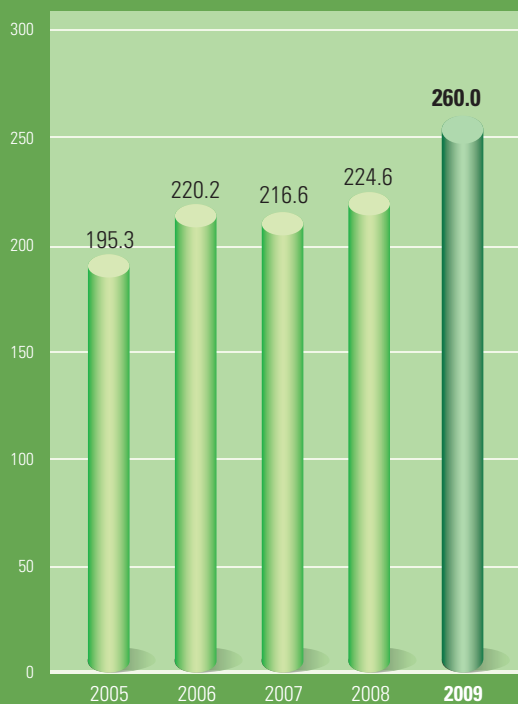
FIVE YEARS' GROUP STATISTICS *year ended 31st December*

		2005 RM'000	2006 RM'000	2007 RM'000	2008 RM'000	2009 RM'000
Operating revenue		195,270	220,160	216,558	224,594	260,033
Operating profit		31,337	35,766	54,003	36,815	52,658
Share of losses in associated companies (net of tax)		(7,049)	(12,254)	(19,012)	(14,054)	(12,925)
Profit before taxation		26,408	29,542	45,414	9,721	53,553
Profit after taxation and minority interest		14,678	10,918	19,083	(3,190)	29,180
Dividends – net		3,917	2,393	8,133	6,687	10,843
Issued share capital		108,802	109,274	180,721	180,721	180,721
Shareholders' funds		284,876	294,393	420,128	408,825	434,952
Total assets employed		735,848	821,624	949,057	964,482	1,057,464
Net earnings per share	Sen	17.68	10.01	12.89	(1.77)	16.15
Share price						
High	RM	2.39	2.10	2.17	1.67	2.13
Low	RM	2.02	1.85	1.45	1.02	0.79

FIVE-YEAR GROUP PERFORMANCE CHARTS

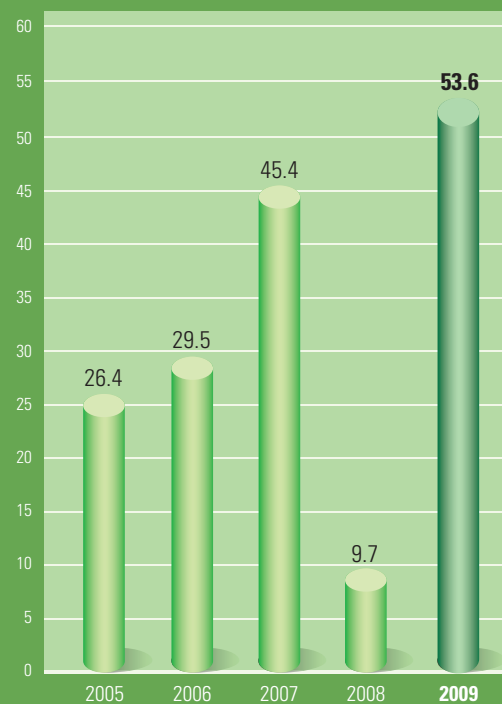
OPERATING REVENUE

(RM Million)



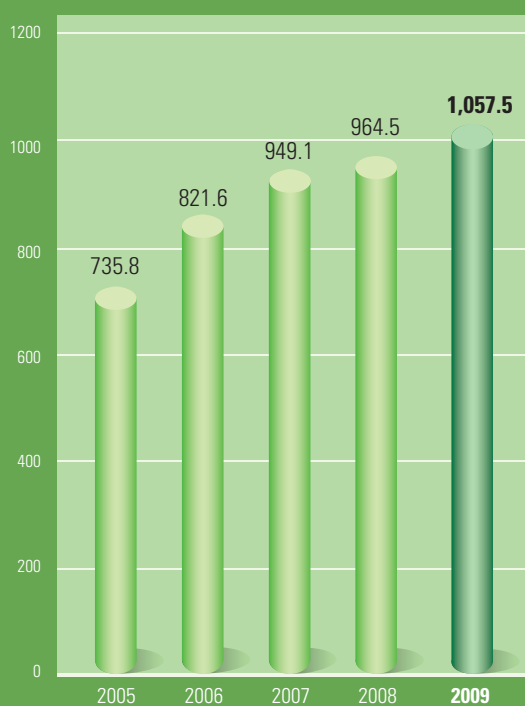
PROFIT BEFORE TAXATION

(RM Million)



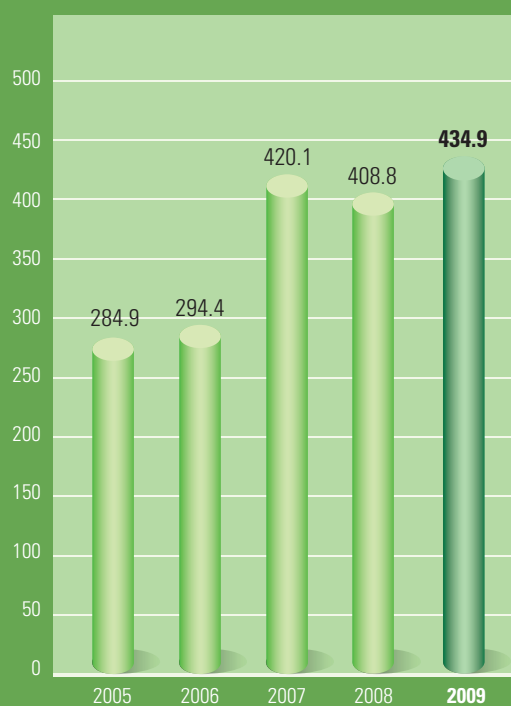
TOTAL ASSETS EMPLOYED

(RM Million)



SHAREHOLDERS' FUNDS

(RM Million)



CHAIRMAN'S STATEMENT

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 2009.

PERFORMANCE FOR 2009

The Group generated a pre-tax profit of RM53.6 million for the year. This is an increase in earnings of 451% as compared to 2008 (RM9.7 million). In perspective, as 2008's result was affected by the economic crisis, a better gauge would be to compare performance with the year 2007. If compared to 2007 (RM45.4 million), profitability has improved by 17.9%. After accounting for taxes of RM16.6 million and minority interest of RM7.8 million, gain attributable to shareholders for the year was RM29.2 million. The Group's share of losses of associated companies has been further reduced from RM14.0 million in 2008 to RM12.9 million in 2009.

All subsidiary companies, notably Jerneh Insurance Berhad and Jerneh Credit Leasing Sdn Bhd, generated better than expected operating results. With the stock market's recovery in 2009 from the economic crisis, the investment portfolio turned around very quickly from its lows experienced in October 2008.

Jerneh Insurance Bhd ("JIB") recorded a total gross written premium of RM433.3 million (2008 : RM353.6 million). This is an increase of 22.5%, the highest increase recorded in the history of the company. The average industry growth in 2009 was 5.8% (Source: ISM statistics).

Due to the large increase in gross premiums underwritten, and the transfer of a large part of it to reserves resulting in a premium strain, the Company registered a reduction in the underwriting surplus from RM23.8 million to RM3.1 million for the financial year ended 31st December 2009. This however will augur well for the underwriting results in year 2010 as most of the premium reserves will be released back into the income stream in 2010.

JIB registered a net claims ratio of 67.2% as compared to the industry 61.5% (Source: ISM statistics). This is one of the ratios that management is monitoring very carefully in the current year. Continuous vigilant review and trimming of bad quality business is a priority as well as being a continuing risk management process.

Net Asset Values in the investment portfolio at year end increased by 16.3%.

Jerneh Insurance Berhad registered a net profit after tax of RM54.7 million for the year.

OVERSEAS INVESTMENT

Generali Philippines ("GP")

The Life division ended the year with total gross premium of PHP3.5 billion written, an increase of 94.7% over 2008. The increase was largely due to the sale of single pay premiums which took off very well with bancassurance customers, but puts pressure on shareholders' capital. In the 4th quarter of 2009, a product change strategy was put in place to sell more regular pay products as opposed to single pay products. Although GP will expect to see slower and lower growth with this change but this will yield better results in 2010. GP Life ended the year with a 22.2% loss which is lower than that in 2008.

As reported in the 4th quarter announcement, the Board of Directors of Generali Pilipinas Insurance Company, the non life operation took a decision to downsize the company's operation in the 4th quarter of 2009, due to the very high loss ratios experienced by the company in the motor and liability segment.

Our share of losses was PHP50.3 million for the year. In 2010, GPIC will write only group businesses and run a lean organisation until the non life insurance segment of the industry improves.

Generali Thailand

The Life section registered a net profit of BHT14.8 million against premiums written of BHT987.1 million. This represents a growth of 17.6%. Telemarketing channel continues to deliver the growth impetus. In the longer term however, the Board of Generali Insurance Thailand is still of the view that a bancassurance model complemented by agency distribution would be the preferred model. The company is still in the search for a suitable bancassurance partner.

The property and casualty division registered a lower loss of BHT18.9 million as compared to 2008 of BHT62.4 million. This was a result of severely cutting back the motor business lines. 2009 was focused on cleanups and running-off motor claim files. In 2010, the company will concentrate on writing the profitable line businesses of fire and PA.

CHAIRMAN'S STATEMENT (cont'd)

OVERSEAS INVESTMENT (cont'd)

HSBC Amanah Takaful

For the year 2009, HSBC Amanah Takaful leveraged on the initiatives implemented in 2008 wherein the company had put in place a new product development team focusing on consumer needs of the banks' customers across the board, continued development of employees skills set and competencies, and strengthening the sales support infrastructure. On a much stronger footing in 2009, family takaful grew by 45% and general takaful by 35%. The takaful company ended the year with a smaller loss than expected.

Growth prospects in the takaful industry remain extremely encouraging and we continue to remain very positive in this company.

PROSPECTS

Shareholders would be aware that my statement last year included an anticipation of rapid changes within the insurance industry if market liberalisation moves were to be announced by BNM.

BNM did make significant changes, not only in the implementation of the risk based capital but also liberalised the equity shareholding that foreign companies could own in any local insurance company. In the same tone, BNM also encouraged local insurance companies to seek foreign partners with strong financial balance sheets and large insurance capacity to underwrite bigger volume of business. The objective was to strengthen the local insurance companies within the industry to build up resilience to withstand any financial shocks and meet new capitalisation required under new capital rules. The Board then was of the view that JIB would need a new strong partner to grow new business and take it to the next level. The new liberalised rules did make it easier and more attractive for foreign insurers to revisit Malaysia. The Board made an announcement to Bursa Malaysia on 2nd December 2009 that the company had sought and received approval from Bank Negara Malaysia ("BNM") to commence talks with interested parties who wished to acquire the 80% stake in JIB.

At the time of this report going to press, the Company has received proposals in writing and these proposals are under careful evaluation. These processes will take time and ultimately the sale is still subjected to the approvals of BNM and the Ministry of Finance.

In the event the approvals are obtained, this matter will be brought for tabling to the shareholders at an Extraordinary General Meeting for thorough deliberation and decision.

As always and in the tradition of Jerneh, the Board is of the view that any proposals must be made in the best interest of all stakeholders. Concurrently in evaluating the proposals put forward, the Board is also very mindful of the moral obligation it owes to the staff and senior management team, who have managed and are the key drivers of growth for the company these last 39 years. Today, Jerneh is a product of that integrity, commitment and professionalism displayed. As such the Board is optimistic that JIB is in an excellent position to benefit from the new environment and to realise the inherent embedded values for the future benefit of the shareholders.

Barring any setbacks moving forward and subject to suitable opportunities, Jerneh will seek growth in new areas of businesses where shareholders' values can be further enhanced.

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 2009.

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

I would like to extend my 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

BUSINESS PROFILE

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 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 valued clients.

In order to better meet the expectations of our intermediaries and our customers, JIB has expanded its JerneheBiz to include Foreign Workers Compensation Scheme (FWCS), Foreign Workers Insurance Guarantee (FWIG) and DriveSure Personal Accident (PA). The business intelligence tool software has been fully implemented to help the company to have access to actionable information easily so as to be able to react and adapt expediently to enhance the growth and profitability of the company. Moving forward, JIB intends to continue expanding its JerneheBiz to include other personal classes of insurance. Integration of the front-end and back-end systems are already at an advanced stage wherein JIB has integrated Motor, FWCS, FWIG, DriveSure PA, Marine Open Cover and Motor Claims. We will be completing the Fire and PA Claims integration by June 2010.

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, FWCS and its associated 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 1,357 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.

BUSINESS PROFILE (cont'd)

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 Asian Pacific region and 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 since 1995, is also a direct insurance intermediary handling customized general insurance and employee benefits requirements of business and industrial entities as well as of individuals who require comprehensive yet reasonably priced insurance covers. **KRMR**, likewise established in 1995, 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 fifth consecutive year to 2009, KRMR, retained its top ranking among reinsurance brokers in terms of income and premium production in the Philippines.

FUND MANAGEMENT

JAB associate company **Areca Capital Sdn Bhd ("Areca")** 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") is a growing organisation providing hire purchase and lease financing of capital equipment covering small scale industrial, agricultural, manufacturing, transportation, construction and medical sectors. As one of the active equipment financing companies, JCL provides the facilities to businesses and organisations of all size with cost-effective alternatives for capital acquisition to grow their businesses. JCL has an expanding client base that covers small and medium sized industries (SMIs) and corporates.

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 2009 marked the 9th 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 2009 marked its 7th year of operation.

On 11th December 2007, Generali N.V. acquired PT Asuransi Jiwa Arta Mandiri Prima, a life insurance company in Indonesia. Operations has commenced in 2009.

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

BUSINESS PROFILE (cont'd)

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.

CORPORATE GOVERNANCE

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 6 to 7 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.

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.

CORPORATE GOVERNANCE (cont'd)

BOARD OF DIRECTORS (cont'd)

Board Balance (cont'd)

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 2009, 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 2009 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	4 of 5 meetings held
Datuk Haron bin Siraj	4 of 5 meetings held
Mr Cheang Kwan Chow	5 of 5 meetings held

CORPORATE GOVERNANCE (cont'd)

BOARD OF DIRECTORS (cont'd)

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 2009 were as follows :-

Seminar Topics	No. of Hours
A review of the global economic crisis, its impact on Malaysia and the effectiveness of government measures	1.5
Review and outlook of the Ringgit Bond Market in the second half of 2009	1
Briefing on the flour milling industry in Indonesia and FFM Berhad's investment in the industry	1.5
Briefing on Wilmar International Limited	1

In addition, the Directors also attended the Financial Institutions Directors' Education (FIDE) Programme organised by Bank Negara Malaysia in order to better equip themselves for the challenges and issues confronting insurance companies today.

CORPORATE GOVERNANCE (cont'd)

BOARD OF DIRECTORS (cont'd)

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 25 to 28.

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

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 2009, this Committee had four (4) 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.

CORPORATE GOVERNANCE (cont'd)

BOARD OF DIRECTORS (cont'd)

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
- Ms Tam Chiew Lin
- Dato' (Dr) Teo Chiang Quan (*Director of Jerneh Insurance Berhad*)

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
- Dato' (Dr) Teo Chiang Quan (*Director of Jerneh Insurance Berhad*)

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 2009, this Committee had six (6) 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

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.

CORPORATE GOVERNANCE (cont'd)

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 2009, 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	-	-	860	860
Non-Executive Directors	215	-	-	215

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	-	4
RM50,001 to RM900,000	1	1

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.

CORPORATE GOVERNANCE (cont'd)

SHAREHOLDERS' RELATION (cont'd)

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 23 of this Annual Report.

Relationship with the Auditors

The role of the Audit Committee in relation to the external Auditors is described on pages 25 to 28 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 amongst the community. As part of our community efforts, Management and staff of the Group participated in a blood donation campaign. Donations were also collected in aid of Rumah Nur Hikmah, a charity home for women and children. Conservation of the environment is another important focus of the Group. Hence the Group launched the "Jerneh Friend of Green Malaysia Short Film Competition" for its second year as part of the Group corporate social initiatives, which was powered by EduSmith and supported by Ministry of Environment And Natural Resources and Malaysian Environmental NGOs (MENGO).

ADDITIONAL COMPLIANCE INFORMATION

as at 31ST DECEMBER 2009

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 were no material variations between the audited results for the financial year ended 31st December 2009 and the unaudited results for the financial quarter ended 31st December 2009 of the Group.

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 2009 set out on pages 30 to 85 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 26th April 2010.

STATEMENT OF INTERNAL CONTROL

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.
- 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, 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 26th April 2010.

REPORT OF THE AUDIT COMMITTEE

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 2009 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
~ *Non-Independent Non-Executive 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.

REPORT OF THE AUDIT COMMITTEE (cont'd)

TERMS OF REFERENCE (cont'd)

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.

REPORT OF THE AUDIT COMMITTEE (cont'd)

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 particulars 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 2009, 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, Mazars 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.

REPORT OF THE AUDIT COMMITTEE (cont'd)

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 2009.
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



financial statements

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DIRECTORS' REPORT

FOR THE YEAR ENDED 31ST DECEMBER 2009

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 2009.

PRINCIPAL ACTIVITIES

The Company is principally an investment holding company. The principal activities of the subsidiary companies are indicated in 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
Profit/(Loss) for the year attributable to shareholders of the Company	29,180	(6,426)
Retained profit brought forward		
As previously reported	151,201	82,002
Prior year adjustment	5,469	-
As restated	156,670	82,002
Profit available for appropriation	185,850	75,576
Dividends	(10,843)	(10,843)
Retained profit carried forward	175,007	64,733

DIVIDENDS

During the financial year, the Company paid the following dividends:

- a) a final dividend of 5% less 25% tax amounting to RM6,777,023 in respect of the financial year ended 31st December 2008, and
- b) an interim dividend of 3% less 25% tax amounting to RM4,066,214 in respect of the financial year under review.

The Directors now recommend a final dividend of 5% less 25% income tax amounting to RM6,777,023 (based on share capital of 180,720,605 as of 31st December 2009) 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 39.

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.

**DIRECTORS'
REPORT**
FOR THE YEAR ENDED 31ST DECEMBER 2009 (cont'd)

WARRANTS (cont'd)

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 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	

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

Dato' Lim Chee Wah and YM Raja Dato' Seri Abdul Aziz bin Raja Salim, being over seventy years of age, retire in accordance with Section 129(2) of the Companies Act, 1965 and offer themselves 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 Directors' interest in shares in the Company are as follows:

Name of Director	Ordinary shares of RM1 each			
	At 1.1.2009	Bought	Sold	At 31.12.2009
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

DIRECTORS' REPORT
FOR THE YEAR ENDED 31ST DECEMBER 2009 (cont'd)

DIRECTORS' INTERESTS IN SHARES (cont'd)

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:

	Ordinary shares of RM1 each			
	At 1.1.2009	Bought	Sold	At 31.12.2009
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 1.1.2009	Bought	Sold	At 31.12.2009
Jerneh Investment (HK) Limited	500,000	-	-	500,000

	Ordinary shares of HKD1 each			
	At 1.1.2009	Bought	Sold	At 31.12.2009
Taishan Insurance Brokers Limited	1,000,000	-	-	1,000,000

	Ordinary shares of PHP100 each			
	At 1.1.2009	Bought	Sold	At 31.12.2009
KRM Reinsurance Brokers Phils., Inc.	480,000	-	-	480,000
Taishan Insurance Brokers Philippines, Inc.	480,000	-	-	480,000

	Ordinary shares of USD1 each			
	At 1.1.2009	Bought	Sold	At 31.12.2009
Jerneh Asia Reinsurance Limited	3,200,000	-	-	3,200,000

**DIRECTORS'
REPORT**
FOR THE YEAR ENDED 31ST DECEMBER 2009 (cont'd)

DIRECTORS' INTERESTS IN SHARES (cont'd)

The following Directors had interest in warrants during the financial year, as follows:

Warrants	No. of Warrants to Subscribe for New Ordinary Shares of RM1 each				At 31.12.2009
	At 1.1.2009	Bought	Sold	Exercised	
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.
- (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.

**DIRECTORS'
REPORT**
FOR THE YEAR ENDED 31ST DECEMBER 2009 (cont'd)

OTHER STATUTORY INFORMATION (cont'd)

- (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 Note 34 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, Mazars, have expressed their willingness to continue in office.

Signed on behalf of the Directors in accordance with a resolution of the Directors dated 26th April 2010

DATO' LIM CHEE WAH
Director

TAM CHIEW LIN
Director

Kuala Lumpur

INDEPENDENT AUDITORS' REPORT

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 2009, 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 37 to 85.

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 2009 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 Note 6 to the financial statements.
- (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.

INDEPENDENT
AUDITORS' REPORT
TO THE MEMBERS OF JERNEH ASIA BERHAD (Incorporated in Malaysia) (cont'd)

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.

MAZARS

No. AF: 1954
Chartered Accountants

GAN MORN GHUAT

No. 1499/5/11 (J)
Partner

Kuala Lumpur

Date: 26th April 2010

BALANCE SHEETS

as at 31ST DECEMBER 2009

	Note	Group		Company	
		2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
ASSETS					
Property, plant and equipment	3	21,054	22,273	207	292
Investment property	4	22,024	22,359	-	-
Intangible assets	5	148	719	-	-
Investment in subsidiary companies	6	-	-	107,236	107,236
Investment in associated companies	7	50,915	61,823	104,889	121,105
Amounts owing by subsidiary companies	8	-	-	54,010	70,092
Amount owing by an associated company	9	13,828	8,513	13,828	8,513
Other investments	10	326,597	286,656	10,000	10,000
Deferred tax assets	11	2,229	2,281	197	163
Trade and other receivables	12	169,854	190,027	130	107
Current tax assets		744	9,028	207	827
Marketable securities	13	15,630	14,584	-	-
Deposits	14	388,571	326,247	52,140	40,149
Cash and bank balances	15	45,870	19,972	3,040	4,197
TOTAL ASSETS		1,057,464	964,482	345,884	362,681
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		9,889	7,568	-	-
Retained profits	17	175,007	151,201	64,733	82,002
Equity attributable to equity holders of the Company		434,952	408,825	314,789	332,058
Minority interest		54,880	47,236	-	-
TOTAL EQUITY		489,832	456,061	314,789	332,058
LIABILITIES					
Provision for outstanding claims	18	221,351	208,474	-	-
Trade and other payables	19	125,749	104,337	1,077	606
Amount owing to a subsidiary company	8	-	-	18	17
Unearned premium reserves	20	128,297	104,036	-	-
Bank borrowings	21	90,600	90,600	30,000	30,000
Deferred tax liabilities	22	-	701	-	-
Current tax liabilities		1,635	273	-	-
TOTAL LIABILITIES		567,632	508,421	31,095	30,623
TOTAL EQUITY AND LIABILITIES		1,057,464	964,482	345,884	362,681

Notes to and forming part of the financial statements are set out on pages 43 to 85
Auditors' Report - Pages 35 and 36

INCOME STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 2009

	Note	Group		Company	
		2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Operating revenue	23	260,033	224,594	-	-
Operating costs applicable to operating revenue	24	(158,818)	(118,883)	-	-
Gross profit		101,215	105,711	-	-
Other operating income	25	18,703	9,882	73	229
Operating expenses	26	(67,260)	(78,778)	(2,976)	(2,671)
Profit/(Loss) from operations		52,658	36,815	(2,903)	(2,442)
Share of losses in associated companies (net of tax)		(12,925)	(14,054)	-	-
Net investment income/(expenses)	28	16,893	(9,046)	(1,240)	9,991
Finance costs	29	(3,073)	(3,994)	(1,015)	(1,361)
Profit/(Loss) before tax		53,553	9,721	(5,158)	6,188
Tax expense	30	(16,596)	(9,765)	(1,268)	(863)
Profit/(Loss) for the year		36,957	(44)	(6,426)	5,325
Attributable to:					
Equity holders of the Company		29,180	(3,190)		
Minority interest		7,777	3,146		
		36,957	(44)		
Basic earnings per share (sen)	31	16.15	(1.77)		
Diluted earnings per share (sen)	31	-	-		
Dividend per share (net of tax) (sen)		6.00	3.70		

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31ST DECEMBER 2009

Group	Note	Attributable to equity holders of the Company						Total equity RM'000
		Non-distributable			Retained profits RM'000	Total RM'000	Minority interest RM'000	
		Share capital RM'000	Share premium RM'000	Exchange fluctuation reserves RM'000				
At 1st January 2008		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)
Dividend 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
Prior year adjustment:								
Effects of revised confidence level used in computing the IBNR provision		-	-	-	5,469	5,469	1,367	6,836
At 1st January 2009, restated		180,721	69,335	7,568	156,670	414,294	48,603	462,897
Net profit not recognised in income statement								
- currency translation difference		-	-	2,321	-	2,321	-	2,321
Profit for the year		-	-	-	29,180	29,180	7,777	36,957
Dividends paid	32	-	-	-	(10,843)	(10,843)	(1,500)	(12,343)
Balance at 31st December 2009		180,721	69,335	9,889	175,007	434,952	54,880	489,832

STATEMENTS
OF CHANGES IN EQUITY
 FOR THE YEAR ENDED 31ST DECEMBER 2009 (cont'd)

Company	Note	Non-distributable		Retained profits RM'000	Total RM'000
		Share capital RM'000	Share premium RM'000		
At 1st January 2008		180,721	69,335	83,364	333,420
Profit for the year		-	-	5,325	5,325
Dividend paid	32	-	-	(6,687)	(6,687)
Balance at 31st December 2008		180,721	69,335	82,002	332,058
Loss for the year		-	-	(6,426)	(6,426)
Dividends paid	32	-	-	(10,843)	(10,843)
Balance at 31st December 2009		180,721	69,335	64,733	314,789

CASH FLOW STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 2009

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax	53,553	9,721	(5,158)	6,188
Adjustments for:				
Accretion of discounts (net)	(1,214)	(1,023)	-	-
(Write-back of)/allowance for diminution in value of other investments	(25,447)	25,763	-	-
(Write-back of)/allowance for doubtful debts	(1,772)	594	-	-
Amortisation of intangible assets	621	934	-	-
Bad debts written off	2,003	6,072	-	-
Changes in unearned premium reserves	24,261	12,633	-	-
Depreciation	2,185	2,187	89	95
Dividend income	(5,339)	(8,314)	(14,074)	(5,525)
(Gain)/loss on sale of other investments	(3,372)	3,118	-	-
Interest expense	3,073	4,011	1,015	1,361
Interest income	(24,487)	(27,487)	(2,997)	(4,466)
Impairment loss of investment in an associated company	2,447	-	18,311	-
Gain on disposal of property, plant and equipment	(89)	(152)	(26)	-
Unrealised loss/(gain) on foreign exchange	697	(606)	354	362
Share of losses in associated companies	12,925	14,054	-	-
Property, plant and equipment written off	5	5	-	-
Writedown of marketable securities to net realisable value	1,426	6,109	-	-
Operating profit/(loss) before changes in working capital	41,476	47,619	(2,486)	(1,985)
Changes in fixed deposits	(28,842)	(57,374)	-	-
Proceeds from sale of other investments	66,130	45,413	-	-
Purchase of other investments	(87,724)	(51,101)	-	-
Changes in trade receivables	21,044	(19,656)	-	-
Changes in other receivables	(1,151)	3,935	(2)	17
Changes in marketable securities	(2,536)	(2,202)	-	-
Changes in provision for outstanding claims	21,992	4,675	-	-
Changes in trade payables	5,710	6,013	-	-
Changes in other payables	12,955	(29)	325	(431)
Cash generated from/(used in) operations	49,054	(22,707)	(2,163)	(2,399)
Income tax (paid)/refunded	(9,306)	(19,494)	368	(566)
Interest received	21,380	23,407	-	-
Dividends received	3,755	5,196	13,024	5,393
Net cash generated from/(used in) operating activities	64,883	(13,598)	11,229	2,428

Notes to and forming part of the financial statements are set out on pages 43 to 85
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CASH
FLOW STATEMENTS
 FOR THE YEAR ENDED 31ST DECEMBER 2009 (cont'd)

	Group		Company	
	2009	2008	2009	2008
	RM'000	RM'000	RM'000	RM'000
CASH FLOWS FROM INVESTING ACTIVITIES				
Advances to associated companies	(5,699)	(4,828)	(5,699)	(4,828)
Acquisition of additional shares in associated company	(2,095)	-	(2,095)	-
Proceeds from sale of other investments	41,803	21,974	-	-
Proceeds from disposal of property, plant and equipment	95	253	26	-
Purchase of property, plant and equipment (Note 33)	(598)	(1,228)	(4)	(98)
Purchase of intangible assets	(50)	(348)	-	-
Purchase of other investments	(30,090)	(40,635)	-	(10,000)
Interest received	3,245	4,178	2,976	4,461
Dividends received	1,020	1,713	-	-
Repayment from subsidiary companies	-	-	16,112	2,282
Cash received for transfer of insurance business portfolio (Note 34)	1,777	285	-	-
Net cash generated from/(used in) investing activities	9,408	(18,636)	11,316	(8,183)
CASH FLOWS FROM FINANCING ACTIVITIES				
Advances from subsidiary company	-	-	1	17
Drawdown of bank borrowings	-	6,244	-	-
Repayments of bank borrowings	-	(642)	-	-
Interest paid	(3,081)	(4,133)	(1,024)	(1,387)
Dividends paid to shareholders of the Company	(10,688)	(7,743)	(10,688)	(7,743)
Dividend paid to a minority shareholder of a subsidiary company	(750)	-	-	-
Net cash used in financing activities	(14,519)	(6,274)	(11,711)	(9,113)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	59,772	(38,508)	10,834	(14,868)
CASH AND CASH EQUIVALENTS BROUGHT FORWARD	145,709	183,499	44,346	59,214
EFFECT OF EXCHANGE RATE CHANGES	(220)	718	-	-
CASH AND CASH EQUIVALENTS CARRIED FORWARD	205,261	145,709	55,180	44,346
Represented by:				
Cash and bank balances	45,870	19,972	3,040	4,197
Deposits	159,391	125,737	52,140	40,149
	205,261	145,709	55,180	44,346

Notes to and forming part of the financial statements are set out on pages 43 to 85
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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 2009

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 ("MASB"), 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 policy

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 has adopted the accounting policies on unexpired risks and general insurance liabilities as specified in the Framework for the annual period beginning on 1st January 2009. The impact of adopting these accounting policies is disclosed in Note 1(u)(iv) to the financial statements.

(c) New/revised FRSs, Issues Committee Interpretation ("IC Interpretations") and Amendments to FRSs that are not yet effective

New/revised FRSs and IC Interpretations		Effective for financial periods beginning on or after
FRS 1	First-time Adoption of Financial Reporting Standards (revised)	1st July 2010
FRS 3	Business Combinations (revised)	1st July 2010
FRS 4	Insurance Contracts	1st January 2010
FRS 7	Financial Instruments: Disclosures	1st January 2010
FRS 8	Operating Segments	1st July 2009
FRS 101	Presentation of Financial Statements (revised)	1st January 2010
FRS 123	Borrowing Costs (revised)	1st January 2010
FRS 127	Consolidated and Separate Financial Statements (revised)	1st July 2010
FRS 139	Financial Instruments: Recognition and Measurement	1st January 2010
	Improvements to FRSs (2009)	1st January 2010
	Improvements to FRSs (2010)	1st July 2010
IC Interpretation 9	Reassessment of Embedded Derivatives	1st January 2010
IC Interpretation 10	Interim Financial Reporting and Impairment	1st January 2010
IC Interpretation 11	FRS 2 - Group and Treasury Share Transactions	1st January 2010
IC Interpretation 12	Service Concession Arrangements	1st July 2010
IC Interpretation 13	Customer Royalty Programmes	1st January 2010
IC Interpretation 14	FRS 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	1st January 2010
IC Interpretation 15	Agreements for the Construction of Real Estate	1st July 2010
IC Interpretation 16	Hedges of a Net Investment in a Foreign Operations	1st July 2010
IC Interpretation 17	Distributions of Non-cash Assets to Owners	1st July 2010

Consequential amendments were also made to various existing FRSs as a result of these new/revised FRSs and IC Interpretations. The Company has not applied these amendments as they are only effective for financial periods beginning on or after 1st January 2010 and 1st July 2010.

NOTES
TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31ST DECEMBER 2009 (cont'd)

1. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(c) New/revised FRSs, Issues Committee Interpretation ("IC Interpretations") and Amendments to FRSs that are not yet effective (cont'd)

The above new/revised FRSs, IC Interpretations and Amendments to FRSs are expected to have no significant impact on the financial statements of the Company upon their initial application except for the changes arising from the adoption of FRS 7, FRS 101 and FRS 139. The Company is exempted from disclosing the possible impact to the financial statements upon the initial application of FRS 7 and FRS 139. Changes arising from the adoption of FRS 101 is discussed below:

FRS 101 - Presentation of Financial Statements

FRS 101 requires an entity to present, in a statement of changes in equity, all owner changes in equity. All non-owner changes in equity (ie. comprehensive income) are required to be presented in one statement of comprehensive income or in two statements (separate income statement and a statement of comprehensive income). Components of comprehensive income are not permitted to be presented in the statement of changes in equity.

In addition, a statement of financial position is required at the beginning of the earliest comparative period following a change in accounting policy, the correction of an error or the reclassification of items in the financial statements.

(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.

(e) 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 (m)(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.

NOTES
TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31ST DECEMBER 2009 (cont'd)

1. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(f) 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.

(g) 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 (m)(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.

NOTES
TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31ST DECEMBER 2009 (cont'd)

1. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(h) 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	10% - 20%
Office renovation	2.5% - 33 1/3%

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

(i) 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.

(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.

NOTES
TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2009 (cont'd)

1. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(i) Investment properties (cont'd)

(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.

(j) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and any accumulated impairment losses. 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 intangible assets with finite useful lives are reviewed at least at each balance sheet date.

The computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. The costs are amortised over their estimated useful life of 3 years.

(k) 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.

(l) 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. 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.

(m) 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.

NOTES
TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31ST DECEMBER 2009 (cont'd)

1. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(m) Impairment of assets (cont'd)

(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.

(n) Loans

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

(o) 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.

(p) 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.

(q) 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.

NOTES
TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2009 (cont'd)

1. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(r) Borrowing costs

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

(s) 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.

(t) 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.

(u) 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

NOTES
TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31ST DECEMBER 2009 (cont'd)

1. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(u) General insurance underwriting results (cont'd)

(iv) Claims liabilities

Claim liabilities refer to the obligation by insurers, whether contractual or otherwise, to make future payments in relation to all claims that have been incurred as at the valuation date.

Provision is made for the estimated costs of all claims together with related expenses less salvage and 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 direct and facultative business, the IBNR provision is based on an actuarial valuation carried out by an independent actuarial using various standard actuarial claims projection techniques that include a regulatory risk margin for adverse deviation set by the Risk-Based Capital Framework.

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 projections, 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.

Pursuant to the Risk-Based Framework which comes into effect on 1st January 2009, the Group's subsidiary, Jerneh Insurance Berhad revised the confidence level used in IBNR computation from 85% to 75%. In line with the framework, adjustments to the previous carrying amount have been adjusted to the opening retained profit on 1st January 2009. The revision resulted in a reduction in IBNR provision of RM6,836,000.

(v) Acquisition costs

The cost of acquiring and renewing insurance policies net of income derived from ceding reinsurance premiums is recognised in the income statement as when they are incurred.

(v) Income recognition

- (i) Insurance premium income is recognised as disclosed under Note u(i) above.
- (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.

NOTES
TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2009 (cont'd)

1. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(w) 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.

(x) 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.

(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.

NOTES
TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31ST DECEMBER 2009 (cont'd)

1. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(y) 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.

(z) 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.

(aa) 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.

(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.

(ab) 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.

NOTES
TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2009 (cont'd)

1. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(ac) 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.

NOTES
TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2009 (cont'd)

2. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

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.

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
2009	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Cost							
At 1.1.2009	7,000	14,664	7,773	4,492	2,541	2,234	38,704
Additions	-	-	463	135	-	-	598
Disposals	-	-	(166)	(7)	(298)	-	(471)
Write-offs	-	-	(1,163)	(168)	-	-	(1,331)
Transfer to intangible assets (<i>Note 5</i>)	-	-	(358)	16	-	-	(342)
Foreign exchange adjustments	-	43	(2)	19	7	3	70
At 31.12.2009	7,000	14,707	6,547	4,487	2,250	2,237	37,228

NOTES
TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2009 (cont'd)

3. PROPERTY, PLANT AND EQUIPMENT (cont'd)

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
2009							
Accumulated depreciation							
At 1.1.2009	-	2,617	7,031	3,300	1,669	1,814	16,431
Charge for the year	-	305	721	357	361	106	1,850
Disposals	-	-	(161)	(6)	(298)	-	(465)
Write-offs	-	-	(1,162)	(164)	-	-	(1,326)
Transfer to intangible assets (Note 5)	-	-	(351)	9	-	-	(342)
Foreign exchange adjustments	-	9	(2)	12	6	1	26
At 31.12.2009	-	2,931	6,076	3,508	1,738	1,921	16,174
Net carrying value At 31.12.2009	7,000	11,776	471	979	512	316	21,054
2008							
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 (Note 4)	(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 (Note 4)	-	(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
Net carrying value At 31.12.2008	7,000	12,047	742	1,192	872	420	22,273

NOTES
TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2009 (cont'd)

3. PROPERTY, PLANT AND EQUIPMENT (cont'd)

Company					
2009					
Cost	Computers RM'000	Office equipment, furniture and fittings RM'000	Motor vehicles RM'000	Renovations RM'000	Total RM'000
At 1.1.2009	198	223	588	365	1,374
Additions	4	-	-	-	4
Disposals	-	-	(190)	-	(190)
At 31.12.2009	202	223	398	365	1,188
Accumulated depreciation					
At 1.1.2009	183	207	327	365	1,082
Charge for the year	4	5	80	-	89
Disposals	-	-	(190)	-	(190)
At 31.12.2009	187	212	217	365	981
Net carrying value At 31.12.2009	15	11	181	-	207
2008					
Cost					
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
Net carrying value At 31.12.2008	15	16	261	-	292

NOTES
TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2009 (cont'd)

4. INVESTMENT PROPERTY

	Group	
	2009 RM'000	2008 RM'000
Freehold land and building, at cost		
At 1st January	24,912	23,645
Transfer from property, plant and equipment (<i>Note 3</i>)	-	1,267
At 31st December	24,912	24,912
Accumulated depreciation and impairment		
At 1st January	2,553	2,219
Charge for the year	335	317
Transfer from property, plant and equipment (<i>Note 3</i>)	-	17
At 31st December	2,888	2,553
Net carrying value	22,024	22,359

The directors' estimate the fair value of the investment property as at 31st December 2009 is RM33,630,000 (2008 : RM32,450,000). 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

	Group	
	2009 RM'000	2008 RM'000
Computer software		
Cost		
At 1st January	7,581	7,337
Additions	50	348
Write-offs	(919)	(104)
Transfer from property, plant and equipment (<i>Note 3</i>)	342	-
At 31st December	7,054	7,581
Accumulated amortisation		
At 1st January	6,862	6,032
Charge for the year	621	934
Write-offs	(919)	(104)
Transfer from property, plant and equipment (<i>Note 3</i>)	342	-
At 31st December	6,906	6,862
Net carrying value	148	719

NOTES
TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2009 (cont'd)

6. INVESTMENT IN SUBSIDIARY COMPANIES

	Company	
	2009 RM'000	2008 RM'000
Unquoted shares, at cost	107,236	107,236

The subsidiary companies are:

	Country of incorporation	Principal activities	Equity interest	
			2009 %	2008 %
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 Mazars

* Not audited by Mazars or its associates

NOTES
TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2009 (cont'd)

7. INVESTMENT IN ASSOCIATED COMPANIES

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Unquoted shares, at cost	123,200	121,105	123,200	121,105
Share of post-acquisition losses	(83,468)	(70,543)	-	-
Effect of exchange rate changes	13,630	11,261	-	-
	53,362	61,823	123,200	121,105
Impairment loss	(2,447)	-	(18,311)	-
	50,915	61,823	104,889	121,105

The associated companies are:

	Country of incorporation	Principal activities	Equity interest	
			2009 %	2008 %
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	
			2009 %	2008 %
PT Asuransi Jiwa Generali Indonesia	Indonesia	Underwriting of life insurance business	88	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

NOTES
TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2009 (cont'd)

7. INVESTMENT IN ASSOCIATED COMPANIES (cont'd)

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

	2009	2008
	RM'000	RM'000
Assets and liabilities		
Total assets	552,925	444,827
Total liabilities	409,744	311,137
Results		
Revenue	146,173	100,011
Loss for the year	(12,925)	(14,054)

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 RM48.38 million (2008: RM68.83 million) which bear interest range between 0.5% and 0.75% (2008: 0.5%) per annum above the cost of funds of a reference bank. The effective interest rate of those advances range between 3.17% and 4.25% (2008: between 4.25% and 4.57%) per annum.

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

	Company	
	2009	2008
	RM'000	RM'000
- RM	52,446	69,049
- Philippine Peso	1,561	1,023
- Hong Kong Dollar	3	20
	54,010	70,092

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, represents unsecured interest free advances with no fixed repayment terms.

NOTES
TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2009 (cont'd)

10. OTHER INVESTMENTS

	Group			
	2009			2008
	Carrying Value RM'000	Market Value RM'000	Carrying Value RM'000	Market Value RM'000
Quoted investments				
Malaysian government securities, at cost	3,790		13,764	
Accretion of discounts	901		757	
	4,691	4,785	14,521	14,615
Shares in corporations, at cost				
- quoted in Malaysia	102,524		112,775	
Allowance for diminution in value	-		(23,803)	
	102,524	116,211	88,972	88,972
- quoted outside Malaysia	1,303		1,206	
Allowance for diminution in value	(519)		(488)	
	784	1,487	718	775
Unit trust of corporations quoted in Malaysia, at cost	9,359		9,793	
Allowance for diminution in value	-		(1,698)	
	9,359	10,505	8,095	8,095
Bonds and loan stocks of corporations quoted in Malaysia, at cost	133		133	
Allowance for diminution in value	-		(15)	
	133	308	118	118
Unquoted investments				
Unit trust of corporations in Malaysia, at cost	10,000	△	10,000	△
Unquoted bonds and loan stocks of corporations				
- in Malaysia, at cost	195,426		155,590	
- outside Malaysia, at cost	-		4,219	
Accretion of discounts	3,260		4,003	
	198,686	#	163,812	#
Unquoted shares, at cost	420	*	420	*
	326,597		286,656	

NOTES
TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2009 (cont'd)

10. OTHER INVESTMENTS (cont'd)

	Company			
	2009 Carrying Value RM'000	Market Value RM'000	2008 Carrying Value RM'000	Market Value RM'000
Unquoted unit trust of corporations in Malaysia, at cost	10,000	△	10,000	△

△ Net Assets Value of the unit trust is RM10,489,300 (2008: RM10,197,000).

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	
	2009 RM'000	2008 RM'000
Unquoted bonds and loan stocks		
- in Malaysia	198,935	157,713
- outside Malaysia	-	4,077
	198,935	161,790

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

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

	Group	
	2009 %	2008 %
Malaysian government securities	0.0	3.9 to 4.3
Bonds and loan stocks of corporations	0.0 to 8.4	3.0 to 8.4

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

	Group	
	2009 RM'000	2008 RM'000
Malaysian government securities		
- within 1 year	-	10,007
- within 2 to 5 years	4,691	4,514
	4,691	14,521
Bonds and loan stocks of corporations		
- within 1 year	21,513	19,859
- within 2 to 5 years	93,443	59,707
- after 5 years	83,863	84,364
	198,819	163,930

NOTES
TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2009 (cont'd)

10. OTHER INVESTMENTS (cont'd)

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

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
- RM	326,208	281,992	10,000	10,000
- United States Dollar	-	4,219	-	-
- Hong Kong Dollar	296	381	-	-
- Philippine Peso	93	64	-	-
	326,597	286,656	10,000	10,000

11. DEFERRED TAX ASSETS

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
At beginning of the year	2,281	3,493	163	228
(Reversal)/Originating during the year	(64)	(1,142)	34	(65)
Foreign exchange adjustments	12	(70)	-	-
At end of the year	2,229	2,281	197	163

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	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Allowance for doubtful debts	3,594	1,424	-	-
Accruals for bonus	1,920	104	123	104
Unabsorbed capital allowances	710	748	-	-
Excess of accumulated depreciation over capital allowance				
on property, plant and equipment	67	359	(14)	(7)
Accumulated accretion of discounts	(1,032)	-	-	-
Unrealised foreign exchange losses	90	66	89	94
Lease rental receivable	(460)	(671)	-	-
Other temporary differences	(2,660)	251	(1)	(28)
Net deferred tax assets	2,229	2,281	197	163

NOTES
TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2009 (cont'd)

11. DEFERRED TAX ASSETS (cont'd)

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	
	2009 RM'000	2008 RM'000
Unutilised tax losses	15,457	12,748
Unabsorbed capital allowances	240	256
Others	(12)	-
	15,685	13,004

12. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Outstanding premium including insureds, agents, brokers and co-insurer balances	64,138	65,911	-	-
Amount due from reinsurers and ceding companies	10,160	8,322	-	-
	74,298	74,233	-	-
Allowance for doubtful debts	(10,033)	(11,880)	-	-
	64,265	62,353	-	-
Loans and advances	100,493	122,886	-	-
Allowance for doubtful debts	(4,882)	(4,884)	-	-
	159,876	180,355	-	-
Brokerage fees receivable	965	1,647	-	-
	160,841	182,002	-	-
Other trade receivables	7	24	-	-
Other receivables	6,690	5,945	-	-
Allowance for doubtful debts	(1,681)	(1,572)	-	-
	165,857	186,399	-	-
Interest receivable	2,367	2,505	67	46
Proceeds receivable from disposal of marketable securities	681	-	-	-
Prepayments and deposits	949	1,123	63	61
	169,854	190,027	130	107

NOTES
TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2009 (cont'd)

12. TRADE AND OTHER RECEIVABLES (cont'd)

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

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
- RM	176,568	195,447	67	46
- United States Dollar	3,403	4,127	-	-
- Hong Kong Dollar	872	3,303	-	-
- Philippine Peso	3,784	3,572	-	-
- Singapore Dollar	365	578	-	-
- Brunei Dollar	78	78	-	-
- Thai Baht	26	118	-	-
- Japanese Yen	17	15	-	-
- Nigeria Naira	-	2	-	-
- Indonesian Rupiah	2	-	-	-
- Chinese Renminbi	386	-	-	-
	185,501	207,240	67	46

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% (2008: 3.00% to 9.25%) per annum.

13. MARKETABLE SECURITIES

	Group	
	2009 RM'000	2008 RM'000
Securities quoted in Malaysia		
- at cost	12,577	223
- at market value	3,053	9,403
Securities quoted outside Malaysia, at market value	-	4,958
	15,630	14,584
Market value of securities quoted in Malaysia	21,422	9,642

NOTES
TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2009 (cont'd)

13. MARKETABLE SECURITIES (cont'd)

The currency exposure profile of marketable securities is as follows:

	Group	
	2009 RM'000	2008 RM'000
- RM	10,580	9,626
- Hong Kong Dollar	2,535	3,884
- Singapore Dollar	2,515	1,074
	15,630	14,584

14. DEPOSITS

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Fixed and call deposits with				
- licensed financial institutions in Malaysia	362,327	289,079	52,140	40,149
- licensed banks outside Malaysia	26,244	37,168	-	-
	388,571	326,247	52,140	40,149

The currency exposure profile of the deposits is as follows:

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
- RM	357,645	283,236	52,140	40,149
- United States Dollar	21,245	18,262	-	-
- Hong Kong Dollar	2	16,479	-	-
- Philippine Peso	9,137	7,685	-	-
- Singapore Dollar	542	585	-	-
	388,571	326,247	52,140	40,149

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

	Group		Company	
	2009 %	2008 %	2009 %	2008 %
Fixed and call deposits with				
- licensed financial institutions in Malaysia	0.20 to 3.23	0.30 to 3.70	1.85 to 3.23	3.15 to 3.45
- licensed banks outside Malaysia	0.01 to 11.00	0.01 to 7.00	-	-

All the deposits have maturities of 12 months or less.

NOTES
TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2009 (cont'd)

15. CASH AND BANK BALANCES

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

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
- RM	13,957	14,092	3,040	4,197
- United States Dollar	9,306	2,665	-	-
- Hong Kong Dollar	20,388	2,407	-	-
- Philippine Peso	1,994	719	-	-
- Singapore Dollar	119	61	-	-
- Australian Dollar	36	28	-	-
- European Euro	70	-	-	-
	45,870	19,972	3,040	4,197

16. SHARE CAPITAL

	2009		2008	
	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
Issued and fully paid:				
Ordinary shares of RM1 each	180,721	180,721	180,721	180,721

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.
- Each Warrant entitles the registered holder to subscribe for one new ordinary share ("Shares") in the Company.
- 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.
- 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.
- 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 2009.

NOTES
TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2009 (cont'd)

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	
	2009 RM'000	2008 RM'000
Provision for outstanding claims	365,051	340,137
Recoverable from reinsurers	(143,700)	(131,663)
Net outstanding claims	221,351	208,474

Movement of claims is analysed as follows:

	Group	
	2009 RM'000	2008 RM'000
Gross claims paid less salvage	156,614	140,735
Reinsurance recoveries	(45,350)	(36,093)
Net claims paid	111,264	104,642
Net outstanding claims:		
At 31st December	221,351	208,474
At 1st January, as previously reported	(208,474)	(203,799)
Effect of revised confidence level	9,115	-
At 1st January, restated	(199,359)	(203,799)
Insurance claims incurred (<i>Note 24</i>)	133,256	109,317

19. TRADE AND OTHER PAYABLES

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Amounts due to insureds, agents, brokers and co-insurers	27,805	24,581	-	-
Amounts due to reinsurers and ceding companies	48,729	46,184	-	-
Other payables	46,746	32,486	-	20
Dividend payables	932	27	182	27
Interest payable	177	185	65	74
Accruals	1,360	874	830	485
	125,749	104,337	1,077	606

NOTES
TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2009 (cont'd)

19. TRADE AND OTHER PAYABLES (cont'd)

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

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
- RM	116,589	95,107	1,077	606
- United States Dollar	4,267	4,156	-	-
- Hong Kong Dollar	636	1,609	-	-
- Philippine Peso	4,056	3,318	-	-
- Singapore Dollar	53	113	-	-
- Thai Baht	2	2	-	-
- Indian Rupee	8	2	-	-
- Danish Kroner	15	15	-	-
- Britain Pound	6	7	-	-
- Indonesian Rupiah	2	8	-	-
- Chinese Renminbi	115	-	-	-
	125,749	104,337	1,077	606

20. UNEARNED PREMIUM RESERVES

	Group	
	2009 RM'000	2008 RM'000
At beginning of the year	104,036	91,403
Increase for the year (Note 23)	24,261	12,633
At end of the year	128,297	104,036

21. BANK BORROWINGS

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Revolving credits - unsecured	90,600	90,600	30,000	30,000

The revolving credits, which are denominated in RM, bear interest range between 0.5% and 0.75% (2008: 0.5%) per annum above the cost of funds of a lending bank. The effective interest rates ranges between 3.17% and 4.25% (2008: between 4.25% and 4.56%) per annum.

22. DEFERRED TAX LIABILITIES

	Group	
	2009 RM'000	2008 RM'000
At beginning of the year	701	-
(Reversal)/Originating during the year	(701)	701
At end of the year	-	701

NOTES
TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2009 (cont'd)

22. DEFERRED TAX LIABILITIES (cont'd)

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

	Group	
	2009 RM'000	2008 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 other investments	-	(6,379)
Dividend receivable	-	11
Other temporary difference	-	9,155
Net deferred tax liabilities	-	701

23. OPERATING REVENUE

	Group	
	2009 RM'000	2008 RM'000
Gross written premium less returns	431,875	352,185
Reinsurance outwards	(207,549)	(157,948)
Changes in unearned premium reserves (<i>Note 20</i>)	(24,261)	(12,633)
	200,065	181,604
Brokerage fee income	11,702	10,406
Proceeds from sale of marketable securities held for trading	19,821	599
Security service income	85	85
Interest income from		
- fixed and call deposits	4,490	5,530
- Malaysian government securities	88	366
- unquoted bond and loan stocks	7,653	7,439
- loan and advances	8,674	9,023
Gross dividend income from		
- shares quoted in Malaysia	3,104	5,322
- shares quoted outside Malaysia	182	236
- unit trust quoted in Malaysia	815	622
Income from investment property		
- rental income	1,828	1,927
- parking income	196	195
Accretion of discounts on other investments	1,330	1,240
	260,033	224,594

NOTES
TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2009 (cont'd)

24. OPERATING COSTS APPLICABLE TO OPERATING REVENUE

	Group	
	2009 RM'000	2008 RM'000
Insurance claims incurred (<i>Note 18</i>)	133,256	109,317
Net commission expense	7,714	2,765
Cost of marketable securities sold	16,309	502
Write down of marketable securities to net realisable value	1,426	6,109
Building management expenses	(6)	(26)
Amortisation of premiums on other investments	119	216
	158,818	118,883

25. OTHER OPERATING INCOME

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Income from other investments:				
- gain on disposal	2,524	4,103	-	-
- accretion of discounts	3	1	-	-
- allowance for diminution in value written back	11,503	-	-	-
- interest income:				
• bonds and loan stocks quoted outside Malaysia	77	78	-	-
• fixed deposits	74	704	-	-
• treaty premium reserve withheld	179	166	-	-
- gross dividend income from quoted shares outside Malaysia	11	12	-	-
Management fee income	-	-	47	64
Allowance for doubtful debts written back	1,980	2	-	-
Bad debts recovered	-	11	-	-
Gain on disposal of property, plant and equipment	89	159	26	-
Gain on foreign exchange				
- realised	48	2,032	-	165
- unrealised	-	968	-	-
Commission income	367	658	-	-
Net claims recovered together with interest on claim reserves (<i>Note 34</i>)	1,777	285	-	-
Others	71	703	-	-
	18,703	9,882	73	229

NOTES
TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2009 (cont'd)

26. OPERATING EXPENSES

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Marketing costs	22,902	17,281	-	-
Administrative and general expenses	43,133	43,395	2,611	2,309
Loss on sale of other investments	-	5,887	-	-
Loss on foreign exchange				
- realised	376	86	11	-
- unrealised	697	362	354	362
Interest payable on bond policies	83	17	-	-
Allowance for diminution in value of other investments	69	11,750	-	-
	67,260	78,778	2,976	2,671
Other operating expenses include:				
Employee benefits expense (excluding Directors' remunerations)				
- salaries, bonuses and allowances	33,867	26,819	1,142	951
- defined contribution plan	4,465	3,447	168	141
Auditors' remuneration				
- current year	308	256	35	35
- underestimated in prior year	47	-	-	-
Depreciation of property, plant and equipment	1,850	1,870	89	95
Depreciation of investment property	335	317	-	-
Direct operating expenses of revenue generating				
from investment property	1,481	1,324	-	-
Property, plant and equipment written off	5	5	-	-
Amortisation of intangible assets	621	934	-	-
Directors' remuneration * (Note 27)	2,126	1,802	1,075	876
Hire of equipment	582	601	-	-
Loss on disposal of property, plant and equipment	-	7	-	-
Allowance for doubtful debts	208	596	-	-
Bad debts written off	2,003	6,072	-	-
Rental of premises	1,218	1,163	203	203
Interest on premium reserve	220	233	-	-

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

NOTES
TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2009 (cont'd)

27. DIRECTORS' REMUNERATION

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Directors of the Company				
- fees	346	337	215	186
- other emoluments	860	690	860	690
	1,206	1,027	1,075	876
Directors' of the subsidiary companies				
- fees	34	48	-	-
- other emoluments	886	727	-	-
	920	775	-	-
- benefit-in-kind	7	23	-	-
	927	798	-	-
	2,133	1,825	1,075	876

28. INVESTMENT INCOME/(EXPENSES)

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Gross dividends from				
- subsidiary companies	-	-	14,074	5,525
- shares quoted in Malaysia	1,048	1,922	-	-
- unquoted shares	92	84	-	-
- unit trust	87	116	-	-
Interest income from				
- advances to subsidiary companies	-	-	1,934	3,057
- fixed deposits	3,252	4,146	1,063	1,409
- unquoted bonds and loan stocks in Malaysia	-	35	-	-
Amortisation of premiums on other investments	-	(2)	-	-
Gain/(Loss) on sale of other investments	848	(1,334)	-	-
Allowance for diminution in value of other investments	-	(14,013)	-	-
Write-back of allowance for diminution in value of other investments	14,013	-	-	-
Impairment loss of investment in an associated company	(2,447)	-	(18,311)	-
	16,893	(9,046)	(1,240)	9,991

NOTES
TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2009 (cont'd)

29. FINANCE COSTS

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Interest on revolving credits	3,073	3,994	1,015	1,361

30. TAX EXPENSE

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Malaysian tax based on the results for the year				
- current	15,655	6,945	1,322	820
- deferred	(2,989)	1,929	(155)	(65)
Foreign tax based on the results for the year				
- current	1,462	1,350	17	81
- deferred	(88)	142	-	-
	14,040	10,366	1,184	836
Under/(Over) estimated in prior years				
- current	116	(373)	(37)	(103)
- deferred	2,440	(228)	121	130
	16,596	9,765	1,268	863

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	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Accounting profit/(loss) (excluding share of results in associated companies)	66,478	23,775	(5,158)	6,188
Taxation at applicable tax rates	16,620	6,182	(1,290)	1,609
Tax effect of:				
- non-deductible expenses	2,998	3,298	4,930	538
- non-taxable income	(2,419)	(2,108)	(2,473)	(1,385)
- different tax rates in foreign countries	(151)	775	-	-
- change in tax rate	(43)	150	-	(7)
Origination of deferred tax assets not recognised	(570)	1,990	-	-
Foreign tax paid	17	81	17	81
Effect of opening balance restatement	(2,279)	-	-	-
Others	(133)	(2)	-	-
Under/(Over) estimated in prior year	2,556	(601)	84	27
Tax at effective rate	16,596	9,765	1,268	863

NOTES
TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2009 (cont'd)

31. EARNINGS PER SHARE

(i) Basic earnings per share

The basic earnings per share have been calculated based on the consolidated profit of RM29,180,000 (2008: loss of RM3,190,000) for the year and on 180,721,000 (2008: 180,721,000) weighted average number of ordinary shares in issue during the year as follows:

	Group	
	2009 '000	2008 '000
Weighted average number of ordinary shares	180,721	180,721

(ii) Diluted earnings per share

	Group	
	2009 '000	2008 '000
Weighted average number of ordinary shares as in (i)	*	*
Number of unissued shares under Warrants		
- based on exercise price	*	*
- based on average fair value	*	*
Weighted average number of ordinary shares that would have been in issue after exercise of warrants at fair value	*	*

* *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

	2009 RM'000	2008 RM'000
<i>In respect of the year ended 31st December 2007</i>		
Final dividend of 5% less tax at 26%	-	6,687
<i>In respect of the year ended 31st December 2008</i>		
Final dividend of 5% less tax at 25%	6,777	-
<i>In respect of the year ended 31st December 2009</i>		
Interim dividend of 3% less tax at 25%	4,066	-
	10,843	6,687

The Directors now recommend a final dividend of 5% less 25% income tax amounting to RM6,777,023 (based on share capital of 180,720,605 as of 31st December 2009) in respect of the year under review.

NOTES
TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31ST DECEMBER 2009 (cont'd)

33. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Current year's acquisition	598	1,214	4	98
Payment of previous year's acquisitions	-	14	-	-
Cash paid during the year	598	1,228	4	98

34. TRANSFER OF INSURANCE BUSINESS PORTFOLIO

On 25th 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.

During the year, a net claims recovery and an interest income on claim reserves totaling RM1,777,000 (2008: 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 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.

NOTES
TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2009 (cont'd)

35. RELATED PARTY DISCLOSURES

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

	Transaction value				Balance outstanding			
	Group		Company		Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
<i>Transaction with a</i>								
<i>substantial shareholder</i>								
<i>namely Kuok Brothers</i>								
<i>Sdn Bhd ("KBSB") and</i>								
<i>KBSB's subsidiary and</i>								
<i>associated and major</i>								
<i>investee companies</i>								
Gross premium received								
or receivable	26,342	43,167	-	-	2,163	5,604	-	-
Rental income	1,685	1,699	-	-	-	-	-	-
Secretarial fee paid	20	32	18	18	-	-	-	-
Security fee received								
and receivable	67	67	-	-	6	6	-	-
<i>Transaction with subsidiary companies</i>								
Loan interest receivable from								
- JCL	-	-	1,316	2,224	-	-	66	-
- JAC	-	-	618	833	-	-	-	66
Internal audit fee								
received from								
- JIB	-	-	596	587	-	-	-	-
- JAR	-	-	21	30	-	-	-	-
- TIBP	-	-	25	-	-	-	-	-
- KRMP	-	-	17	-	-	-	-	-
Management fee income								
receivable from								
- JIHK	-	-	24	34	-	-	3	9
- TIBL	-	-	11	10	-	-	-	10
- JAR	-	-	12	12	-	-	-	-
Office rental paid to JIB	-	-	203	203	-	-	-	-

NOTES
TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31ST DECEMBER 2009 (cont'd)

35. RELATED PARTY DISCLOSURES (cont'd)

(b) Key management personnel compensation

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
<i>Directors</i>				
Fees and other remunerations	1,087	885	956	734
Post-employment benefits - EPF	119	142	119	142
	1,206	1,027	1,075	876
<i>Other key management personnel</i>				
Salaries, allowances and bonuses	2,339	1,951	-	-
Estimated monetary value of benefits-in-kind	47	44	-	-
Total short-term employee benefits	2,386	1,995	-	-
Post-employment benefits - EPF	33	111	-	-
	2,419	2,106	-	-
Total compensation	3,625	3,133	1,075	876

NOTES
TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31ST DECEMBER 2009 (cont'd)

36. CONTINGENT LIABILITIES

- (a) In year 2005, JIB terminated a software development agreement entered into in 2003 with a software development company 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.

The software development company 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.

JIB's directors have been advised by counsel that JIB has a reasonable chance to defend the matter.

- (b) The Company has given guarantees amounting to RM13,575,000 (2008: RM11,650,000) to secure bank guarantees given to certain third parties.

37. CAPITAL COMMITMENT

Capital expenditure approved but not provided for in financial statements amounted to approximately:

	Group	
	2009	2008
	RM'000	RM'000
Approved but not contracted for	8,027	2,126

38. OPERATING LEASE COMMITMENTS

- (a) *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 2 to 3 years with the option to renew the leases after the expiry date. 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	
	2009	2008
	RM'000	RM'000
Not later than 1 year	299	438
Later than 1 year but not later than 3 years	393	381
	692	819

NOTES
TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31ST DECEMBER 2009 (cont'd)

38. OPERATING LEASE COMMITMENTS (cont'd)

(b) The Group as lessor

The Group leases out its investment properties under non-cancellable operating lease. The leases typically run for a period of 2 to 3 years with the option to renew the leases after the expiry date.

The future minimum lease payments receivable under non-cancellable operating leases contracted for as at the balance sheet date but not recognised as assets are as follows:

	2009 RM'000	2008 RM'000
Within one year	2,088	-
Later than one year but not later than 3 years	-	4,176
	2,088	4,176

39. FINANCIAL INSTRUMENTS

(a) *Credit risk*

The Group 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.

As at balance sheet date, 99.81% or RM67,838,000 (2008 : 99.86% or RM78,605,000) of the Company's total receivables were due from subsidiary companies and associated company.

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 as disclosed in Notes 10 and 13 to the financial statements.

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.

NOTES
TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2009 (cont'd)

40. SEGMENTAL REPORTING

(a) By business segment 2009	Underwriting general insurance business	Insurance brokerage	Credit and leasing	Trading in marketable securities	Administration and management services	Investment holding	Elimination	Consolidated
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
REVENUE								
External sales	219,072	11,702	8,674	20,500	85	-	-	260,033
Inter-segment sales	260	-	-	-	90	-	(350)	-
Total revenue	219,332	11,702	8,674	20,500	175	-	(350)	260,033
RESULTS								
Segment result	38,286	5,286	8,093	4,107	26	(3,140)	-	52,658
Interest income	1,604	427	40	107	11	2,997	(1,934)	3,252
Dividend income	1,227	-	-	-	-	14,073	(14,073)	1,227
Gain on sale of other investments	848	-	-	-	-	-	-	848
Allowance for diminution in value of other investments written back	14,013	-	-	-	-	-	-	14,013
Share of losses in associated companies	-	-	-	-	-	-	-	(12,925)
Impairment loss of investment in an associated company	-	-	-	-	-	(18,311)	15,864	(2,447)
Finance costs	-	-	(3,373)	(619)	-	(1,015)	1,934	(3,073)
Profit before tax								53,553
Tax expense								(16,596)
Profit after tax								36,957
Minority interest								(7,777)
Profit for the year								29,180

NOTES
TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2009 (cont'd)

40. SEGMENTAL REPORTING (cont'd)

2009	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	114,596	11,335	99,288	23,799	160	17,206	266,384
Investing assets	22,024	-	-	-	-	-	22,024
Associated companies	-	-	-	-	-	-	50,915
Tax assets	59	687	1,275	509	39	404	2,973
Other investments	316,504	93	-	-	-	10,000	326,597
Deposits	310,529	10,049	5,100	10,196	557	52,140	388,571
Consolidated total assets							<u>1,057,464</u>
Segment liabilities	468,572	4,348	926	397	77	1,077	475,397
Tax liabilities	1,343	205	87	-	-	-	1,635
Bank borrowings	-	-	60,600	-	-	30,000	90,600
Consolidated total liabilities							<u>567,632</u>
Capital expenditure	620	24	-	-	-	4	<u>648</u>
Amortisation and depreciation	2,365	316	25	10	1	89	<u>2,806</u>

NOTES
TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2009 (cont'd)

40. SEGMENTAL REPORTING (cont'd)

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	-	1,797	-	10,000	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>

(b) By geographical segment	Revenue RM'000	Carrying amount of segment assets RM'000	Capital expenditure RM'000
2009			
Malaysia	241,521	243,082	624
Hong Kong	12,262	15,693	11
Philippines	6,250	7,609	13
	<u>260,033</u>	<u>266,384</u>	<u>648</u>

NOTES
TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31ST DECEMBER 2009 (cont'd)

40. SEGMENTAL REPORTING (cont'd)

(b) By geographical segment (cont'd)	Revenue RM'000	Carrying amount of segment assets RM'000	Capital expenditure RM'000
2008			
Malaysia	213,651	239,218	1,520
Hong Kong	5,215	10,990	20
Philippines	5,728	5,880	22
	224,594	256,088	1,562

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 26th April 2010 by the Board of Directors.

STATEMENT BY DIRECTORS

In the opinion of the Directors, the financial statements set out on pages 37 to 85 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 2009 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 26th April 2010

DATO' LIM CHEE WAH
Director

TAM CHIEW LIN
Director

STATUTORY DECLARATION

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 37 to 85 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 26th April 2010

)
)
)
)

TAM CHIEW LIN

Before me:

ROBERT LIM HOCK KEE
Commissioner for Oaths

Kuala Lumpur

SHAREHOLDING STATISTICS

as at 1ST APRIL 2010

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	81	2.45	1,256	0.00
100 - 1,000	352	10.64	267,855	0.15
1,001 - 10,000	2,112	63.85	9,108,323	5.04
10,001 - 100,000	671	20.28	21,372,494	11.82
100,001 to less than 5% of issued shares	89	2.69	42,321,978	23.42
5% and above of issued shares	3	0.09	107,648,699	59.57
	3,308	100.00	180,720,605	100.00

DIRECTORS' INTERESTS IN SHARES

In the Company	Direct Interest		Deemed Interest	
	No. of Capital	% of Issued Shares	No. of Capital	% of Issued Shares
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	-	-	-	-

SHAREHOLDING
STATISTICS
as at 1ST APRIL 2010 (cont'd)

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.

SHAREHOLDING
STATISTICS
as at 1ST APRIL 2010 (cont'd)

DISTRIBUTION OF WARRANTS

Size of Holdings	No. of Holders	% of Holders	No. of Warrants	%
Less than 100	7	0.49	244	0.00
100 - 1,000	267	18.54	225,151	0.34
1,001 - 10,000	791	54.93	3,732,906	5.63
10,001 - 100,000	334	23.19	11,123,024	16.76
100,001 to less than 5% of issued warrants	39	2.71	15,714,915	23.69
5% and above of issued warrants	2	0.14	35,543,362	53.58
	1,440	100.00	66,339,602	100.00

DIRECTORS' INTERESTS IN WARRANTS

In the Company	Direct Interest		Deemed Interest	
	No. of Warrants	%	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		Deemed Interest	
	No. of Shares	% of Issued Capital	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

SHAREHOLDING
STATISTICS
as at 1ST APRIL 2010 (cont'd)

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	27,956,651	15.47
3. HDM Nominees (Asing) Sdn Bhd	12,866,400	7.12
Exempt AN for UOB Kay Hian (Hong Kong) Limited (Clients)		
4. Ophir Holdings Berhad	5,574,600	3.08
5. Alliancegroup Nominees (Tempatan) Sdn Bhd	4,741,060	2.62
PHEIM Asset Management Sdn Bhd for Employees Provident Fund Board		
6. Citigroup Nominees (Asing) Sdn Bhd	4,075,680	2.26
CB LDN for The Miller Insurance Group Limited		
7. Key Development Sdn Berhad	1,746,880	0.97
8. Gan Teng Siew Realty Sdn Berhad	1,484,760	0.82
9. Chinchoo Investment Sdn Berhad	1,142,900	0.63
10. HDM Nominees (Tempatan) Sdn Bhd	1,101,900	0.61
Pledged Securities Account for Oh Kim Sun		
11. TA Nominees (Tempatan) Sdn Bhd	941,600	0.52
Pledged Securities Account for Oh Kim Sun		
12. HSBC Nominees (Asing) Sdn Bhd	907,700	0.50
Exempt AN for Credit Suisse (SG BR-TST-Asing)		
13. Dalex Investments Limited	886,400	0.49
14. BHLB Trustee Berhad	833,900	0.46
For TA Growth Fund		
15. HSBC Nominees (Tempatan) Sdn Bhd	770,000	0.43
HSBC (M) Trustee Bhd For OSK-UOB Kidsave Trust		
16. Gan Teng Siew Realty Sdn Berhad	718,400	0.40
17. Adora Holdings Sdn Bhd	707,230	0.39
18. Lim Tean Kau	630,000	0.35
19. HSBC Nominees (Tempatan) Sdn Bhd	603,400	0.33
HSBC (M) Trustee Bhd For OSK-UOB Smart Treasure Fund		
20. BHLB Trustee Berhad	510,000	0.28
For TA Small Cap Fund		
21. Yap Ah Ngah @ Yap Neo Nya	490,000	0.27
22. Citigroup Nominees (Asing) Sdn Bhd	475,220	0.26
CBNY for Dimensional Emerging Markets Value Fund		
23. Tan Siow Koon @ Tan Yew Jin	472,000	0.26
24. Mikdavid Sdn Bhd	462,400	0.26
25. Neoh Choo Ee & Company, Sdn Berhad	440,000	0.24
26. HSBC Nominees (Tempatan) Sdn Bhd	430,000	0.24
HSBC (M) Trustee Bhd For OSK-UOB Small Cap Opportunity Unit Trust		
27. BHLB Trustee Berhad	421,000	0.23
For TA Comet Fund		
28. UOBM Nominees (Tempatan) Sdn Bhd	400,000	0.22
Exempt AN for Areca Capital Sdn Bhd (Client A/C 1)		
29. Citigroup Nominees (Asing) Sdn Bhd	386,000	0.21
Exempt AN For Citibank NA, Singapore (Julius Baer)		
30. Rengo Malay Estate Sendirian Berhad	360,000	0.20
	139,361,729	77.11

SHAREHOLDING
STATISTICS
as at 1ST APRIL 2010 (cont'd)

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	10,483,744	15.80
3. HDM Nominees (Asing) Sdn Bhd Exempt AN for UOB Kay Hian (Hong Kong) Limited (Clients)	2,321,500	3.50
4. Ophir Holdings Berhad	2,090,475	3.15
5. Cimsec Nominees (Tempatan) Sdn Bhd CIMB for Dato' Seri Ismail Farouk bin Abdullah	1,534,000	2.31
6. RHB Nominees (Tempatan) Sdn Bhd RHB Investment Management Sdn Bhd for Ng Siong Ket	1,088,800	1.64
7. Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lu Yap Yang	700,500	1.06
8. Key Development Sdn Berhad	655,080	0.99
9. Yee Chek Toong	627,400	0.95
10. Mayban Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ng Siong Ket	591,800	0.89
11. Gan Teng Siew Realty Sdn Berhad	483,660	0.73
12. Lim Lee Peng	480,000	0.72
13. Lee Guat Cheok	332,500	0.50
14. HDM Nominees (Asing) Sdn Bhd UOB Kay Hian (Hong Kong) Limited For Dalex Investments Limited	332,400	0.50
15. Chinchoo Investment Sdn Berhad	301,200	0.45
16. Gan Teng Siew Realty Sdn Berhad	269,400	0.41
17. RHB Nominees (Tempatan) Sdn Bhd RHB Investment Management Sdn Bhd for Ng Nam See	217,900	0.33
18. Cimsec Nominees (Tempatan) Sdn Bhd CIMB Bank For Fong Eng Yeow	213,500	0.32
19. Cimsec Nominees (Tempatan) Sdn Bhd CIMB For Chung Hon Cheong	200,000	0.30
20. Loh Siew Yeok	200,000	0.30
21. RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Cheah Song Kang @ Chiah Jee Ba	200,000	0.30
22. Tailami A/P Palaniandy	200,000	0.30
23. Tan Siow Koon @ Tan Yew Jin	177,000	0.27
24. Amsec Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ooi Khooon Im	176,700	0.27
25. Mikdavid Sdn Bhd	173,400	0.26
26. Tan Boon Keong	170,000	0.26
27. Neoh Choo Ee & Company, Sdn Berhad	165,000	0.25
28. Ayaz Ahmad Bin Mohamed Salleh Khan	164,300	0.25
29. Cimsec Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ng Nan Lee	155,700	0.23
30. Khoo Hock Siang	150,000	0.23
	49,915,577	75.24

LIST OF PROPERTIES

as at 31ST MARCH 2010

Registered Owner	Description/ Location	Tenure	Approximate Building Age (Years)	Approximate Land Area (Sq. Metres)	Net Book Value at 31st December 2009 (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	23	184.69	328,280	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	20	153.29	162,718	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	22	1,632	37,127,315	01.07.2001

LIST OF
PROPERTIES
 as at 31ST MARCH 2010 (cont'd)

Registered Owner	Description/ Location	Tenure	Approximate Building Age (Years)	Approximate Land Area (Sq. Metres)	Net Book Value at 31st December 2009 (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	37	522.00	1,425,758	25.05.2001
KRM Reinsurance Brokers Phils., Inc.	1 unit of condominium located at Suite 1804 88 Corporate Center Sedeno Cor. Valero Sts. Salcedo Village Makati City Held under Certificate of Title No. 88014 City of Makati Philippines	Freehold	11	238.98	985,601	02.03.1999
Taishan Insurance Brokers Philippines, Inc.	1 unit of condominium located at Suite 1801 88 Corporate Center Sedeno Cor. Valero Sts. Salcedo Village Makati City Held under Certificate of Title No. 88026 City of Makati Philippines	Freehold	11	238.98	780,275	02.03.2001

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 14th Annual General Meeting of the Company, to be held on Wednesday, 26th May 2010 at 9.30 a.m. and at any adjournment thereof, as indicated below :

RESOLUTION	FOR	AGAINST
1. To receive the audited Financial Statements for the financial year ended 31st December 2009.		
2. To approve the payment of a Final Dividend.		
3. To approve the payment of Directors' Fees.		
4. To re-elect Datuk Haron bin Siraj as a Director.		
5. To re-appoint Dato' Lim Chee Wah as a Director.		
6. To re-appoint YM Raja Dato' Seri Abdul Aziz bin Raja Salim as a Director.		
7. To re-appoint Messrs 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 _____ 2010

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.

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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

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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

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Tan Kui Huat (khtan@jerneh.com.my) *Marketing - GM*

Yeow Toh Siang (tsyew@jerneh.com.my)
Investment - Chief Investment Officer

Edmund Kok Voon Fong (vfkok@jerneh.com.my) *IT - Senior Manager*

Jessica Teng Mee Nguk (mnteng@jerneh.com.my)
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Siew Wai San (wssiew@jerneh.com.my)
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Chin Chee Kee *Resident Director*

Tan Yoke Leong (yiltan@jerneh.com.my) *Principal Officer*

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Joselito S. Villamil (jsv@krmre.com) *Director*

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Paterno M. Obsuna (pmobsuna@taishanphils.com) *Director*

Ruben M. Rubio (rmrubio@krmre.com) *Director*

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Peters Shum Man Kiu (petersshum@taishanhk.com) *Director*

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Keith Brooks (keithb@generalico.th) *Chief Executive Officer*

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Chief Executive Officer

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Edy Tuhirman (edy.tuhirman@generalico.id)
Chief Executive Officer

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Zainudin Ishak (zainudinishak@hsbc.com.my)
Executive Director & Chief Executive Officer

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