

**THIS ABRIDGED PROSPECTUS IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. IF YOU ARE IN ANY DOUBT AS TO THE ACTION YOU SHOULD TAKE, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISER IMMEDIATELY.** If you have sold/transferred all your shares in Jerneh Asia Berhad ("JAB"), you should at once hand this Abridged Prospectus together with the Notice of Provisional Allotment ("NPA") and the Rights Subscription Form ("RSF") to the agent through whom you effected the sale/transfer for onward transmission to the purchaser/transferee. All enquiries concerning this Rights Issue with Warrants (*as defined herein*) should be addressed to the Registrar of JAB, namely PPB Corporate Service Sdn Bhd at 14<sup>th</sup> Floor, Wisma Jerneh, 38 Jalan Sultan Ismail, 50250 Kuala Lumpur.

This Abridged Prospectus, together with the accompanying forms, are not intended to be (and will not be) issued, circulated or distributed, and the Rights Issue with Warrants will not be made or offered or deemed to be made or offered, in any country or jurisdiction other than Malaysia or to persons who are or may be subject to the laws of any countries or jurisdictions other than the laws of Malaysia. No action has been or will be taken to ensure that the Rights Issue with Warrants and this Abridged Prospectus comply with the laws of any countries or jurisdictions other than the laws of Malaysia. It shall be the sole responsibility of entitled shareholders who are or may be subject to the laws or jurisdictions other than Malaysia to consult their legal or other professional advisers as to whether the acceptance or sale/transfer (as the case may be) of the provisional allotment of the Rights Shares with Warrants made by entitled shareholders and/or their transferees or application for excess shares would result in the contravention of any laws of such countries or jurisdictions. Such shareholders should also refer to Section 3 of this Abridged Prospectus for further information. Neither JAB, Public Investment Bank Berhad ("PIVB") nor any other advisers to the Rights Issue with Warrants shall accept any responsibility or liability in the event that any acceptance or sale/transfer of the provisional allotment of Rights Shares with Warrants made by the entitled shareholders and/or their transferees shall become illegal, unenforceable, voidable or void in any country or jurisdiction.

A copy of this Abridged Prospectus has been registered with the Securities Commission ("SC"). A copy of this Abridged Prospectus, together with the RSF, has also been lodged with the Registrar of Companies who takes no responsibility for their contents. Investors are advised to note that recourse for false or misleading statements or acts made in connection with the Abridged Prospectus are directly available through Sections 57, 58 and 153 of the Securities Commission Act, 1993.

Approval in-principle has been obtained from Bursa Malaysia Securities Berhad ("Bursa Securities") on 1 June 2007 for admission of the Warrants (*as defined herein*) to the Official List of Bursa Securities and for the listing of and quotation for the Rights Shares (*as defined herein*), Warrants and the new ordinary shares arising from the exercise of the Warrants. The official listing of and quotation for the said securities will commence after receipt of confirmation from Bursa Malaysia Depository Sdn Bhd that all the Central Depository System accounts of the entitled holders have been duly credited and notices of allotment have been despatched to the entitled holders.

The SC does not take any responsibility for the correctness of statements made or opinions expressed herein. Admission to the Official List of Bursa Securities and quotation for the Rights Shares, Warrants and the new shares arising from the exercise of the Warrants are in no way reflective of the merits of the Rights Issue with Warrants.

All the documentation relating to this Rights Issue with Warrants has been seen and approved by our Directors and they collectively and individually accept full responsibility for the accuracy of the information given and confirm that, after having made all reasonable inquiries, and to the best of their knowledge and belief, there are no false or misleading statements or other facts the omission of which would make any statement in these documents false or misleading.

PIVB, being the Adviser, acknowledge that based on all available information and to the best of its knowledge and belief, this Abridged Prospectus constitutes a full and true disclosure of all material facts concerning this Rights Issue with Warrants.

# Jerneh

## ASIA BERHAD

(Company No: 363984 - X)

(Incorporated in Malaysia under the Companies Act, 1965)

**RENOUNCEABLE RIGHTS ISSUE OF 66,339,602 NEW ORDINARY SHARES OF RM1.00 EACH IN JERNEH ASIA BERHAD ("JAB") ("RIGHTS SHARES") AT AN ISSUE PRICE OF RM1.60 PER RIGHTS SHARE WITH 66,339,602 FREE NEW DETACHABLE WARRANTS ("WARRANTS"), ON THE BASIS OF THREE (3) RIGHTS SHARES WITH THREE (3) WARRANTS FOR EVERY FIVE (5) EXISTING ORDINARY SHARES OF RM1.00 EACH HELD IN JAB AT 5.00 P.M. ON 29 JUNE 2007**

Adviser, Managing Underwriter & Underwriter



**PUBLIC INVESTMENT BANK BERHAD** (20027-W)

(Formerly known as PB Securities Sdn Bhd)  
(A Participating Organisation of Bursa Malaysia Securities Berhad)  
(Wholly-Owned Subsidiary of Public Bank Berhad)

Entitlement or record date	: Friday, 29 June 2007 at 5.00 p.m.
<b>IMPORTANT RELEVANT DATES</b>	
Last date and time for sale of provisional allotment of rights	: Tuesday, 10 July 2007 at 5.00 p.m.
Last date and time for transfer of provision allotment of rights	: Friday, 13 July 2007 at 4.00 p.m.
Last date and time for acceptance and payment	: Wednesday, 18 July 2007 at 5.00 p.m.*
Last date and time for excess rights shares with warrants application and payment	: Wednesday, 18 July 2007 at 5.00 p.m.*

\* or such later date and time as Directors may decide and announce not less than two (2) market days from the stipulated date and time.

This Abridged Prospectus is dated 2 July 2007

THE SECURITIES COMMISSION (“SC”) HAS APPROVED THE ISSUANCE AND LISTING OF THIS RIGHTS ISSUE WITH WARRANTS AND THE APPROVAL SHALL NOT BE TAKEN TO INDICATE THAT THE SC RECOMMENDS THE RIGHTS ISSUE WITH WARRANTS.

BURSA MALAYSIA SECURITIES BERHAD (“BURSA SECURITIES”) HAS APPROVED THE LISTING OF AND QUOTATION FOR THIS RIGHTS ISSUE WITH WARRANTS AND THAT THE APPROVAL SHALL NOT BE TAKEN TO INDICATE THAT BURSA SECURITIES RECOMMENDS THE RIGHTS ISSUE WITH WARRANTS.

THE SC AND BURSA SECURITIES SHALL NOT BE LIABLE FOR ANY NON-DISCLOSURE ON THE PART OF JERNEH ASIA BERHAD (“JAB”) AND TAKE NO RESPONSIBILITY FOR THE CONTENTS OF THIS DOCUMENT, MAKES NO REPRESENTATION AS TO ITS ACCURACY OR COMPLETENESS AND EXPRESSLY DISCLAIMS ANY LIABILITY WHATSOEVER FOR ANY LOSS HOWSOEVER ARISING FROM OR IN RELIANCE UPON THE WHOLE OR ANY PART OF THE CONTENTS OF THIS ABRIDGED PROSPECTUS. **SHAREHOLDERS/INVESTORS SHOULD RELY ON THEIR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF THE INVESTMENT. IN CONSIDERING THE INVESTMENT, SHAREHOLDERS/INVESTORS WHO ARE IN ANY DOUBT AS TO THE ACTION TO BE TAKEN SHOULD CONSULT THEIR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISER IMMEDIATELY.**

**DEFINITIONS**

For the purpose of this Abridged Prospectus, except where the context otherwise requires, the following definitions shall apply:

Abridged Prospectus	:	This abridged prospectus dated 2 July 2007
Act	:	Companies Act, 1965 as amended from time to time and any re-enactments thereof
BHR	:	BHR Enterprise Sdn Bhd (Company No. 64889-A)
BNM	:	Bank Negara Malaysia
Board or the Directors	:	The Board of Directors of JAB
Bursa Depository	:	Bursa Malaysia Depository Sdn Bhd (Company No. 165570-W)
Bursa Securities	:	Bursa Malaysia Securities Berhad (Company No. 635992-W)
CDS	:	Central Depository System
Circular	:	The circular to shareholders dated 31 January 2007 in relation to the Proposals
Deed Poll	:	The deed poll dated 11 April 2007 executed by our Company constituting the Warrants
EGM	:	Extraordinary General Meeting
Entitlement Date	:	29 June 2007, being the date on which our shareholders must be registered in our Record of Depositors at 5.00 p.m. in order to be entitled to participate in the Rights Issue with Warrants
Entitled Shareholders	:	Shareholders of our Company whose names appear on our Record of Depositors on the Entitlement Date
EPS	:	Earnings per share
ESOS	:	Employees share option scheme
FIC	:	Foreign Investment Committee
FYE	:	Financial year ended/ending
JAB Group or our Group	:	JAB and our subsidiary companies
JAB or our Company	:	Jerneh Asia Berhad (Company No. 363984-X)
JAB Shares or Shares	:	Ordinary shares of RM1.00 each in JAB
JF Apex	:	JF Apex Securities Berhad (Company No. 47680-X)
JIB	:	Jerneh Insurance Berhad (Company No. 9827-A)
KB	:	Kuok Brothers Sdn Berhad (Company No. 1765-T)
LPD	:	6 June 2007, being the latest practicable date prior to the issuance of this Abridged Prospectus
Market Day	:	Any day between Monday and Friday (inclusive) which is not a public holiday and when Bursa Securities is open for trading in securities

**DEFINITIONS (CONT'D)**

M&A Securities	:	M&A Securities Sdn Bhd (Company No. 15017-H)
NA	:	Net assets
NPA	:	Notice of Provisional Allotment in relation to the Rights Issue with Warrants
NTA	:	Net tangible assets
PAT	:	Profit after taxation
PBT	:	Profit before taxation
Proposals	:	The Rights Issue with Warrants and the Special Issue
PIVB	:	Public Investment Bank Berhad ( <i>formerly known as PB Securities Sdn Bhd</i> ) (Company No. 20027-W)
Record of Depositors	:	A record provided by Bursa Depository to our Company under Chapter 24 of its rules including any amendments thereof issued by Bursa Depository
Registrar	:	PPB Corporate Services Sdn Bhd (Company No. 140436-M)
Rights Issue with Warrants	:	Renounceable rights issue of 66,339,602 Rights Shares together with 66,339,602 Warrants at an issue price of RM1.60 per Rights Share on the basis of three (3) Rights Shares with three (3) Warrants for every five (5) existing JAB Shares held at 5.00 p.m. on 29 June 2007
Rights Shares	:	66,339,602 new Shares to be issued pursuant to the Rights Issue with Warrants
RSF	:	Rights Subscription Form in relation to the Rights Issue with Warrants
Sable	:	Sable Investment Corporation
SC	:	Securities Commission
Special Issue	:	Issue of 3,815,000 Special Issue Shares at an issue price of RM1.60 per Special Issue Share to identified Bumiputera investors
Special Issue Shares	:	3,815,000 new JAB Shares issued pursuant to the Special Issue. The Special Issue Shares shall, upon allotment and issue, rank pari passu in all respects with the existing ordinary shares of the Company except that they shall not be entitled to any dividends, rights, allotments and/or any other distributions on or prior to the allotment of the Special Issue Shares and shall not be entitled to participate in the Rights Issue with Warrants
TERP	:	Theoretical ex-rights price
Undertaking	:	Shall have the meaning as described in Section 2.4 of this Abridged Prospectus
Warrants	:	66,339,602 free detachable warrants to be issued pursuant to the Rights Issue with Warrants on the basis of one (1) free Warrant for every one (1) Rights Share subscribed
WAMP	:	Weighted average market price

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**DEFINITIONS (CONT'D)**

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**Currency**

Euro	:	Euro Dollar
HKD	:	Hong Kong Dollar
PHP	:	Philippines Peso
RM and sen	:	Ringgit Malaysia and sen respectively
USD	:	United States of America Dollar

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## CORPORATE DIRECTORY



## BOARD OF DIRECTORS

Name	Address	Designation	Occupation	Nationality
Dato' Lim Chee Wah	No. 15 Lorong Kota Empat Off Jalan Duta 50480 Kuala Lumpur	Chairman / Non- Independent Non- Executive Director	Company Director	Malaysian
Tan Yew Jin	300-14-3 OBD Garden Tower, Jalan Desa Utama Taman Desa 58100 Kuala Lumpur	Deputy Chairman / Executive Director	Company Director	Malaysian
Tam Chiew Lin	No. 12 Jalan Kapas Bukit Bandaraya 59100 Kuala Lumpur	Managing Director	Company Director	Malaysian
Anwarudin bin Hj Abdul Rahman	No. 27 Jalan 12/16 46200 Petaling Jaya Selangor Darul Ehsan	Independent Non-Executive Director	Company Director	Malaysian
YM Raja Dato' Seri Abdul Aziz bin Raja Salim	No. 36 Jalan Setiaraya Bukit Damansara 50490 Kuala Lumpur	Independent Non-Executive Director	Company Director	Malaysian
Datuk Haron bin Siraj	No. 108, Jalan AU 5C/6 Lembah Keramat 54200 Kuala Lumpur	Independent Non-Executive Director	Company Director	Malaysian
Ahmad Riza bin Basir	No. 231 Jalan Damansara Bukit Damansara 50480 Kuala Lumpur	Non-Independent Non-Executive Director	Company Director	Malaysian
Graham Hecmond Wong	17B Tower 1 Ruby Court 55 South Bay Road Hong Kong, China	Non-Independent Non-Executive Director	Company Director	Australian

## AUDIT COMMITTEE

Name	Designation	Directorship
YM Raja Dato' Seri Abdul Aziz bin Raja Salim	Chairman	Independent Non-Executive Director
Tan Yew Jin	Member	Deputy Chairman / Executive Director
Anwarudin bin Hj Abdul Rahman	Member	Independent Non-Executive Director

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**CORPORATE DIRECTORY (CONT'D)**

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COMPANY SECRETARY	:	Choy Chiew Ling (MAICSA No. 7012415) 1065 Section 17/38 46400 Petaling Jaya Selangor Darul Ehsan
REGISTERED OFFICE	:	18 <sup>th</sup> Floor, Wisma Jerneh 38 Jalan Sultan Ismail 50250 Kuala Lumpur Tel : 03 - 2141 4255 Fax : 03 - 2142 1677
HEAD / MANAGEMENT OFFICE	:	16 <sup>th</sup> Floor, Wisma Jerneh 38 Jalan Sultan Ismail 50250 Kuala Lumpur Tel : 03 - 2145 0485 Fax : 03 - 2143 2817 Website : <a href="http://www.jerneh.com.my">www.jerneh.com.my</a>
AUDITORS AND REPORTING ACCOUNTANTS	:	Moores Rowland (AF No. 0539) Chartered Accountants 7 <sup>th</sup> Floor, South Block Wisma Selangor Dredging 142-A Jalan Ampang 50450 Kuala Lumpur Tel : 03 - 2161 5222 Fax : 03 - 2161 3909
SOLICITORS FOR THE RIGHTS ISSUE WITH WARRANTS	:	Mah-Kamariyah & Philip Koh No. 3, Persiaran Hampshire Off Jalan Ampang 50450 Kuala Lumpur Tel : 03 - 2163 0208 Fax : 03 - 2163 0193
PRINCIPAL BANKER	:	Malayan Banking Berhad (3813-K) G-Floor Bangunan Yayasan Selangor Jalan Bukit Bintang 55100 Kuala Lumpur Tel : 03 - 2142 9271 Fax : 03 - 2142 9525
ADVISER, MANAGING UNDERWRITER AND UNDERWRITER	:	Public Investment Bank Berhad (20027-W) <i>(formerly known as PB Securities Sdn Bhd)</i> 25 <sup>th</sup> Floor, Menara Public Bank 146 Jalan Ampang 50450 Kuala Lumpur Tel : 03 - 2166 9382 Fax : 03 - 2166 9362

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**CORPORATE DIRECTORY (CONT'D)**

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UNDERWRITER(S)	:	M&A Securities Sdn Bhd (15017-H) 5 <sup>th</sup> , 6 <sup>th</sup> , 7 <sup>th</sup> , 8 <sup>th</sup> Floor M&A Building 52A Jalan Sultan Idris Shah 30000 Ipoh Perak Darul Ridzuan Tel : 05 - 241 9800 Fax : 05 - 255 1015
		JF Apex Securities Berhad (47680-X) 6 <sup>th</sup> Floor, Menara Apex Off Jalan Semenyih Bukit Mewah 43000 Kajang Selangor Darul Ehsan Tel : 03 - 8736 1118 Fax : 03 - 8737 4532
REGISTRAR	:	PPB Corporate Services Sdn Bhd (140436-M) 14 <sup>th</sup> Floor Wisma Jerneh 38 Jalan Sultan Ismail 50250 Kuala Lumpur Tel : 03 - 2117 0888 Fax : 03 - 2117 0999
STOCK EXCHANGE LISTING	:	Main Board of Bursa Securities

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**Jerneh**  
**A S I A B E R H A D**  
(Company No: 363984 - X)  
(Incorporated in Malaysia under the Act)

**Registered Office:**

18<sup>th</sup> Floor, Wisma Jerneh  
38 Jalan Sultan Ismail  
50250 Kuala Lumpur

2 July 2007

**Board of Directors:**

Dato' Lim Chee Wah (*Chairman / Non- Independent Non-Executive Director*)  
Tan Yew Jin (*Deputy Chairman / Executive Director*)  
Tam Chiew Lin (*Managing Director*)  
YM Raja Dato' Seri Abdul Aziz bin Raja Salim (*Independent Non-Executive Director*)  
Anwarudin bin Hj Abdul Rahman (*Independent Non-Executive Director*)  
Datuk Haron bin Siraj (*Independent Non-Executive Director*)  
Ahmad Riza bin Basir (*Non-Independent Non-Executive Director*)  
Graham Hecmond Wong (*Non-Independent Non-Executive Director*)

**To: The Shareholders of JAB**

Dear Sir/Madam,

**RENOUNCEABLE RIGHTS ISSUE OF 66,339,602 RIGHTS SHARES AT AN ISSUE PRICE OF RM1.60 PER RIGHTS SHARE WITH 66,339,602 FREE NEW DETACHABLE WARRANTS, ON THE BASIS OF THREE (3) RIGHTS SHARES WITH THREE (3) WARRANTS FOR EVERY FIVE (5) EXISTING JAB SHARES HELD AT 5.00 P.M. ON 29 JUNE 2007**

**1. INTRODUCTION**

The shareholders of our Company have approved the Rights Issue with Warrants at an EGM held on 15 February 2007. A certified true extract of the ordinary resolution pertaining to the Rights Issue with Warrants, passed at the aforesaid EGM is attached as Appendix I of this Abridged Prospectus.

The SC has approved our Company's Rights Issue with Warrants on 4 December 2006 and imposed the following conditions in relation to the Rights Issue with Warrants:

No.	Details of Conditions Imposed	Status of Compliance
1.	The substantial shareholders who have provided irrevocable written undertakings must confirm to the SC that they have sufficient resources to take up the securities. The confirmation must be verified by an acceptable independent party, preferably the principal adviser making the application to the SC;	Complied with. Our substantial shareholders have provided irrevocable written undertakings and have confirmed to the SC that they have sufficient resources to take up the securities. The confirmations have been verified by PIVB.

No.	Details of Conditions Imposed	Status of Compliance
2.	PIVB and JAB should fully comply with the other relevant requirements of the Policies and Guidelines on Issue/Offer of Securities relating to implementation of the Proposals; and	Complied with / To be complied with, where applicable.
3.	PIVB and JAB should inform the SC upon completion of the Proposals.	To be complied with.

In accordance with the SC's Policies and Guidelines on Issue/Offer of Securities, JAB must complete the Rights Issue with Warrants by 3 June 2007 (i.e. within six (6) months from the date of the SC's approval letter dated 4 December 2006). As our Company is unable to meet this requirement, PIVB on behalf of JAB, had sought an extension of time to complete the Rights Issue with Warrants from the SC on 30 March 2007, of which the approval from the SC has been received vide the SC's letter dated 12 April 2007 to complete the Rights Issue with Warrants by 31 August 2007.

BNM had vide its letter dated 16 November 2006 approved the issuance of our Warrants pursuant to the Rights Issue with Warrants to the Entitled Shareholders, including non-resident shareholders.

Bursa Securities has granted its approval-in-principle on 1 June 2007 for the admission of the Warrants to the Official List of Bursa Securities and the listing of and quotation for the Rights Shares, Warrants and our new Shares to be issued pursuant to the exercise of the Warrants on the Main Board of Bursa Securities. The official quotation for the new securities will commence after receipt of confirmation from Bursa Depository that the respective CDS accounts of the Entitled Shareholders have been duly credited and notices of allotment have been despatched to the Entitled Shareholders.

No person is authorised to give any information or to make any representation not contained herein in connection with the Rights Issue with Warrants, and if given or made, such information or representation must not be relied upon as having been authorised by us or PIVB in connection with the Rights Issue with Warrants.

**IF YOU ARE IN DOUBT AS TO THE ACTION YOU SHOULD TAKE, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISER IMMEDIATELY.**

## 2. DETAILS OF THE RIGHTS ISSUE WITH WARRANTS

### 2.1 Introduction

Pursuant to the Rights Issue with Warrants as approved by the SC on 4 December 2006 and our shareholders at an EGM held on 15 February 2007, we will provisionally allot 66,339,602 Rights Shares at an issue price of RM1.60 per Rights Share for subscription by shareholders whose names appear on our Record of Depositors on the Entitlement Date, on the basis of three (3) Rights Shares with three (3) Warrants for every five (5) existing JAB Shares held.

The salient terms of the Warrants are set out in Section 2.6 of this Abridged Prospectus.

As you are an Entitled Shareholder, you will find enclosed with this Abridged Prospectus, a NPA and RSF in respect of the number of Rights Shares together with the number of Warrants for which you are entitled to subscribe for under the terms of the Rights Issue with Warrants.

Shareholders who renounce their entitlements to the Rights Shares will not be entitled to the free Warrants and shall be deemed to have also renounced their entitlements to the Warrants. Shareholders who accept only part of their entitlements to the Rights Shares shall only be entitled to the Warrants in the proportion of their acceptance of the Rights Shares. The Warrants will be immediately detached from the Rights Shares upon issuance and traded separately.

In addition to taking up their respective entitlements under the Rights Issue with Warrants, Entitled Shareholders may also apply for excess Rights Shares with Warrants under the excess Rights Shares with Warrants application.

The Rights Shares with Warrants, which are not taken up or allotted for any reason, shall first be made available for excess applications by the Entitled Shareholders and/or their renouncee(s) Rights Shares with Warrants application. If undersubscribed, these Rights Shares with Warrants shall be allotted to the underwriters.

In determining our shareholders' entitlement to the Rights Issue with Warrants, any fractional entitlement under the Rights Issue with Warrants shall be disregarded and the aggregate of such fractions will be dealt with in such manner or on such terms as our Board may deem fit in a fair and equitable manner and on such terms which are in the best interest of our Company so as to minimise the incidence of odd lots.

As our Share is a prescribed security, any dealings in the securities to be issued pursuant to the Rights Issue with Warrants, which are prescribed under the CDS, will be subject to the Securities Industry (Central Depositories) Act, 1991, Securities Industry (Central Depositories) Amendments Act, 1998 and the Rules of Bursa Depository. The Rights Shares with Warrants will be credited directly into the CDS accounts of the respective Entitled Shareholders and no physical certificates will be issued.

Our Company must within eight (8) Market Days from the last day of payment and acceptance for the Rights Shares with Warrants or such other period as may be prescribed by Bursa Securities, allot and issue the Rights Shares and Warrants, despatch notices of allotment to allottees and make an application for the listing of and quotation for the Rights Shares and Warrants to the official list of Bursa Securities.

## **2.2 Basis of determining the issue price of the Rights Shares and the exercise price of Warrants**

As announced on 9 January 2007, our Board had fixed the issue price of the Rights Shares at RM1.60 per Rights Share, which was arrived at after taking into consideration the five (5)-day WAMP of our Shares up to and including 8 January 2007 of RM2.09 per Share, being the Market Day immediately preceding the price fixing date. The TERP of our Shares, based on the issue price of RM1.60 per Rights Share is approximately RM1.91. As such, the issue price of RM1.60 per Rights Share represents a discount of RM0.31 or approximately 16.23% from the abovementioned TERP.

The exercise price of the Warrants, which has also been fixed at RM1.60 per Warrant, represents a discount of RM0.31 or approximately 16.23% from the abovementioned TERP.

## **2.3 Ranking of the Rights Shares and new JAB Shares arising from the exercise of Warrants**

The Rights Shares and the new JAB Shares arising from the exercise of Warrants shall, upon allotment and issue, rank *pari passu* in all respects with our existing Shares save and except that they shall not be entitled to any dividends, rights, allotments and/or any other distributions on or prior to the allotment of the Rights Shares and new JAB Shares arising from the exercise of the Warrants.

## **2.4 Irrevocable undertakings to subscribe for the Rights Shares**

In support of the Rights Issue with Warrants, all substantial shareholders of JAB, namely KB, BHR and Sable, have each given their irrevocable and unconditional undertakings to us to subscribe for their respective entitlements of Rights Shares to be issued pursuant to the Rights Issue with Warrants (herein after referred to as "**the Undertaking**") as disclosed in the ensuing table.

In the event that none of the Rights Shares are subscribed for by shareholders other than KB, BHR and Sable, PIVB, the Managing Underwriter, M&A Securities and JF Apex, the Underwriters, will subscribe for a total of 25,950,424 Rights Shares.

Arising from the obligations of the Undertaking, KB, BHR and Sable have confirmed that they have sufficient financial resources to take up their respective entitlements under the Rights Issue with Warrants and PIVB is reasonably satisfied that these parties have the necessary financial resources to do so.

With the Undertaking, we are therefore not required to seek underwriting arrangements for the Rights Shares undertaken by KB, BHR and Sable, and as such, our Company will save on the incidental costs which may be potentially incurred.

As at the LPD, the shareholdings of KB, BHR and Sable, together their irrevocable undertakings to subscribe for the Rights Shares are detailed below:

Substantial shareholders	Shareholding as at LPD		Total no. of Rights Shares undertaken to subscribe	
	No. of Shares	% <sup>(a)</sup>	No. of Rights	% <sup>(b)</sup>
KB	41,766,030	37.77	25,059,618	37.77
BHR	17,472,907	15.80	10,483,744	15.80
Sable	8,076,360	7.30	4,845,816	7.30
	67,315,297	60.87	40,389,178	60.87

Notes:

(a) Based on issued and paid-up share capital of RM110,566,003 comprising 110,566,003 JAB Shares.

(b) Based on the 66,339,602 Rights Shares to be issued pursuant to the Rights Issue with Warrants.

## 2.5 Underwriting arrangement

Based on the above, the remaining open portion of up to 25,950,424 Rights Shares, representing approximately 39.12% of the Rights Issue with Warrants have been fully underwritten by PIVB, M&A Securities and JF Apex pursuant to an underwriting agreement dated 11 April 2007 at an underwriting commission of 1.70% on the issue price of the Rights Shares of RM1.60 each in the following manner:

Underwriters	No. of Rights Shares	Percentage of Rights Shares to be issued %
PIVB	23,950,424	36.10
M&A Securities	1,000,000	1.51
JF Apex	1,000,000	1.51
<b>Total</b>	<b>25,950,424</b>	<b>39.12</b>

The underwriting commission arising from the underwriting arrangements and all associated cost in relation to the underwriting agreement will be borne by us.

**2.6 Salient terms of the Warrants**

The principal terms of the Warrants are as follows:

- Issuer : JAB.
- Number of Warrants : 66,339,602 Warrants to subscribe for 66,339,602 JAB Shares.
- Detachability : The Warrants which are to be issued with the Rights Issue with Warrants are immediately detachable upon allotment and issue of the Rights Shares. The Warrants will be traded separately.
- Deed Poll : The Warrants are constituted by a Deed Poll which we have executed on 11 April 2007.
- Exercise Period : The Warrants may be exercised any time during the tenure of the Warrants of five (5) years including and commencing from the issue date of the Warrants. The Warrants not exercised during the exercise period will thereafter lapse and become void.
- Exercise Price : RM1.60 is payable in respect of each new Share upon exercise of the Warrants. The exercise price and the number of outstanding Warrants shall however be subjected to the adjustments in accordance with the terms and provisions of the Deed Poll during the Exercise Period.
- Exercise Rights : Each Warrant entitles the registered holder to subscribe for one (1) new JAB Share at the Exercise Price during the Exercise Period.
- Board Lot : The Warrants are tradeable upon listing in board lots of 100 units carrying the rights to subscribe for 100 new JAB Shares.
- Adjustment in the Exercise Price and/or the number of Warrants held by Warrant holders in the event of alteration to the share capital : Subject to the provision in the Deed Poll, the Exercise Price and the number of Warrants held by each Warrant holder shall be adjusted by the Board in consultation with the adviser and certification of the external auditors, in the event of alteration to the share capital of the Company.
- Further Issues : Subject to the provision 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 issue unless otherwise resolved by the Company in general meeting.

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Rights in the event of winding up, liquidation, compromise and/or arrangement : Where a resolution has been passed for a members' voluntary winding-up of the Company, or where there is a compromise or arrangement, whether or not for the purpose of or in connection with a scheme for the reconstruction of the Company or the amalgamation of the Company with one or more companies, then

- (a) for the purpose of such a winding up, compromise or arrangement (other than a consolidation, amalgamation or merger in which the Company is the continuing corporation) to which the Warrant holders, or some persons designated by them for such purposes by a special resolution, will be a party, the terms of such winding-up, compromise or arrangement will be binding on all the Warrant holders; and
- (b) in any other cases, every Warrant holder shall be entitled at any time within six (6) weeks after the passing of such resolution for a members' voluntary winding up of the Company or within six (6) weeks after the granting of the court order approving the winding-up, compromise or arrangement, elect to be treated as if he had immediately prior to the commencement of such winding-up, compromise or arrangement exercised the Exercise Rights represented by his Warrants and be entitled to receive out of the assets of the Company which would be available in liquidation as if he had on such date been the holder of the new Shares to which he would have become entitled pursuant to such exercise.

Listing : Approval-in-principle has been obtained from Bursa Securities on 1 June 2007 for the admission of the Warrants to the official list of Bursa Securities and for the listing of and quotation for the Warrants and the new Shares to be issued upon exercise of the Warrants.

Governing Law : Laws of Malaysia.

#### **2.7 Details of other intended corporate exercises which have been approved**

As at the LPD, there are no other intended corporate exercises which have been approved by the relevant authorities but are pending implementation.

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### **3. PROCEDURES FOR ACCEPTANCE, PAYMENT AND EXCESS RIGHTS SHARES WITH WARRANTS APPLICATIONS**

As you are an Entitled Shareholder, your CDS account will be duly credited with the number of provisionally allotted Rights Shares with Warrants for which you are entitled to subscribe in full or in part for under the terms of the Rights Issue with Warrants. A NPA notifying you of the crediting of such provisionally allotted Rights Shares and Warrants into your CDS account and a RSF to enable you to subscribe for such provisionally allotted Rights Shares and Warrants, as well as application for excess Rights Shares with Warrants if you choose to, is enclosed with this Abridged Prospectus.

**FULL INSTRUCTIONS FOR THE ACCEPTANCE OF AND PAYMENT FOR THE RIGHTS SHARES WITH WARRANTS PROVISIONALLY ALLOTTED TO YOU AND THE PROCEDURES TO BE FOLLOWED SHOULD YOU WISH TO DISPOSE YOUR RIGHTS TO ALL OR ANY PART OF YOUR ENTITLEMENTS ARE SET OUT IN THIS ABRIDGED PROSPECTUS AND THE RSF. YOU ARE ADVISED TO READ THIS ABRIDGED PROSPECTUS, RSF AND THE NOTES AND INSTRUCTIONS HEREIN CAREFULLY. THE RSF MUST NOT BE CIRCULATED UNLESS ACCOMPANIED BY THE ABRIDGED PROSPECTUS.**

The provisional allotment of Rights Shares with Warrants are prescribed securities pursuant to Section 14(5) of the Securities Industry (Central Depositories) Act, 1991 and therefore, all dealings in the provisional allotment of Rights Shares with Warrants will be by book entries through CDS accounts and will be governed by the Securities Industry (Central Depositories) Act, 1991, the Securities Industry (Central Depositories) Amendment Act, 1998 and the Rules of Bursa Depository.

#### **3.1 Procedures for application and acceptance**

Acceptance of and payment for the Rights Shares with Warrants provisionally allotted to you as an Entitled Shareholder must be made on the RSF issued with this Abridged Prospectus and completed in accordance with the notes and instructions printed in the RSF. Acceptances which do not strictly conform to the terms of this Abridged Prospectus or RSF or the notes and instructions printed therein or which are illegible may not be accepted at the absolute discretion of our Board.

If you wish to accept the Rights Shares with Warrants provisionally allotted to you either in full or in part, you are required to fill and complete Parts I and III of the RSF in accordance with the notes and instructions provided therein. You must despatch the completed RSF together with the relevant payment by ORDINARY POST or DELIVERED BY HAND to our Registrar, at your own risk, at the following address:

PPB Corporate Services Sdn Bhd  
14<sup>th</sup> Floor Wisma Jerneh  
38 Jalan Sultan Ismail  
50250 Kuala Lumpur  
Tel : 03 - 2117 0888

and should reach our Registrar no later than 5:00 p.m. on Wednesday, 18 July 2007, being the last date and time for acceptance and payment or by such later date as may be determined by our Board at their absolute discretion, subject to Bursa Securities' approval and announced not less than two (2) Market Days before the original closing date and time.

If the acceptance of and payment for the Rights Shares with Warrants provisionally allotted to you and/or your renounee(s) is not received by our Registrar by the date and time stated above, you and/or your renounee's provisional entitlement will be deemed to have been declined and will be cancelled. Such Rights Shares with Warrants not taken up will be allotted first to the Entitled Shareholders and/or their renounee(s) applying for excess Rights Shares with Warrants on a fair and equitable manner and on such terms which are in the best interest of our Company so as to minimise the incidence of odd lots. If there remains unsubscribed Rights Shares with Warrants (save for by our substantial shareholders, KB, BHR and Sable) after that, PIVB, M&A Securities and JF Apex will subscribe for the remaining unsubscribed Rights Shares with Warrants. Proof of time of postage shall not constitute proof of time of receipt by the Registrar.

You can use one (1) RSF for the acceptance of provisionally allotted Rights Shares with Warrants standing to the credit of one (1) CDS account. Separate RSFs must be used for the acceptance of provisionally allotted Rights Shares with Warrants standing to the credit of more than one (1) CDS account. Rights Shares with Warrants subscribed by the Entitled Shareholders will be credited into their respective CDS accounts as stated on the completed RSF.

Entitled Shareholders or their renounee(s) who lose, misplace or for any reason require another copy of the RSF may obtain additional copies from their stockbrokers, our Registrar (as stated above) or the registered office of our Company. The RSF is also available on Bursa Securities' website (<http://www.bursamalaysia.com>).

The minimum number of Rights Shares with Warrants that can be accepted is one (1) Rights Share with Warrant. In determining our shareholders' entitlement to the Rights Shares with Warrants, any fractional entitlement under the Rights Issue with Warrants shall be disregarded and the aggregate of such fractions will be dealt with in such manner and on such terms as our Board may deem fit in a fair and equitable manner and on such terms which are in the best interest of our Company so as to minimise the incidence of odd lots. Applicants should take note that a trading board lot comprises one hundred (100) Shares.

EACH COMPLETED RSF MUST BE ACCOMPANIED BY REMITTANCE IN RINGGIT MALAYSIA FOR THE FULL AMOUNT IN THE FORM OF BANKER'S DRAFT(S) OR CASHIER'S ORDER(S) OR MONEY ORDERS(S) OR POSTAL ORDER(S) DRAWN ON A BANK OR POST OFFICE IN MALAYSIA AND MUST BE MADE PAYABLE TO "JAB RIGHTS SHARES A/C" CROSSED "ACCOUNT PAYEE ONLY" AND ENDORSED ON THE REVERSED SIDE WITH THE NAME, ADDRESS AND CDS ACCOUNT NUMBER OF THE APPLICANT IN BLOCK LETTERS.

PERSONAL CHEQUES OR OTHER MODE OF PAYMENT ARE NOT ACCEPTABLE. DETAILS OF REMITTANCES MUST BE FILLED IN THE APPROPRIATE BOXES PROVIDED IN THE RSF.

OUR REGISTRAR AND OUR COMPANY WILL NOT ISSUE ANY ACKNOWLEDGEMENT OF RECEIPT OF THE RSF OR APPLICATION MONIES IN RESPECT OF THE RIGHTS SHARES WITH WARRANTS. APPLICANTS WILL BE ALLOTTED THEIR RIGHTS SHARES WITH WARRANTS AND NOTICES OF ALLOTMENT WILL BE ISSUED AND FORWARDED BY ORDINARY POST TO THE APPLICANTS AT THE ADDRESS SHOWN ON THE RSF AT THEIR OWN RISK WITHIN EIGHT (8) MARKET DAYS FROM THE LAST DATE OF ACCEPTANCE AND PAYMENT FOR THE RIGHTS SHARES WITH WARRANTS.

ENTITLED SHAREHOLDERS AND THEIR RENOUNCEE(S) SHOULD NOTE THAT ALL RSF AND REMITTANCES SO LODGED WITH OUR REGISTRAR SHALL BE IRREVOCABLE AND SHALL NOT BE WITHDRAWN.

APPLICATION SHALL NOT BE DEEMED TO HAVE BEEN ACCEPTED BY REASON OF THE REMITTANCE BEING PRESENTED FOR PAYMENT.

WHERE AN APPLICATION IS NOT ACCEPTED OR ACCEPTED IN PART ONLY, THE FULL AMOUNT OR THE BALANCE OF THE APPLICATION MONIES, AS THE CASE MAY BE, WILL BE REFUNDED WITHOUT INTEREST AND SHALL BE DESPATCHED TO THE APPLICANT WITHIN EIGHT (8) MARKET DAYS FROM THE LAST DATE FOR ACCEPTANCE AND PAYMENT FOR THE RIGHTS SHARES WITH WARRANTS BY ORDINARY POST TO THE ADDRESS SHOWN ON THE RSF AT THE APPLICANT'S OWN RISK.

### **3.2 Procedure for sale/transfer of provisional allotment of Rights Shares with Warrants**

The provisionally allotted Rights Shares with Warrants are renounceable. As an Entitled Shareholder, you and/or renounee(s) may sell/transfer all or part of your entitlement to the Rights Shares with Warrants to more than one (1) person immediately through your stockbroker without first having to request for a split of your provisional allotment of Rights Shares with Warrants standing to the credit of your CDS account. To sell/transfer all or part of your entitlement to the Rights Shares with Warrants, you may sell such entitlement on the open market or transfer such provisional allotment to such persons as may be allowed pursuant to the Rules of Bursa Depository.

In selling/transferring all or part of your provisional allotment of Rights Shares with Warrants, you/and your renounee(s) (if applicable) need not deliver any document, including the RSF, to the stockbroker. However, you/and your renounee(s) (if applicable) must ensure that there is sufficient provisional allotment of Rights Shares with Warrants standing to the credit of your CDS account that is available for settlement of the sale or transfer.

If you have sold/transferred only part of your provisional allotment of Rights Shares with Warrants, you may still accept the balance of the provisional allotment of Rights Shares with Warrants by completing Part I and III of the RSF and deliver the completed RSF together with the relevant payment to our Registrar in the manner as set out in Section 3.1 of this Abridged Prospectus.

A renounee who wishes to accept the provisionally allotted Rights Shares with Warrants must obtain a copy of this Abridged Prospectus and the RSF from their stockbrokers, our Registrar (as stated above) or our registered office and Bursa Securities' website (<http://www.bursamalaysia.com>). The procedure and payment for the acceptance of the provisional allotment of Rights Shares with Warrants by the renounee is the same as that which is applicable to our Entitled Shareholders as described in Section 3.1 of this Abridged Prospectus.

### 3.3 Procedure for excess Rights Shares with Warrants application

As an Entitled Shareholder, you and/or your renounee(s) may apply for excess Rights Shares with Warrants in addition to the Rights Shares with Warrants provisionally allotted to you and/or your renounee(s) by completing Part II of the RSF (in addition to Part I and III) and forward it (together with a separate remittance for the full amount payable in respect of the excess Rights Shares with Warrants applied for) to our Registrar.

Payment for the excess Rights Shares with Warrants applied for should be made in the same manner as payment for acceptance of provisional allotment of Rights Shares with Warrants as described in Section 3.1 above. Banker's Draft(s) or Cashier's Order(s) or Money Order(s) or Postal Order(s) drawn on a bank or post office in Malaysia should be crossed "ACCOUNT PAYEE ONLY" and made payable to "JAB EXCESS RIGHTS SHARES A/C" and endorsed on the reversed side with the name, address and CDS account number of the applicant in block letters and should reach our Registrar not later than 5.00 p.m. on Wednesday, 18 July 2007, being the last time and date for application and payment (or such extended date and time as may be determined and announced by our Board).

Our Board reserves the rights to allot the excess Rights Shares with Warrants applied for under Part II of the RSF on a fair and equitable basis as they deem fit or expedient in the best interest of the Company.

In the event the number of excess Rights Shares with Warrants applied for exceeds the number of unsubscribed Rights Shares with Warrants available, the indicative basis of allotment will be made based on (i) priority is given to minimise the incidence of odd lots and (ii) thereafter, any remaining Rights Shares with Warrants will be distributed in board lots of 100 Shares to each excess Rights Shares with Warrants applicant in descending order.

In respect of unsuccessful or partially successful excess share applications, the full amount or the surplus monies (as the case may be) will be refunded without interest within eight (8) Market Days from the last date of application and payment by ordinary post at the address shown on the RSF at the applicants' own risk. Our Board reserves the rights to allot any application for excess Rights Shares with Warrants in part only, without assigning any reason thereof.

OUR REGISTRAR AND OUR COMPANY WILL NOT ISSUE ANY ACKNOWLEDGEMENT OF RECEIPT OF THE RSF OR APPLICATION MONIES IN RESPECT OF THE EXCESS RIGHTS SHARES WITH WARRANTS APPLICATION. APPLICANTS WILL BE ALLOTTED THEIR RIGHTS SHARES WITH WARRANTS AND NOTICES OF ALLOTMENT WILL BE ISSUED AND DESPATCHED BY ORDINARY POST TO THE APPLICANTS AT THEIR OWN RISK WITHIN EIGHT (8) MARKET DAYS FROM THE LAST DATE OF APPLICATION AND PAYMENT OF THE EXCESS RIGHTS SHARES WITH WARRANTS.

### **3.4 Form of issuance**

Bursa Securities has already prescribed our Shares listed on Bursa Securities to be deposited with Bursa Depository. Accordingly, the Rights Shares with Warrants are prescribed securities and as such, the Securities Industry (Central Depositories) Act, 1991, Securities Industry (Central Depositories) Amendment Act, 1998 and the Rules of Bursa Depository shall apply in respect of the dealings in the said Rights Shares with Warrants.

No physical share certificate will be issued to you under the Rights Issue with Warrants and the Rights Shares with Warrants will be credited directly into your CDS account and the notice of allotment will be despatched to you by ordinary post at your address shown in the Record of Depositors of Bursa Depository at the applicants' own risk within eight (8) Market Days from the last date of acceptance and payment of the Rights Shares with Warrants.

#### **Subscription of Rights Shares with Warrants by an Entitled Shareholder**

Where the RSF is issued to you for the relevant JAB Shares deposited with Bursa Depository which are standing to the credit of your CDS account, the acceptance of the provisional allotment of Rights Shares with Warrants by you shall mean that you consent to receiving such Rights Shares with Warrants as prescribed or deposited securities credited directly into your CDS account. Hence, the Rights Shares with Warrants will be credited directly into your CDS account(s).

#### **Subscription of Rights Shares with Warrants by renounee(s)**

Any person who has purchased and intends to subscribe for the provisional allotment of Rights Shares with Warrants must state his/her CDS account number in the space provided in the RSF whereupon his/her Rights Shares with Warrants will be credited directly as prescribed or deposited securities into his/her CDS account(s).

#### **Application for excess Rights Shares with Warrants**

The excess Rights Shares with Warrants, if allotted to the successful applicant who applies for excess Rights Shares with Warrants, will be credited directly as prescribed securities into his/her CDS account. The allocation of the excess Rights Shares with Warrants will be made on a fair and equitable basis such that incidence of odd lots is minimised, and thereafter, any remaining Rights Shares with Warrants will be distributed in board lots of 100 Shares to each excess Rights Shares with Warrants applicant in descending order.

### **3.5 Laws of foreign jurisdictions**

This Abridged Prospectus, the NPA and the RSF have not been (and will not be) made to comply with the laws of any foreign jurisdiction, and have not been (and will not be) lodged, registered or approved under any legislation of (or with or by any regulatory authorities or other relevant bodies of) any foreign jurisdiction, and the Rights Issue with Warrants will not be made or offered in any foreign jurisdiction. This Abridged Prospectus, together with the accompanying documents will not be sent to shareholders without an address in Malaysia.

A foreign Entitled Shareholder or the renounee may accept or renounce (as the case may be) all or any part of their entitlements and exercise any other rights in respect of the Rights Issue with Warrants only to the extent that it would be lawful to do so. PIVB, other experts, our Company, our Board and our officers would not, in connection with the Rights Issue with Warrants, be in breach of the laws of any jurisdiction to which that foreign Entitled Shareholder or renounee is or may be subjected to. Foreign Entitled Shareholders and their respective renounee(s), shall be solely responsible to seek advice as to the laws of the jurisdictions to which they are or may be subjected to. PIVB, other experts, our Company, our Board and our officers shall not accept any responsibility or liability in event that any acceptance or renunciation made by any foreign Entitled Shareholder(s) or renounee(s), is or shall become illegal, unenforceable, voidable or void in any such jurisdiction.

Further, foreign Entitled Shareholder(s) or renounee(s) will be responsible for payment of any issue, transfer or any other taxes or other requisite payments due in the foreign jurisdictions and we shall be entitled to be fully indemnified and held harmless by such foreign Entitled Shareholder(s) or renounee(s) for any issue, transfer or any other taxes or duties as such person may be required to pay. They will have no claims whatsoever against us and/or in respect of their rights or entitlements under the Rights Issue with Warrants. Such foreign Entitled Shareholder(s) or renounee(s) should consult their professional advisers as to whether they require any governmental, exchange control or other consents or needs to comply with any other applicable legal requirements to enable them to accept the Rights Issue with Warrants.

By signing any of the forms accompanying this Abridged Prospectus, the NPA and the RSF, the foreign Entitled Shareholder(s) and/or the renounee(s) are deemed to have represented, acknowledged and declared in favour of (and which representations, acknowledgements and declarations will be relied upon by) PIVB, other experts, our Company, our Board and our officers that:

- (i) we would not, by acting on the acceptance or renunciation in connection with the Rights Issue with Warrants, be in breach of the laws of any jurisdiction to which that foreign Entitled Shareholder(s) or renounee(s) is or may be subjected to;
- (ii) the foreign Entitled Shareholder(s) or renounee(s) has complied with the laws to which the foreign Entitled Shareholder(s) or renounee(s) is or may be subjected to in connection with the acceptance or renunciation;
- (iii) the foreign Entitled Shareholder(s) or renounee(s) is not a nominee or agent of a person in respect of whom we would, by acting on the acceptance or renunciation, be in breach of the laws of any jurisdiction to which that person is or may be subjected to;
- (iv) the foreign Entitled Shareholder(s) or renounee(s) is aware that the Rights Shares with Warrants can only be transferred, sold or otherwise disposed of, or charged, hypothecated or pledged in accordance with all applicable laws in Malaysia;
- (v) the foreign Entitled Shareholder(s) or renounee(s) has received a copy of this Abridged Prospectus and has had access to such financial and other information and has been afforded the opportunity to ask such questions to the representatives of our Company and receive answers thereto as the foreign Entitled Shareholder(s) or renounee(s) deems necessary in connection with the foreign Entitled Shareholder's or renounee's decision to subscribe for or purchase the Rights Shares with Warrants; and
- (vi) the foreign Entitled Shareholder(s) or renounee(s) has sufficient knowledge and experience in financial business matters to be capable of evaluating the merits and risks of subscribing or purchasing the Rights Shares with Warrants, and is and will be able, and is prepared to bear the economic and financial risks of investing in and holding the Rights Shares with Warrants.

Persons receiving this Abridged Prospectus, NPA and RSF (including without limitation custodians, nominees and trustees) must not, in connection with the offer, distribute or send it into any foreign jurisdiction. If this Abridged Prospectus, NPA and RSF are received by any persons in such jurisdiction, or by the agent or nominee of such a person, he/she must not seek to accept the offer unless he/she has complied with and observed the laws of the relevant jurisdiction in connection therewith. Any person who does forward this Abridged Prospectus, NPA and RSF to any such jurisdiction, whether pursuant to a contractual or legal obligation or otherwise, should draw the attention of the recipient to the contents of this section and our Company reserves the right to reject a purported acceptance of the Rights Shares with Warrants from any such application by a foreign Entitled Shareholder in any jurisdiction other than Malaysia.

Our Company reserves the right, in its absolute discretion, to treat any acceptance of the Rights Shares with Warrants as invalid if it believes that such acceptance may violate any applicable legal or regulatory requirements in Malaysia.

#### 4. PURPOSE OF THE RIGHTS ISSUE WITH WARRANTS

The Rights Issue with Warrants would enable our Company to raise fresh funds from the equity market, which will also serve to strengthen our capital base. The enlarged capital base would then provide us funds for further investment in our existing insurance business within the Asian region, to reduce our existing borrowings which are expected to then reduce our interest costs, and for working capital requirement of our Group.

Further, the Rights Issue with Warrants will also provide our shareholders an opportunity to increase their participation in our Company, by subscribing for the Rights Issue with Warrants.

#### 5. UTILISATION OF PROCEEDS

Based on the issue price of RM1.60 per Rights Share, the Rights Issue with Warrants will raise total gross proceeds of approximately RM106.1 million.

The details of the utilisation of gross proceeds from the Rights Issue with Warrants are set out below:

	Note	RM'000	Timeframe for utilisation from the listing date of the Rights Shares
Repayment of borrowings	(i)	57,000	Twelve (12) months
Overseas investment in insurance business	(ii)	30,000	Twenty-four (24) months
Working Capital	(iii)	17,543	Twenty-four (24) months
Expenses in relation to the Rights Issue with Warrants		1,600	Six (6) months
		106,143	

Notes:

(i) **Repayment of borrowings**

*As at the LPD, our Group's total borrowings are approximately RM134.8 million. We propose to utilise an amount of approximately RM57 million for partial repayment of our outstanding amount of RM88.70 million from a local licensed financial institution.*

*The amount of RM88.70 million from the Revolving Credit facility granted by a local licensed financial institution is currently utilised for the following:*

- (a) *RM18.4 million is utilised by our subsidiary namely, Jerneh Asia Capital Sdn Bhd, for investment dealing purposes;*
- (b) *RM43.5 million is utilised by our subsidiary namely, Jerneh Credit Leasing Sdn Bhd, for its leasing business;*
- (c) *RM24.80 million is utilised for additional funding for the existing operations of our associated company, namely Generali Asia N.V. ("GANV"). On 18 January 2006, BNM has approved the additional funds to be remitted to GANV for the insurance operation of its subsidiaries in the Philippines. Accordingly, we had on 19 January 2006 utilised the amount of RM6.8 million, for the additional funding in GANV; and*
- (d) *RM2.0 million is utilised for other miscellaneous, such as operating expenses.*

*With the proposed repayment of borrowings, we expect to achieve interest savings of approximately RM2.7 million per annum.*

(ii) **Overseas investment in insurance business**

*We propose to allocate an amount of approximately RM30 million for the purpose of further investment in our associated company in Netherlands, namely GANV, which is involved in the insurance industry in the Asian Region.*

*GANV is a 40%-owned associated company of JAB, which was incorporated on 26 May 1999 in Netherlands. It has an authorised share capital of 250 ordinary shares of EURO 1,000 each, of which 110 ordinary shares were issued. Its holding company is Participatie Maatschappij Graafschap Holland N.V. with 60% equity interest in GANV which is ultimately held by Assicurazioni Generali SpA in Trieste, Italy (“Generali Group”). GANV is therefore a joint venture between JAB and the Generali Group. GANV is principally an investment holding company while its subsidiaries are involved in the operation of both life and non-life insurance businesses in the Asian Region.*

*Currently, GANV has existing investments in the Philippines and Thailand. Its investment in Indonesia is pending approval from the relevant local authorities. As such, additional funds may occasionally be required to finance increased business operations of its subsidiaries. The said additional funds will be provided by the joint venture partners, i.e. the Generali Group and JAB, via GANV and the respective local partners.*

*We are required to seek BNM’s prior approval for any remittance of funds overseas should the remittance of proceeds abroad exceeds any of the limits imposed by BNM guidelines and regulations (where necessary).*

(iii) **Working Capital**

*The proceeds of up to approximately RM17.5 million will be utilised for working capital requirement, including operating expenditure and expenditure required for potential growth and expansion of our subsidiaries’ operation.*

*In the event the actual expenses and fees of the Rights Issue with Warrants differ from the estimated expenses and fees of RM1.6 million, the amount to be allocated for working capital will be adjusted accordingly for the difference.*

The proceeds to be received by JAB pursuant to the exercise of the Warrants, the quantum of which is dependant upon the actual number of Warrants exercised, are intended to be utilised for our Group’s future expansion and/or working capital requirements.

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## 6. RISK FACTORS

Notwithstanding the industry overview and the prospects of our Group as described under Section 8 of this Abridged Prospectus, Entitled Shareholders and their renounee(s) should carefully consider the following risk factors, which may not be exhaustive, before making their decision on whether to subscribe for or invest in the Rights Issue with Warrants.

### 6.1 Risk relating to the operations and business of our Group

#### (i) Dependence on key personnel

Our Group believes that its continued success will depend, to a large extent, upon the abilities and continued efforts of our Directors and senior management. The loss of any of our Group's Directors or key members of the senior management could affect our Group's performance. Our Directors recognise the importance of our Group's ability to attract and retain professionally trained senior management, skilled and experience personnel. Thus, we always have in place an appropriate human resource strategy and succession plan that includes competitive remuneration packages, training, conducive working environment and career growth. It is our practice to groom the existing staff members for more exposure and to further support the senior management team to accommodate for any increase in size of our operations. However, there can be no assurance that the above measures will always be successful in retaining key personnel or ensuring a smooth transition should changes occur.

#### (ii) Underwriting risks

Underwriting risks involve the risk of incurring higher claims costs than expected owing to the random nature of claims, severity and their frequency as well as the risk of change in legal or economic conditions of insurance or re-insurance cover. This could lead to us either having received inadequate premium for the risks we have underwritten and hence has insufficient funds to compensate claims made, or that claims are in excess of those anticipated. Our Group seeks to minimise underwriting risks with an appropriate mix and spread of business between classes of business based on our overall strategy. This is complimented by observing formalised underwriting guidelines and limits as well as our track record of underwriting experience and close monitoring practices. We have entered into several proportional and non-proportional treaties with various re-insurer and we apply strict practice in evaluating the credit rating and security of our re-insurers.

#### (iii) Distributing channels

Our Group's gross written premium is highly dependent on our large agency base. Although all agents are appointed under formal agency agreements, there can be no assurance that the level of gross written premium support from each agent will remain consistent under changing business environment from time to time. However, this uncertainty is mitigated by the long-standing business relationships cultivated by the Board and management's continuous relationship, management efforts and agency-friendly policies adopted by our Group that involves continuous review and upgrading of facilities for agents to do business with our Group with ease. Additionally, our Group is continuously exploring alternative distribution channels to further expand the existing agency network to minimise over-dependence on any single group of agents.

**(iv) Competition**

Our Group faces competition from other locally incorporated general insurers, some of which are listed companies, as well as from foreign-owned general insurers.

In view of the competitive market environment and conditions, our Group continuously develops measures to counter competition which include product differentiation, innovation in product and services offered and customer-focused marketing strategies. Notwithstanding that, our Group has taken the necessary measures to keep its competitive position in the market, though there can be no assurance that we will be able to maintain or increase our market share in the future.

**(v) Credit control**

As our Group's business also covers hire purchase and leasing, we are exposed to credit risk in the collection of its interest receivables. In order to mitigate this risk, our 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. In addition, we have designated credit control department that monitors closely all premium receivables owing from its agents and other intermediaries, and undertakes vigorous collection efforts through all its marketing personnel located throughout its branch as well as other appropriate debt recovery actions. We also have in place various controls that limit the exposure to credit risk for each individual agent or intermediary, towards ensuring that any default in payment by certain clients, agents or intermediary will not have a significant impact on the financial position of our Group in the short term.

**(vi) Litigation risks**

Save as disclosed in Note B11 of our unaudited consolidated financial statements for the three (3)-month financial period ended 31 March 2007 in Appendix IV of this Abridged Prospectus, to-date, there have not been any litigation claims (outside the ordinary course of insurance business of which full provisions have been made) that have been presented against our Group by our customers, suppliers, employees or any other party. Nevertheless, there is no assurance that any future litigation matters brought against our Group may not affect our Group's future performance and operations.

**(vii) Future expansion plans**

We have plans to expand our business by investment in overseas insurance business. Details of the investments are set out in note (ii) of Section 5 of this Abridged Prospectus. Notwithstanding that the management has examined areas of concern and conducted careful studies on the plans and their potential impact on the performance of our Group, there can be no assurance that the plans will be carried out as anticipated and if so implemented, will succeed in contributing positively to the performance of our Group.

**6.2 Investment risks****(i) Credit risk**

We are exposed to the credit risk of potential losses which may result from the failure of the counter-parties to insurance, re-insurance and investment transactions in meeting their contractual obligation. Recognising this risk, we have a credit policy in place and monitors exposure to credit risk on an ongoing basis. Furthermore, investments are made based on evaluations and in accordance with the established investment guidelines, whereby all bond investments must carry a pre-determined minimum rating by rating agencies in Malaysia. We seek to limit any over-dependency of credit risk in respect of any one counter-party by adhering strictly to investment guidelines as prescribed by BNM.

**(ii) Interest rate risk**

Our Group's earnings are affected by changes in the market interest rate as the impact of such changes has an effect on the income of our Group obtained from interest on deposit placements and fixed income securities. Investment guidelines have therefore been established and policies have been set out by our Group to minimise the risks in our Group's investments. In addition, deposit placements are made with various financial institutions at varying maturity dates and rates in order to spread the risk involved.

**(iii) Liquidity risk**

Similar to other businesses, our Group is exposed to the risk of being unable to meet our obligations at a reasonable cost or at any time. We manage this liquidity risk by monitoring our daily and monthly budgeted and actual cash flows and by retaining a sufficient quantity of liquid investments that can be converted to cash within a short period of time.

**(iv) Market risk**

Our investment portfolio is generally exposed to fluctuations in market prices. This risk is managed via the setting of diversification requirements and investment limits for each investee group. Risks and returns are constantly monitored and reviewed by the management of our Group.

**6.3 Risk relating to the Shares**

**(i) Post-listing Rights Share price**

There can be no assurance that our Rights Shares will be traded at a price higher than the prevailing market price of our existing Shares following the listing of the Rights Shares on the Main Board of Bursa Securities. Our Share price may fluctuate as a result of variations in the operating results of our Group and price fluctuations may be intensified in the event our trading volume is low. In addition, our performance on Bursa Securities would be affected by external factors such as the performance of regional and global stock exchanges and the inflow and outflow of foreign funds. Sentiments may also be affected by internal factors such as Malaysian economics and political conditions and overall market conditions as well as the growth potential of various sectors of the economy. It is thus possible that our Shares will be subjected to price volatility that may have no direct correlation with our Group's net asset value, financial results or performance.

Price volatility may also affect the ability of the shareholders to sell and the price at which our Shares may be sold.

**(ii) There has been no prior market for the Warrants**

The Warrants will be issued and subsequently, admitted to the Official List of Bursa Securities. As there is no prior market for the Warrants, there is no assurance that an active market for the Warrants will develop upon their listing, or if developed, that such a market will be sustained. The price at which the Warrants will trade on Bursa Securities upon or subsequent to their listing is dependent upon market forces which are beyond our control.

The exercise price of the Warrant has been fixed at RM1.60. There can be no assurance that the exercise price of the Warrants will be "in-the-money" during the exercise period.

**(iii) Undertaking risks**

As disclosed in Section 2.4 of this Abridged Prospectus, certain of our shareholders namely, KB, BHR and Sable have given irrevocable undertakings that they will subscribe in full their respective entitlement amounting to 40,389,178 Rights Shares with Warrants. Accordingly, such number of Rights Shares with Warrants is not underwritten by the underwriters. In the event of an under subscription of the Rights Issue with Warrants and such shareholders fail to fulfill their obligations pursuant to the undertakings given, this may result in a delay or failure in the listing of the Rights Shares.

Although we have procured confirmation that such shareholders have sufficient financial resources to honour the undertakings given, there can be no assurance that the above mentioned factor will not cause a delay or failure in implementing the Rights Issue with Warrants.

**6.4 Potential acquisitions and joint ventures/investment activities**

Our Group may from time to time engage in acquisitions of companies with complementary products and services in related areas. If appropriate opportunities present themselves, our Group intends to acquire businesses, products or technologies that our Group believes will be in the interests of our shareholders, although our Group currently has no understanding, commitment or agreement with respect to any material acquisition. Currently, there is no material acquisition being pursued. However, any future acquisitions could expose our Group to new risks, including those associated with the assimilation of new operations and personnel, the diversion of financial and management resources from existing operations, and the inability of management to integrate successfully acquired businesses, personnel and technologies.

In addition, there can be no assurance that our Group will be able to successfully identify, negotiate or finance such acquisitions, or to integrate any such acquisitions with its current business. Furthermore, there can be no assurance that our Group will be able to generate sufficient revenues from any such acquisition to offset associated acquisition costs, or that our Group will be able to maintain uniform standard of quality and service, controls, procedures and policies, which may result in the impairment of relationships with customers, employees, and new management personnel. Our Group may also evaluate, on a case-by-case basis, joint ventures relationships with certain complementary businesses.

Our Company may undertake new investments or joint ventures which may be relatively new to the Malaysian market or have very long gestations periods, therefore resulting in our Group taking a longer time to recover its initial investments. In addition, any such joint venture investments would involve many of the same risks posed by acquisitions, particularly those risks associated with the diversion of resources, the inability to generate sufficient revenues, the management of relationships with third parties and potential additional expenses, any of which could have a material adverse effect on our Group's business, financial condition or operating results.

The acquisitions may also result in potential dilution via the issuance of equities, the incidence of debt and contingent liabilities and amortisation of expenses related to goodwill and other intangible assets.

**6.5 Political, economic and regulatory considerations**

As with all other business entities, adverse developments in political, economic and regulatory conditions in Malaysia and South East Asian region could unfavourably affect the financial position and business prospects of our Group. Other political uncertainties that could unfavourably affect our Group include changes in political leadership, expropriation, nationalisation, re-negotiation or nullification of existing contracts, changes in interest rates and methods of taxation and currency exchange rules and contracts.

Whilst our Group strives to continue to take effective measures such as prudent financial management and efficient operating procedures, there is no assurance that adverse political, economic and regulatory factors will not materially affect our Group.

## 6.6 Forward looking statements

Certain statements in this Abridged Prospectus are based on historical data, which may not be reflective of future results, and others are forward-looking in nature which are subject to uncertainties and contingencies. All forward-looking statements are based on estimates and assumptions made by our Board, and although believed to be reasonable, are subject to known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to differ materially from the future results, performance or achievements expressed or implied in such forward-looking statements.

Such factors include, inter-alia, general economic and business conditions, competition, impact of new laws and regulations affecting our Group and the industry, changes in interest rates and changes in foreign exchange rates. In the light of these uncertainties, the inclusion of forward-looking statements in this Abridged Prospectus should not be regarded as a representation or warranty by our Company or its advisers that the plans and objectives of our Group will be achieved.

## 7. EFFECTS OF THE RIGHTS ISSUE WITH WARRANTS

### 7.1 Share capital

The effects of the Rights Issue with Warrants on our issued and paid-up share capital are as follows:

	No. of Shares	RM
Existing as at the LPD	110,566,003	110,566,003
Special Issue*	3,815,000	3,815,000
Rights Issue with Warrants	66,339,602	66,339,602
	180,720,605	180,720,605
Issue of new Shares assuming full exercise of Warrants	66,339,602	66,339,602
<b>Total enlarged share capital</b>	<b>247,060,207</b>	<b>247,060,207</b>

Note:

\* The Special Issue was completed on 14 June 2007.

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## 7.2 Gearing and NTA

Upon completion of the Rights Issue with Warrants, our gearing levels are expected to be lower as we intend to utilise approximately RM57 million to repay part of our current outstanding borrowings. The proforma effects of the Rights Issue with Warrants on the consolidated NTA of our Group based on our audited consolidated balance sheet as at 31 December 2006 are as follows:

	(I) Audited as at 31 December 2006 RM'000	(II) After the exercise of ESOS options up to 15 January 2007 RM'000	(III) After (I) and Rights Issue with Warrants <sup>(b)</sup> RM'000	(IV) After (III) and full exercise of Warrants <sup>(c)</sup> RM'000
Share capital	109,274	110,566	180,721	247,060
Share premium	27,000	28,279	30,568	108,576
Exchange fluctuation reserve	5,249	5,249	5,249	5,249
Share option reserve	372	-	-	-
Retained profit	150,105	150,344	150,344	150,344
Dividend	2,393	2,393	2,393	2,393
Shareholders' fund	294,393	296,831	407,479	513,622
Minority interest	38,160	38,160	38,160	38,160
Total equity	332,553	334,991	445,639	551,782
NA (excluding minority interest)	294,393	296,831	407,479	513,622
Less: Intangible assets	2,546	2,546	2,546	2,546
NTA	291,847	294,285	404,933	511,076
Number of JAB Shares ('000)	109,274	110,566	180,721	247,060
NA per share (RM)	2.69	2.68	2.25	2.08
NTA per share (RM)	2.67	2.66	2.24	2.07
Total borrowings	108,576	108,576	51,576	51,576
Gearing (times)	0.37	0.37	0.13	0.10

Notes:

- The Special Issue was completed on 14 June 2007.
- At the issue price of RM1.60 per Rights Share.
- At the exercise price of Warrants at RM1.60 per JAB Share.
- After deducting the estimated expenses for the Proposals of approximately RM1,600,000.

### 7.3 Substantial shareholders' shareholdings

The effects of the Rights Issue with Warrants on the shareholdings of our substantial shareholders are as follows:

	As at the LPD				(I) After Special Issue <sup>(a)</sup>				(II) After (I) and Rights Issue with Warrants				(III) After (II) and full exercise of Warrants			
	Direct		Indirect		Direct		Indirect		Direct		Indirect		Direct		Indirect	
	No. of Shares ('000)	%	No. of Shares ('000)	%	No. of Shares ('000)	%	No. of Shares ('000)	%	No. of Shares ('000)	%	No. of Shares ('000)	%	No. of Shares ('000)	%	No. of Shares ('000)	%
KB	41,766	37.77	60 <sup>(b)</sup>	0.05	41,766	36.51	96 <sup>(b)</sup>	0.05	66,826	36.98	96 <sup>(b)</sup>	0.05	91,885	37.19	132 <sup>(b)</sup>	0.05
BHR	17,473	15.80	-	-	17,473	15.28	-	-	27,957	15.47	-	-	38,440	15.56	-	-
Sable	8,076	7.30	-	-	8,076	7.06	-	-	12,922	7.15	-	-	17,768	7.19	-	-
Ahmad Riza bin Basir	-	-	17,473 <sup>(c)</sup>	15.80	1,000	0.87	17,473 <sup>(c)</sup>	15.28	1,000	0.55	27,957 <sup>(c)</sup>	15.47	1,000	0.40	38,440 <sup>(c)</sup>	15.56
Tan Sri Dato' Haji Basir bin Ismail (Deceased)	-	-	17,473 <sup>(c)</sup>	15.80	-	-	17,473 <sup>(c)</sup>	15.28	-	-	-	-	-	-	38,440 <sup>(c)</sup>	15.56
Puan Sri Hamidah bt Abdul Rahman	60	0.05	17,473 <sup>(c)</sup>	15.80	60	0.05	17,473 <sup>(c)</sup>	15.28	96	0.05	27,957 <sup>(c)</sup>	15.47	132	0.05	38,440 <sup>(c)</sup>	15.56
Roshayati bt Basir	-	-	17,473 <sup>(c)</sup>	15.80	-	-	17,473 <sup>(c)</sup>	15.28	-	-	-	-	-	-	38,440 <sup>(c)</sup>	15.56
Rosilawati bt Basir	-	-	17,473 <sup>(c)</sup>	15.80	-	-	17,473 <sup>(c)</sup>	15.28	-	-	-	-	-	-	38,440 <sup>(c)</sup>	15.56
Rozanazetti bt Basir	-	-	17,473 <sup>(c)</sup>	15.80	-	-	17,473 <sup>(c)</sup>	15.28	-	-	-	-	-	-	38,440 <sup>(c)</sup>	15.56
Frank Tsao Wen King	-	-	8,076 <sup>(d)</sup>	7.30	-	-	8,076 <sup>(d)</sup>	7.06	-	-	-	-	-	-	17,768 <sup>(d)</sup>	7.19

Notes:

- The Special Issue was completed on 14 June 2007.
- Deemed interest by virtue of its interest under Section 6A of the Act in Taloh Sdn Bhd.
- Deemed interest by virtue of his/her interest under Section 6A of the Act in BHR.
- Deemed interest by virtue of his interest under Section 6A of the Act in Sable.

#### 7.4 Earnings

The Rights Issue with Warrants are expected to be completed in the third quarter of the FYE 31 December 2007 and will not have any material effect on our Group's earnings for the said financial year. However, the Rights Issue with Warrants are expected to contribute positively to our future earnings arising from the utilisation of proceeds for further investment in our existing insurance business and interest savings.

Nevertheless, our EPS in the future would depend on the returns generated from the utilisation of the proceeds arising from the Rights Issue with Warrants.

#### 7.5 Dividends

Our Board had declared an interim and final dividend of 3 sen and 5 sen per share less 27% income tax respectively for the FYE 31 December 2006. The Rights Issue with Warrants is not expected to have any material effect on the dividend to be declared by us, if any, for the FYE 31 December 2007. The level of dividends to be declared for future financial years would be determined by our Board after taking into consideration the performance of our Company and prevailing economic conditions.

### 8. ECONOMIC AND INDUSTRY OVERVIEW AND OUTLOOK AND PROSPECTS OF OUR GROUP

#### 8.1 Outlook of the economy

##### Outlook of the global economy

In an environment of high crude oil prices, tightening monetary conditions and deepening global imbalances, growth in the United States is forecast to register 3% to 3.25% in 2007 (2006: 3.25%-3.5%), Euro area 1.9% (2006: 2.1%) and Japan 2.1% (2006: 2.8%), with inflation in advanced economies forecasted to remain subdued at 2.1% (2006: 2.3%). Growth in the East Asian region, in particular China, will nevertheless, continue to be robust supported by domestic demand and export growth. With growth in major economies generally on a moderating trend, global output in 2007 is projected to be lower at 4.7% (2006: 4.9%).

*(Source: Economic Report 2006/2007)*

On the international front, the world economy is forecast to grow at an average rate of 4.3% per annum during the 2006-2010 period. Global inflation is projected to remain moderate. The Consumer Price Index ("CPI") in advanced economies is projected to increase at an average rate of 2.0% per annum while the CPI in emerging and developing economies is expected to grow higher at 5.3% per annum during 2006-2010 period. Prices of commodities such as vegetable oils, rubber, tin and crude oil are expected to remain stable but at higher levels. The crude oil market is expected to remain tight in the medium term. Thus, crude oil price is projected to average USD 58 per barrel during the 9MP period.

World trade is expected to grow at an average rate of 7.1% per annum during the 9MP period due mainly to increased trade integration arising from bilateral and multilateral initiatives. An important development is the increasing number of regional trading agreements (RTAs) and bilateral free trade agreements (FTAs) that will enhance trade and investment flows.

*(Source: Ninth Malaysia Plan, 2006-2010)*

### **Outlook of Malaysian economy**

The Malaysian economy is expected to strengthen in 2007, despite a more challenging external environment. This optimism is underpinned by continued expansion of private sector activities, complemented by Government's pragmatic policies and strategies to diversify and promote the new sources of growth. Overall, real Gross Domestic Product (GDP) growth is envisaged to expand at 6% in 2007 (2006: 5.8%), consistent with the growth targets outlined in the 9MP. Growth will continue to be broad-based with positive contribution from all sectors of the economy. With the encouraging economic prospects, normal Gross National Product ("GNP") per capita is projected to rise by 7.2% to reach RM21,168 (2006: 9.4%; RM19,739), reflecting improvements in the well-being of the *rakyat*. In terms of purchasing power parity, per capita income is expected to increase by 6.7% to reach USD12,666 (2006: 11.8%; USD11,871).

*(Source: Economic Report 2006/2007)*

The Malaysian economy is projected to grow in line with its potential output. Private expenditure will be the main impetus to growth. The government will adopt a pragmatic approach in its fiscal management while remaining supportive of private sector initiatives. With improved productivity and efficiency, inflation is expected to increase moderately. The unemployment rate is expected to remain low due to concerted efforts to create more job opportunities in all sectors of the economy.

The economy is projected to grow at an average rate of 6.0% per annum with price stability. This growth will be supported by domestic demand with strong private investment and consumption. Per capita GNP in current terms is projected to increase by an average rate of 5.9% per annum to RM23,573 in 2010. Per capita GNP in terms of purchasing power parity is expected to increase to USD13,878 in 2010.

*(Source: Ninth Malaysia Plan, 2006-2010)*

## **8.2 Industry overview and outlook in Malaysia**

The insurance industry sustained its growth momentum during the Ninth Malaysia Plan, 2006-2010 period. Total premium income increased at a rate of 11.1 per cent per annum between 2001 and 2005 to reach RM23.6 billion, mainly due to strong demand for investment-linked and endowment insurance products and the successful penetration by domestic insurers of bank assurance as an alternative distribution channel. Total assets of the insurance industry grew at an average annual rate of 13.8 per cent over the same period to RM96.7 billion. The allocation of insurance fund assets to corporate and debt securities increased from 41.2 per cent to 49.9 per cent between 2001 and 2005, thereby promoting a more diversified institutional investor base for the capital market. The financial position of insurers strengthened following the increase in minimum statutory capital requirement in 2001 from RM50 million to RM100 million. The higher capital requirement also spurred the consolidation of the insurance industry, which saw the completion of a total of 16 mergers, involving 29 insurers.

Significant opportunities for growth in the insurance industry are expected to result primarily from changing demographics in terms of an expanding ageing population with the increasing wealth levels and rising awareness of the need for, and benefits of, insurance. The industry will, therefore, need to position itself, both financially and in terms of its reputation to meet the increasing demand for insurance. Efforts will continue to be undertaken to enhance capacity building. This will include monitoring and where appropriate, driving initiatives by the industry in the area of developing human resource capability to ensure that industry standards are continuously raised in tandem with the expectations of increasingly sophisticated consumers and financial markets. Greater focus will be given to strengthening the role of market discipline to foster an environment of improved customer service as well as high standards of integrity and professionalism. This will be achieved by increasing education and awareness among the consumers, promoting greater transparency in the conduct of insurance business and continuously raising the level of professionalism.

Further deregulatory and liberalization measures will be introduced. This will include greater flexibility accorded to foreign insurers to establish branch offices, the progressive deregulation of pricing for tariff-rated insurance products, greater investment management flexibility, and removal of limits on management expenses. It will also ensure continuing improvements in disclosure standards to promote greater market discipline in the more deregulated environment. Consistent with the deregulatory measures, the prudential framework will continue to be adjusted to establish principles of sound financial and business practices.

*(Source: Ninth Malaysia Plan, 2006-2010)*

### 8.3 Future Prospects of our Group

Moving forward into the final phase of the Financial Master Plan, BNM continues to dramatically transform financial institutions and in respect of the insurance industry, increased awareness of risk protection for the policy holders and adopting more stringent risk management processes by direct insurers. As such, we will need to respond to the challenges of regulatory and accounting changes for greater transparency, further reforms in risk assessments and solvency requirements and liberalisation of the tariff rates and commission structures. Coupled with the phenomenal growth of the Takaful financial services industry over conventional models, the next twelve (12) months will continue to be even more challenging.

With that in mind, our Board believes that our future prospect for the next twelve (12) months will be promising amid the transformation experienced within the insurance industry, steadily growing customers' demand for our products and our relentless efforts to strengthen our market position through introduction and development of a series of new products, continuous innovation and capacity expansion programme despite intense competition in this industry. Going forward, our Board will continue to explore opportunities for regional expansion but on a selective basis.

Further, our Board is of the view that, save for the above factors, there are no known trends, demands, commitments, events or uncertainties that will or are reasonably likely to materially affect the liquidity, revenue or operating income of our Group.

## 9. WORKING CAPITAL, BORROWINGS, CONTINGENT LIABILITIES AND MATERIAL CAPITAL COMMITMENTS

### 9.1 Working capital

Our Board is of the opinion that after taking into account of our available cash, banking facilities and the proceeds from the Rights Issue with Warrants, our Group will have sufficient working capital for a period of twelve (12) months from the date of issue of this Abridged Prospectus.

### 9.2 Borrowings

As at the LPD, our Group's total borrowings which are all unsecured, short term and interest bearing are as follows:

Functional currency	Amount RM'million
Ringgit Malaysia	134.2
PHP <sup>^</sup>	0.6
	134.8

*Note:*

<sup>^</sup> *The principal closing rate used in translation of foreign currency amount as at the LPD is RMI = PHP13.54. The corresponding foreign currency amount is PHP8 million.*

There has been no default on payments of either interest and/or principal sums in respect of any borrowings throughout the past one (1) financial year and the subsequent period thereof as at the LPD.

**9.3 Contingent liabilities**

Save as disclosed below, our Group does not have any other contingent liabilities as at the LPD:

	Amount RM'million
Potential claim for breach of contract (Please refer to Section 4 of Appendix VII of this AP for further details)	5.5
Guarantees for banking facilities granted to a subsidiary company	<u>17.4</u>

**9.4 Material capital commitments**

Save as disclosed below, there are no other material capital commitments incurred by our Group as at the LPD:

	Amount RM'million
Capital commitments in respect of rentals payable and purchase of computers approved and contracted for	<u>2.9</u>

The above material commitments shall be financed by our Group through internally generated funds.

**10. TERMS AND CONDITIONS**

The offer of the Rights Shares and the Warrants pursuant to the Rights Issue with Warrants is governed by the terms and conditions as set out in this Abridged Prospectus, the NPA and the RSF.

**11. ADDITIONAL INFORMATION**

Shareholders are requested to refer to the attached Appendices for further information.

Yours faithfully,  
For and on behalf of the Board of  
**Jerneh Asia Berhad**



**Dato' Lim Chee Wah**  
Chairman / Non-Independent Non-Executive Director

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**CERTIFIED TRUE EXTRACT OF THE ORDINARY RESOLUTION PERTAINING TO THE RIGHTS ISSUE WITH WARRANTS PASSED AT OUR EGM ON 15 FEBRUARY 2007**

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**CERTIFIED EXTRACT OF THE MINUTES OF THE EXTRAORDINARY GENERAL MEETING HELD ON THURSDAY, 15<sup>TH</sup> FEBRUARY 2007**

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*ORDINARY RESOLUTION 1*

**PROPOSED RENOUNCEABLE RIGHTS ISSUE OF 66,339,602 NEW ORDINARY SHARES OF RM1.00 EACH IN JAB ("RIGHTS SHARES") AT AN ISSUE PRICE OF RM1.60 PER RIGHTS SHARE, WITH 66,339,602 FREE NEW DETACHABLE WARRANTS ("WARRANTS") ON THE BASIS OF THREE (3) RIGHTS SHARES WITH THREE (3) WARRANTS FOR EVERY FIVE (5) EXISTING ORDINARY SHARES OF RM1.00 EACH IN JAB ("JAB SHARES") HELD ON A DATE TO BE DETERMINED LATER ("PROPOSED RIGHTS ISSUE WITH WARRANTS")**

IT IS HEREBY RESOLVED :

**"THAT**, subject to the approval in principle of Bursa Malaysia Securities Berhad ("Bursa Securities") for the listing and admission into Official List of 66,339,602 Rights Shares and listing and admission into Official List of the 66,339,602 Warrants to be issued pursuant to this resolution as well as the new ordinary shares in the Company arising from the exercise of the Warrants, approval be and is hereby given to the Board of Directors of the Company to:-

- (i) allot and issue by way of a renounceable rights issue of 66,339,602 new Rights Shares together with 66,339,602 free detachable Warrants at an issue price of RM1.60 per Rights Share on the basis of three (3) Rights Shares together with three (3) free Warrants for every five (5) JAB Shares held, to the shareholders of the Company whose names appear in the Record of Depositors at the close of business on a date to be determined by the Directors of the Company as they may deem fit and expedient and to be announced by the Company AND THAT all fractional entitlements arising from the Proposed Rights Issue with Warrants shall be disregarded and dealt with in such manner and on such terms as the Directors of the Company may deem fit AND THAT the subscription of Rights Shares and Warrants pursuant to the Proposed Rights Issue with Warrants or any part thereof, be underwritten by such parties as the Directors of the Company may deem fit and on such terms as the Directors of the Company may decide AND THAT all such new Rights Shares issued under the Proposed Rights Issue with Warrants shall upon allotment and issuance, rank pari passu in all respects with the existing ordinary shares of the Company except that all such Rights Shares issued under the Proposed Rights Issue with Warrants shall not be entitled to any dividends, rights, allotments and/or any other distributions, the entitlements date (namely the date as at the close of business on which shareholders must be registered in order to be entitled to any dividends, rights, allotments and/or other distributions) of which is prior to the date of allotment of the Rights Shares;
- (ii) allot and issue such additional Warrants free of charge, in registered form and constituted by a deed poll ("Deed Poll") as may be required or permitted to be issued as a result of any adjustments under the provisions of the Deed Poll to be executed by the Company constituting the Warrants;

**Jerneh Asia Berhad** (363984-X)

*A member of the Kuok Group*

16th Floor, Wisma Jerneh, 38 Jalan Sultan Ismail, 50250 Kuala Lumpur, Malaysia.

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**CERTIFIED TRUE EXTRACT OF THE ORDINARY RESOLUTION PERTAINING TO THE RIGHTS ISSUE WITH WARRANTS PASSED AT OUR EGM ON 15 FEBRUARY 2007 (CONT'D)**



*Certified Extract of the Minutes of  
The Extraordinary General Meeting  
held on Thursday, 15<sup>th</sup> February 2007  
Page 2*

- (iii) allot and issue appropriate number of new ordinary shares of RM1.00 each in the Company arising from the exercise by the holders of Warrants of their rights under any such Warrants to subscribe for new ordinary shares of RM1.00 each in the Company (including further Warrants arising from any adjustment under the provisions of the Deed Poll) in accordance with the provisions of the Deed Poll AND THAT all such new ordinary shares of the Company to be issued pursuant to the exercise of the Warrants shall, on allotment and issue, rank pari passu in all respects with the then existing ordinary shares of the Company except that they shall not be entitled to any dividends, rights, allotments and/or any distributions for which the record date is prior to the date of allotment of such new ordinary shares arising from the exercise of the Warrants;
- (iv) execute the Deed Poll constituting the Warrants to be issued pursuant to the Proposed Rights Issue with Warrants with full power to make and/or assent to any conditions, modifications, revaluations, variations and/or amendments (if any) as may be approved or imposed by the relevant authorities or as may be deemed fit by the Directors of the Company and to take all steps as it may consider necessary or expedient in order to implement, finalise and give full effect to the Deed Poll subject to all provisions and adjustments contained in the Deed Poll; and
- (v) execute or enter into agreements, deeds or arrangements as the Directors of the Company may deem necessary or expedient to give effect to the Proposed Rights Issue with Warrants with full power to make and/or assent to any conditions, modifications, variations and/or amendments (if any) as may be approved or imposed by the relevant authorities or as may be deemed fit by the Directors of the Company and to take all steps as they may consider necessary or expedient in order to implement, finalise and give full effect to the Proposed Rights Issue with Warrants."

**CERTIFIED TRUE COPY  
JERNEH ASIA BERHAD**

A handwritten signature in black ink, appearing to read "Cho Y Chiew Ling". The signature is fluid and cursive, with a long horizontal stroke at the bottom.

**CHOY CHIEW LING**  
*Company Secretary*

**INFORMATION ON OUR COMPANY****1. HISTORY AND BUSINESS**

Our Company was incorporated in Malaysia under the Act on 18 October 1995 as a public limited company. Our Company was listed on the Main Board of Bursa Securities on 23 September 1996.

**2. PRINCIPAL ACTIVITIES**

Our Company is an investment holding company while our subsidiaries are principally involved in underwriting of general insurance business, offshore re-insurance, insurance and re-insurance brokerage, trading in marketable securities, provision of management services as well as hire purchase and leasing business. The principal activities of our Company's subsidiaries and associated companies are set out in Section 6 of this Appendix.

**3. SHARE CAPITAL**

Our authorised and issued and paid-up share capital as at the LPD is as follows:

Type	No. of Shares	Par value RM	Amount RM
Authorised	500,000,000	1.00	500,000,000
Issued and paid-up	110,566,003	1.00	110,566,003

The details of changes in our issued and paid-up share capital since the date of incorporation up to the printing of this AP are as follows:

Date of allotment	No. of Shares	Par value RM	Consideration	Total RM
18.10.1995	2	1.00	Subscribers' shares	2
24.06.1996	55,205,000	1.00	At an issue price of RM1.10 for the acquisition of 24,000,000 ordinary shares of RM1.00 each in JIB	55,205,002
06.09.1996	11,595,000	1.00	Public issue	66,800,002
14.07.1999	10,000	1.00	ESOS	66,810,002
13.09.1999	1,000	1.00	ESOS	66,811,002
05.01.2000	10,000	1.00	ESOS	66,821,002
29.01.2000	51,000	1.00	ESOS	66,872,002
14.02.2000	73,000	1.00	ESOS	66,945,002
24.02.2000	84,000	1.00	ESOS	67,029,002
08.03.2000	98,000	1.00	ESOS	67,127,002
14.03.2000	201,000	1.00	ESOS	67,328,002
20.03.2000	239,000	1.00	ESOS	67,567,002
27.03.2000	217,000	1.00	ESOS	67,784,002
03.04.2000	186,000	1.00	ESOS	67,970,002

## INFORMATION ON OUR COMPANY (CONT'D)

Date of allotment	No. of Shares	Par value RM	Consideration	Total RM
08.04.2000	60,000	1.00	ESOS	68,030,002
17.04.2000	181,000	1.00	ESOS	68,211,002
28.04.2000	167,000	1.00	ESOS	68,378,002
03.05.2000	219,000	1.00	ESOS	68,597,002
16.05.2000	122,000	1.00	ESOS	68,719,002
19.05.2000	26,000	1.00	ESOS	68,745,002
22.06.2000	34,372,501	1.00	Bonus issue	103,117,503
23.06.2000	36,000	1.00	ESOS	103,153,503
04.07.2000	42,000	1.00	ESOS	103,195,503
11.07.2000	39,000	1.00	ESOS	103,234,503
17.07.2000	152,500	1.00	ESOS	103,387,003
24.07.2000	161,000	1.00	ESOS	103,548,003
31.07.2000	55,000	1.00	ESOS	103,603,003
10.08.2000	50,000	1.00	ESOS	103,653,003
21.08.2000	35,000	1.00	ESOS	103,688,003
05.09.2000	19,000	1.00	ESOS	103,707,003
25.10.2000	22,000	1.00	ESOS	103,729,003
07.11.2000	5,000	1.00	ESOS	103,734,003
20.11.2000	12,000	1.00	ESOS	103,746,003
29.11.2000	31,000	1.00	ESOS	103,777,003
26.03.2002	34,000	1.00	ESOS	103,811,003
03.04.2002	15,000	1.00	ESOS	103,826,003
16.04.2002	95,000	1.00	ESOS	103,921,003
23.04.2002	146,000	1.00	ESOS	104,067,003
30.04.2002	144,000	1.00	ESOS	104,211,003
10.05.2002	252,000	1.00	ESOS	104,463,003
20.05.2002	83,000	1.00	ESOS	104,546,003
29.05.2002	16,000	1.00	ESOS	104,562,003
18.06.2002	4,000	1.00	ESOS	104,566,003
01.07.2002	14,000	1.00	ESOS	104,580,003
22.07.2002	72,000	1.00	ESOS	104,652,003
06.08.2002	7,000	1.00	ESOS	104,659,003
26.08.2002	24,000	1.00	ESOS	104,683,003
06.09.2002	23,000	1.00	ESOS	104,706,003
16.09.2002	3,000	1.00	ESOS	104,709,003
24.09.2002	19,000	1.00	ESOS	104,728,003

## INFORMATION ON OUR COMPANY (CONT'D)

Date of allotment	No. of Shares	Par value RM	Consideration	Total RM
26.12.2002	2,000	1.00	ESOS	104,730,003
13.05.2003	2,000	1.00	ESOS	104,732,003
14.07.2003	57,000	1.00	ESOS	104,789,003
23.07.2003	22,000	1.00	ESOS	104,811,003
05.08.2003	54,000	1.00	ESOS	104,865,003
11.08.2003	58,000	1.00	ESOS	104,923,003
20.08.2003	52,000	1.00	ESOS	104,975,003
27.08.2003	179,000	1.00	ESOS	105,154,003
02.09.2003	134,000	1.00	ESOS	105,288,003
10.09.2003	380,000	1.00	ESOS	105,668,003
17.09.2003	152,000	1.00	ESOS	105,820,003
24.09.2003	68,000	1.00	ESOS	105,888,003
01.10.2003	44,000	1.00	ESOS	105,932,003
08.10.2003	144,000	1.00	ESOS	106,076,003
15.10.2003	173,000	1.00	ESOS	106,249,003
21.10.2003	108,000	1.00	ESOS	106,357,003
29.10.2003	162,000	1.00	ESOS	106,519,003
05.11.2003	78,000	1.00	ESOS	106,597,003
12.11.2003	163,000	1.00	ESOS	106,760,003
19.11.2003	34,000	1.00	ESOS	106,794,003
02.12.2003	66,000	1.00	ESOS	106,860,003
10.12.2003	166,000	1.00	ESOS	107,026,003
17.12.2003	166,000	1.00	ESOS	107,192,003
29.12.2003	10,000	1.00	ESOS	107,202,003
07.01.2004	15,000	1.00	ESOS	107,217,003
14.01.2004	60,000	1.00	ESOS	107,277,003
28.01.2004	34,000	1.00	ESOS	107,311,003
11.02.2004	19,000	1.00	ESOS	107,330,003
18.02.2004	20,000	1.00	ESOS	107,350,003
25.02.2004	90,000	1.00	ESOS	107,440,003
04.03.2004	188,000	1.00	ESOS	107,628,003
10.03.2004	168,000	1.00	ESOS	107,796,003
19.03.2004	116,000	1.00	ESOS	107,912,003
25.03.2004	51,000	1.00	ESOS	107,963,003
01.04.2004	23,000	1.00	ESOS	107,986,003
07.04.2004	42,000	1.00	ESOS	108,028,003

## INFORMATION ON OUR COMPANY (CONT'D)

Date of allotment	No. of Shares	Par value RM	Consideration	Total RM
14.04.2004	41,000	1.00	ESOS	108,069,003
22.04.2004	40,000	1.00	ESOS	108,109,003
28.04.2004	46,000	1.00	ESOS	108,155,003
05.05.2004	33,000	1.00	ESOS	108,188,003
19.05.2004	69,000	1.00	ESOS	108,257,003
26.05.2004	9,000	1.00	ESOS	108,266,003
09.06.2004	2,000	1.00	ESOS	108,268,003
23.06.2004	16,000	1.00	ESOS	108,284,003
21.07.2004	11,000	1.00	ESOS	108,295,003
04.08.2004	13,000	1.00	ESOS	108,308,003
12.08.2004	25,000	1.00	ESOS	108,333,003
25.08.2004	11,000	1.00	ESOS	108,344,003
22.09.2004	20,000	1.00	ESOS	108,364,003
13.10.2004	7,000	1.00	ESOS	108,371,003
27.10.2004	2,000	1.00	ESOS	108,373,003
25.11.2004	9,000	1.00	ESOS	108,382,003
16.12.2004	7,000	1.00	ESOS	108,389,003
03.01.2005	8,000	1.00	ESOS	108,397,003
10.01.2005	25,000	1.00	ESOS	108,422,003
19.01.2005	35,000	1.00	ESOS	108,457,003
31.01.2005	17,000	1.00	ESOS	108,474,003
16.02.2005	23,000	1.00	ESOS	108,497,003
23.02.2005	14,000	1.00	ESOS	108,511,003
02.03.2005	65,000	1.00	ESOS	108,576,003
16.03.2005	37,000	1.00	ESOS	108,613,003
23.03.2005	10,000	1.00	ESOS	108,623,003
04.04.2005	20,000	1.00	ESOS	108,643,003
13.04.2005	9,000	1.00	ESOS	108,652,003
28.04.2005	43,000	1.00	ESOS	108,695,003
13.05.2005	46,000	1.00	ESOS	108,741,003
26.05.2005	4,000	1.00	ESOS	108,745,003
28.07.2005	5,000	1.00	ESOS	108,750,003
11.08.2005	12,000	1.00	ESOS	108,762,003
18.08.2005	28,000	1.00	ESOS	108,790,003
06.09.2005	2,000	1.00	ESOS	108,792,003
09.12.2005	10,000	1.00	ESOS	108,802,003

**INFORMATION ON OUR COMPANY (CONT'D)**

<b>Date of allotment</b>	<b>No. of Shares</b>	<b>Par value RM</b>	<b>Consideration</b>	<b>Total RM</b>
04.01.2006	5,000	1.00	ESOS	108,807,003
23.02.2006	5,000	1.00	ESOS	108,812,003
08.03.2006	25,000	1.00	ESOS	108,837,003
26.04.2006	25,000	1.00	ESOS	108,862,003
11.05.2006	120,000	1.00	ESOS	108,982,003
19.05.2006	292,000	1.00	ESOS	109,274,003
03.01.2007	21,000	1.00	ESOS	109,295,003
11.01.2007	230,000	1.00	ESOS	109,525,003
13.01.2007	1,041,000	1.00	ESOS	110,566,003
08.06.2007	3,815,000	1.00	Special Issue Shares	114,381,003

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## INFORMATION ON OUR COMPANY (CONT'D)

## 4. PARTICULARS OF THE SUBSTANTIAL SHAREHOLDERS

The effects of the Rights Issue with Warrants on the shareholdings of our substantial shareholders are as follows:

	As at the LPD				(I) After Special Issue <sup>(a)</sup>				(II) After (I) and Rights Issue with Warrants				(III) After (II) and full exercise of Warrants			
	Direct		Indirect		Direct		Indirect		Direct		Indirect		Direct		Indirect	
	No. of Shares ('000)	%	No. of Shares ('000)	%	No. of Shares ('000)	%	No. of Shares ('000)	%	No. of Shares ('000)	%	No. of Shares ('000)	%	No. of Shares ('000)	%	No. of Shares ('000)	%
KB	41,766	37.77	60 <sup>(b)</sup>	0.05	41,766	36.51	60 <sup>(b)</sup>	0.05	66,826	36.98	96 <sup>(b)</sup>	0.05	91,885	37.19	132 <sup>(b)</sup>	0.05
BHR	17,473	15.80	-	-	17,473	15.28	-	-	27,957	15.47	-	-	38,440	15.56	-	-
Sable	8,076	7.30	-	-	8,076	7.06	-	-	12,922	7.15	-	-	17,768	7.19	-	-
Puan Sri Hamidah bt Abdul Rahman	60	0.05	17,473 <sup>(c)</sup>	15.80	60	0.05	17,473 <sup>(c)</sup>	15.28	96	0.05	27,957 <sup>(c)</sup>	15.47	132	0.05	38,440 <sup>(c)</sup>	15.56
Ahmad Riza bin Basir	-	-	17,473 <sup>(c)</sup>	15.80	1,000	0.87	17,473 <sup>(c)</sup>	15.28	1,000	0.55	27,957 <sup>(c)</sup>	15.47	1,000	0.40	38,440 <sup>(c)</sup>	15.56
Tan Sri Dato' Haji Basir bin Ismail (Deceased)	-	-	17,473 <sup>(c)</sup>	15.80	-	-	17,473 <sup>(c)</sup>	15.28	-	-	-	-	-	-	38,440 <sup>(c)</sup>	15.56
Roshayati bt Basir	-	-	17,473 <sup>(c)</sup>	15.80	-	-	17,473 <sup>(c)</sup>	15.28	-	-	-	-	-	-	38,440 <sup>(c)</sup>	15.56
Rosilawati bt Basir	-	-	17,473 <sup>(c)</sup>	15.80	-	-	17,473 <sup>(c)</sup>	15.28	-	-	-	-	-	-	38,440 <sup>(c)</sup>	15.56
Rozanazetti bt Basir	-	-	17,473 <sup>(c)</sup>	15.80	-	-	17,473 <sup>(c)</sup>	15.28	-	-	-	-	-	-	38,440 <sup>(c)</sup>	15.56
Frank Tsao Wen King	-	-	8,076 <sup>(d)</sup>	7.30	-	-	8,076 <sup>(d)</sup>	7.06	-	-	-	-	-	-	17,768 <sup>(d)</sup>	7.19

Notes:

- (a) The Special Issue was completed on 14 June 2007.  
(b) Deemed interest by virtue of its interest under Section 6A of the Act in Taloh Sdn Bhd.  
(c) Deemed interest by virtue of his/her interest under Section 6A of the Act in BHR.  
(d) Deemed interest by virtue of his interest under Section 6A of the Act in Sable.

## INFORMATION ON OUR COMPANY (CONT'D)

## 5. PARTICULARS OF DIRECTORS

## 5.1 Details of Directors

The particulars of our Directors as at the LPD are as follows:

Name	Age	Address	Designation	Profession	Nationality
Dato' Lim Chee Wah	67	No. 15 Lorong Kota Empat Off Jalan Duta 50480 Kuala Lumpur	Chairman / Non-Independent Non-Executive Director	Company Director	Malaysian
Tan Yew Jin	65	300-14-3 OBD Garden Tower Jalan Desa Utama Taman Desa 58100 Kuala Lumpur	Deputy Chairman / Executive Director	Company Director	Malaysian
Tam Chiew Lin	56	No. 12 Jalan Kapas Bukit Bandaraya 59100 Kuala Lumpur	Managing Director	Company Director	Malaysian
Anwarudin bin Hj Abdul Rahman	58	No. 27 Jalan 12/16 46200 Petaling Jaya Selangor Darul Ehsan	Independent Non-Executive Director	Company Director	Malaysian
YM Raja Dato' Seri Abdul Aziz bin Raja Salim	68	No. 36 Jalan Setiara Bukit Damansara 50490 Kuala Lumpur	Independent Non-Executive Director	Company Director	Malaysian
Datuk Haron bin Siraj	62	No. 108, Jalan AU 5C/6 Lembah Keramat 54200 Kuala Lumpur	Independent Non-Executive Director	Company Director	Malaysian
Ahmad Rizza bin Basir	46	No. 231 Jalan Damansara Bukit Damansara 50480 Kuala Lumpur	Non-Independent Non-Executive Director	Company Director	Malaysian

## INFORMATION ON OUR COMPANY (CONT'D)

Name	Age	Address	Designation	Profession	Nationality
Graham Heomond Wong	51	17B Tower 1 Ruby Court 55 South Bay Road Hong Kong, China	Non-Independent Non-Executive Director	Company Director	Australian

## 5.2 Details of Directors' shareholdings as at the LPD

Our directors' shareholdings as at the LPD and the proforma effects of the Rights Issue with Warrants are set out below:

	As at the LPD		(I) After Special Issue <sup>(a)</sup>		(II) After (I) and Rights Issue with Warrants				(III) After (II) and full exercise of Warrants					
	Direct		Indirect		Direct		Indirect		Direct		Indirect			
	No. of Shares ('000)	%	No. of Shares ('000)	%	No. of Shares ('000)	%	No. of Shares ('000)	%	No. of Shares ('000)	%	No. of Shares ('000)	%		
Dato' Lim Chee Wah	45	0.04	-	-	45	0.04	-	0.03	72	0.03	-	0.04	-	-
Tan Yew Jin	295	0.27	155 <sup>(b)</sup>	0.14	295	0.26	155 <sup>(b)</sup>	0.14	472	0.21	248 <sup>(b)</sup>	0.14	649	0.26
Tam Chiew Lim	175	0.16	-	-	175	0.15	-	0.10	280	0.10	-	0.16	385	0.16
Ahmad Riza bin Basir	-	-	17,473 <sup>(c)</sup>	15.80	1,000	0.87	17,473 <sup>(c)</sup>	15.28	1,000	0.55	27,957 <sup>(c)</sup>	15.47	1,000	0.40
Anwarudin bin Hj Abdul Rahman	40	0.04	-	-	40	0.03	-	0.04	64	0.04	-	0.04	88	0.04
YM Raja Dato' Seri Abdul Aziz bin Raja Salim	60	0.05	-	-	60	0.05	-	0.05	96	0.05	-	0.05	132	0.05

Notes:

- (a) The Special Issue was completed on 14 June 2007.  
(b) Deemed interest by virtue of his interest under Section 6A of the Act in TYJ Sdn Bhd.  
(c) Deemed interest by virtue of his interest under Section 6A of the Act in BHR.

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**INFORMATION ON OUR COMPANY (CONT'D)**


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**6. PARTICULARS OF SUBSIDIARY AND ASSOCIATED COMPANIES**

The details of our subsidiary companies as at the LPD are as follows:

Name	Place of incorporation/ Date of incorporation	Issued and paid-up share capital	Effective equity interest %	Principal activities
JIB	Malaysia / 05.08.1970	RM100,000,000	80%	Underwriting of general insurance business
Jerneh Credit Leasing Sdn Bhd	Malaysia / 12.12.1996	RM1,000,000	100%	Hire purchase and leasing business
Jerneh Asia Capital Sdn Bhd	Malaysia / 07.07.2000	RM2	100%	Trading in marketable securities
Jerneh Healthcare Services Sdn Bhd	Malaysia / 22.01.1998	RM250,000	100%	Dormant
Minsec Management Services Sdn Bhd	Malaysia / 09.09.1986	RM25,000	100%	Provision for management services
Jerneh Asia Reinsurance Limited	Labuan, Malaysia / 25.09.1997	USD3,200,000	100%	Offshore reinsurance
Jerneh Insurance (HK) Limited*	Hong Kong / 13.02.1981	HKD50,000,000	100%	Underwriting of general insurance business
Taishan Insurance Brokers Limited	Hong Kong / 22.10.1991	HKD1,000,000	100%	Insurance broker
Taishan Insurance Brokers Philippines, Inc	Philippines / 11.08.1995	PHP48,000,000	100%	Insurance broker
KRM Reinsurance Brokers Phils., Inc.	Philippines / 15.08.1995	PHP48,000,000	100%	Reinsurance broker

Note:

\* The approval from Insurance Authority of Hong Kong was obtained on 13 April 2007 for the transfer of JIHK's insurance business portfolio to HSBC Insurance (Asia) Ltd with effect from 1 January 2007.

The details of our associated companies as at the LPD are as follows:

Name	Place of incorporation/ Date of incorporation	Issued and paid-up share capital	Effective equity interest %	Principal activities
GANV	Netherlands / 26.05.1999	Euro110,000	40%	Investment holding
HSBC Amanah Takaful (Malaysia) Sdn Bhd	Malaysia / 26.04.2006	RM100,000,000	31%	Managing of family takaful and general takaful businesses

**INFORMATION ON OUR COMPANY (CONT'D)****7. PROFIT AND DIVIDEND RECORD**

The summary of our Group's audited results for the past three (3) financial years ended 31 December 2006 and the unaudited results for the three (3)-month financial period ended 31 March 2007 are as follows:

	<-----Audited----->			Unaudited three
	Financial year ended 31 December			(3)-month
	2004	2005	2006	financial period
	RM'000	RM'000	RM'000	ended
				31 March 2007
				RM'000
Revenue	182,978	195,270	220,160	47,215
Gross profit	71,700	70,507	74,938	17,964
Operating profit before interest on borrowings, taxation, depreciation and amortisation	44,384	38,599	49,163	15,120
Less: Interest on borrowings	(833)	(1,026)	(3,338)	(988)
Depreciation	(3,114)	(3,022)	(2,787)	(937)
Amortisation	-	(1,094)	(1,242)	(916)
Exceptional items	-	-	-	-
Share of losses of associated companies (net of tax)	(6,689)	(7,049)	(12,254)	(3,998)
PBT	33,748	26,408	29,542	8,281
Taxation	(7,742)	(7,193)	(13,880)	(2,861)
PAT	26,006	19,215	15,662	5,420
Extraordinary items	-	-	-	-
Minority interest ("MI")	(5,035)	(4,537)	(4,744)	(1,247)
PAT and MI	20,971	14,678	10,918	4,173
Weighted average number of ordinary shares in issue:				
- Basic ('000)	108,084	108,694	109,112	110,566
- Diluted ('000)	108,569	108,900	109,386	110,566
EPS:				
- Basic (sen)	19.40	17.68	14.35	3.77
- Diluted (sen)	19.32	17.64	14.32	3.77
Profit margin:				
- Gross (%)	39.19	36.11	34.04	38.05
- Net (%)	11.46	7.52	4.96	8.84

**Commentaries on past performance:****FYE 31 December 2004**

The Group's operating revenue for the FYE 31 December 2004 increased by RM17.2 million or 10.4% to RM183.0 million as compared to RM165.8 million recorded for the previous year. The increased operating revenue was due mainly to the fruitful outcome of JIB's continual efforts to re-engage brokers and agents to improve its risk management practices and focus on its internal policy processes and claims management.

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**INFORMATION ON OUR COMPANY (CONT'D)**

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However, PBT after MI decreased marginally by RM0.4 million or 1.4% to RM28.7 million for the FYE 31 December 2004 as compared to RM29.1 million recorded for the previous year. This was due mainly to lower underwriting margins achieved by JIB despite generating higher investment income in the financial year under review. The lower underwriting performance is due mainly to an increased strain in unearned premium reserves on the back of higher gross written premium ("GWP"). The GWP of JIB increased by 15% to RM250 million as compared to RM217 million during the current financial year.

Accordingly, PAT and MI for the FYE 31 December 2004 decreased by RM2.4 million to RM21.0 million from RM23.4 million recorded for the previous year.

**FYE 31 December 2005**

The Group's operating revenue for the FYE 31 December 2005 increased by RM12.3 million or 6.7% to RM195.3 million as compared to RM183.0 million recorded for the FYE 31 December 2004. The increased operating revenue was due mainly to the initiatives continuously being implemented by JIB to expand the Group's agency force, which was being strengthened through structured and consistent training programs for delivery of high service standards and the completion of the core IT infrastructure for an efficient policy processing which contributed to higher underwriting performance.

However, PBT after MI decreased by RM6.8 million or 23.7% to RM21.9 million for the FYE 31 December 2005 as compared to RM28.7 million recorded for the FYE 31 December 2004. This was due mainly to the higher operating expenses in spite of a higher operating revenue and additional expenses incurred to promote the usage of e-commerce in the insurance industry.

The investments in Philippines, in its 5th full year of operations continues to show impressive growth in premium production in its life insurance business due to its tie up with the 3rd biggest bank in Philippines. The investments in Thailand meanwhile will continue to look for opportunities to work out strategic banking alliances. As these were long term investments with medium to long term gestation periods, the Group was not expecting the investments to generate profits within the next few years. Share of results of associated company was a loss of RM7.0 million as compared to a loss of RM6.7 million in 2004.

Accordingly, PAT and MI for the FYE 31 December 2005 decreased by RM6.3 million to RM14.7 million from RM21.0 million recorded for the FYE 31 December 2004.

**FYE 31 December 2006**

The Group's operating revenue for the FYE 31 December 2006 increased by RM24.9 million or 12.7% to RM220.2 million as compared to RM195.3 million recorded for the FYE 31 December 2005. The increased operating revenue was due mainly to release in premium reserve, improved investment income and better credit management by JIB.

Accordingly, PBT after MI for the FYE 31 December 2006 increased by RM2.9 million or 13.2% to RM24.8 million as compared to RM21.9 million recorded for the previous year. This was due mainly to release in premium reserve, improved investment income and better credit management by its principal subsidiary company, JIB.

However, PAT and MI for the FYE 31 December 2006 decreased by RM3.8 million to RM10.9 million from RM14.7 million recorded for the FYE 31 December 2005 which was due mainly to higher than expected taxes incurred at JIB.

The investments in Philippines achieved another year of notable growth compared to previous year due mainly to the gross premium contribution from the life insurance sector. For the same year under review, the investments in Thailand recorded an improved performance as compared to previous year due mainly to a revamped business model premised upon a smaller agency and telemarketing team with lower acquisition cost.

**INFORMATION ON OUR COMPANY (CONT'D)**

Share of results of associated companies were a loss of RM12.3 million as compared to a loss of RM7.0 million in 2005 as the Group also equity accounted the share of start up cost of the Takaful business in Malaysia.

**Three (3)-month financial period ended 31 March 2007**

The Group's operating revenue for the quarter ended 31 March 2007 decreased by RM3.3 million or 6.5% to RM47.2 million as compared to RM50.5 million achieved during the corresponding period of the preceding year.

However, the Group's PBT after MI for the quarter ended 31 March 2007 increased by 150.0% to RM7.0 million as compared to RM2.8 million achieved during the corresponding period of the preceding year. The increase was due mainly to better investment income and credit control measures by its subsidiary, JIB.

Accordingly, PAT and MI for the quarter ended 31 March 2007 increased by 223.1% to RM4.2 million as compared to RM1.3 million achieved during the corresponding period of the preceding year.

**8. SHARE PRICE**

Our monthly highest and lowest market prices as traded on Bursa Securities for the past twelve (12) months are as follows:

	<b>Highest (RM)</b>	<b>Lowest (RM)</b>
<b><u>2006</u></b>		
June	2.02	1.91
July	1.95	1.88
August	1.92	1.84
September	1.99	1.85
October	1.95	1.85
November	1.95	1.85
December	2.08	1.89
<b><u>2007</u></b>		
January	2.41	2.05
February	2.52	2.00
March	2.35	2.02
April	2.43	2.21
May	2.30	2.16

*(Source: Bursa Securities)*

The last transacted market price on 4 May 2006 (being the last trading day prior to the announcement of the Rights Issue with Warrants on 5 May 2006) RM2.04

The last transacted market price on 8 January 2007 (being the last trading day prior to the price fixing date on 9 January 2007) RM2.13

The last transacted market price on 26 June 2007 (being the last trading day prior to the ex-date for the Right Issue with Warrants) RM2.46

The last transacted market price on 27 June 2007 (being the latest practicable date prior to the printing of this Abridged Prospectus) RM1.90

**OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2006 TOGETHER WITH THE AUDITORS' REPORT THEREON**



**JERNEH ASIA BERHAD**  
(Incorporated in Malaysia)

Partners/Directors  
Dato' Koay Soon Eng  
Ong Eng Loo  
David Wong Siew Chow  
Tang Kin Kheong  
Jean Gan Morn Ghuat  
Tang Chin Fook  
Francis Hii Joon Teck  
Tan Yen Yeow  
Page 9

**REPORT OF THE AUDITORS TO THE MEMBERS**  
**FINANCIAL STATEMENTS - 31 DECEMBER 2006**

We have audited the financial statements of the Group and of the Company set out on pages 11 to 71.

These financial statements are the responsibility of the Company's directors.

It is our responsibility to form an independent opinion, based on our audit, on the financial statements and to report our opinion to you, as a body, in accordance with section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility to any other person for the content of this report.

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

In our opinion:

- (a) the financial statements have been properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable MASB Approved Accounting Standards for Entities Other Than Private Entities so as to give a true and fair view of:
  - (i) the financial position of the Group and of the Company as at 31 December 2006 and of their results and cash flows for the year ended on that date; and
  - (ii) the matters required by section 169 of the Companies Act, 1965 to be dealt with in the financial statements of the Group and of the Company; and

Chartered Accountants  
A member of  
Moores Rowland International  
an association of independent  
accounting firms throughout  
the world

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**OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2006 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

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- (b) the accounting and other records and the registers required by the Companies Act, 1965 to be kept by the Company and by the subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.


We have considered the financial statements and the auditors' reports of the subsidiary companies of which we have not acted as auditors, and which are indicated in explanatory note 7 to the financial statements.

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

The auditors' reports on the financial statements of the subsidiary companies were not subject to any qualification, and in respect of subsidiary companies incorporated in Malaysia, did not include any comment made under section 174(3) of the Act.



MOORES ROWLAND  
No. AF: 0539  
Chartered Accountants



TANG KIN KHEONG  
No. 1501/9/07 (J/PH)  
Partner

Kuala Lumpur

Date: 5 April 2007

**OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2006 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

Page 11

**JERNEH ASIA BERHAD**  
(Incorporated in Malaysia)

## BALANCE SHEETS - 31 DECEMBER 2006

	Note	Group		Company	
		2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
<b>ASSETS</b>					
Property, plant and equipment	4	25,540	27,216	95	162
Investment property	5	21,743	22,060	-	-
Intangible assets	6	2,546	2,689	-	-
Investment in subsidiary companies	7	-	-	107,236	107,236
Investment in associated companies	8	47,305	25,283	77,470	46,470
Amounts owing by subsidiary companies	9	-	-	76,260	78,339
Amount owing by associated company	10	31,598	15,703	31,598	16,860
Other investments	11	248,338	232,112	-	-
Deferred tax assets	12	4,291	5,014	-	-
Trade and other receivables	13	138,711	115,055	107	94
Current tax assets		3,968	6,396	3,703	2,833
Marketable securities	14	7,242	8,203	-	-
Deposits	15	258,504	246,569	2,185	4,080
Cash and bank balances	16	31,838	29,548	468	911
<b>TOTAL ASSETS</b>		<b>821,624</b>	<b>735,848</b>	<b>299,122</b>	<b>256,985</b>
Financed by:					
<b>EQUITY</b>					
Equity attributable to equity holders of the Company					
Share capital	17	109,274	108,802	109,274	108,802
Share premium		27,000	26,508	27,000	26,508
Exchange fluctuation reserves (non-distributable)		5,249	4,052	-	-
Share option reserve		372	-	372	-
Retained profits	18	150,105	141,597	80,301	71,443
Dividend		2,393	3,917	2,393	3,917
Minority interest		38,160	34,876	-	-
<b>TOTAL EQUITY</b>		<b>332,553</b>	<b>319,752</b>	<b>219,340</b>	<b>210,670</b>

**OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2006 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

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	<i>Note</i>	Group		Company	
		2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
<b>LIABILITIES</b>					
Provision for outstanding claims	19	214,386	188,583	-	-
Trade and other payables	20	78,722	88,123	1,705	820
Amounts owing to associated company	10	-	17	-	-
Unearned premium reserves	21	82,130	93,696	-	-
Bank borrowings	22	108,576	44,000	76,000	44,000
Deferred tax liabilities	23	2,077	1,495	2,077	1,495
Current tax liabilities		3,180	182	-	-
<b>TOTAL LIABILITIES</b>		<b>489,071</b>	<b>416,096</b>	<b>79,782</b>	<b>46,315</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>821,624</b>	<b>735,848</b>	<b>299,122</b>	<b>256,985</b>

Accounting policies and explanatory notes are set out on pages 19 to 71

Auditors' Report - Pages 9 and 10

**OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2006 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

Page 13

**JERNEH ASIA BERHAD  
(Incorporated in Malaysia)**

**INCOME STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2006**

	Note	Group		Company	
		2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Operating revenue	24	220,160	195,270	-	-
Operating costs applicable to operating revenue	25	(145,222)	(124,763)	-	-
Gross profit		74,938	70,507	-	-
Other operating income	26	15,197	13,122	63	315
Operating expenses	27	(54,369)	(52,292)	(3,080)	(2,479)
Profit/(loss) from operations		35,766	31,337	(3,017)	(2,164)
Share of losses in associated companies (net of tax)		(12,254)	(7,049)	-	-
Investment income (net)	29	9,368	3,146	18,955	19,334
Finance costs		(3,338)	(1,026)	(2,782)	(1,026)
Profit before taxation		29,542	26,408	13,156	16,144
Taxation	30	(13,880)	(7,193)	(1,888)	(2,097)
Net profit for the year		15,662	19,215	11,268	14,047
Attributable to:					
Equity holders of the Company		10,918	14,678		
Minority interests		4,744	4,537		
		15,662	19,215		
Basic earnings per share (sen)	31	14.35	17.68		
Diluted earnings per share (sen)	31	14.32	17.64		
Dividend per share (net of tax) (sen)		2.19	3.60		

Accounting policies and explanatory notes are set out on pages 19 to 71

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OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2006 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

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JERNEH ASIA BERHAD  
(Incorporated in Malaysia)  
STATEMENTS OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2006

Group	Note	Share capital RM'000	Share premium RM'000	Non distributable			Exchange fluctuation			Share option reserve RM'000	Retained profits RM'000	Dividend RM'000	Total RM'000	Minority interest RM'000	Total equity RM'000
				Revaluation reserves RM'000	Share reserves RM'000	fluctuation reserves RM'000	Share reserves RM'000	option reserve RM'000							
At 1 January 2005		108,389	26,140	160	623	623	-	132,552	6,243	274,107	32,243	306,350			
- as previously reported	3	-	-	(160)	-	-	-	(1,696)	-	(1,856)	(464)	(2,320)			
- prior year adjustments															
At 1 January 2005, restated		108,389	26,140	-	623	623	-	130,856	6,243	272,251	31,779	304,030			
Net gain not recognised in income statement															
- currency translation difference					3,429	-	-	-	-	3,429	-	3,429			
Net profit for the year								14,678	-	14,678	4,537	19,215			
Issue of shares pursuant to ESOS	17	413	368	-	-	-	-	-	-	781	-	781			
Dividends paid	32	-	-	-	-	-	-	(20)	(6,243)	(6,263)	(1,440)	(7,703)			
Dividend declared	32	-	-	-	-	-	-	(3,917)	3,917	-	-	-			
Balance at 31 December 2005		108,802	26,508	-	4,052	4,052	-	141,597	3,917	284,876	34,876	319,752			
At 1 January 2006		108,802	26,508	856	4,052	4,052	-	143,719	3,917	287,854	35,620	323,474			
- as previously reported		-	-	(856)	-	-	-	(2,122)	-	(2,978)	(744)	(3,722)			
- prior year adjustments	3														
At 1 January 2006, restated		108,802	26,508	-	4,052	4,052	-	141,597	3,917	284,876	34,876	319,752			
Net gain not recognised in income statement															
- currency translation difference					1,197	-	-	-	-	1,197	-	1,197			
Net profit for the year								10,918	-	10,918	4,744	15,662			
Share options granted under ESOS							449	-	-	449	-	449			
Issue of shares pursuant to ESOS	17	472	492	-	-	(77)	-	-	-	887	-	887			
Dividend paid	32	-	-	-	-	-	-	(17)	(3,917)	(3,934)	(1,460)	(5,394)			
Dividend declared	32	-	-	-	-	-	-	(2,393)	2,393	-	-	-			
Balance at 31 December 2006		109,274	27,000	-	5,249	372	-	150,105	2,393	294,393	38,160	332,553			

**OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2006 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

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**JERNEH ASIA BERHAD**  
(Incorporated in Malaysia)

**STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31 DECEMBER 2006**

Company	Note	----- Non- distributable -----					
		Share capital RM'000	Share premium RM'000	Share Option reserves RM'000	Retained profits RM'000	Dividend RM'000	Total RM'000
At 1 January 2005		108,389	26,140	-	61,333	6,243	202,105
Net profit for the year		-	-	-	14,047	-	14,047
Issue of shares pursuant to ESOS	17	413	368	-	-	-	781
Dividend paid		-	-	-	(20)	(6,243)	(6,263)
Dividend	32	-	-	-	(3,917)	3,917	-
Balance at 31 December 2005		108,802	26,508	-	71,443	3,917	210,670
Net profit for the year		-	-	-	11,268	-	11,268
Share options granted under ESOS		-	-	449	-	-	449
Issue of shares pursuant to ESOS	17	472	492	(77)	-	-	887
Dividend paid	32	-	-	-	(17)	(3,917)	(3,934)
Dividend	32	-	-	-	(2,393)	2,393	-
Balance at 31 December 2006		109,274	27,000	372	80,301	2,393	219,340

Accounting policies and explanatory notes are set out on pages 19 to 71

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**OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2006 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

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**JERNEH ASIA BERHAD  
(Incorporated in Malaysia)  
CASH FLOW STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2006**

	Group		Company	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Profit before taxation	29,542	26,408	13,156	16,144
Adjustments for:				
Accretion of discounts (net)	(754)	(289)	-	-
(Write-back)/Allowance for diminution in value of other investments (net)	(1,917)	1,854	-	-
Allowance for/(Write back of) doubtful debts (net)	466	(1,523)	-	-
Amortisation of intangible assets	1,242	1,094	-	-
Bad debts (recovered)/written off	(311)	176	-	-
Change in unearned premium reserves	(10,856)	13,306	-	-
Depreciation	2,787	3,022	71	94
Dividend income	(6,008)	(5,293)	(16,058)	(17,423)
Gain on sale of other investments (net)	(11,036)	(8,718)	-	-
Interest expense	3,338	1,026	2,782	1,026
Interest income	(21,184)	(16,977)	(2,897)	(1,911)
(Gain)/Loss on disposal of property, plant and equipment	(47)	574	-	-
(Gain)/Loss on foreign exchange - unrealised	(11)	246	286	29
Loss retained in associated companies	12,254	7,049	-	-
Property, plant and equipment written off	7	-	-	-
Reversal of cost previously over-capitalised in property, plant and equipment	-	82	-	-
Share options granted under ESOS	449	-	72	-
Write down of marketable securities to net realisable value	144	1,562	-	-
Net unrealised gain on marketable securities	(539)	(8)	-	-
Operating (loss)/profit before changes in working capital	(2,434)	23,591	(2,588)	(2,041)
Change in fixed deposits	68,408	57,933	-	-
Proceeds from sale of other investments	80,527	54,868	-	-
Purchase of other investments	(81,365)	(103,768)	-	-
Change in trade receivables	(21,457)	(21,023)	-	-
Change in other receivables	(2,820)	(1,988)	(15)	54
Change in marketable securities	1,070	(3,478)	-	-
Change in provision for outstanding claims	27,929	18,397	-	-
Change in trade payables	(10,754)	13,022	-	-
Change in other payables	(156)	759	(57)	8
Cash generated from/(used in) operations	58,948	38,313	(2,660)	(1,979)
Income tax (paid)/refunded	(5,887)	(7,151)	(16)	123
Interest received	18,742	14,206	-	-
Dividends received	3,643	3,464	4,742	-
Net cash generated from/(used in) operating activities	75,446	48,832	2,066	(1,856)

**OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2006 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

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	Group		Company	
	2006	2005	2006	2005
	RM'000	RM'000	RM'000	RM'000
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Advances to associated companies	(15,895)	(10,862)	(15,055)	(10,862)
Proceeds from sale of other investments	22,139	35,153	-	-
Proceeds from disposal of property, plant and equipment	57	246	-	-
Purchase of property, plant and equipment (Note 33)	(318)	(3,293)	(4)	(6)
Purchase of intangible assets (Note 34)	(718)	(6)	-	-
Purchase of other investments	(24,776)	(30,209)	-	-
Acquisition of a new associated company	(31,000)	-	(31,000)	-
Interest received	2,902	2,451	2,899	1,918
Repayment from/(Advances to) subsidiary companies	-	-	11,643	(10,763)
Dividends received	1,101	720	-	-
Net cash used in investing activities	(46,508)	(5,800)	(31,517)	(19,713)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Proceeds from issue of shares	887	781	887	781
Repayment to subsidiary companies (Repayment to)/Advances from associated company	-	-	-	(23)
	(17)	17	-	-
Drawdown of bank loan	64,576	20,200	32,000	20,200
Interest paid	(2,021)	(1,064)	(1,840)	(1,064)
Dividends paid to shareholders of the Company	(3,934)	(6,263)	(3,934)	(6,263)
Dividend paid to a minority shareholder of a subsidiary company	(1,460)	(1,440)	-	-
Net cash generated from financing activities	58,031	12,231	27,113	13,631
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	86,969	55,263	(2,338)	(7,938)
CASH AND CASH EQUIVALENTS BROUGHT FORWARD	102,948	47,490	4,991	12,929
EFFECT OF EXCHANGE RATE CHANGES	(798)	195	-	-
CASH AND CASH EQUIVALENTS CARRIED FORWARD	189,119	102,948	2,653	4,991

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**OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2006 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

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	Group		Company	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Represented by:				
Cash and bank balances	31,838	29,548	468	911
Deposits	157,281	73,400	2,185	4,080
	<u>189,119</u>	<u>102,948</u>	<u>2,653</u>	<u>4,991</u>

Accounting policies and explanatory notes are set out on pages 19 to 71

Auditors' Report - Pages 9 and 10

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**OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2006 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

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**JERNEH ASIA BERHAD  
(Incorporated in Malaysia)**

**ACCOUNTING POLICIES AND EXPLANATORY NOTES  
FOR THE YEAR ENDED 31 DECEMBER 2006**

**1. SIGNIFICANT ACCOUNTING POLICIES**

**(a) Basis of preparation**

The financial statements comply with applicable approved accounting standards for entities other than private entities, namely, Financial Reporting Standards ("FRSs"), issued by the Malaysian Accounting Standards Board and with 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 circulars/guidelines issued by Bank Negara Malaysia.

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. All values are rounded to the nearest thousand (RM'000) except when otherwise indicated.

**(b) Changes in accounting policies**

The significant accounting policies adopted are consistent with those of the previous financial statements for the year ended 31 December 2005 except for the following changes in accounting policies:

**(i) Adoption of new/revised FRSs**

*Adoption of new/revised FRSs which are effective*

On 1 January 2006, the Group and the Company adopted the following new/revised FRSs which are relevant to its operations and are effective for financial periods beginning on or after 1 January 2006:

FRS 2	Share-based Payment
FRS 3	Business Combinations
FRS 5	Non-current Assets Held for Sale and Discontinued Operations

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**OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2006 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

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FRS 101	Presentation of Financial Statements
FRS 108	Accounting Policies, Changes in Accounting Estimates and Errors
FRS 110	Events after the Balance Sheet Date
FRS 116	Property, Plant and Equipment
FRS 121	The Effects of Changes in Foreign Exchange Rates
FRS 127	Consolidated and Separate Financial Statements
FRS 128	Investments in Associates
FRS 132	Financial Instruments: Disclosure and Presentation
FRS 133	Earnings per share
FRS 136	Impairment of Assets
FRS 138	Intangible Assets
FRS 140	Investment Property

The adoption of the above FRSs does not have significant financial impact on the Group and the Company except as disclosed in note 3 to the financial statements.

(ii) *New/revised FRSs and amendments to FRSs that are not yet effective and not early adopted*

The Group and the Company has not adopted the following new/revised FRSs and amendments to FRSs that have been issued but which are only effective for the financial periods beginning on or after:

*1 October 2006*

FRS 117	Leases
FRS 124	Related Party Disclosures

*1 January 2007*

FRS 6	Exploration for and Evaluation of Mineral Resources
FRS 119 <sub>2004</sub>	Employee Benefits: Actuarial Gains and Losses, Group Plans and Disclosures

*Effective date yet to be announced*

FRS 139	Financial Instruments: Recognition and Measurement
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By virtue of the exemption in paragraph 67B of *FRS 117*, paragraph 22A of *FRS 124* and paragraph 103AB of *FRS 139*, the impact of applying *FRS 117*, *FRS 124* and *FRS 139* on the financial statements upon first adoption as required by paragraph 30(b) of *FRS 108* has not been disclosed.