

BERJAYA SOMPO INSURANCE BERHAD (62605-U)
(Incorporated in Malaysia)

Directors' Report and Audited Financial Statements
30 April 2008

BERJAYA SOMPO INSURANCE BERHAD
(Incorporated in Malaysia)

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BERJAYA SOMPO INSURANCE BERHAD
(Incorporated in Malaysia)

DIRECTORS' REPORT

The directors have pleasure in presenting their report together with the audited financial statements of the Company for the financial year ended 30 April 2008.

PRINCIPAL ACTIVITY

The principal activity of the Company is the underwriting of general insurance business.

There has been no significant change in the nature of the principal activity during the financial year.

RESULTS

	RM'000
Profit for the year	<u>77,071</u>

There were no material transfers to or from reserves or provisions during the financial year other than as disclosed in the statement of changes in equity.

In the opinion of the directors, the results of the operations of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature.

DIVIDENDS

The amount of dividends paid by the Company since 30 April 2007 were as follows:

	RM'000
In respect of the financial year ended 30 April 2008:	
First interim dividend of 30% less 26% taxation, on 118,000,000 ordinary shares, declared on 15 November 2007 and paid on 29 November 2007	26,196
Second interim dividend of 15% less 26% taxation, on 118,000,000 ordinary shares, declared on 24 April 2008 and paid on 30 April 2008	<u>13,098</u>
	<u>39,294</u>

The directors do not recommend the payment of any final dividend in respect of the current financial year.

DIRECTORS

The names of the directors of the Company in office since the date of the last report and at the date of this report are:

Tan Sri Dato' Thong Yaw Hong (Resigned on 19-11-2007)
Dato' Abdul Rahman bin Hamidon
Khaw Ooi Tong
Loh Lye Ngok
Dato' Haji Ahmad bin Sidek
Datuk Bhupatrai a/l Mansukhlal Premji
Dato' Robin Tan Yeong Ching
Kenji Kojima
Shigeru Ehara

CORPORATE GOVERNANCE

The Company has complied with all the prescriptive requirements of, and adopts management practices that are consistent with the principles prescribed under JPI/GPI 25: Prudential Framework of Corporate Governance for Insurers issued by Bank Negara Malaysia ("BNM").

Corporate Governance Standards

The membership, roles and terms of reference of the Audit Committee, Risk Management Committee, Nominating Committee and Remuneration Committee of the Board are as follows:

(1) Audit Committee

The composition of the Audit Committee ("AC") is as follows:

- (i) Dato' Abdul Rahman bin Hamidon (Chairman)
- (ii) Dato' Haji Ahmad bin Sidek
- (iii) Datuk Bhupatrai a/l Mansukhlal Premji
- (iv) Shigeru Ehara

The AC is to assist the Board of Directors in discharging its duties of maintaining a sound system of internal controls to safeguard the Company's assets. It is also responsible for reviewing the financial reporting and internal audit processes to ensure compliance with relevant laws and regulations.

The AC met six times during the financial year.

CORPORATE GOVERNANCE (CONTD.)

(2) Risk Management Committee

The composition of the Risk Management Committee (“RMC”) is as follows:

- (i) Dato' Haji Ahmad bin Sidek (Chairman)
- (ii) Dato' Abdul Rahman bin Hamidon
- (iii) Khaw Ooi Tong
- (iv) Datuk Bhupatrai A/L Mansukhlal Premji

The responsibilities of the RMC include the review, assessment and recommendation of the risk management strategies and risk tolerance, the adequacy of the policies and framework for identifying, measuring, monitoring and controlling risks, as well as the extent to which these are operating effectively through adequate infrastructure, resources and systems.

The RMC met three times during the financial year.

(3) Nominating Committee

The composition of the Nominating Committee (“NC”) is as follows:

- (i) Dato' Abdul Rahman bin Hamidon (Chairman)
- (ii) Dato' Robin Tan Yeong Ching
- (iii) Loh Lye Ngok
- (iv) Khaw Ooi Tong
- (v) Dato' Haji Ahmad bin Sidek
- (vi) Kenji Kojima
- (vii) Datuk Bhupatrai A/L Mansukhlal Premji

The NC is responsible to establish the minimum requirement for the Board of Directors and the Chief Executive Officer to perform their responsibilities effectively. It also annually reviews the Board structure, size and composition, and the mix of skills and core competencies required for the Board to discharge its duties effectively. It will also assess on an annual basis, the effectiveness of the Board and the Board Committees.

The NC is also empowered to consider and evaluate the appointment of new directors and directors to fill the seats on the Board Committees of the Company and to recommend candidates to the Board and BNM for appointment and reappointment or re-election. In addition to that, the committee is also entrusted with the responsibility for both the appointment and evaluation of the Chief Executive Officer and key senior officers of the Company.

CORPORATE GOVERNANCE (CONTD.)

(3) Nominating Committee (Contd.)

The NC also ensures that all Directors undergo appropriate induction programmes and receive continuous training. In addition, the NC also oversees the management succession planning of the Company.

The NC met three times during the financial year.

(4) Remuneration Committee

The composition of the Remuneration Committee (“RC”) is as follows:

- (i) Dato’ Abdul Rahman bin Hamidon (Chairman)
- (ii) Dato' Robin Tan Yeong Ching
- (iii) Khaw Ooi Tong
- (iv) Shigeru Ehara
- (v) Datuk Bhupatrai A/L Mansukhlal Premji

The RC is responsible to recommend a framework of remuneration for Directors, Chief Executive Officer and key senior officers of the Company. In addition, it is also responsible to recommend specific remuneration packages for Directors, Chief Executive Officer and key senior officers of the Company.

No meeting has been held during the financial year.

DIRECTORS' BENEFITS

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby directors might acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate, other than the options over the unissued shares of the holding company and other related companies granted to certain directors as disclosed in the directors' interests.

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors as shown in Note 19 to the financial statements and the financial statements of related corporations or the fixed salary of a full time employee of the Company) by reason of a contract made by the Company or a related corporation with any director or with a firm of which he is a member or with a company in which he has a substantial financial interest, except as disclosed in Note 22 to the financial statements.

DIRECTORS' INTERESTS

According to the register of directors' shareholdings, the interests of the directors in office at the end of the financial year in shares and Irredeemable Convertible Unsecured Loan Stocks ("ICULS") in the ultimate holding company, holding company and other related companies during the financial year were as follows:

Ultimate Holding Company:**- Berjaya Corporation Berhad ("BCorp")**

	Number of Ordinary Shares of RM1 Each			
	As at	Acquired	Disposed	As at
	1.5.2007			30.4.2008
Khaw Ooi Tong	20,800	-	-	20,800
Loh Lye Ngok	2,000	-	-	2,000
	-	* 150,000	-	*150,000
Dato' Robin Tan Yeong Ching	629,247	50,000	-	679,247
	-	* 5,000	-	* 5,000

Number of 0% Irredeemable Convertible Unsecured Loan Stocks 2005/2015 of RM0.50 Nominal Value

	As at	Acquired	Converted	As at
	1.5.2007			30.4.2008
	Khaw Ooi Tong	137,382	8,517	-
Dato' Robin Tan Yeong Ching	1	7,200	-	7,201
Loh Lye Ngok	-	* 500,000	-	* 500,000

Holding Company:**- Berjaya Capital Berhad ("BCap")**

	Number of Ordinary Shares of RM1 Each			
	As at	Acquired	Disposed	As at
	1.5.2007			30.4.2008
Khaw Ooi Tong	2,839	-	(2,839)	-
Dato' Robin Tan Yeong Ching	2,400	-	(2,400)	-

Related Company**- Berjaya Land Berhad ("BLB")**

	Number of Ordinary Shares of RM1 Each			
	As at	Acquired	Disposed	As at
	1.5.2007			30.4.2008
Khaw Ooi Tong	10,000	-	(4,000)	6,000
Dato' Robin Tan Yeong Ching	150,000	-	-	150,000
Loh Lye Ngok	-	* 400,000	-	* 400,000

DIRECTORS' INTERESTS (CONTD.)**Related Company (Contd.)****- Cosway Corporation Berhad ("CCB")**

	Number of Ordinary Shares of RM1 Each			As at 30.4.2008
	As at 1.5.2007	Acquired	Disposed	
Dato' Robin Tan Yeong Ching	10,000	-	(10,000)	-

- Berjaya Sports Toto Berhad ("BTOTO")

	Number of Ordinary Shares of RM0.10 Each			As at 30.4.2008
	As at 4.2.2008	Acquired	Disposed	
Dato' Robin Tan Yeong Ching	732,000	30,000	-	762,000

* Indirect interest held through spouse

Other than as disclosed above, none of the directors in office at the end of the financial year had any interest in shares in the Company or its related corporations during the financial year.

OTHER STATUTORY INFORMATION

- (a) Before the balance sheet and income statement of the Company were made out, the directors took reasonable steps:
- (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that there were no known bad debts and that adequate provision had been made for doubtful debts; and
 - (ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise; and
 - (iii) to ascertain that there was adequate provision for incurred claims, including incurred but not reported ("IBNR") claims.

OTHER STATUTORY INFORMATION (CONTD.)

- (b) At the date of this report, the directors are not aware of any circumstances which would:
 - (i) require any amount to be written off as bad debts or render the amount of the provision for doubtful debts in the financial statements of the Company inadequate to any substantial extent; and
 - (ii) render the values attributed to the current assets in the financial statements of the Company misleading.
- (c) At the date of this report, the directors are not aware of any circumstances which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Company misleading or inappropriate.
- (d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Company which would render any amount stated in the financial statements misleading.
- (e) As at the date of this report, there does not exist:
 - (i) any charge on the assets of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
 - (ii) any contingent liability of the Company which has arisen since the end of the financial year.
- (f) In the opinion of the directors:
 - (i) no contingent liability or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Company to meet its obligations as and when they fall due; and
 - (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Company for the financial year in which this report is made.

For the purpose of paragraphs (e) and (f) above, contingent or other liabilities do not include liabilities arising from contracts of insurance underwritten in the ordinary course of business of the Company.

AUDITORS

The auditors, Ernst & Young, have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the directors dated 19 June 2008.

Dato Abdul Rahman bin Hamidon

Loh Lye Ngok

**BERJAYA SOMPO INSURANCE BERHAD
(Incorporated in Malaysia)**

**STATEMENT BY DIRECTORS
PURSUANT TO SECTION 169(15) OF THE COMPANIES ACT, 1965**

We, Dato' Abdul Rahman bin Hamidon and Loh Lye Ngok, being two of the directors of Berjaya Sampo Insurance Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 11 to 53 are drawn up in accordance with applicable Financial Reporting Standards in Malaysia and the provisions of the Companies Act, 1965 so as to give a true and fair view of the financial position of the Company as at 30 April 2008 and of the results and the cash flows of the Company for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the directors dated 19 June 2008.

Dato' Abdul Rahman bin Hamidon

Loh Lye Ngok

**STATUTORY DECLARATION
PURSUANT TO SECTION 169(16) OF THE COMPANIES ACT, 1965**

I, Lim Chee Heng, being the officer primarily responsible for the financial management of Berjaya Sampo Insurance Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 11 to 53 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared
by the abovenamed Lim Chee Heng, at
Kuala Lumpur in Wilayah Persekutuan
on 19 June 2008.

Lim Chee Heng

Before me,

**Report of the auditors to the members of
Berjaya Sampo Insurance Berhad
(Incorporated in Malaysia)**

We have audited the financial statements set out on pages 11 to 53. These financial statements are the responsibility of the Company's directors.

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

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

In our opinion:

- (a) the financial statements have been properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable Financial Reporting Standards in Malaysia so as to give a true and fair view of:
 - (i) the financial position of the Company as at 30 April 2008 and of the results and the cash flows of the Company for the year then ended; and
 - (ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements; and
- (b) 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 provisions of the Act.

Ernst & Young
AF: 0039
Chartered Accountants

Gloria Goh Ewe Gim
No. 1685/04/09 (J)
Partner

Kuala Lumpur, Malaysia
19 June 2008

BERJAYA SOMPO INSURANCE BERHAD
(Incorporated in Malaysia)

BALANCE SHEET AS AT 30 APRIL 2008

	Note	2008 RM'000	2007 RM'000
ASSETS			
Property and equipment	3	31,101	27,796
Intangible assets	4	585	188
Investments	5	561,376	463,731
Deferred tax assets	6	5,237	5,888
Loans	7	164	55
Receivables	8	36,835	29,719
Cash and bank balances		13,001	24,913
TOTAL ASSETS		<u>648,299</u>	<u>552,290</u>
LIABILITIES AND EQUITY			
Liabilities			
Provision for outstanding claims	9	228,115	208,836
Payables	10	38,451	35,638
Tax payable		5,637	8,079
Unearned premium reserves	11	132,329	93,747
Total liabilities		<u>404,532</u>	<u>346,300</u>
Equity			
Share capital	12	118,000	118,000
Retained profits		125,767	87,990
Total equity		<u>243,767</u>	<u>205,990</u>
TOTAL LIABILITIES AND EQUITY		<u>648,299</u>	<u>552,290</u>

The accompanying notes form an integral part of the financial statements.

BERJAYA SOMPO INSURANCE BERHAD
(Incorporated in Malaysia)

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 APRIL 2008

	Note	Share capital RM'000	Distributable Retained profits RM'000	Total RM'000
At 1 May 2006		118,000	48,406	166,406
Profit for the year		-	49,567	49,567
Dividends	20	-	(9,983)	(9,983)
At 30 April 2007		<u>118,000</u>	<u>87,990</u>	<u>205,990</u>
At 1 May 2007		118,000	87,990	205,990
Profit for the year		-	77,071	77,071
Dividends	20	-	(39,294)	(39,294)
At 30 April 2008		<u>118,000</u>	<u>125,767</u>	<u>243,767</u>

The accompanying notes form an integral part of the financial statements.

BERJAYA SOMPO INSURANCE BERHAD
(Incorporated in Malaysia)

INCOME STATEMENT
FOR THE YEAR ENDED 30 APRIL 2008

	Note	2008 RM'000	2007 RM'000
Operating revenue	13	376,290	293,673
Shareholders' fund:			
Investment income	14	707	1,672
Other operating income - net	15	10,957	9,311
		11,664	10,983
Surplus transferred from General Insurance Revenue Account (Page 14)		92,383	56,605
Profit before tax		104,047	67,588
Income tax expense	16	(26,976)	(18,021)
Profit for the year		77,071	49,567
Earnings per share (sen) - Basic	17	65.3	42.0

The accompanying notes form an integral part of the financial statements.

BERJAYA SOMPO INSURANCE BERHAD
(Incorporated in Malaysia)

GENERAL INSURANCE REVENUE ACCOUNT
FOR THE YEAR ENDED 30 APRIL 2008

	Note	Fire		Motor		Marine, Aviation and Transit		Miscellaneous		Total	
		2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Operating revenue	13									375,583	292,001
Gross premiums		61,713	49,947	194,218	152,838	14,275	8,343	84,471	58,457	354,677	269,585
Reinsurance		(34,207)	(28,729)	(11,216)	(8,822)	(5,786)	(2,909)	(21,873)	(13,508)	(73,082)	(53,968)
Net premiums		27,506	21,218	183,002	144,016	8,489	5,434	62,598	44,949	281,595	215,617
Increase in unearned premium reserves	11	(2,573)	(291)	(22,106)	(4,356)	(770)	(154)	(13,133)	(3,140)	(38,582)	(7,941)
Earned premiums		24,933	20,927	160,896	139,660	7,719	5,280	49,465	41,809	243,013	207,676
Net claims incurred	18	(10,004)	(14,738)	(117,930)	(108,160)	(3,338)	334	(25,755)	(19,487)	(157,027)	(142,051)
Net commissions		(71)	(438)	(18,532)	(15,069)	(418)	(755)	(8,664)	(7,174)	(27,685)	(23,436)
Underwriting surplus before management expenses		14,858	5,751	24,434	16,431	3,963	4,859	15,046	15,148	58,301	42,189
Management expenses	19									(49,044)	(38,870)
Bad and doubtful debts										(1,630)	-
Underwriting surplus										7,627	3,319
Investment income	14									20,906	22,416
Other operating income - net	15									63,850	30,870
Surplus transferred to Income Statement (Page 13)										92,383	56,605

The accompanying notes form an integral part of the financial statements.

BERJAYA SOMPO INSURANCE BERHAD
(Incorporated in Malaysia)

CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 APRIL 2008

	Note	2008 RM'000	2007 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Retained premiums less commissions		266,431	203,195
Claims less recoveries		(155,640)	(135,935)
Interest income		15,806	11,976
Gross dividends		4,881	11,798
Management expenses		(46,124)	(36,495)
Purchase of investments		(103,703)	(84,955)
Proceeds from sale of investments		146,501	146,811
Net placement of fixed and call deposits		(65,997)	(71,250)
Rental income		589	789
Cash generated from operations		<u>62,744</u>	<u>45,934</u>
Taxes paid		<u>(28,767)</u>	<u>(15,860)</u>
Net cash generated from operating activities	21	<u>33,977</u>	<u>30,074</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of property and equipment		(6,748)	(2,948)
Proceeds from sale of property and equipment		153	44
Net cash used in investing activities	21	<u>(6,595)</u>	<u>(2,904)</u>
CASH FLOWS FROM FINANCING ACTIVITY			
Dividends paid		<u>(39,294)</u>	<u>(9,983)</u>
Net cash used in financing activity	21	<u>(39,294)</u>	<u>(9,983)</u>
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS			
		(11,912)	17,187
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR			
	21	<u>24,913</u>	<u>7,726</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR			
	21	<u>13,001</u>	<u>24,913</u>

The accompanying notes form an integral part of the financial statements.

BERJAYA SOMPO INSURANCE BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - 30 APRIL 2008

1. CORPORATE INFORMATION

The principal activity of the Company is the underwriting of general insurance business.

There has been no significant change in the nature of the principal activity during the financial year.

The Company is a public limited liability company, incorporated and domiciled in Malaysia. The principal place of business of the Company is located at the 18th Floor, Menara BGI, Plaza Berjaya, 12, Jalan Imbi, 55100 Kuala Lumpur.

The holding and ultimate holding companies of the Company are Berjaya Capital Berhad and Berjaya Corporation Berhad respectively, both of which are incorporated in Malaysia. The ultimate holding company, Berjaya Corporation Berhad is listed on the Main Board of Bursa Malaysia Securities Berhad.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 19 June 2008.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

The financial statements of the Company have been prepared under the historical cost convention and comply with the provisions of the Companies Act, 1965, the Insurance Act, 1996, Guidelines/Circulars issued by Bank Negara Malaysia ("BNM") and applicable Financial Reporting Standards ("FRSs") in Malaysia. At the beginning of the current financial year, the Company has adopted new and revised FRSs which are mandatory for financial periods beginning on or after 1 October 2006 as described in Note 2.3.

The general business assets and liabilities relate to both the general insurance and shareholders' funds.

The financial statements are presented in Ringgit Malaysia (RM) and all values are rounded to the nearest thousand (RM'000) except when otherwise indicated.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) General Insurance Underwriting Results

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

(i) Premium Income

Premium income net of reinsurance is recognised based on assumption of risks.

Inward treaty reinsurance premium is recognised on the basis of periodic advices received from ceding insurers.

(ii) Unearned Premium Reserves

The unearned premium reserves ("UPR") represent the portion of the net premiums of insurance policies written that relate to the unexpired periods of the policies at the end of the financial year.

In determining the UPR at the balance sheet date, the method that most accurately reflects the actual liability is used, as follows:

- 25% method for marine cargo, aviation cargo and transit
- 1/24th method for all other classes of business (except non-annual policies), reduced by the corresponding percentage of accounted gross direct business commissions and agency related expenses not exceeding the limits specified by BNM as follows:

Motor and bonds	10%
Fire, engineering, aviation and marine hull	15%
Other classes	25%
- 1/8th method for overseas inward treaty business with a deduction of 20% for commissions
- Non-annual policies with a duration of cover extending beyond one year is time apportioned over the period of the risks.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

(a) General Insurance Underwriting Results (Contd.)

(iii) Acquisition Costs

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

(iv) Provision for Claims

A liability for outstanding claims is recognised in respect of both direct insurance and inward reinsurance. The amount of outstanding claims is the best estimate of the expenditure required together with related expenses less recoveries to settle the present obligations at the 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, using a mathematical method of estimation based on actual claims development pattern.

(b) Property and Equipment and Depreciation

All items of property and equipment are initially recorded at cost. 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 item will flow to the Company and the cost of the item 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 period in which they are incurred.

Subsequent to recognition, property and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation of property and equipment is provided for on a straight-line basis to write off the cost of each asset to its residual value over the estimated useful life, at the following annual rates:

Land and buildings	2%
Motor vehicles	20%
Furniture, fittings and office equipment	10%
Computers	20%

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

(b) Property and Equipment and Depreciation (Contd.)

The residual values, useful life and depreciation method are reviewed at each financial year-end to ensure that the amount, method and period of depreciation are consistent with the previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property and equipment.

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any and the net carrying amount is recognised in profit and loss.

(c) Impairment of Non-financial Assets

The carrying amounts of assets, other than deferred tax assets, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated to determine the amount of impairment loss.

For the purpose of impairment testing of these assets, recoverable amount is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the cash-generating unit ("CGU") to which the asset belongs to.

An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses recognised in respect of a CGU is allocated first to reduce the carrying amount of any goodwill allocated to those units and then, to reduce the carrying amount of the other assets in the unit on a pro-rata basis.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)**2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)****(c) Impairment of Non-financial Assets (Contd.)**

An impairment loss is recognised in the income statement in the period in which it arises.

An impairment loss for an asset is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of an asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the assets in prior years.

A reversal of impairment loss for an asset is recognised in the income statement.

(d) Employee Benefits**(i) Short-term Benefits**

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Company. Short-term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated balances, and short-term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(ii) Defined Contribution Plan

As required by law, the Company makes contributions to the Employees Provident Fund ("EPF"). Such contributions are recognised as an expense in the income statement/revenue account as incurred.

(e) Other Revenue Recognition

Revenue is recognised when it is probable that the economic benefits associated with the transactions will flow to the enterprise and the amount of the revenue can be measured reliably.

(i) Interest Income

Interest income is recognised on a time proportion basis that takes into account the effective yield of the asset.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

(e) Other Revenue Recognition (Contd.)

(ii) Dividend Income

Dividend income is recognised on a declared basis when the right to receive payment is established.

(iii) Rental Income

Rental income is recognised on an accrual basis in accordance with the terms of the relevant agreements except where a default in the payment of rent has already occurred and rent due remains outstanding for more than six months, in which case recognition of rental income is suspended. Subsequent to suspension, rental is recognised on a receipt basis until all arrears have been paid.

(f) Income Tax

Income tax on the profit or loss for the year comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted at the balance sheet date.

Deferred tax is provided for, using the liability method, on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts in the financial statements. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is recognised in the income statement/revenue account, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also charged or credited directly in equity.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

(g) Foreign Currencies

Transactions in foreign currencies are converted into Ringgit Malaysia at rates of exchange approximating those ruling at the transaction dates. At each balance sheet date, foreign currency monetary items are translated into Ringgit Malaysia at exchange rates ruling at that date. All exchange rate differences are taken to the income statement/revenue account. The currencies giving rise to these differences are primarily United States Dollars (USD) and Singapore Dollars (SGD).

(h) Related Companies

Related companies refer to companies related to Berjaya Corporation Berhad.

(i) Cash and Cash Equivalents

For the purpose of the cash flow statement, cash and cash equivalents comprise cash on hand and at bank but do not include fixed and call deposits.

The cash flow statement is prepared using the direct method.

(j) Investment Properties

Investment properties are properties which are owned or held under a leasehold interest to earn rental income or for capital appreciation or for both.

Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value.

Fair value is arrived at by reference to market evidence of transaction prices for similar properties and is performed by registered independent valuers having an appropriate recognised professional qualification and recent experience in the location and category of the properties being valued.

Gains or losses arising from the changes in fair value of investment properties are recognised in profit or loss in the year in which they arise.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in profit or loss in the year in which they arise.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

(k) Financial Instruments

Financial instruments are recognised in the balance sheet when the Company has become a party to the contractual provisions of the instruments.

Financial instruments are classified as assets, liabilities or equity in accordance with the substance of the contractual arrangements. Interest, dividends, gains and losses relating to a financial instrument classified as an asset or liability, are reported as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity. Financial instruments are offset when the Company has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

Disclosure of information for financial assets and liabilities that relate to rights and obligations arising under insurance contracts are excluded from the scope of Financial Reporting Standard 132 - Financial Instruments: Disclosure and Presentation.

(i) Malaysian Government Securities and Other Approved Investments

Malaysian Government Securities and other approved investments as specified by BNM are stated at cost adjusted for the amortisation of premiums or accretion of discounts, calculated on an effective yield basis from the date of purchase to maturity date. The amortisation of premiums and accretion of discounts are charged or credited to the income statement/revenue account.

(ii) Quoted Investments

Quoted investments are stated at the lower of cost and market value determined on an aggregate portfolio basis by category of investments except that if diminution in value of a particular investment is not regarded as temporary in accordance with the BNM Guidelines, a write down is made against the value of that investment.

(iii) Unquoted Investments

Unquoted investments are stated at cost less provision for any diminution in value other than temporary. Such provision is made when there is a decline other than temporary in the value of investments and is recognised as an expense in the period in which the decline occurs.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

(k) Financial Instruments (Contd.)

(iv) Government Guaranteed Bonds and Unquoted Corporate Bonds

Government guaranteed bonds and unquoted corporate bonds which are secured or which carry a minimum rating of "BBB" (long-term) or "P3" (short-term) are valued at cost adjusted for the amortisation of premiums or accretion of discounts, calculated on an effective yield basis from the date of purchase to their respective maturity dates. Any corporate bond with a lower rating is stated at the lower of cost and market value.

(v) Receivables

Receivables are carried at anticipated realisable values.

Known bad debts are written off and specific provisions are made for any premiums including agents, brokers and reinsurers balances in arrears for more than six months from the date on which they become receivable and for all debts which are considered doubtful.

(vi) Payables

Payables are stated at cost which is the fair value of the consideration to be paid in the future for goods and services received.

(vii) Equity Instruments

Ordinary shares are classified as equity.

Dividends on ordinary shares are recognised and reflected in the statement of changes in equity in the period in which they are declared.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

(l) Intangible Assets

The intangible assets of the Company consist of computer software. These intangible assets, which were acquired separately, are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised on a straight-line basis over the estimated economic useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each balance sheet date.

Amortisation is charged to the income statement and/or revenue account.

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

(m) Leases

(i) Classification

A lease is recognised as a finance lease if it transfers substantially to the Company all the risks and rewards incidental to ownership. Leases of land and buildings are classified as operating or finance lease in the same way as leases of other assets and the land and building elements of a lease of land and buildings are considered separately for the purpose of lease classification.

All leases that do not transfer substantially all the risks and rewards are classified as operating leases, with the following exceptions:

- Property held under operating leases that would otherwise meet the definition of an investment property is classified as an investment property on a property-by-property basis and, if classified as investment property, is accounted for as if held under a finance lease; and

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

(m) Leases (Contd.)

(i) Classification (Contd.)

- Land held for own use under an operating lease, the fair value of which cannot be measured separately from the fair value of a building situated thereon at the inception of the lease, is accounted for as being held under a finance lease, unless the building is also clearly held under an operating lease.

(ii) Finance Leases

Assets required by way of hire purchase or finance lease are stated at an amount equal to the lower of their fair value and the present value of the minimum lease payments at the inception of the leases, less accumulated depreciation and impairment losses. The corresponding liability is included in the balance sheet as borrowings. In calculating the present value of the minimum lease payments, the discount factor used is the interest rate implicit in the lease, when it is practicable to determine; otherwise, the Company's incremental borrowings rate is used. Any initial direct costs are also added to the carrying amount of such assets.

Lease payments are apportioned between the finance costs and the reduction of the outstanding liability. Finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are recognised in the profit or loss over the term of the relevant lease so as to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

The depreciation policy for the leased assets is in accordance with that for depreciable property, plant and equipment as described in Note 2.2 (b).

(iii) Operating Leases

Operating lease payments are recognised as an expense on a straight-line basis over the term of the relevant lease. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

(m) Leases (Contd.)

(iii) Operating Leases (Contd.)

In the case of a lease land and buildings, the minimum lease payments or the upfront payments made are allocated, whenever necessary, between the land and the buildings element of the lease at the inception of the lease. The up-front payment represents prepaid lease payments and are amortised on a straight-line basis over the lease term.

2.3 CHANGES IN ACCOUNTING POLICIES AND EFFECTS ARISING FROM ADOPTION OF NEW AND REVISED FINANCIAL REPORTING STANDARDS ("FRSs")

The significant accounting policies adopted are consistent with those applied in the annual audited financial statements for the financial year ended 30 April 2007, except for the adoption of the following new/revised FRSs and amendments to FRSs that are mandatory for financial periods beginning on or after 1 October 2006 as follows:

	For financial periods beginning on or after
(i) FRS 124: Related Party Disclosures	1 October 2006
(ii) FRS 117: Leases	1 October 2006
(iii) Amendment to FRS 119 ₂₀₀₄ : Employee Benefits – Actuarial Gains and Losses, Group Plans and Disclosures.	1 January 2007

The adoption of the above FRSs and amendment to FRS does not result in significant changes in accounting policies of the Company.

The MASB has also issued FRS 6: Exploration for and Evaluation of Mineral Resources which will be effective for annual periods beginning on or after 1 January 2007. This FRS is, however, not applicable to the Company.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.3 CHANGES IN ACCOUNTING POLICIES AND EFFECTS ARISING FROM ADOPTION OF NEW AND REVISED FINANCIAL REPORTING STANDARDS ("FRSs") (CONTD.)

As at the date of authorisation of these financial statements, the Company has not adopted the following revised FRSs, amendment to FRS and Interpretations of the Issues Committee ("IC") issued by the Malaysian Accounting Standards Board ("MASB") which will be effective for financial periods beginning on or after 1 July 2007:

FRS 107: Cash Flow Statements
FRS 111: Construction Contracts
FRS 112: Income Taxes
FRS 118: Revenue
FRS 120: Accounting for Government Grants and Disclosure of Government Assistance
Amendment to FRS 121: The Effects of Changes in Foreign Exchange Rates - Net
Investment in a Foreign Operation
FRS 134: Interim Financial Reporting
FRS 137: Provisions, Contingent Liabilities and Contingent Assets
FRS 139: Financial Instruments: Recognition and Measurement (Deferred)
IC Interpretation 1: Changes in Existing Decommissioning, Restoration and
Similar Liabilities
IC Interpretation 2: Members' Shares in Co-operative Entities and Similar Instruments
IC Interpretation 5: Rights to Interests Arising from Decommissioning, Restoration and
Environmental Rehabilitation Funds
IC Interpretation 6: Liabilities Arising from Participating in a Specific Market - Waste
Electrical and Electronic Equipment
IC Interpretation 7: Applying the Restatement Approach under FRS 129 (2004)
Financial Reporting in Hyperinflationary Economies
IC Interpretation 8: Scope of FRS 2

The revised FRSs, amendment to FRS and IC Interpretation 8 are not expected to have significant financial impact on the financial statements of the Company upon their initial application.

IC Interpretations 1,2,5,6 and 7 are not relevant to the operations of the Company.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.4 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

(a) Critical Judgement Made in Applying Accounting Policies

The following are the judgements made by management in the process of applying the Company's accounting policies that have the most significant effect on the amounts recognised in the financial statements.

(i) Classification between investment property and property, plant and equipment

The Company has developed certain criteria based on FRS 140 in making judgement whether a property qualifies as an investment property. Investment property is a property held to earn rentals or for capital appreciation or both.

The Company owns a shoplot which comprises a portion that is held to earn rentals and another portion that is held for own use. Since the shoplot cannot be sold separately and the portion of the shoplot that is held for own use is not insignificant, the Company has classified the whole shoplot as property, plant and equipment.

(b) Key Sources of Estimation Uncertainty

(i) FRS 116: Property, Plant and Equipment

The revised FRS 116 : Property, Plant and Equipment requires the review of the residual value and remaining useful life of an item of property, plant and equipment at least at each financial year end.

Management estimates that the residual values and remaining useful lives are applicable for the current financial year.

(ii) Uncertainty in accounting estimates for general insurance business

The principal uncertainty in the Company's general insurance business arises from the technical provisions which include the provisions of premiums and claims liabilities. The premium assets comprise unearned premium reserves while claim liabilities comprise provision for outstanding claims.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.5 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTD.)

(b) Key Sources of Estimation Uncertainty (Contd.)

(ii) Uncertainty in accounting estimates for general insurance business (Contd.)

Generally, claims liabilities are determined based upon previous claims experience, existing knowledge of events, the terms and conditions of the relevant policies and interpretation of circumstances. Particularly relevant is past experience with similar cases, historical claims development trends, legislative changes, judicial decisions and economic conditions. It is certain that actual future premiums and claims liabilities will not exactly develop as projected and may vary from the Company's projections.

The estimates of premiums and claims liabilities are therefore sensitive to various factors and uncertainties. The establishment of technical provisions is an inherently uncertain process and, as a consequence of this uncertainty, the eventual settlement of premiums and claims liabilities may vary from the initial estimates.

(iii) Deferred tax assets

Deferred tax assets are recognised for various allowances and provisions to the extent that it is probable that taxable profit will be available against which these losses, allowances and provisions can be utilised. Significant judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing of future taxable profits together with future tax planning strategies.

3. PROPERTY AND EQUIPMENT

	Land and buildings* RM'000	Furniture, fittings, office equipment and computers RM'000	Motor vehicles RM'000	Total RM'000
At 30 April 2008				
Cost				
At 1 May 2007	25,797	14,564	3,284	43,645
Additions	1,200	4,418	471	6,089
Disposals	-	-	(677)	(677)
Write offs	-	(2,800)	-	(2,800)
At 30 April 2008	<u>26,997</u>	<u>16,182</u>	<u>3,078</u>	<u>46,257</u>
Accumulated depreciation and impairment				
At 1 May 2007	4,684	8,799	2,366	15,849
Charge for the year	536	1,606	354	2,496
Disposals	-	-	(654)	(654)
Write offs	-	(2,535)	-	(2,535)
At 30 April 2008	<u>5,220</u>	<u>7,870</u>	<u>2,066</u>	<u>15,156</u>
Net carrying amount	<u>21,777</u>	<u>8,312</u>	<u>1,012</u>	<u>31,101</u>
At 30 April 2007				
Cost				
At 1 May 2006	21,247	12,653	2,964	36,864
Additions	-	2,337	518	2,855
Transfer from investment properties (Note 6 (a))	4,550	-	-	4,550
Disposals	-	-	(198)	(198)
Write offs	-	(426)	-	(426)
At 30 April 2007	<u>25,797</u>	<u>14,564</u>	<u>3,284</u>	<u>43,645</u>
Accumulated depreciation and impairment				
At 1 May 2006	4,227	7,919	2,201	14,347
Charge for the year	457	1,222	363	2,042
Disposals	-	-	(198)	(198)
Write offs	-	(342)	-	(342)
At 30 April 2007	<u>4,684</u>	<u>8,799</u>	<u>2,366</u>	<u>15,849</u>
Net carrying amount	<u>21,113</u>	<u>5,765</u>	<u>918</u>	<u>27,796</u>

3. PROPERTY AND EQUIPMENT (CONTD.)

*Land and buildings of the Company

	Freehold properties RM'000	Leasehold properties RM'000	Total RM'000
At 30 April 2008			
Cost			
At 1 May 2007	22,617	3,180	25,797
Reclassification	(450)	450	-
Addition	-	1,200	1,200
At 30 April 2008	<u>22,167</u>	<u>4,830</u>	<u>26,997</u>
Accumulated depreciation and impairment			
At 1 May 2007	4,627	57	4,684
Reclassification	(45)	45	-
Charge for the year	443	93	536
At 30 April 2008	<u>5,025</u>	<u>195</u>	<u>5,220</u>
Net carrying amount	<u>17,142</u>	<u>4,635</u>	<u>21,777</u>
At 30 April 2007			
Cost			
At 1 May 2006/30 April 2007	20,767	480	21,247
Transfer from investment properties (Note 6 (a))	1,850	2,700	4,550
At 30 April 2007	<u>22,617</u>	<u>3,180</u>	<u>25,797</u>
Accumulated depreciation and impairment			
At 1 May 2006	4,212	15	4,227
Charge for the year	415	42	457
At 30 April 2007	<u>4,627</u>	<u>57</u>	<u>4,684</u>
Net carrying amount	<u>17,990</u>	<u>3,123</u>	<u>21,113</u>

4. INTANGIBLE ASSETS

	2008	2007
	RM'000	RM'000
Cost		
At 1 May 2007/2006	1,433	1,340
Addition	659	93
At 30 April	<u>2,092</u>	<u>1,433</u>
Accumulated amortisation		
At 1 May 2007/2006	1,245	1,095
Charge for the year	262	150
At 30 April	<u>1,507</u>	<u>1,245</u>
Net carrying amount		
At 30 April	<u>585</u>	<u>188</u>

5. INVESTMENTS

	2008		2007	
	Carrying	Market/	Carrying	Market/
	value	indicative	value	indicative
	RM'000	value	RM'000	value
	RM'000	RM'000	RM'000	RM'000
At Market Value:				
Investment properties (Note a)	<u>5,140</u>	<u>5,140</u>	<u>5,140</u>	<u>5,140</u>
At Cost:				
Malaysian Government Securities	42,385		43,143	
Net amortisation of premiums	<u>(301)</u>		<u>(933)</u>	
	<u>42,084</u>	<u>42,272</u>	<u>42,210</u>	<u>42,754</u>
Government Investment Issues	9,966		9,966	
Accretion of discounts	<u>24</u>		<u>12</u>	
	<u>9,990</u>	<u>10,045</u>	<u>9,978</u>	<u>10,090</u>

5. INVESTMENTS (CONTD.)

	2008		2007	
	Carrying value RM'000	Market/ indicative value RM'000	Carrying value RM'000	Market/ indicative value RM'000
At Cost: (Contd.)				
Khazanah Bonds	3,965		3,965	
Accretion of discount	949		742	
	<u>4,914</u>	<u>4,936</u>	<u>4,707</u>	<u>4,765</u>
Quoted:				
Shares of corporations				
- In Malaysia	120,809		102,203	
- Outside Malaysia	8,969		8,969	
Provision for diminution in value *	(9,836)		(16,283)	
	<u>119,942</u>	<u>148,823</u>	<u>94,889</u>	<u>128,693</u>
Unit trust funds	<u>17,332</u>	<u>17,655</u>	<u>16,459</u>	<u>17,226</u>
Warrants and loan stocks				
- In Malaysia	28,857		22,978	
- Outside Malaysia	587		587	
Provision for diminution in value *	(299)		(48)	
	<u>29,145</u>	<u>118,441</u>	<u>23,517</u>	<u>40,983</u>
Unquoted:				
Shares in a corporation	3,151		118	
Provision for diminution in value	(2,908)		-	
	<u>243</u>		<u>118</u>	
Corporate bonds **	48,745		48,849	
Net amortisation of premiums	(360)		(340)	
	<u>48,385</u>	<u>49,950</u>	<u>48,509</u>	<u>50,603</u>
Other investments	541		541	
Provision for diminution in value	(39)		(39)	
	<u>502</u>		<u>502</u>	

5. INVESTMENTS (CONTD.)

	2008	2007
	Carrying value RM'000	Market/ indicative value RM'000
	Carrying value RM'000	Market/ indicative value RM'000
At Cost: (Contd.)		
Fixed and call deposits with licensed financial institutions:		
Licensed banks	283,699	202,702
Other financial institutions ***	-	15,000
	<u>283,699</u>	<u>217,702</u>
Total investments	<u>561,376</u>	<u>463,731</u>

* provision for diminution in value of investments are made for specific quoted investments in accordance with Note 2.2 (k)(ii).

** all unquoted corporate bonds carry a minimum "A" or "P1" rating.

*** other financial institutions are discount houses.

(a) Investment properties

	2008 RM'000	2007 RM'000
At 1 May 2007/2006	5,140	10,407
Fair value adjustments	-	(717)
	<u>5,140</u>	<u>9,690</u>
Transfer to property and equipment (Note 3)	-	(4,550)
At 30 April	<u>5,140</u>	<u>5,140</u>

6. DEFERRED TAX ASSETS

	2008 RM'000	2007 RM'000
At beginning of year	5,888	3,609
Recognised in the income statement (Note 16)	(651)	2,279
At end of year	<u>5,237</u>	<u>5,888</u>

6. DEFERRED TAX ASSETS (CONTD.)

Presented after appropriate offsetting as follows:

	2008	2007
	RM'000	RM'000
Deferred tax assets	6,036	6,663
Deferred tax liabilities	(799)	(775)
	<u>5,237</u>	<u>5,888</u>

The components and movements of deferred tax assets and liabilities during the financial year prior to offsetting are as follows:

Deferred Tax Assets

	Provision for unearned premium reserves RM'000	Provision for doubtful debts RM'000	Provision for diminution in value of investments RM'000	Total RM'000
At 1 May 2007	125	2,327	4,211	6,663
Recognised in the income statement	(6)	319	(940)	(627)
At 30 April 2008	<u>119</u>	<u>2,646</u>	<u>3,271</u>	<u>6,036</u>
At 1 May 2006	135	2,253	2,226	4,614
Recognised in the income statement	(10)	74	1,985	2,049
At 30 April 2007	<u>125</u>	<u>2,327</u>	<u>4,211</u>	<u>6,663</u>

Deferred Tax Liabilities

	Accelerated capital allowances RM'000	Total RM'000
At 1 May 2007	775	775
Recognised in the income statement	24	24
At 30 April 2008	<u>799</u>	<u>799</u>
At 1 May 2006	1,005	1,005
Recognised in the income statement	(230)	(230)
At 30 April 2007	<u>775</u>	<u>775</u>

7. LOANS

	2008 RM'000	2007 RM'000
Staff loans:		
- Secured	160	44
- Unsecured	4	11
	<u>164</u>	<u>55</u>
Receivable within 12 months	133	17
Receivable after 12 months	31	38
	<u>164</u>	<u>55</u>

The secured staff loans bear interest at 4.0% (2007: 4.0%) per annum, whilst the unsecured staff loans are interest-free.

8. RECEIVABLES

	2008 RM'000	2007 RM'000
Trade receivables:		
Outstanding premiums including agents, brokers and co-insurers balances	40,082	32,540
Provision for doubtful debts	(11,051)	(9,794)
	<u>29,031</u>	<u>22,746</u>
Amount due from reinsurers and ceding companies	1,112	585
Provision for doubtful debts	(671)	(298)
	<u>441</u>	<u>287</u>
	<u>29,472</u>	<u>23,033</u>
Other receivables:		
Other receivables, deposits and prepayments *	3,662	3,294
Income due and accrued	3,701	3,392
	<u>7,363</u>	<u>6,686</u>
Total receivables	<u>36,835</u>	<u>29,719</u>

* Included in other receivables, deposits and prepayments is an amount of RM1,733,102 (2007: RM1,609,174) receivable from the Malaysian Motor Insurance Pool.

9. PROVISION FOR OUTSTANDING CLAIMS

	2008	2007
	RM'000	RM'000
Provision for outstanding claims	286,550	253,666
Recoverable from reinsurers	(58,435)	(44,830)
Net outstanding claims	<u>228,115</u>	<u>208,836</u>

10. PAYABLES

	2008	2007
	RM'000	RM'000
Trade payables:		
Amount due to agents, brokers, co-insurers and insureds	2,572	5,002
Amount due to reinsurers and ceding companies	22,203	17,534
	<u>24,775</u>	<u>22,536</u>
Other payables:		
Other payables and accrued liabilities *	13,676	13,102
Total payables	<u>38,451</u>	<u>35,638</u>

* Included in other payables and accrued liabilities are cash collaterals placed with the Company for bond policies issued, amounting to RM5,965,744 (2007: RM6,412,881).

11. UNEARNED PREMIUM RESERVES

	Fire	Motor	Marine, Aviation and Transit	Misc.	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
2008					
At beginning of year	9,314	63,520	1,854	19,059	93,747
Increase	2,573	22,106	770	13,133	38,582
At end of year	<u>11,887</u>	<u>85,626</u>	<u>2,624</u>	<u>32,192</u>	<u>132,329</u>

11. UNEARNED PREMIUM RESERVES (CONTD.)

	Fire RM'000	Motor RM'000	Marine, Aviation and Transit RM'000	Misc. RM'000	Total RM'000
2007					
At beginning					
of year	9,023	59,164	1,700	15,919	85,806
Increase	291	4,356	154	3,140	7,941
At end of					
year	<u>9,314</u>	<u>63,520</u>	<u>1,854</u>	<u>19,059</u>	<u>93,747</u>

12. SHARE CAPITAL

	Number of Ordinary Shares of RM1 Each		Amount	
	2008 '000	2007 '000	2008 RM'000	2007 RM'000
Authorised:				
At beginning/end of year	<u>200,000</u>	<u>200,000</u>	<u>200,000</u>	<u>200,000</u>
Issued and fully paid:				
At beginning/end of year	<u>118,000</u>	<u>118,000</u>	<u>118,000</u>	<u>118,000</u>

13. OPERATING REVENUE

	Note	2008 RM'000	2007 RM'000
General Insurance Fund:			
Gross premiums		354,677	269,585
Investment income	14	<u>20,906</u>	<u>22,416</u>
		375,583	292,001
Shareholders' Fund:			
Investment income	14	<u>707</u>	<u>1,672</u>
		<u>376,290</u>	<u>293,673</u>

14. INVESTMENT INCOME

	Note	2008 RM'000	2007 RM'000
General Insurance Fund:			
Interest income from:			
Malaysian Government Securities		2,358	3,009
Corporate bonds		3,191	3,026
Fixed and call deposits		9,484	5,852
Others		5	2
		<u>15,038</u>	<u>11,889</u>
Gross dividends from quoted investments in Malaysia		5,251	10,071
Amortisation of premiums net of accretion of discounts		(54)	(246)
Rental income		473	507
Other investment income		198	195
	13	<u>20,906</u>	<u>22,416</u>
Shareholders' Fund:			
Interest income from:			
Fixed and call deposits		88	57
Corporate bonds		115	-
Gross dividends from quoted investments in Malaysia		504	1,615
	13	<u>707</u>	<u>1,672</u>
Total investment income		<u>21,613</u>	<u>24,088</u>

15. OTHER OPERATING INCOME - NET

	2008 RM'000	2007 RM'000
General Insurance Fund:		
Other operating income:		
Loss on disposal of property and equipment	(135)	(41)
Gain on disposal of investments	59,400	38,652
(Loss)/gain on foreign exchange - realised	(22)	16
Bad debts recovered	-	7
Sundry income	877	741
	<u>60,120</u>	<u>39,375</u>

15. OTHER OPERATING INCOME - NET (CONTD.)

	2008	2007
	RM'000	RM'000
General Insurance Fund: (Contd.)		
Other operating expenses:		
Write back of / (provision for) diminution in value of investments	3,764	(7,761)
Fair value adjustments on investment properties	-	(717)
Sundry expenses	(34)	(27)
	<u>3,730</u>	<u>(8,505)</u>
Net other operating income	<u>63,850</u>	<u>30,870</u>
Shareholders' fund:		
Other operating income:		
Gain on disposal of investments	11,433	9,933
Provision for diminution in value of investments	(476)	(622)
Net other operating income	<u>10,957</u>	<u>9,311</u>

16. INCOME TAX EXPENSE

	2008	2007
	RM'000	RM'000
Income tax:		
Current income tax	26,325	20,300
Deferred tax:		
Relating to origination and reversal of temporary differences (Note 6)	651	(2,279)
Tax expense for the year	<u>26,976</u>	<u>18,021</u>

Current income tax is calculated at the Malaysian tax rate of 26% (2007: 27%) on the estimated assessable profit for the year. The statutory tax rate will be reduced to 25% from the current year's rate of 26%, effective from the year of assessment 2009. The computation of deferred tax as at 30 April 2008 has reflected this change.

16. INCOME TAX EXPENSE (CONTD.)

A reconciliation of income tax expenses applicable to profit before tax at the statutory income tax rate to tax expense at the effective tax rate of the Company is as follows:

	2008	2007
	RM'000	RM'000
Profit before tax	104,047	67,588
Taxation at Malaysian statutory tax rate of 26% (2006: 27%)	27,052	18,249
Effect of different tax rate for offshore business	(432)	(206)
Effect of income not subject to tax	(231)	(457)
Effect of expenses not deductible for tax purposes	488	556
Effect of changes in tax rate	99	(121)
Tax expense for the year	26,976	18,021

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 108 balance and opt to pay dividends under the single tier system. The change in the tax legislation also provides for the 108 balance to be locked-in as at 31 December 2007 in accordance with Section 39 of the Finance Act 2007.

The Company did not elect for the irrevocable option to disregard the 108 balance. Accordingly, during the transitional period, the Company may utilise the credit in the 108 balance as at 30 April 2008 to distribute cash dividend payments to ordinary shareholders as defined under the Finance Act 2007. As at 30 April 2008, the Company has sufficient credit in the 108 balance to pay franked dividends out of its entire retained earnings.

As at 30 April 2008, the Company has tax exempt income account balances amounting to approximately RM46,599,000 (2007: RM43,352,000), which can be distributed as tax exempt dividends.

17. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the net profit for the year by the weighted average number of ordinary shares in issue during the financial year.

	2008	2007
Net profit for the year (RM'000)	<u>77,071</u>	<u>49,567</u>
Number of ordinary shares in issue ('000)	<u>118,000</u>	<u>118,000</u>
Basic earnings per share (sen)	<u>65.3</u>	<u>42.0</u>

18. NET CLAIMS INCURRED

	Fire RM'000	Motor RM'000	Marine, Aviation and Transit RM'000	Misc. RM'000	Total RM'000
2008					
Gross claims paid less salvage	26,255	104,267	5,483	27,710	163,715
Reinsurance recoveries	<u>(13,644)</u>	<u>(4,593)</u>	<u>(2,612)</u>	<u>(5,118)</u>	<u>(25,967)</u>
Net claims paid	12,611	99,674	2,871	22,592	137,748
Net outstanding claims:					
At end of year	14,963	172,486	4,220	36,446	228,115
At beginning of year	<u>17,570</u>	<u>154,230</u>	<u>3,753</u>	<u>33,283</u>	<u>208,836</u>
Net claims incurred	<u>10,004</u>	<u>117,930</u>	<u>3,338</u>	<u>25,755</u>	<u>157,027</u>

18. NET CLAIMS INCURRED (CONTD.)

	Fire RM'000	Motor RM'000	Marine, Aviation and Transit RM'000	Misc. RM'000	Total RM'000
2007					
Gross claims					
paid less					
salvage	21,322	99,980	1,248	20,691	143,241
Reinsurance					
recoveries	(9,993)	(4,748)	52	(3,286)	(17,975)
Net claims					
paid	11,329	95,232	1,300	17,405	125,266
Net outstanding					
claims:					
At end of					
year	17,570	154,230	3,753	33,283	208,836
At beginning					
of year	14,161	141,302	5,387	31,201	192,051
Net claims					
incurred	14,738	108,160	(334)	19,487	142,051

19. MANAGEMENT EXPENSES

	2008 RM'000	2007 RM'000
Executive directors' remuneration		
- Salaries, allowances and bonus	1,148	667
- Other remuneration	100	80
	1,248	747
Salaries, bonus, allowances and other related cost	21,525	18,237
Employees Provident Fund (excluding directors')	2,388	2,044
Staff costs	25,161	21,028
Non-executive directors' emoluments:		
- Fees, allowances and bonus	292	324
- Other remuneration	27	30
	319	354

19. MANAGEMENT EXPENSES (CONTD.)

	2008	2007
	RM'000	RM'000
Auditors' remuneration:		
- Statutory audits	80	75
- Other services	5	5
	85	80
Rental of properties	724	437
Depreciation of plant and equipment	2,496	2,042
Amortisation of intangible assets	262	150
Provision for Insurance Guarantee Scheme Fund Levy	865	662
Other expenses	19,132	14,117
	<u>49,044</u>	<u>38,870</u>

The remuneration, including benefits-in-kind, attributable to the Chief Executive Officer of the Company during the year amounted to RM958,314 (2007: RM779,027). The estimated monetary value of benefits-in-kind included above amounted to RM31,750 (2007: RM31,750).

20. DIVIDENDS

	Dividends		Dividends	
	in respect of Year		Recognised in Year	
	2008	2007	2008	2007
	RM'000	RM'000	RM'000	RM'000
Recognised during the year:				
First interim dividend for 2008:				
30% less 26% taxation, on				
118,000,000 ordinary shares				
(22.2 sen per ordinary share)	26,196	-	26,196	-
Second interim dividend for 2008:				
15% less 26% taxation, on				
118,000,000 ordinary shares				
(11.1 sen per ordinary share)	13,098	-	13,098	-
Interim dividend for 2007:				
11.75% less 28% taxation, on				
118,000,000 ordinary shares				
(8.5 sen per ordinary share)	-	9,983	-	9,983
	<u>39,294</u>	<u>9,983</u>	<u>39,294</u>	<u>9,983</u>

21. SEGMENTAL INFORMATION ON CASH FLOW

2008	General insurance fund RM'000	Shareholders' fund RM'000	Total RM'000
Net cash generated from/(used in):			
Operating activities	33,977	-	33,977
Investing activities	(6,595)	-	(6,595)
Financing activity	(39,294)	-	(39,294)
	<u>(11,912)</u>	<u>-</u>	<u>(11,912)</u>
Net change in cash and cash equivalents:			
At beginning of year	24,321	592	24,913
At end of year	12,409	592	13,001
	<u>(11,912)</u>	<u>-</u>	<u>(11,912)</u>
2007			
Net cash generated from/(used in):			
Operating activities	30,550	(476)	30,074
Investing activities	(2,904)	-	(2,904)
Financing activity	(9,983)	-	(9,983)
	<u>17,663</u>	<u>(476)</u>	<u>17,187</u>
Net change in cash and cash equivalents:			
At beginning of year	6,658	1,068	7,726
At end of year	24,321	592	24,913
	<u>17,663</u>	<u>(476)</u>	<u>17,187</u>

22. RELATED PARTY DISCLOSURES**(a) Related parties**

For the purpose of these financial statements, 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.

22. RELATED PARTY DISCLOSURES (CONTD.)**(a) Related parties (Contd.)**

In the normal course of business, the Company undertakes various transactions with subsidiary and associated companies of its ultimate holding company, Berjaya Corporation Berhad and other companies deemed related parties by virtue of common director's shareholdings and a corporate shareholder's interest in its ultimate holding company. The Directors are of the opinion that the Company sold insurance policies to the 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, unless otherwise stated.

(b) Key management personnel

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Company either directly or indirectly. In line with the group classification, our key management personnel include the Chief Executive Officer and the Deputy Chief Executive Officer who are also the Directors of the Company.

Related party transactions and balances

The significant related party transactions during the year are as follows:

	2008	2007
	RM'000	RM'000
Related party transactions:		
Ultimate holding company		
- Berjaya Corporation Berhad and its subsidiaries		
Gross premium income	11,197	13,106
Rental income	-	74
	<hr/>	<hr/>
Holding company		
- Berjaya Capital Berhad and its subsidiaries		
Gross premium income	224	324
Brokerage fee	(437)	(214)
	<hr/>	<hr/>
- Companies in which a controlling shareholder of the ultimate holding company has an interest		
Gross premium income	4,116	3,164
	<hr/>	<hr/>

22. RELATED PARTY DISCLOSURES (CONTD.)**Related party transactions and balances (Contd.)**

	2008	2007
	RM'000	RM'000
Corporate shareholder:		
- Sompo Japan Insurance Inc.		
Premium ceded	(177)	-
Commission received	23	-
	<hr/>	<hr/>
Other related companies:		
Premium ceded	(9,721)	(1,116)
Commission received	2,637	363
Claims recoveries	1,218	-
Risk survey fee paid	(59)	-
	<hr/>	<hr/>
Related party balances:		
Due from related companies		
Ultimate holding company		
- Berjaya Corporation Berhad and its subsidiaries	212	1,371
	<hr/>	<hr/>
Holding company		
- Berjaya Capital Berhad and its subsidiaries	-	64
	<hr/>	<hr/>
Other related companies		
- Companies in which a controlling shareholder of the ultimate holding company has an interest	313	270
	<hr/>	<hr/>
Corporate shareholder		
- Sompo Japan Insurance, Inc	(47)	-
	<hr/>	<hr/>
Other related companies	(855)	(72)
	<hr/>	<hr/>

22. RELATED PARTY DISCLOSURES (CONTD.)**Compensation of key management personnel**

The remuneration of Company's Executive Directors during the financial year was as follows:

	2008	2007
	RM'000	RM'000
Short term employee benefits		
- Salaries, allowances and bonus	1,148	667
- Other remuneration	100	80
- Benefits-in-kind	83	32
	<u>1,331</u>	<u>779</u>

The remuneration of Company's Non-Executive Directors during the financial year is disclosed in Note 19 to the financial statements.

23. FINANCIAL INSTRUMENTS**(a) Financial Risk Management Objectives and Policies**

The Company's financial risk management policy seeks to ensure that adequate financial resources are available for the Company's business activity whilst managing the Company's interest rate, liquidity, market and credit risks. The Company operates within clearly defined policies and guidelines that are approved by the Board.

(b) Interest Rate Risk

The Company's primary interest rate risk relates to interest-bearing assets. The interest bearing assets are made up of deposits with licensed financial institutions and secured staff loans. The interest rate risk arises from the interest rate movements affecting the reinvestment of interest-bearing assets.

The Company manages the interest rate risk of its deposits with licensed financial institutions by maintaining a prudent mix of short and longer term deposits and actively reviewing its portfolio of deposits.

23. FINANCIAL INSTRUMENTS (CONTD.)**(c) Liquidity Risk**

The Company actively manages the profile of its deposits with financial institutions, operating cash flows and the availability of funding so as to ensure that all operating needs are met. As part of its overall prudent liquidity management, the Company maintains sufficient levels of cash or cash convertible investments to meet its working capital requirements.

(d) Market Risk

The Company's investments in equities and unit trusts are subject to fluctuations in market prices. The Company's investments in equities, bonds and unit trusts are all subjected to approval by the Investment Committee.

(e) Credit Risk

Trade receivables are monitored regularly and the Company adopts various internal control measures to minimise this credit risk.

(f) Maturity Structure of Investments

The maturity structure of investments, at cost (excluding equity investments, warrants, unit trust funds and investment properties) is as follows:

	Interest-bearing contractual re-pricing or maturity dates (whichever is earlier)			Total RM'000
	1 year or less RM'000	1 year to 5 years RM'000	More than 5 years RM'000	
2008				
Malaysian Government securities	22,038	15,024	5,022	42,084
Government Investment Issues	9,990	-	-	9,990
Khazanah bonds	4,914	-	-	4,914
Unquoted corporate bonds	-	40,038	8,347	48,385
Fixed and call deposits placed with licensed financial institutions and other corporations	283,699	-	-	283,699

23. FINANCIAL INSTRUMENTS (CONTD.)**(f) Maturity Structure of Investments (Contd.)**

	Interest-bearing contractual re-pricing or maturity dates (whichever is earlier)			Total RM'000
	1 year or less RM'000	1 year to 5 years RM'000	More than 5 years RM'000	
2007				
Malaysian Government securities	5,142	37,068	-	42,210
Government Investment Issues	-	9,978	-	9,978
Khazanah bonds	-	4,707	-	4,707
Unquoted corporate bonds	5,002	33,007	10,500	48,509
Fixed and call deposits placed with licensed financial institutions and other corporations	217,702	-	-	217,702

(g) Weighted Average Rate of Return

The weighted average rate of return and the average remaining maturity of deposits as at the balance sheet date for the Company were as follows:

	Weighted average rate of return (% per annum)		Weighted average remaining maturity (Days)	
	2008	2007	2008	2007
Licensed banks	3.6	3.7	150	128
Other financial institutions	3.4	3.4	6	6

23. FINANCIAL INSTRUMENTS (CONTD.)**(h) Fair Values**

The aggregate net fair values of financial assets not carried at fair values on the balance sheet of the Company are represented as follows:

	Carrying value		Fair value	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Investments				
Malaysian Government Securities	42,084	42,210	42,272	42,754
Government Investment Issues	9,990	9,978	10,045	10,090
Khazanah bonds	4,914	4,707	4,936	4,765
Quoted shares of corporations	119,942	94,889	148,823	128,693
Unit trust funds	17,332	16,459	17,655	17,226
Quoted warrants and loan stocks	29,145	23,517	118,441	40,983
Unquoted shares of corporations	243	118	*	*
Unquoted corporate bonds	48,385	48,509	49,950	50,603

* It is not practical to estimate the fair value of the unquoted shares because there are no readily available secondary market indicative prices for these shares.

The following methods and assumptions are used to estimate the fair values of the following classes of financial instruments:

Cash and Cash Equivalents and Receivables/Payables

The carrying amounts approximate their fair values due to the relatively short-term maturity of these financial instruments.

23. FINANCIAL INSTRUMENTS (CONTD.)

(h) Fair Values (Contd.)

Investments

The fair values of unquoted corporate bonds, Malaysian Government Securities, Cagamas and Khazanah bonds are indicative values obtained from the secondary market.

The fair values of quoted shares, warrants and loan stocks of corporations are determined by reference to the stock exchange quoted market bid prices at the close of business on the balance sheet date.

The fair values of units in the quoted unit trust funds are determined by reference to market quotation by the managers of the unit trust funds.