THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt as to the course of action you should take, please consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

Notice of the Extraordinary General Meeting ("EGM") of Paramount Corporation Berhad together with the Proxy Form are enclosed in this Circular.

As a shareholder who is entitled to attend and vote at the meeting, you are entitled to appoint a proxy or proxies to attend and vote on your behalf. The relevant Form(s) of Proxy must be deposited at our registered office at Level 8, Uptown 1, 1, Jalan SS21/58, Damansara Uptown, 47400 Petaling Jaya, Selangor Darul Ehsan, not later than forty-eight (48) hours before the time set for the meeting or at any adjournment thereof. You may still attend and vote in person at the meeting if you wish to, even after you have lodged the Proxy Form.

PARAMOUNT®
CORPORATION BERHAD
(8578-A)

(Company No.: 8578-A)
(Incorporated in Malaysia under the Companies Act, 1965)

CIRCULAR TO SHAREHOLDERS

IN RELATION TO THE

PROPOSED DISPOSAL BY PARAMOUNT GLOBAL ASSETS SDN BHD, A WHOLLY-OWNED SUBSIDIARY OF PARAMOUNT CORPORATION BERHAD, OF ITS ENTIRE 20% EQUITY INTEREST IN JERNEH INSURANCE BERHAD TO ACE INA INTERNATIONAL HOLDINGS, LTD (FORMERLY KNOWN AS CIGNA INTERNATIONAL HOLDINGS, LTD) FOR A TOTAL CASH CONSIDERATION OF RM130.8 MILLION

AND

NOTICE OF EXTRAORDINARY GENERAL MEETING

Adviser

CIMB

CIMB Investment Bank Berhad (18417-M)
(A Participating Organisation of Bursa Malaysia Securities Berhad)

Last date and time for lodging the Proxy Form	:	Tuesday, 16 November 2010 at 10.00 a.m.
Date and time of the EGM	:	Thursday, 18 November 2010 at 10.00 a.m.
Venue of the EGM	:	Zamrud Room, Ground Floor, The Saujana Kuala Lumpur, Saujana Resort, Jalan Lapangan Terbang SAAS, 40150 Shah Alam, Selangor Darul Ehsan

This Circular is dated 3 November 2010

DEFINITIONS

Except where the context otherwise requires, the following definitions shall apply throughout this Circular:

ACE INA	:	ACE INA International Holdings, Ltd *(formerly known as CIGNA International Holdings, Ltd)*
BNM	:	Bank Negara Malaysia
Board	:	Board of Directors
CIMB	:	CIMB Investment Bank Berhad
EGM	:	Extraordinary general meeting
EPS	:	Earnings per share
JAB	:	Jerneh Asia Berhad
JIB	:	Jerneh Insurance Berhad
JIB Shares	:	Ordinary shares of RM1.00 each in JIB
MI	:	Minority interests
MOF	:	Minister of Finance
NA	:	Net assets
PCB	:	Paramount Corporation Berhad
PCB Group or Group	:	PCB and its subsidiaries, collectively
PCB Shares	:	Ordinary shares of RM1.00 each in PCB
PGA	:	Paramount Global Assets Sdn Bhd, a wholly-owned subsidiary of PCB
Proposed Disposal	:	Proposed disposal by PGA of its entire 20% equity interest in JIB to ACE INA for a total cash consideration of RM130.8 million
SPA	:	Conditional share purchase agreement dated 7 October 2010 entered into by JAB, PGA and ACE INA in relation to the proposed disposal by JAB and PGA of their respective 80% and 20% equity interests in JIB to ACE INA for a total cash consideration of RM654 million
Vendors	:	JAB and PGA collectively

CURRENCIES:

RM	:	Ringgit Malaysia
USD	:	United States Dollar

All references to "**we**", "**us**", "**our**" and "**ourselves**" in this Circular are to PCB.

All references to "**you**" in this Circular are to the shareholders of the Company.

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PARAMOUNT®
CORPORATION BERHAD
(8578-A)

(Company No.: 8578-A)
(Incorporated in Malaysia under the Companies Act, 1965)

Registered Office:

Level 8, Uptown 1
1, Jalan SS21/58
Damansara Uptown
47400 Petaling Jaya
Selangor Darul Ehsan

3 November 2010

Board of Directors:

Dato' Md Taib bin Abdul Hamid (*Chairman)*
Dato' Teo Chiang Quan (*Executive Deputy Chairman)*
Ong Keng Siew (*Managing Director and Chief Executive Officer)*
Dato' Haji Azlan bin Hashim (*Independent Non-Executive Director)*
Datuk Rohana Tan Sri Mahmood (*Independent Non-Executive Director)*
Geh Cheng Hooi *(Independent Non-Executive Director)*
Quah Chek Tin *(Independent Non-Executive Director)*
Dato' Michael Yam Kong Choy *(Independent Non-Executive Director)*

To our shareholders

Dear Sir/Madam,

PROPOSED DISPOSAL BY PGA, A WHOLLY-OWNED SUBSIDIARY OF PCB, OF ITS ENTIRE 20% EQUITY INTEREST IN JIB TO ACE INA FOR A TOTAL CASH CONSIDERATION OF RM130.8 MILLION

1. INTRODUCTION

1.1 On 20 November 2009, we announced through CIMB that we had received expressions of interests from certain parties to acquire our equity interest in JIB. In light of the above, we made an application to BNM for the commencement of preliminary negotiations with the relevant parties for the disposal of PGA's entire 20% equity interest in JIB. On 2 December 2009, we announced through CIMB that BNM had, via its letter dated 1 December 2009 stated that it has no objection in principle for us to commence preliminary negotiations with the relevant parties in relation to the Proposed Disposal.

1.2 On 18 May 2010, we announced through CIMB that we had submitted an application to BNM for the approval of the MOF pursuant to Section 67 of the Insurance Act 1996 to enter into an agreement with a potential buyer for the Proposed Disposal.

1.3 On 14 September 2010, we announced through CIMB that the MOF through BNM had approved the application for the Proposed Disposal pursuant to Section 67 of the Insurance Act 1996.

1.4 On 7 October 2010, we announced through CIMB that PGA and JAB had entered into the SPA with ACE INA in relation to the proposed disposal of PGA's 20% and JAB's 80% equity interests in JIB to ACE INA for a total cash consideration of RM130.8 million and RM523.2 million, respectively.

The purpose of this Circular is to provide you with the details of the Proposed Disposal and to seek your approval for the resolution pertaining to the Proposed Disposal to be tabled at our forthcoming EGM. We have enclosed the notice of EGM together with the Proxy Form in this Circular.

WE ADVISE YOU TO READ AND CAREFULLY CONSIDER THE CONTENTS OF THIS CIRCULAR BEFORE VOTING ON THE RESOLUTION TO GIVE EFFECT TO THE PROPOSED DISPOSAL AT OUR FORTHCOMING EGM.

2. DETAILS OF THE PROPOSED DISPOSAL

2.1 Introduction

On 7 October 2010, PGA and JAB entered into the SPA with ACE INA for the following:

(ii) proposed disposal by PGA of its 20% equity interest in JIB comprising 20,000,000 JIB Shares to ACE INA for a total cash consideration of RM130.8 million; and

(iii) proposed disposal by JAB of its 80% equity interest in JIB comprising 80,000,000 JIB Shares to ACE INA for a total cash consideration of RM523.2 million.

Under the terms of the SPA, PGA and JAB shall dispose of all (and not some only) of their respective 20% and 80% equity interests in JIB to ACE INA.

2.2 Sale consideration

The sale consideration of RM130.8 million for the Proposed Disposal was arrived at on a willing buyer-willing seller basis through a bidding process which commenced in December 2009 and closed in March 2010, and after taking into account, amongst others, the price, the net assets of JIB, the profile of the buyer and the conditions of the offer. During the bidding process, the highest bid price received was from ACE INA.

The JIB Shares will be sold free from all encumbrances, claims, charges and with all rights accruing to those JIB Shares.

2.3 NA and assumed liabilities

The audited NA of JIB as at 31 December 2009 was RM291.3 million. Based on the unaudited financial statements for the six (6)-month financial period ended 30 June 2010, the NA of JIB as at 30 June 2010 was RM307.0 million.

There are no liabilities to be assumed by ACE INA pursuant to the Proposed Disposal.

The original cost of investment of PGA in JIB was about RM22.3 million. The investment was made in 1999.

2.4 Information on ACE INA

ACE INA, an investment holding company with interests in insurance operations globally, is incorporated in Delaware, the United States of America, and is an indirect wholly-owned subsidiary of ACE Limited.

ACE Limited, the Swiss-incorporated parent company of the ACE Group (comprising ACE Limited and its subsidiaries), is listed on the New York Stock Exchange and is a component of the S&P 500 stock index. The ACE Group is one of the world's largest providers of commercial property and casualty insurance and reinsurance and also has a major presence in the personal accident and supplemental health insurance business and a growing life insurance operation. The ACE Group conducts its business on a worldwide basis with operating subsidiaries in more than 50 countries and commercial and individual customers in more than 170 countries. Based on the audited results for the financial year ended 31 December 2009, the ACE Group recorded USD2.5 billion in net operating income, USD19.0 billion in gross written premiums and USD78.0 billion in total assets. The ACE Group's core operating insurance companies are rated A+ by Standard & Poor's and AM Best.

2.5 Proposed utilisation of proceeds

We intend to utilise the cash proceeds arising from the Proposed Disposal in the following manner:

Purpose	Estimated timeframe for utilisation	RM 000
Future expansion plans and general working capital requirements of the PCB Group[(1)]	Within 24 months from the date of receipt of the proceeds from the Proposed Disposal	90,306
Proposed special dividend[(2)]	Within 3 months from the date of receipt of the proceeds from the Proposed Disposal	36,194
Estimated expenses for the Proposed Disposal[(3)]	Within 3 months from the date of receipt of the proceeds from the Proposed Disposal	4,300
		130,800

Notes:

(1) *We intend to use part of the proceeds raised from the Proposed Disposal for our expansion plans, which may include investments and/or acquisitions, in areas relating to the PCB Group's core businesses as and when such opportunities arise. At present, we are in the midst of identifying investment opportunities to expand our core businesses. Further, the breakdown of the utilisation of proceeds between the future expansion plans and general working capital requirements has yet to be determined.*

(2) *The Board of PCB has proposed to distribute part of the proceeds from the Proposed Disposal as special dividends amounting to RM0.40 per share, less income tax of 25%, within 3 months from the receipt of the proceeds from the Proposed Disposal. Based on the number of ordinary shares in issue of 120.65 million as at 18 October 2010, the proposed net dividends to be distributed will amount to about RM36.19 million.*

(3) *Part of the proceeds will also be used to defray expenses for the Proposed Disposal which comprise professional fees, fees to be paid to relevant authorities, printing and advertising charges and other miscellaneous charges. Any proceeds that are not utilised for defraying such expenses will be used for our working capital purposes.*

Pending the utilisation of the proceeds allocated for the above, the proceeds will be placed in deposits with financial institutions or short-term money market instrument(s).

3. OTHER SALIENT TERMS OF THE SPA

The other salient terms of the SPA are as follows:

3.1 Both PGA and JAB shall dispose of all (and not some only) of their respective shareholdings in JIB which amounts to 20% and 80% of the issued and paid up share capital of JIB (collectively referred to as the "**Sale Shares**") to ACE INA, in accordance with the terms and subject to the conditions of the SPA. The purchase consideration for the 20% and 80% equity interest in JIB shall be RM130.8 million and RM523.2 million respectively (collectively referred to as the "**Aggregate Purchase Consideration**") to be satisfied in cash, subject to the adjustment mechanism set out in Section 3.6 below. ACE shall not be obliged to complete the purchase of any of the Sale Shares unless the sale of all the Sale Shares (and not some only) is completed simultaneously.

3.2 The Aggregate Purchase Consideration for the Sale Shares shall be paid by ACE INA to the Vendors in the following manner:

(i) upon or before signing of the SPA, the parties and an escrow agent shall sign an escrow agreement, and ACE INA shall upon signing of the SPA deliver the deposit, which is equivalent to 10% of the Aggregate Purchase Consideration, to the escrow agent. The deposit plus any interest accrued shall, upon written instructions to the escrow agent, be released and paid to the Vendors in their respective proportions based on the level of their equity interests in JIB (being, 20% to PGA and 80% to JAB) ("**Respective Proportions**") on the day of completion of the SPA; and

(ii) the balance of the Aggregate Purchase Consideration shall be paid by ACE INA to the Vendors in their Respective Proportions on the day of completion of the SPA.

On 7 October 2010, the deposit, based on 10% of the Aggregate Purchase Consideration amounting to RM65.4 million has been deposited with the escrow agent.

3.3 The SPA shall complete on the first day of the calendar month following the calendar month in which the SPA becomes unconditional, unless that day is not a business day in which case the completion shall be the last business day of the calendar month in which the SPA becomes unconditional (or such other date as the parties may agree in writing) ("**Completion Date**").

3.4 The sale and purchase of the Sale Shares is conditional upon JAB, PGA and PCB obtaining their respective shareholders' approvals, by the Cut-off Date, i.e. the 60^{th} business day following the signing of the SPA or such later date agreed in writing by the parties. The SPA shall become unconditional on the day the last of the above conditions have been fulfilled.

3.5 In the event that any of the above conditions shall not have been fulfilled on or before the Cut-off Date:

(i) the Vendors and ACE INA shall not be bound to proceed with the sale and purchase of the Sale Shares and the SPA will terminate and cease to be of any effect except for any claims arising out of any antecedent breach of the SPA prior to the termination;

(ii) the Vendors shall be entitled to deal with their respective Sale Shares in JIB without restriction; and

(iii) the parties shall give instructions to the escrow agent to release the deposit plus any interest to ACE INA within 5 business days from the termination date of the SPA.

3.6 The Aggregate Purchase Consideration is subject to adjustment under the SPA as follows:

(i) Within 8 weeks from the Completion Date, the Vendors and ACE INA shall procure JIB to prepare a draft balance sheet and profit and loss of JIB made up as at the Completion Accounts Date (as defined below) ("**Completion Accounts**") and have them reviewed by the reporting accountants.

(ii) The Completion Accounts Date shall be the last day of the calendar month preceding the calendar month in which completion of the SPA occurs provided that if, in accordance with the terms of the SPA, the scheduled Completion Date falls on the last business day of the month in which the SPA becomes unconditional, then the Completion Accounts Date shall coincide with such business day.

(iii) The Aggregate Purchase Consideration shall be adjusted upwards or downwards (as the case may be) based on the results of the Completion Accounts up to a maximum of RM30.0 million, and the Vendors shall be entitled (in the case of an upward adjustment) or be liable (in the case of a downward adjustment) for the adjustment payments based on their Respective Proportions.

The basis for the RM30.0 million limit was determined after taking into account, amongst others, the Aggregate Purchase Consideration and historical profits of JIB.

4. RATIONALE FOR THE PROPOSED DISPOSAL

PCB is mainly involved in property development and educational services and PGA's current 20% equity interest in JIB originated from the merger of the insurance businesses of PGA, then known as Paramount Assurance Berhad, and JIB in December 1999. PGA's 20% equity interest in JIB remains largely a passive investment to PCB as it does not participate in the management of JIB. The Proposed Disposal is in line with PCB's objective of divesting non-core assets to enable the PCB Group to streamline its operations and focus its resources on its existing core businesses of property development and educational services to enhance shareholders' return in the long run.

The Proposed Disposal will also provide the opportunity for the PCB Group to unlock the value of its investment in JIB. As a result of the Proposed Disposal, the PCB Group will realise a proforma gain on disposal of about RM76.6 million based on the audited financial statements of the PCB Group as at 31 December 2009.

5. COMPLETION RISK FACTOR

Under the SPA, completion of the disposal by:

(i) PGA of its 20% equity interest in JIB will be conditional upon receipt of the approval from the shareholders of both PGA and PCB and the approval of the shareholders of JAB for the sale by JAB of its 80% equity interest in JIB; and

(ii) JAB of its 80% equity interest in JIB will be conditional upon receipt of the approval from the shareholders of JAB and the approval of the shareholders of both PGA and PCB for the sale by PGA of its 20% equity interest in JIB.

6. EFFECTS OF THE PROPOSED DISPOSAL

6.1 Issued and paid-up share capital

The Proposed Disposal will not have any effect on our share capital as it does not involve any issuance of new PCB Shares.

6.2 NA, NA per PCB Share and gearing of the PCB Group

Based on the audited consolidated financial statements of the PCB Group as at 31 December 2009, the proforma effects of the Proposed Disposal on the NA, NA per PCB Share and gearing of the PCB Group are as follows:

	Audited as at 31 December 2009	**After the Proposed Disposal**
	RM 000	**RM 000**
Share capital	110,339	110,339
Share premium	72,387	72,387
Translation reserve	1,679	1,679
Share option reserve	2,288	2,288
Retained profits	337,793	410,084
Shareholders' funds / NA	524,486	596,777
Number of shares ('000)	110,339	110,339
NA per share (RM)	**4.75**	**5.41**
Total borrowings (RM'000)	87,364	87,364
Total cash and bank balances (RM'000)	207,535	334,065
Gearing (times)	0.17	0.15
Net gearing (times)	*	*

Note:

* *Net cash position*

6.3 Shareholdings of our substantial shareholders

The Proposed Disposal will not have any effect on our substantial shareholders' shareholdings.

6.4 Earnings and EPS

The Proposed Disposal is expected to increase the earnings and EPS of the PCB Group for the financial year ending 31 December 2010 as the Proposed Disposal is expected to be completed by the fourth quarter of 2010. PCB expects to realise a gain on disposal arising from the Proposed Disposal.

For illustrative purpose and based on the audited financial statements of the PCB Group as at 31 December 2009, the Proposed Disposal would result in a proforma gain on disposal of about RM76.6 million to the PCB Group.

For illustrative purposes, assuming that the Proposed Disposal was completed on 1 January 2009, being the beginning of the financial year ended 31 December 2009, the proforma EPS of the PCB Group would have been as follows:

	Proforma EPS
	Sen
Audited EPS for the financial year ended 31 December 2009	52.96
Add: Proforma gain on disposal of JIB	72.99
Less: Loss of profit arising from the derecognition of JIB	(7.13)
Add: Interest income (net of tax) earned on placement of gross proceeds (net of the estimated expenses for the Proposed Disposal) in short-term deposits with licensed financial institutions[(1)]	1.75
Proforma EPS for the financial year ended 31 December 2009	120.57

Note:

(1) Assuming the proceeds are placed in fixed deposits earning interest at 2.00% per annum.

7. APPROVALS REQUIRED

The MOF through BNM had approved the Proposed Disposal on 9 September 2010 and it is now pending approvals being obtained from the following:

(i) the shareholders of PGA and PCB at an EGM to be convened; and

(ii) any other relevant parties.

Under the terms of the SPA, JAB and PGA shall dispose of all (and not some only) of their respective 80% and 20% equity interests in JIB to ACE INA. The proposed disposal by JAB of its 80% equity interest in JIB is subject to the approval of the shareholders of JAB.

8. DIRECTORS' AND MAJOR SHAREHOLDERS' INTERESTS

None of our Directors and/or major shareholders and persons connected to them has any interests, direct or indirect, in the Proposed Disposal.

9. DIRECTORS' RECOMMENDATION

Our Board, after having considered all aspects of the Proposed Disposal, is of the opinion that the Proposed Disposal is in our best interest. Accordingly, our Board recommends that you vote in favour of the resolution to be tabled at our forthcoming EGM.

10. OTHER CORPORATE PROPOSALS

As at 18 October 2010, we do not have any outstanding proposals that have been announced but pending implementation, other than the Proposed Disposal.

11. ESTIMATED TIMEFRAME FOR COMPLETION OF THE PROPOSED DISPOSAL

Subject to all the required approvals being obtained, the Proposed Disposal is expected to be completed by the fourth quarter of 2010. The tentative timetable in relation to the Proposed Disposal is as follow:

Event	**Tentative timing**
EGM for the Proposed Disposal	November 2010
Completion of the Proposed Disposal	December 2010

12. EGM

We will hold an EGM, the notice of which is enclosed in this Circular at Zamrud Room, Ground Floor, The Saujana Kuala Lumpur, Saujana Resort, Jalan Lapangan Terbang SAAS, 40150 Shah Alam, Selangor Darul Ehsan on Thursday, 18 November 2010 at 10.00 a.m. for the purpose of considering and, if thought fit, passing, with or without modifications, the resolution set out in the Notice of EGM.

If you are unable to attend and vote in person at the EGM, please complete and return the enclosed Proxy Form for the EGM so as to arrive at our registered office at Level 8, Uptown 1, 1, Jalan SS21/58, Damansara Uptown, 47400 Petaling Jaya, Selangor Darul Ehsan not later than forty-eight (48) hours before the time set for the EGM or at any adjournment thereof. The Proxy Form should be completed strictly in accordance with the instructions contained therein. The completion and the return of the Proxy Form will not preclude you from attending and voting in person should you subsequently decide to do so.

13. FURTHER INFORMATION

We request that you refer to the attached appendices for further information.

Yours faithfully
for and on behalf of the Board of
Paramount Corporation Berhad

Dato' Md Taib bin Abdul Hamid
Chairman

INFORMATION ON JIB

1. HISTORY AND BUSINESS

JIB was incorporated in Malaysia under the Companies Act, 1965 as a private limited company on 5 August 1970 under the name of Jerneh Insurance Corporation Sdn Bhd. On 29 April 1997, it changed its name to Jerneh Insurance Sdn Bhd and on 30 April 1997, it assumed its present name.

JIB is principally involved in the underwriting of general insurance business.

JIB commenced business in 1971 and has since distinguished itself as a leader in underwriting insurance policies for large scale risks relating to the industrial property, marine and engineering industries. JIB focuses on offering a comprehensive range of general insurance products and services which include property and pecuniary insurance, liability insurance, marine hull and cargo insurance, personal accident insurance, medical insurance, motor insurance, construction and engineering insurance, foreign workers' compensation scheme and the associated foreign workers insurance guarantees.

JIB has 22 branches and more than 1,300 agents strategically located in major cities and towns in Peninsular Malaysia, Sabah and Sarawak.

As at 18 October 2010, JIB has an authorised share capital of RM150,000,000 comprising 150,000,000 JIB Shares of which 100,000,000 JIB Shares are issued and fully paid-up.

2. SHARE CAPITAL

The authorised and issued and paid-up share capital of JIB as at 18 October 2010 are as follows:

	RM
Authorised	
150,000,000 JIB Shares	150,000,000
Issued and paid-up	
100,000,000 JIB Shares	100,000,000

3. DIRECTORS

The Directors of JIB and their respective shareholdings in JIB as at 18 October 2010 are as follows:

			Direct		Indirect	
Name	**Designation**	**Nationality**	**No. of JIB Shares held**	**%**	**No. of JIB Shares held**	**%**
Dato' Lim Chee Wah	Chairman	Malaysian	-	-	-	-
Tam Chiew Lin	Director	Malaysian	-	-	-	-
YM Raja Dato' Seri Abdul Aziz bin Raja Salim	Director	Malaysian	-	-	-	-
Ahmad Riza bin Basir	Director	Malaysian	-	-	(1)80,000,000	80.00
Dato' Teo Chiang Quan	Director	Malaysian	-	-	(2)20,000,000	20.00
Datuk Haron bin Siraj	Director	Malaysian	-	-	-	-

Notes:

(1) *Deemed interested by virtue of his shareholdings in JAB and Subur Rahmat Sdn Bhd.*

(2) *Deemed interested by virtue of his shareholdings in PCB, Paramount Equities Sdn Bhd, Teo Soo Pin Sdn Bhd and Qualipro Corporation Sdn Bhd.*

4. SUBSTANTIAL SHAREHOLDERS

The substantial shareholders of JIB and their respective shareholdings in JIB as at 18 October 2010 are as follows:

		Direct		Indirect	
Name	**Nationality/ Country of incorporation**	**No. of JIB Shares held**	**%**	**No. of JIB Shares held**	**%**
JAB	Malaysia	80,000,000	80.00	-	-
Kuok Brothers Sdn Berhad	Malaysia	-	-	(1)80,000,000	80.00
Subur Rahmat Sdn Bhd	Malaysia	-	-	(1)80,000,000	80.00
Ahmad Riza bin Basir	Malaysian	-	-	(2)80,000,000	80.00
PGA	Malaysia	20,000,000	20.00	-	-
PCB	Malaysia			(3)20,000,000	20.00
Paramount Equities Sdn Bhd	Malaysia	-	-	(4)20,000,000	20.00
Dato' Teo Chiang Quan	Malaysian	-	-	(5)20,000,000	20.00
Southern Palm Industries Sdn Bhd	Malaysia	-	-	(6)20,000,000	20.00
Southern Edible Oil Industries (M) Sdn Bhd	Malaysia	-	-	(7)20,000,000	20.00
Southern Realty (M) Sdn Bhd	Malaysia	-	-	(8)20,000,000	20.00
Banting Hock Hin Estate Co Sdn Bhd	Malaysia	-	-	(9)20,000,000	20.00
Dato' Low Mong Hua	Malaysian	-	-	(10)20,000,000	20.00

Notes:

(1) *Deemed interested by virtue of its shareholdings in JAB.*

(2) *Deemed interested by virtue of his shareholdings in JAB and Subur Rahmat Sdn Bhd.*

(3) *Deemed interested by virtue of its shareholdings in PGA.*

(4) *Deemed interested by virtue of its shareholdings in PCB.*

(5) *Deemed interested by virtue of his shareholdings in PCB, Paramount Equities Sdn Bhd, Teo Soo Pin Sdn Bhd and Qualipro Corporation Sdn Bhd.*

(6) *Deemed interested by virtue of its shareholdings in PCB and Southern Acids (M) Berhad.*

(7) *Deemed interested by virtue of its shareholdings in PCB, Southern Palm Industries Sdn Bhd and Southern Acids (M) Berhad.*

(8) *Deemed interested by virtue of its shareholdings in PCB, Southern Edible Oil Industries (M) Sdn Bhd, Southern Palm Industries Sdn Bhd and Southern Acids (M) Berhad.*

(9) *Deemed interested by virtue of its shareholdings in PCB, Southern Realty (M) Sdn Bhd, Southern Edible Oil Industries (M) Sdn Bhd, Southern Palm Industries Sdn Bhd and Southern Acids (M) Berhad.*

(10) *Deemed interested by virtue of his shareholdings in PCB, Banting Hock Hin Estate Co Sdn Bhd, Southern Realty (M) Sdn Bhd, Southern Edible Oil Industries (M) Sdn Bhd, Southern Palm Industries Sdn Bhd and Southern Acids (M) Berhad.*

5. SUBSIDIARIES AND ASSOCIATED COMPANIES

As at 18 October 2010, JIB does not have any subsidiaries or associated companies.

6. SUMMARY OF FINANCIAL DATA

A summary of JIB's results based on the audited financial statements for the three (3) financial years ended 31 December 2007 to 2009 and unaudited financial statements for the six (6)-month financial period ended 30 June 2010 are as follows:

	For the year ended 31 December			For the 6-month ended 30 June
	(1)2007	(2)2008	(3)2009	2010
	RM 000			
Revenue	332,141	375,509	452,365	243,510
Profit before taxation	55,779	22,713	69,158	24,303
Taxation	(15,178)	(6,987)	(14,469)	(8,355)
Profit after taxation	40,601	15,726	54,689	15,948
MI	-	-	-	-
Profit after taxation and MI	40,601	15,726	54,689	15,948
Issued and paid-up share capital	100,000	100,000	100,000	100,000
Number of JIB Shares in issue ('000)	100,000	100,000	100,000	100,000
Weighted average number of JIB Shares in issue ('000)	100,000	100,000	100,000	100,000
Gross EPS (sen)	55.8	22.7	69.2	(4) 48.6
Net EPS (sen)	40.6	15.7	54.7	(4) 31.9
NA/Shareholders' fund	220,448	236,174	291,287	307,024
NA per JIB Share (RM)	2.20	2.36	2.91	3.07
Current ratio (times)	-	-	-	-
Total borrowings (all interest-bearing debts) (RM)	-	-	-	-
Gearing ratio (times)	-	-	-	-

Notes:

(1) *The increase in revenue by 12.1% to RM332.1 million was mainly due to the increase in gross premiums during the year. The increase in profit after taxation and MI by 71.2% to RM40.6 million compared to the previous year was mainly due to a higher underwriting surplus and gain on sale of investments.*

(2) *The increase in revenue by 13.1% to RM375.5 million was mainly due to the increase in gross premiums during the year. Despite an increase in underwriting surplus, the decrease in profit after taxation and MI by 61.3% to RM15.7 million was mainly due to allowance for diminution in the value of securities as a result of the global financial crisis.*

(3) *The increase in revenue by 20.5% to RM452.4 million was mainly due to the increase in gross premiums during the year. Despite a decline in underwriting surplus, the substantial increase in the profit after taxation and MI by 247.8% to RM54.7 million was mainly due to the fair value gains on securities and gain on sale of investments attributed to the improved market conditions during the year.*

(4) *Computed based on the annualised profit before taxation and profit after taxation for the six (6)-month financial period ended 30 June 2010.*

(5) *There were no exceptional items or extraordinary items for the year under review.*

(6) *The audited financial statements of JIB for the financial years under review were not subject to any audit qualification.*

7. MATERIAL CONTRACTS

JIB has not entered into any material contracts (not being contracts entered into in the ordinary course of business) during the two (2) years preceding 18 October 2010, being the latest practicable date prior to the printing of this Circular.

8. MATERIAL LITIGATION

Save as disclosed below, as at 18 October 2010, JIB is not engaged in any material litigation, claims (other than those related to the insurance business) or arbitration, either as plaintiff or defendant, which has a material effect on the financial position or business of JIB and our Directors are not aware of any proceedings, pending or threatened, against JIB or of any fact likely to give rise to any proceedings which might materially and adversely affect the financial position or business of JIB.

On 19 January 2006, CMS I-Systems Berhad (as claimant)("**CMS**") commenced arbitration proceedings against JIB (a subsidiary of JAB)(as respondent) in relation to the termination of a software development agreement dated 15 October 2003 entered into between CMS and JIB in respect of the development of a general insurance software programme ("**Software Development Agreement**"). JIB terminated the Software Development Agreement for breach of contract on the grounds of alleged project delays and non-completion of certain deliverables on the part of CMS.

CMS' claim is for damages of RM5,466,968.00, inclusive of interest and cost, and special damages of RM2,265,421.90. JIB has filed a counterclaim for damages of RM2,240,930.18, inclusive of interests and costs. The matter was heard before the learned Arbitrator Dato K.C.Vohrah and the hearing was concluded on 27 October 2009. JIB delivered its submission on 27 August 2010 and CMS delivered its written submission and submission in reply on 18 October 2010. JIB is in the process of preparing its submission in reply. The Board of JIB has been advised by its solicitors that JIB has a reasonable prospect of successfully defending the matter.

AUDITED FINANCIAL STATEMENTS OF JIB FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009 TOGETHER WITH THE AUDITORS' REPORT THEREON

MAZARS

AF: 1954

Company No.: 9827-A

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF JERNEH INSURANCE BERHAD

(Incorporated in Malaysia)

Report on the Financial Statements

We have audited the financial statements of Jerneh Insurance Berhad, which comprise the balance sheet as at 31 December 2009, and the income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 13 to 63.

Directors' Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Wisma Selangor Dredging - 7th Flr, South Blk, 142-A - Jalan Ampang - 50450 Kuala Lumpur - Malaysia
Tel: +603-2161 5222 - Fax: +603-2161 3909 - contact@mazars.my - www.mazars.my

Chartered Accountants

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards as modified by Bank Negara Malaysia Guidelines and the Companies Act 1965 in Malaysia so as to give a true and fair view of the financial position of the Company as of 31 December 2009 and of its financial performance and cash flows for the year then ended.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 1965 in Malaysia, we also report that in our opinion, the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provision of the Act.

Other Matters

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

MAZARS
No. AF: 1954
Chartered Accountants

GAN MORN GHUAT
No. 1499/3/11 (J)
Partner

Kuala Lumpur

Date : 22 FEB 2010

JERNEH INSURANCE BERHAD
(Incorporated in Malaysia)

BALANCE SHEET - 31 DECEMBER 2009

	Note	2009 RM'000	2008 RM'000
ASSETS			
Property, plant and equipment	3	18,663	19,513
Investment property	4	22,024	22,359
Intangible assets	5	148	719
Investments	6	-	271,992
Securities	7	333,477	-
Deferred tax asset	8	-	-
Current tax asset		-	7,716
Insurance receivables	9	63,053	60,942
Other receivables	10	6,518	4,813
Deposits	11	295,574	238,445
Cash and bank balances	12	12,323	8,064
TOTAL ASSETS		751,780	634,563
EQUITY			
Share capital	13	100,000	100,000
Fair value reserves	14	1,522	-
Retained profit	15	189,765	136,174
TOTAL EQUITY		291,287	236,174
LIABILITIES			
Deferred tax liability	16	319	701
Provision for outstanding claims	17	207,404	195,286
Insurance payables	18	80,055	73,175
Other payables		45,024	31,153
Unearned premium reserves	19	121,618	98,074
Current tax liability		2,323	-
Dividend payable		3,750	-
TOTAL LIABILITIES		460,493	398,389
TOTAL EQUITY AND LIABILITIES		751,780	634,563

Notes to and forming part of the financial statements are set out on pages 19 to 63

Auditors' Report - Pages 11 and 12

JERNEH INSURANCE BERHAD
(Incorporated in Malaysia)

INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2009

	Note	2009 RM'000	2008 RM'000
Operating revenue	*20*	452,365	375,509
Surplus from general insurance business		50,520	33,931
Management expenses	*21*	(24)	(47)
Other (expenses)/income (net)	*22*	15,831	(15,347)
Investment income (net)	*23*	2,831	4,176
Profit before tax		69,158	22,713
Tax expense	*24*	(14,469)	(6,987)
Profit for the year		54,689	15,726
Earnings per share (sen)	*25*	54.69	15.73
Dividend per share, net of tax (sen)		7.50	-

Notes to and forming part of the financial statements are set out on pages 19 to 63

Auditors' Report - Pages 11 and 12

JERNEH INSURANCE BERHAD
(Incorporated in Malaysia)

GENERAL INSURANCE REVENUE ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2009

	Note	Fire 2009 RM'000	Fire 2008 RM'000	Motor 2009 RM'000	Motor 2008 RM'000	Marine, aviation and transit 2009 RM'000	Marine, aviation and transit 2008 RM'000	Miscellaneous 2009 RM'000	Miscellaneous 2008 RM'000	Total 2009 RM'000	Total 2008 RM'000
Gross premium less returns		137,870	111,869	117,364	105,268	80,681	66,702	97,362	69,777	433,277	353,616
Reinsurance		(105,699)	(84,388)	(7,157)	(7,002)	(58,981)	(48,183)	(52,408)	(33,277)	(224,245)	(172,850)
Net premium		32,171	27,481	110,207	98,266	21,700	18,519	44,954	36,500	209,032	180,766
(Increase)/Decrease in unearned premium reserves	19	(7,812)	3,916	(2,025)	(13,134)	(1,828)	(966)	(11,879)	(2,116)	(23,544)	(12,300)
Earned premium		24,359	31,397	108,182	85,132	19,872	17,553	33,075	34,384	185,488	168,466
Net claims incurred	26	(11,134)	(12,263)	(87,389)	(66,507)	(9,841)	(7,897)	(16,328)	(13,970)	(124,692)	(100,637)
Net commission		8,191	10,753	(11,110)	(9,937)	1,710	1,384	(3,725)	(2,537)	(4,934)	(337)
Underwriting surplus before management expenses		21,416	29,887	9,683	8,688	11,741	11,040	13,022	17,877	55,862	67,492
Management expenses	21									(52,770)	(43,694)
Underwriting surplus after management expenses										3,092	23,798
Investment income (net)	23									19,088	21,893
Bad and doubtful debts (net)	27									14	(5,212)
Other income/(expenses) (net)	22									28,326	(6,548)
Surplus from general insurance business transferred to income statement										50,520	33,931

Notes to and forming part of the financial statements are set out on pages 19 to 63

Auditors' Report - Pages 11 and 12

JERNEH INSURANCE BERHAD
(Incorporated in Malaysia)

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2009

		-----Non-Distributable-----		Distributable	
	Note	Share capital RM'000	Fair value reserve RM'000	Retained profits RM'000	Total RM'000
At 1 January 2008		100,000	-	120,448	220,448
Profit for the year		-	-	15,726	15,726
Balance at 31 December 2008		100,000	-	136,174	236,174
Change in accounting policy:					
Effects of adopting the fair value measurement for :					
- securites held for trading		-	-	58	58
- securities available-for-sale		-	502	-	502
Effects of adopting the effective interest method for securities		-	-	(492)	(492)
Effects of revised confidence level used in computing the IBNR provision		-	-	6,836	6,836
At 1 January 2009, restated		100,000	502	142,576	243,078
Movement in fair value for securities available-for-sale not recognised on income statement		-	1,020	-	1,020
Profit for the year		-	-	54,689	54,689
Dividends	*28*	-	-	(7,500)	(7,500)
Balance at 31 December 2009		100,000	1,522	189,765	291,287

Notes to and forming part of the financial statements are set out on pages 19 to 63

Auditors' Report - Pages 11 and 12

JERNEH INSURANCE BERHAD
(Incorporated in Malaysia)

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2009

	2009 RM'000	2008 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	69,158	22,713
Adjustments for:-		
Accretion of premiums/discounts (net)	(1,151)	(1,024)
Amortisation of intangible assets	621	934
Depreciation	1,743	1,730
Bad and doubtful debts	(14)	5,223
Allowance for diminution in value of investments (net)	-	25,516
Fair value gains on securities - held for trading	(30,353)	-
Gain on disposal of property, plant and equipment	(63)	(159)
Gain on sale of investments (net)	(14,230)	(2,769)
Property, plant and equipment written off	5	5
Interest income	(13,679)	(15,088)
Dividend income	(4,805)	(7,575)
Changes in unearned premium reserves	23,544	12,300
Operating profit before changes in working capital	30,776	41,806
Proceeds from sale of investments	92,137	68,698
Purchase of investments	(106,293)	(84,098)
Changes in fixed deposits	(57,128)	(49,778)
Changes in insurance receivables	(2,097)	(5,505)
Changes in other receivables, deposits and prepayments	(1,882)	3,868
Changes in provision for outstanding claims	21,233	7,733
Changes in insurance payables	6,880	6,067
Changes in other payables and accruals	13,871	900
Cash used in operations	(2,503)	(10,309)
Income tax paid	(7,001)	(16,314)
Interest received	13,823	15,037
Dividends received	4,238	6,274
Net cash generated from/(used in) operating activities	8,557	(5,312)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment	69	253
Purchase of property, plant and equipment *(see note 31)*	(567)	(512)
Purchase of intangible assets	(50)	(348)
Net cash used in investing activities	(548)	(607)

	2009 RM'000	2008 RM'000
CASH FLOW FROM FINANCING ACTIVITY		
Dividend paid	(3,750)	-
Net cash used in financing activities	(3,750)	-
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	4,259	(5,919)
CASH AND CASH EQUIVALENTS BROUGHT FORWARD	8,064	13,983
CASH AND CASH EQUIVALENTS CARRIED FORWARD	12,323	8,064

Notes to and forming part of the financial statements are set out on pages 19 to 63

Auditors' Report - Pages 11 and 12

JERNEH INSURANCE BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009

1. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The financial statements comply with applicable approved Financial Reporting Standards ("FRSs") issued by the Malaysian Accounting Standards Board ("MASB"), the provisions of the Companies Act, 1965, the Insurance Act, 1996 and, Guidelines/Circulars issued by Bank Negara Malaysia ("BNM").

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. Financial instruments and insurance liabilities were measured in accordance with the valuation methods specified in the Risk Based Capital Framework for insurers issued by Bank Negara Malaysia.

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

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

The Company has not adopted the following new/revised FRSs and IC Interpretations (including their consequential amendments) that have been issued by the Malaysian Accounting Standards Board but are not yet effective:

New/revised FRSs and IC Interpretations		Effective for financial periods beginning on or after
FRS 1	First-time Adoption of Financial Reporting Standards (revised)	1 July 2010
FRS 3	Business Combinations (revised)	1 July 2010
FRS 4	Insurance Contracts	1 January 2010
FRS 7	Financial Instruments: Disclosures	1 January 2010

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

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

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

FRS 101 - Presentation of Financial Statements

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

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

Risk-Based Capital Framework for Insurers

Bank Negara Malaysia has issued detail guidelines under the Risk-Based Capital Framework for Insurers ("the Framework") which is effective for annual period beginning on or after 1 January 2009. The Company has adopted the accounting policies on securities, receivables, unexpired risks and general insurance liabilities as specified in the Framework for the annual period beginning on 1 January 2009. The impact of adopting these accounting policies is disclosed in the Notes 1(i), 1(j), 1(o) to the financial statements which represents the modification made by BNM pursuant to Section 90 of the Insurance Act, 1996.

(c) Significant accounting judgements and estimates

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

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

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

(d) Property, plant and equipment

(i) *Measurement basis*

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

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

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

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

(ii) *Depreciation*

Freehold land is not depreciated.

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

The principal annual rates used for this purpose are:

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

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

(e) Investment properties

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

(i) *Measurement basis*

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

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

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

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

(ii) *Depreciation*

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

(f) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and any accumulated impairment losses. Intangible assets with finite lives are amortised on a straight line basis over the estimated economic useful lives and assessed for impairment whenever there is an indication that the intangible assets may be impaired. The amortisation period and the amortisation method for intangible assets with finite useful lives are reviewed at least at each balance sheet date.

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

(g) Leases

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

(i) *Finance lease*

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

(ii) *Operating lease*

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

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

(h) Investments

Prior to 1 January 2009, investments were recognised initially at purchase price plus attributable transaction costs.

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

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

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

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

(i) Securities

Risk-Based Capital Framework for Insurers ("the Framework") which is effective for annual period beginning on or after 1 January 2009 sets out valuation bases for insurers' assets in accordance with the applicable approved standards issued by MASB, as modified by the BNM pursuant to Section 90 of the Insurance Act.

Pursuant to the Framework, the change in accounting policies resulted in the recognition of fair value gains for "Held-for-Trading" securities totaling RM58,400, and the effect from the adoption of effective interest method for "Held-to-Maturity" and "Available-for-Sale" securities totaling RM492,000, in the retained profit on 1 January 2009. The effect of changes in fair value in respect of "Available-for-Sale" securities totaling RM502,000 has been included under Fair Value Reserve within the Statement of Changes in Equity, on 1 January 2009.

Securities are initially recognised based on their purchase price plus attributable transaction costs. The Company's securities are categorised and measured as follows:

(i) *Held-for-trading*

Securities categorised under held-for-trading are acquired with the intention to sell or repurchase in the near future or they constitute part of the portfolio of identified securities which has evidence of actual pattern of short-term profit taking.

Securities categorised as held-for-trading are initially recorded at fair value. Subsequent to the initial recognition, these securities are re-measured at fair value and any securities denominated in a foreign currency are retranslated to the functional currency at the exchange rate of balance sheet date. The gains or losses arising from the changes in fair value or foreign exchange translation are recognised in the income statement/revenue account.

(ii) *Held-to-maturity*

Securities with fixed or determinable payments and fixed maturities are categorised as held-to-maturity when the Company has positive intention and ability to hold until maturity.

These securities are initially recognised at cost, being the fair value of the consideration paid for the acquisition of the securities.

(iii) *Available-for-sale*

Securities designated as available-for-sale are those that are not held-for-trading or held-to-maturity.

These securities are initially recorded at fair value on acquisition. Subsequent to initial acquisition, available-for-sale securities are re-measured at fair value at the balance sheet date. Gains or losses are recognised in equity, except for impairment losses which are recognised in income statement/revenue account.

Unquoted securities whose fair value cannot be reliably measured are measured at cost.

On derecognition, the cumulative fair value gains and losses previously recognised in equity is transferred to the income statement.

All securities except for those held-for-trading are subject to review for impairment.

(j) Impairment of assets

Property, plant and equipment, investment properties, intangible assets and securities (except for held-for-trading securities) are assessed at each balance sheet date to determine whether there is any indication of impairment.

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

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

The policies on impairment of securities are summarised below:

(i) Held-to-maturity securities

For securities carried at cost which have objective evidence of impairment, impairment loss is measured as the difference between securities' carrying amount and the present value of estimated future cash flows discounted at the Company's original effective interest rate. The amount of the impairment loss is recognised in the income statement.

The previous recognised impairment loss may be reversed when the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised. The reversal should not result in the carrying amount of securities exceeding what the cost would have been at the date the impairment is reversed had the impairment have not been recognised. The reversal is recognised in the income statement.

(ii) Available-for-sale securities

The cumulative impairment loss is measured as a difference between the acquisition cost (net of any principal repayments and amortisation) and current fair value, less any impairment loss on the securities previously recognised in income statement.

Impairment loss on securities available-for-sale are recognised by transferring the difference between the amortised acquisition cost and current fair value from equity to income statement even though the securities have not been derecognised.

In the subsequent periods when the fair value of the available-for-sale securities (except equity instrument where impairment losses was recognised) increases and the increase can be objectively related to an event occurring after the impairment was recognised in income statement, that portion of impairment loss shall be reversed in the income statement.

Securities carried at cost measures its impairment loss by the difference between the securities' carrying amount and the present value of the estimated future cash flow discounted at the current market rate of return for similar securities. The amount of impairment loss is recognised in the income statement and such impairment losses are not reversed subsequent to its recognition.

(k) Receivables

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

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

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

(l) Equity instruments

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

Dividends to shareholders are recognised in equity in the period in which they are declared.

(m) Payables

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

(n) Provisions

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

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

(o) General insurance underwriting results

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

(i) *Premium income*

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

(ii) *Inward treaty business*

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

(iii) *Unearned Premium Reserves ("UPR")*

Premiums direct and reinsurance inwards business are considered earned after accounting for reinsurance outwards and UPR. UPR represents the portion of net premiums of insurance policies written that relates to the unexpired period of the policies at the end of the financial year.

UPR are calculated based on the total gross premium less deductible reinsurance outwards and permitted deductions as follows:

(i) 25% method for marine cargo, aviation cargo and transit business within Malaysia;

(ii) $1/24^{th}$ method for all other classes of Malaysian policies reduced by the permitted deductions;

(iii) 1/8 method for all classes of overseas business with a deduction of 20% for acquisition cost;

(iv) Time apportionment basis for policies with significant insurance premium periods of more than 12 months.

The UPR calculation is adjusted for additional UPR in respect of premium ceded to unqualified (overseas and offshore) reinsurers as required under the Risk-Based Capital Framework issued by BNM.

Under the Insurance Regulation 1996, the permitted deduction is the lower of actual acquisition cost (actual percentage of accounted gross direct business commission and agency related expenses) or the maximum permitted deduction as follows:

(a) Motor, bonds and foreign workers' compensation scheme	10%
(b) Fire, engineering, marine hull, marine cargo, aviation and transit, and medical and health	15%
(c) Other classes	25%

Unexpired Premium Reserves ("URR")

The Unexpired Premium Reserve is a prospective estimate of the expected future payments arising from future events insured under policies in force as at the valuation date and also includes allowance for the insurer's expenses, including overheads and cost of reinsurance, expected to be incurred during the unexpired period in administrating these policies and settling the relevant claims, and shall allow for expected future premium refunds.

(iv) Claim liabilities

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

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

Provision is also made for the cost of claims together with related expenses incurred but not reported ("IBNR") at balance sheet date. For direct and facultative business, the IBNR provision is based on an actuarial valuation carried out by an independent actuarial using various standard actuarial claims projection techniques that include a regulatory risk margin for adverse deviation set by the Risk-Based Capital Framework.

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

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

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

(v) Acquisition costs

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

(p) Investment income

Interest on government securities, bonds, loan stocks and fixed deposits are recognised in the financial statements on the accrual basis. Dividend income is recognised when the right to receive payment is established.

(q) Rental income

Rental income is recognised on a straight line basis over the specific periods of the respective leases.

(r) Foreign currencies

(i) *Functional currency*

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

(ii) *Transactions and balances in foreign currencies*

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

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

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

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

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

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

(s) Employee benefits

(i) *Short term benefits*

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

(ii) *Post-employment benefits*

The Company pays fixed contributions to the Employees Provident Fund Board ("EPF") which is a defined contribution plan.

The Company's legal or constructive obligation is limited to the amount that it agrees to contribute to the EPF. The Company's contributions to the EPF are charged to the income statement in the period to which they relate.

(t) Taxation

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

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

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

(i) goodwill, or

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

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

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

(u) Cash equivalents

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

(v) Financial instruments

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

The Company's financial instruments which are recognised in the balance sheet comprise cash and bank balances, deposits, investments/securities, ordinary shares, receivables and payables.

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

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

There were no financial instruments not recognised in the balance sheet, other than the insurance contracts entered into by the Company in the ordinary course of business.

(w) Disclosure of fair value

Fair value is the amount at which a financial asset could be exchanged or a financial liability settled, between knowledgeable and willing parties in an arm's length transaction. This is best evidenced by a quoted market price, if one exists. Quoted market price may not be available for certain financial instruments. Under these circumstances, fair value presented was estimates derived using present value or other valuation techniques. In addition, the calculation of estimated fair value is based on market conditions at the balance sheet date.

2. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

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

Underwriting risk

Although the Company has in place underwriting guidelines which ensure that underwriting risk undertaken adhere to proper control procedures, the Company may be exposed to potential financial liabilities resulting from incurring higher claims cost than expected.

This is due to the random nature of claims and their unpredictable frequency and severity and the risk of change in legal or economic conditions affecting insurance pricing and conditions of insurance or reinsurance cover.

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

Reinsurance risk

In the normal course of business, the Company limits the amount of loss on any one policy/event by reinsuring certain levels of risk with other reinsurers/insurers. Reinsurance does not discharge the Company's liability as the primary insurer. Failure of reinsurers to honour their obligations could result in losses to the Company. In order to minimise losses from reinsurance insolvencies, the Company's reinsurance arrangement is in line with BNM's JPI/GPI 22 on "Guidelines on General Reinsurance Arrangement".

Interest rate risk

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

Credit risk

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

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

Foreign currency risk

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

Market risk

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

Liquidity and cash flow risks

The Company manages its liquidity and cash flow profiles to ensure the business operations maintain optimum level of liquidity at all times sufficient to meet contractual obligations as and when they fall due. The Company has met the margin of solvency minimum requirements.

3. PROPERTY, PLANT AND EQUIPMENT

2009 Cost	Freehold land RM'000	Buildings RM'000	Computers RM'000	Office equipment, furniture and fittings RM'000	Motor vehicles RM'000	Office renovation RM'000	Total RM'000
At 1 January	7,000	12,407	7,205	3,112	1,471	1,368	32,563
Additions	-	-	448	119	-	-	567
Disposals	-	-	(166)	(5)	(108)	-	(279)
Write-offs	-	-	(1,163)	(168)	-	-	(1,331)
Transfer to intangible assets *(Note 5)*	-	-	(358)	16	-	-	(342)
At 31 December	7,000	12,407	5,966	3,074	1,363	1,368	31,178
Accumulated depreciation							
At 1 January	-	2,139	6,523	2,252	969	1,167	13,050
Charge for the year	-	248	691	200	215	53	1,407
Disposals	-	-	(161)	(5)	(108)	-	(274)
Write-offs	-	-	(1,162)	(164)	-	-	(1,326)
Transfer to intangible assets *(Note 5)*	-	-	(351)	9	-	-	(342)
At 31 December	-	2,387	5,540	2,292	1,076	1,220	12,515
Net carrying value At 31 December	7,000	10,020	426	782	287	148	18,663

2008

Cost	Freehold land RM'000	Buildings RM'000	Computers RM'000	Office equipment, furniture and fittings RM'000	Motor vehicles RM'000	Office renovation RM'000	Total RM'000
At 1 January	7,417	13,257	9,465	3,142	1,716	1,132	36,129
Additions	-	-	381	116	340	236	1,073
Disposals	-	-	(2,363)	(48)	(585)	-	(2,996)
Write-offs	-	-	(278)	(98)	-	-	(376)
Transfer to investment property *(Note 4)*	(417)	(850)	-	-	-	-	(1,267)
At 31 December	7,000	12,407	7,205	3,112	1,471	1,368	32,563
Accumulated Depreciation							
At 1 January	-	1,891	8,590	2,198	1,184	1,064	14,927
Charge for the year	-	265	555	195	295	103	1,413
Disposals	-	-	(2,346)	(46)	(510)	-	(2,902)
Write-offs	-	-	(276)	(95)	-	-	(371)
Transfer to investment property *(Note 4)*	-	(17)	-	-	-	-	(17)
At 31 December	-	2,139	6,523	2,252	969	1,167	13,050
Net carrying value At 31 December	7,000	10,268	682	860	502	201	19,513

4. INVESTMENT PROPERTY

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

The directors' estimate the fair value of the investment property as at 31 December 2009 is RM33,630,000 (2008 : RM32,450,000). The fair value is arrived at by reference to market evidence of transaction prices of similar properties and is performed by a registered independent valuer having an appropriate recognised professional qualification and recent experience in the location and category of the properties being valued.

5. INTANGIBLE ASSETS

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

6. INVESTMENTS

	2009		2008	
	Carrying Value RM'000	Market Value RM'000	Carrying Value RM'000	Market Value RM'000
Malaysian government securities,				
at cost	-	-	13,764	
- amortisation of premiums	-	-	757	
	-	-	14,521	14,615

	2009		2008	
	Carrying Value RM'000	Market Value RM'000	Carrying Value RM'000	Market Value RM'000
Shares in corporations:				
- quoted in Malaysia	-		112,775	
- allowances for diminution in value	-		(23,803)	
	-	-	88,972	88,972
- quoted outside Malaysia, at cost	-		273	331
- unquoted, at cost	-	-	420	*
	-		89,665	
Unit trust of corporations:				
- quoted in Malaysia	-		9,793	
- allowances for diminution in value	-		(1,698)	
	-	-	8,095	8,095
Bonds and loan stocks of corporations:				
- quoted in Malaysia, at cost	-		133	
- allowance for diminution in value	-		(15)	
	-	-	118	118
- unquoted				
- at cost	-		155,590	
- accretion of discounts	-		4,003	
	-	-	159,593	#
Total investments	-		271,992	

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

\# *The unquoted bonds and loan stocks are traded in "over the counter" markets. The fair value of these unquoted bonds and loan stocks, based on market prices quoted on these "over the counter" markets in 2008 amounted to RM150,777,177).*

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

	2009 % Per annum	2008 % Per annum
Malaysian government securities	-	3.9 to 4.3
Bonds and loan stocks of corporations	-	3.0 to 8.4

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

	2009 RM'000	2008 RM'000
Malaysian government securities		
- within 1 year	-	10,007
- within 2 to 5 years	-	4,514
	-	14,521
Bonds and loan stocks of corporations		
- within 1 year	-	19,859
- within 2 to 5 years	-	59,707
- after 5 years	-	80,145
	-	159,711

7. SECURITIES

	2009 RM'000	2008 RM'000
Securities held-for-trading	128,204	-
Securities available-for-sale	169,953	-
Securities held-to-maturity	35,320	-
	333,477	-

The securities held under the above-said categories are as follows:-

	2009 RM'000	2008 RM'000
Securities held-for-trading		
Quoted:		
Unit trust in Malaysia	10,505	-
TSR & Warrant in Malaysia	390	-
Equity securities in corporations		
in Malaysia	116,130	-
outside Malaysia	1,179	-
	117,309	-
Total securities held-for-trading	128,204	-

	2009 RM'000	2008 RM'000
Securities available-for-sale		
Unquoted:		
Equity securities in corporation in Malaysia	420	-
Malaysian government securities	4,785	-
Bonds and loan stocks	164,748	-
Total securities available-for-sale	169,953	-

The maturity terms of the securities available-for-sale are as follows:

	2009 RM'000	2008 RM'000
- within 1 year	21,602	-
- within 2 to 5 years	148,351	-
	169,953	-

The effective interest rate of the securities available-for-sale ranges between 2.9% per annum to 7.4% per annum.

	2009 RM'000	2008 RM'000
Securities held-to-maturity		
Unquoted bonds and loan stocks	35,320	-

The maturity terms of the bonds and loan stocks are as follows:

	2009 RM'000	2008 RM'000
- within 1 year	-	-
- within 2 to 5 years	35,320	-
	35,320	-

The effective interest rate of the bonds and loan stocks ranges between 3.6% per annum to 5.3% per annum.

The unquoted bonds and loan stocks are traded in "over the counter" markets. The fair value of these unquoted bonds and loan stocks, based on market prices quoted on these "over the counter" markets amounted to RM33,868,000.

8. DEFERRED TAX ASSET

	2009 RM'000	2008 RM'000
At 1 January	-	1,065
Reversal during the year	-	(1,065)
At 31 December	-	-

9. INSURANCE RECEIVABLES

	2009 RM'000	2008 RM'000
Outstanding premium including insureds, agents, brokers and co-insurer balances*	64,430	65,911
Allowance for doubtful debts	(7,430)	(8,955)
	57,000	56,956

Amount due from reinsurers and ceding companies*	8,509	6,895
Allowance for doubtful debts	(2,456)	(2,909)
	6,053	3,986
	63,053	60,942

The currency exposure profile of outstanding premium including insureds, agents, brokers and co insurer balances are as follows:

	2009 RM'000	2008 RM'000
- RM	61,630	62,187
- USD	2,790	3,623
- SGD	7	101
- PRP	3	-
	64,430	65,911

The currency exposure profile of the amount due from reinsurers and ceding companies are as follows:

	2009 RM'000	2008 RM'000
- RM	7,392	5,488
- USD	484	472
- HKD	44	53
- SGD	358	477
- PHP	129	192
- BND	78	78
- THB	12	118
- JPY	12	15
- NGN	-	2
	8,509	6,895

10. OTHER RECEIVABLES

	2009 RM'000	2008 RM'000
Other receivables, deposits and prepayments	4,272	2,391
Allowance for doubtful debts	(5)	(5)
	4,267	2,386
Interest receivable	2,251	2,427
	6,518	4,813

11. DEPOSITS

	2009 RM'000	2008 RM'000
Fixed and call deposits with		
- licensed financial institutions in Malaysia *	295,094	237,965
- licensed banks outside Malaysia	480	480
	295,574	238,445

** Includes in 2008 is an amount of RM 6,582,442 held by fund managers.*

The currency exposure profile of the deposits is as follows:

	2009 RM'000	2008 RM'000
- RM	295,094	237,965
- SGD	480	480
	295,574	238,445

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

	2009 % Per annum	2008 % Per annum
Fixed and call deposits with		
- licensed financial institutions in Malaysia	1.5 to 2.5	2.7 to 3.7
- licensed banks outside Malaysia	0.02	0.3

All the deposits have maturities of 12 months or less.

12. CASH AND BANK BALANCES

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

	2009 RM'000	2008 RM'000
- RM*	6,429	6,288
- USD	5,786	1,715
- SGD	108	61
	12,323	8,064

** Includes in 2008 is an amount of RM61,631 held by fund managers.*

13. SHARE CAPITAL

	2009 RM'000	2008 RM'000
Authorised:		
150,000,000 ordinary shares of RM1 each	150,000	150,000
Issued and fully paid:		
100,000,000 ordinary shares of RM1 each	100,000	100,000

14. FAIR VALUE RESERVE

The fair value reserve is in respect of unrealised gains on securities available-for-sale, net of deferred taxation.

15. RETAINED PROFIT

Prior to the year of assessment 2008, Malaysian companies adopt the full imputation system. In accordance with the Finance Act 2007 which was gazetted on 28 December 2007, companies shall not be entitled to deduct tax on dividend paid, credited or distributed to its shareholders, and such dividends will be exempted from tax in the hands of the shareholders ("single tier system"). However, there is a transitional period of six years, expiring on 31 December 2013, to allow companies to pay franked dividends to their shareholders under limited circumstances. Companies also have an irrevocable option to disregard the Section 108 balance and opt to pay dividends under the single tier system. The change in the tax legislation also provides for the Section 108 balance to be locked-in as at 31 December 2008 in accordance with Section 39 of the Finance Act 2007. The Company did not elect for the irrevocable option to disregard the Section 108 balance. Accordingly, during the transitional period, the Company may utilise the credit in the Section 108 balance as at 31 December 2007 to distribute cash dividend payments to ordinary shareholdings as defined under the Finance Act 2007.

The Company has sufficient Section 108 balance and balance in the tax-exempt account to frank the payment of dividends out of its entire retained profit as at 31 December 2010.

Pursuant to the Risk-Based Capital Framework for insurers, the Company shall not pay dividends if its Capital Adequacy Ratio position is less than its internal target capital level or if the payment of dividend would impair its Capital Adequacy Ratio position to below its internal target.

16. DEFERRED TAX LIABILITY

	2009 RM'000	2008 RM'000
At beginning of the year	701	-
Recognised in income statement	(889)	701
Recognised in equity	507	-
At end of the year	319	701

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

	2009 RM'000	2008 RM'000
Allowance for doubtful debts	(2,316)	(2,812)
Accrual for bonus	(1,797)	(694)
Allowance for diminution in value of investments	-	(6,379)
Excess of capital allowances claimed over accumulated depreciation on property, plant and equipment	98	230
Dividends receivable	4	11
Accretion of discount	902	1,190
Others	3,428	9,155
Deferred tax liability	319	701

17. PROVISION FOR OUTSTANDING CLAIMS

	2009 RM'000	2008 RM'000
Provision for outstanding claims	350,676	326,642
Recoverable from reinsurers	(143,272)	(131,356)
Net outstanding claims	207,404	195,286

18. INSURANCE PAYABLES

	2009 RM'000	2008 RM'000
Amount due to insureds, agents, brokers and co-insurers*	26,875	23,540
Amount due to reinsurers and ceding companies*	53,180	49,635
	80,055	73,175

The currency exposure profile of the amount due to insureds, agents, brokers and co-insurers are as follows:

	2009 RM'000	2008 RM'000
- RM	26,545	23,336
- USD	330	204
	26,875	23,540

The currency exposure profile of the amount due to reinsurers and ceding companies are as follows:

	2009 RM'000	2008 RM'000
- RM	49,094	45,475
- USD	3,937	3,951
- PHP	50	49
- SGD	53	113
- THB	2	2
- HKD	13	13
- IDR	2	2
- INR	8	8
- DKK	15	15
- GBP	6	7
	53,180	49,635

* *Include the following balances for which the Company has not received third party statements to facilitate further reconciliation :*

	2009	*2008*
	RM'000	*RM'000*
Due to brokers and co-insurers	*2,996*	*4,659*
Due to reinsurers and ceding companies	*2,846*	*3,574*
	5,842	*8,233*

19. UNEARNED PREMIUM RESERVES

2009	Fire	Motor	Marine, aviation and transit	Miscellaneous	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
At 1st January	17,985	53,528	6,492	20,069	98,074
Increase for the year	7,812	2,025	1,828	11,879	23,544
At 31st December	25,797	55,553	8,320	31,948	121,618
2008					
At 1st January	21,901	40,394	5,526	17,953	85,774
(Decrease)/Increase for the year	(3,916)	13,134	966	2,116	12,300
At 31st December	17,985	53,528	6,492	20,069	98,074

20. OPERATING REVENUE

	2009	2008
	RM'000	RM'000
Gross premiums	433,277	353,616
Investment income *(note 23)*	19,088	21,893
	452,365	375,509

21. MANAGEMENT EXPENSES

	Shareholders' fund		General business	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Marketing costs	-	-	22,902	17,281
Administrative and general expenses	24	47	29,868	26,413
	24	47	52,770	43,694

The above expenses are further analysed as follows:

	Shareholders' fund		General business	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Personnel costs	-	-	31,409	23,730
Directors' remuneration:				
- fees				
- current year	-	-	175	195
- over-estimated in prior year	-	-	(14)	-
- other emoluments	-	-	14	18
Auditors' remuneration	-	-	120	80
Internal audit expenses	-	-	604	587
Hire of equipment	-	-	582	601
Interest on premium reserve	-	-	220	233
Rental of offices	-	-	743	720
Property, plant and equipment written off	-	-	5	5
Amortisation of intangible assets	-	-	621	934
Depreciation of property, plant and equipment	-	-	1,407	1,413
Depreciation of investment property	-	-	335	317
Direct operating expenses of revenue generating investment property	-	-	1,481	1,324
Other expenses	24	47	15,068	13,537
	24	47	52,770	43,694

Personnel costs comprise:

Staff salaries	-	-	17,183	15,036
Other staff costs	-	-	14,226	8,694
	-	-	31,409	23,730

Remuneration of chief executive officer

Salaries and other emoluments	-	-	863	643
Benefits-in-kind	-	-	25	25
	-	-	888	668

Included in personnel costs are EPF contributions amounting to RM3,927,201 (2008 : RM2,953,516).

22. OTHER INCOME/EXPENSES (NET)

	Shareholders' fund		General business	
	2009	2008	2009	2008
	RM'000	RM'000	RM'000	RM'000
Other income				
Fair value gains on securities	6,226	-	24,127	-
Gain on disposal of property, plant and equipment	-	-	63	159
Gain on sale of investments	9,624	-	4,606	4,103
Realised gain on foreign exchange	-	-	-	256
Sundry income	-	-	-	454
	15,850	-	28,796	4,972
Other expenses				
Loss on sale of investments	-	(1,334)	-	-
Allowance for diminution in value of shares	-	(14,013)	-	(11,503)
Interest payable on bond policies	-	-	(83)	(17)
Realised loss on foreign exchange	(19)	-	(99)	-
Sundry expenses	-	-	(288)	-
Net	15,831	(15,347)	28,326	(6,548)

23. INVESTMENT INCOME (NET)

	Shareholders' fund		General business	
	2009	2008	2009	2008
	RM'000	RM'000	RM'000	RM'000
Interest from:				
Fixed and call deposits	1,604	2,054	4,334	5,229
Malaysian government securities	-	-	88	366
Unquoted bonds and loan stocks of corporations	-	-	7,653	7,439
Gross dividends from:				
Shares quoted in Malaysia	1,048	1,922	2,763	4,831
Unit trust quoted in Malaysia	87	84	815	622
Unquoted shares	92	116	-	-
Income from investment property:				
Rental income	-	-	2,088	2,187
Parking income	-	-	196	195
Accretion of discounts	-	-	1,274	1,240
Amortisation of premiums	-	-	(123)	(216)
	2,831	4,176	19,088	21,893

24. TAX EXPENSE

	2009	2008
	RM'000	RM'000
Malaysian tax based on the results for the year		
- current	15,294	5,523
- deferred	(1,771)	2,017
	13,523	7,540
Under/(Over)estimated in prior year		
- current	65	(302)
- deferred	881	(251)
	14,469	6,987

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

	2009 RM'000	2008 RM'000
Accounting profit	69,158	22,713
Taxation at applicable tax rates	17,289	5,905
Non-deductible expenses	1,935	2,134
Non-taxable income	(2,740)	(7)
Effect of opening balance restatement	(2,279)	-
Tax exempt income	(682)	(459)
Change in tax rate	-	(33)
Under/(Over)estimated in prior year	946	(553)
Tax at effective tax rate	14,469	6,987

25. EARNINGS PER SHARE

The earnings per ordinary share has been calculated based on the profit after tax for the year of RM54,689,000 (2008 : RM15,726,000) and 100,000,000 (2008 : 100,000,000) ordinary shares in issue during the financial year.

26. NET CLAIMS INCURRED

2009	Fire RM'000	Motor RM'000	Marine, aviation and transit RM'000	Miscellaneous RM'000	Total RM'000
Gross claims paid, less salvage	30,967	68,834	16,975	31,988	148,764
Reinsurance recoveries	(18,511)	(4,065)	(8,896)	(13,833)	(45,305)
Net claims paid	12,456	64,769	8,079	18,155	103,459
Net outstanding claims:					
At 31 December	18,067	127,351	16,550	45,436	207,404
At 1 January, as previously reported	(20,673)	(109,653)	(15,875)	(49,085)	(195,286)
Effects of revised confidence level	1,284	4,922	1,087	1,822	9,115
At 1 January, restated	(19,389)	(104,731)	(14,788)	(47,263)	(186,171)
Net claims incurred	11,134	87,389	9,841	16,328	124,692

2008	Fire RM'000	Motor RM'000	Marine, aviation and transit RM'000	Miscellaneous RM'000	Total RM'000
Gross claims paid, less salvage	16,897	60,393	17,071	34,096	128,457
Reinsurance recoveries	(8,330)	(3,187)	(8,850)	(15,186)	(35,553)
Net claims paid	8,567	57,206	8,221	18,910	92,904
Net outstanding claims:					
At 31 December	20,673	109,653	15,875	49,085	195,286
At 1 January	(16,977)	(100,352)	(16,199)	(54,025)	(187,553)
Net claims incurred	12,263	66,507	7,897	13,970	100,637

27. BAD AND DOUBTFUL DEBTS (NET)

	2009 RM'000	2008 RM'000
Allowance for doubtful debts	-	(368)
Allowance for doubtful debts written back	1,978	-
Bad debts written off	(1,964)	(4,855)
Bad debts recovered	-	11
	14	(5,212)

28. DIVIDEND

In respect of the financial year ended 31 December 2009.

	2009 RM'000	2008 RM'000
First interim dividend of 5% less 25% tax (2008 : NIL)	3,750	-
Second interim dividend of 5% less 25% tax (2008: NIL)	3,750	-
	7,500	-

On 18 November 2009, the Directors declared a second interim dividend of 5% less 25% income tax amounting to RM3,750,000 to be payable on 31 March 2010.

29. SEGMENT INFORMATION ON CASH FLOWS

2009	Shareholders' fund RM'000	General business RM'000	Total RM'000
Cash flows from:			
Operating activities	(6,086)	14,643	8,557
Investing activities	-	(548)	(548)
Financing activities	4,460	(8,210)	(3,750)
Net (decrease)/increase in cash and bank balances	(1,626)	5,885	4,259
Cash and bank balances:			
At 1 January	5,589	2,475	8,064
At 31 December	3,963	8,360	12,323

2008	Shareholders' fund RM'000	General business RM'000	Total RM'000
Cash flows from:			
Operating activities	(2,564)	(2,748)	(5,312)
Investing activities	-	(607)	(607)
Financing activities	7,075	(7,075)	-
Net increase/(decrease) in cash and bank balances	4,511	(10,430)	(5,919)
Cash and bank balances:			
At 1 January	1,078	12,905	13,983
At 31 December	5,589	2,475	8,064

30. HOLDING COMPANY

The holding company is Jerneh Asia Berhad ("JAB"), a company incorporated in Malaysia which owns 80% (2008 : 80%) of the issued share capital of the Company.

31. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

	2009 RM'000	2008 RM'000
Current year's acquisitions	567	1,073
Cash paid in respect of previous year's acquisition	-	14
Unpaid balance included under other payables	-	(575)
Cash paid during the year	567	512

32. CAPITAL COMMITMENT

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

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

33. OPERATING LEASE COMMITMENTS

(a) The Company as lessee

The Company leases premises from various parties under non-cancellable operating lease. The leases typically run for a period of 2 to 3 years with the option to renew the leases after the expiry date.

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

	2009 RM'000	2008 RM'000
Within one year	158	96
Later than one year but not later than 3 years	393	238
	551	334

(b) The Company as lessor

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

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

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

34. CONTINGENT LIABILITY

In year 2005, the Company terminated a software development agreement entered into in 2003 with a software development company for the development of a general insurance software programme for a contract sum of RM2 million. The Company terminated the said agreement as a consequence of project delays and non-completion of deliverables.

The software development company has made a claim for breach of contract (without specifying any amount) and invoiced the Company RM5,466,968 for work performed up to the point of termination, which the Company, in turn, had disputed. The matter has been referred to arbitration proceedings.

The directors have been advised by counsel that the Company has a reasonable chance to defend the matter.

35. RELATED PARTY DISCLOSURES

Parties are considered to be related to the Company if the Company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities. Related parties also include all the Directors of the Company.

The Company has a relationship with its holding company, namely, JAB and its subsidiary and associated companies. The Directors are of the opinion that the Company sold insurance policies to these related companies and related parties on terms and conditions no more favourable than those available on similar transactions to its other customers or employees, and other related party transactions were also carried out on terms and conditions no more favourable than those available on similar transactions to its unrelated parties.

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

	Transaction value		Balance outstanding	
	2009	2008	2009	2008
	RM'000	RM'000	RM'000	RM'000
With JAB				
Rental income received	203	203	-	-
Internal audit expenses paid	596	587	-	-
Gross premium received	16	-	-	-
Reinsurance premium ceded	16,698	14,907	-	-
With subsidiaries of JAB				
Rental income received from				
- Minsec Management Sdn Bhd ("MMS")	19	21	-	-
- Jerneh Credit Leasing Sdn Bhd ("JCL")	36	36	-	-
Insurance commission paid to JCL	152	186	-	-
Building management fee paid to MMS	782	824	-	-
Gross premium received or receivable				
- JCL	5	5	-	-
- Jerneh Asia Reinsurance Ltd	1	1	-	-
- MMS	-	4	-	-

	Transaction value		Balance outstanding	
	2009	2008	2009	2008
	RM'000	RM'000	RM'000	RM'000
With associates of JAB				
- Areca Capital Sdn Bhd	31	57	-	-
With other related parties				
Rental income received from				
- Chemquest Sdn Bhd	160	160	-	-
- FFM Berhad	79	93	-	-
- Kuok Brothers Sdn Bhd	215	215	-	-
- Malayan Sugar Manuacturing Sdn Bhd	288	288	-	-
- PGEO Marketing Sdn Bhd	151	151	-	-
- PPB Group Berhad	435	435	-	-
- PPB Oil Palms Berhad	357	357	-	-
Gross premium received or receivable from a substantial shareholder of JAB, Kuok Brothers Sdn Bhd ("KBSB") and KBSB's subsidiary, associated and major investee companies.	26,342	43,167	2,163	5,604

(b) Key management personnel compensation

	2009	2008
	RM'000	RM'000
Directors		
Fee	161	195
Other emoluments	14	18
	175	213

	2009 RM'000	2008 RM'000
Other key management personnel		
Salaries, allowances and bonuses	863	643
Benefits in kind	25	25
	888	668
Total compensation	1,063	881

36. FINANCIAL INSTRUMENTS

(a) *Credit risk*

The Company does not have any significant concentration of credit risk that may arise under a single customer or a single group of customers as at balance sheet date.

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

(b) *Fair value*

The carrying amounts of the financial assets and liabilities at the balance sheet date approximated their fair values except as disclosed in the respective notes to the financial statements.

37. COMPARATIVE FIGURES

The following comparative figures have been reclassified to conform with current year's presentation pursuant to the adoption of the Risk-Based Capital Framework for insurers.

	As restated RM'000	As previously stated RM'000
Balance Sheet		
Trade and other receivables	-	65,755
Insurance receivables	60,942	-
Other receivables	4,813	-
Trade and other payables	-	104,328
Insurance payables	73,175	-
Other payables	31,153	-

38. AUTHORISATION FOR ISSUE OF FINANCIAL STATEMENTS

These financial statements were authorised for issue on 22 February 2010 by the Board of Directors.

ADDITIONAL INFORMATION

1. RESPONSIBILITY STATEMENT

Our Directors have seen and approved this Circular and they collectively and individually accept full responsibility for the accuracy of the information given in this Circular. They confirm that after making all reasonable enquiries 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 this Circular misleading.

The information on ACE INA was obtained from ACE INA and the responsibility of our Board is limited to ensuring that these information are correctly extracted and reproduced in this Circular.

2. CONSENT

CIMB has given and has not subsequently withdrawn its consent to the inclusion in this Circular of its name and all references thereon in the form and context in which they appear.

CIMB is not aware of any possible conflict of interest which exists or is likely to exist, in its capacity as the Adviser in respect of the Proposed Disposal.

CIMB and its related and associated companies ("**CIMB Group**") form a diversified financial group and are engaged in a wide range of investment and commercial banking, brokerage, securities trading, asset and funds management and credit transaction service businesses. The CIMB Group engage in transactions with and perform services for our Group and/or our affiliates in the ordinary course of business and/or have engaged, and in the future may engage, in private banking, commercial banking and investment banking and other services in the ordinary course of business with our Group.

In addition, in the ordinary course of business, any member of the CIMB Group may at any time offer or provide its services to engage in any transactions (on its own account or otherwise) with any member of our Group and/or our affiliates, hold long or short positions, and may trade or otherwise effect transactions on its own account or the account of its customers in debt or equity securities of our Group. This is a result of the businesses of the CIMB Group generally acting independent of each other, and accordingly there may be situations where parts of the CIMB Group and/or its customers now have or in the future, may have interest or take actions that may conflict with the interest of our Group.

3. MATERIAL COMMITMENTS AND CONTINGENT LIABILITIES

3.1 Material commitments

Save as disclosed below, as at 18 October 2010, our Directors are not aware of any material commitments contracted or known to be contracted by our Group which may have a material impact on the financial position of our Group.

	RM 000
Approved and contracted for	
Property, plant and equipment	73,301
Land held for property development	70,581
Approved but not contracted for	
Property, plant and equipment	7,000
	150,882

3.2 Contingent liabilities

As at 18 October 2010, our Directors are not aware of any contingent liabilities which, upon becoming enforceable, may have a material impact on the financial position of our Group.

4. DOCUMENTS AVAILABLE FOR INSPECTION

The following documents or copies of them are available for inspection during normal business hours at our registered office at Level 8, Uptown 1, 1, Jalan SS21/58, Damansara Uptown, 47400 Petaling Jaya, Selangor Darul Ehsan from Mondays to Fridays (except public holidays) from the date of this Circular up to and including the date of the EGM:

(i) Our Memorandum and Articles of Association;

(ii) The Memorandum and Articles of Association of JIB;

(iii) Our audited consolidated financial statements for the two (2) financial years ended 31 December 2008 and 2009 and the unaudited quarterly results for the six (6)-month financial period ended 30 June 2010;

(iv) The audited financial statements of JIB for the two (2) financial years ended 31 December 2008 and 2009 and the unaudited financial statements for the six (6)-month financial period ended 30 June 2010;

(v) The letter of consent referred to in Section 2 of this Appendix; and

(vi) The relevant cause papers referred to in Section 8 of Appendix I.

PARAMOUNT CORPORATION BERHAD (8578-A)

(Company No.: 8578-A)
(Incorporated in Malaysia under the Companies Act, 1965)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT an Extraordinary General Meeting of Paramount Corporation Berhad ("**PCB**" or the "**Company**") will be held at Zamrud Room, Ground Floor, The Saujana Kuala Lumpur, Saujana Resort, Jalan Lapangan Terbang SAAS, 40150 Shah Alam, Selangor Darul Ehsan on Thursday, 18 November 2010 at 10.00 a.m. or at any adjournment thereof, for the purpose of considering and, if thought fit, passing, with or without any modifications, the following resolution:

ORDINARY RESOLUTION – PROPOSED DISPOSAL BY PARAMOUNT GLOBAL ASSETS SDN BHD ("PGA"), A WHOLLY-OWNED SUBSIDIARY OF THE COMPANY, OF ITS ENTIRE 20% EQUITY INTEREST IN JERNEH INSURANCE BERHAD ("JIB") TO ACE INA INTERNATIONAL HOLDINGS, LTD ("ACE INA") FOR A TOTAL CASH CONSIDERATION OF RM130.8 MILLION

"**THAT** authority be given to PGA, a wholly-owned subsidiary of the Company, to dispose of its entire 20% equity interest in JIB comprising 20,000,000 ordinary shares of RM1.00 each in the issued and paid up share capital of JIB to ACE INA for a total cash consideration of Ringgit Malaysia One Hundred and Thirty Million Eight Hundred Thousand (RM130.8 million) only ("**Proposed Disposal**"), subject to the terms and conditions as set out in the Share Purchase Agreement dated 7 October 2010 entered into between PGA, Jerneh Asia Berhad and ACE INA.

AND THAT the Directors of the Company be and are hereby authorised to give full effect to the Proposed Disposal with full power to assent to any conditions, modifications, amendments and/or variations as may be deemed fit or expedient and/or may be required/imposed or permitted by the relevant authorities or consequent upon the implementation of the said conditions, modifications, amendments and/or variations and to take all such steps as they may deem necessary or expedient in order to implement, finalise and give full effect to the Proposed Disposal."

By Order of the Board

TAY LEE KONG (MAICSA 772833)
Company Secretary

Petaling Jaya
3 November 2010

Notes:

(1) A member of the Company entitled to attend and vote at the meeting is entitled to appoint a proxy to attend the meeting and vote on his behalf. A proxy need not be a member of the Company.

(2) The proxy form must be deposited at the Registered Office of the Company at Level 8, Uptown 1, 1, Jalan SS 21/58, Damansara Uptown, 47400 Petaling Jaya, Selangor Darul Ehsan not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.

PARAMOUNT
CORPORATION BERHAD
(8578-A)

PROXY FORM

I/We ____

of ____

being a Member/Members of Paramount Corporation Berhad hereby appoint ______________

of ____

____

or failing him/her, the Chairman of the meeting, as my/our proxy to vote on my/our behalf at the Extraordinary General Meeting of the Company to be held at Zamrud Room, Ground Floor, The Saujana Kuala Lumpur, Saujana Resort, Jalan Lapangan Terbang SAAS, 40150 Shah Alam, Selangor Darul Ehsan, on Thursday, 18 November 2010 at 10.00 a.m. or at any adjournment thereof.

I/We direct my/our proxy to vote (see Note (3)) for or against the resolution to be proposed at the meeting as hereunder indicated.

	For	**Against**
Ordinary resolution 1 - Proposed Disposal		

Dated this ______________ day ____________________ 2010.

CDS Account No.	No. of shares held

Signature/Common Seal

Notes:

(1) A member of the Company entitled to attend and vote at the meeting is entitled to appoint a proxy to attend the meeting and vote on his behalf. A proxy need not be a member of the Company.

(2) The proxy form must be signed by the appointer or his attorney duly authorised in writing or, if the member is a corporation, must be executed under its common seal or by its attorney or officer duly authorised in writing. The power of attorney or a duly certified copy thereof must be deposited at the Company's Registered Office within the period stated below. In the case of joint members, the signature of any one joint member is sufficient.

(3) Please indicate with an "X" in the appropriate box against the resolution how you wish your proxy to vote. If this proxy form is returned without any indication as to how the proxy shall vote, the proxy will vote or abstain as he thinks fit.

(4) The proxy form must be deposited at the Registered Office of the Company at Level 8, Uptown 1, 1, Jalan SS 21/58, Damansara Uptown, 47400 Petaling Jaya, Selangor Darul Ehsan not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.

Fold this flap for sealing

Then fold here

AFFIX
STAMP

The Company Secretary
PARAMOUNT CORPORATION BERHAD (8578-A)
Level 8, Uptown 1
1, Jalan SS 21/58
Damansara Uptown
47400 Petaling Jaya
Selangor Darul Ehsan

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