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

Directors' Report and Audited Financial Statements
30 April 2010

Ernst & Young
AF : 0039

62605-U

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 2010.

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
Net profit for the year	75,158

There were no material transfers to or from reserves or provisions during the financial year.

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

No dividend has been paid or declared by the Company since the end of the previous financial year.

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:

Dato' Abdul Rahman bin Hamidon
Loh Lye Ngok
Dato' Haji Ahmad bin Sidek
Datuk Bhupatrai a/l Mansukhlal Premji
Dato' Robin Tan Yeong Ching
Kenji Kojima
Tadashi Baba

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) Tadashi Baba

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 5 times during the financial year.

Corporate governance (cont'd.)

Corporate Governance Standards (cont'd.)

(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) 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 2 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) Dato' Haji Ahmad bin Sidek
(v) Kenji Kojima
(vi) 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 (cont'd.)

Corporate Governance Standards (cont'd.)

(3) Nominating committee (cont'd.)

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 2 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) Datuk Bhupatrai A/L Mansukhlal Premji
(iv) Tadashi Baba

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 23 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 25 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 1.5.2009	**Acquired**	**Disposed**	**As at 30.4.2010**
Loh Lye Ngok	2,000	-	-	2,000
	* 250,000	-	-	* 250,000
Dato' Robin Tan Yeong Ching	722,847	-	-	722,847
	* 5,000	-	-	* 5,000

	Number of 0% Irredeemable Convertible Unsecured Loan Stocks 2005/2015 of RM0.50 Nominal Value Each			
	As at 1.5.2009	**Acquired**	**Disposed/ Converted**	**As at 30.4.2010**
Loh Lye Ngok	-	250,000	-	250,000
	-	* 100,000	-	* 100,000

Related Companies
- Berjaya Land Berhad ("BLB")

	Number of ordinary shares of RM1 each			
	As at 1.5.2009	**Acquired**	**Disposed**	**As at 30.4.2010**
Dato' Robin Tan Yeong Ching	150,000	-	-	150,000
Loh Lye Ngok	* 400,000	-	-	* 400,000

- Berjaya Sports Toto Berhad ("BTOTO")

	Number of ordinary shares of RM0.10 each			
	As at 1.5.2009	**Acquired**	**Disposed**	**As at 30.4.2010**
Dato' Robin Tan Yeong Ching	772,000	56,000	-	828,000
Loh Lye Ngok	* 10,000	714	-	* 10,714

* Denotes indirect interest pursuant to Section 134(12)(c) of the Companies Act, 1965.

Directors' interests (cont'd.)

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;

(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.

(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.

Other statutory information (cont'd.)

(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.

(g) Before the income statement and balance sheet of the Company were made out, the directors took reasonable steps to ascertain that there was adequate provisions for its insurance liabilities in accordance with the valuation methods specified in the Risk-Based Capital Framework for insurers issued by Bank Negara Malaysia.

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 21 July 2010.

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 Sompo Insurance Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 11 to 59 are drawn up in accordance with 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 2010 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 21 July 2010.

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 Sompo Insurance Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 11 to 59 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 21 July 2010

Lim Chee Heng

Before me,

Independent auditors' report to the members of
Berjaya Sompo Insurance Berhad
(Incorporated in Malaysia)

Report on the financial statements

We have audited the financial statements of Berjaya Sompo Insurance Berhad, which comprise the balance sheet as at 30 April 2010, 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 11 to 59.

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 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 the 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.

Independent auditors' report to the members of
Berjaya Sompo Insurance Berhad (cont'd.)
(Incorporated in Malaysia)

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards, as modified by Bank Negara Malaysia and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Company as at 30 April 2010 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 provisions 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.

Ernst & Young
AF: 0039
Chartered Accountants

Wong Lai Wah
No. 1956/04/11(J)
Chartered Accountant

Kuala Lumpur, Malaysia
21 July 2010

Berjaya Sompo Insurance Berhad
(Incorporated in Malaysia)

Balance sheet as at 30 April 2010

	Note	2010 RM'000	2009 RM'000 Restated
Assets			
Property and equipment	3	33,411	31,603
Intangible assets	4	1,186	1,158
Investments	5	-	283,901
Investment properties	6	10,498	5,300
Available-for-sale securities	7	243,757	-
Held-to-maturity securities	8	148,796	-
Deferred tax assets	9	-	8,193
Taxation		-	6,281
Loans	10	37	35
Receivables	11	94,894	37,190
Deposits with financial institutions	12	379,787	358,655
Cash and bank balances		15,009	18,528
Total assets		927,375	750,844
Equity and liabilities			
Liabilities			
Claim liabilities	13	340,192	312,662
Premium liabilities	14	156,073	142,641
Deferred tax liabilities	9	7,865	-
Tax payables		3,713	-
Payables	15	43,473	45,221
Total liabilities		551,316	500,524
Equity			
Share capital	16	118,000	118,000
Available-for-sale reserve		41,666	-
Retained profits		216,393	132,320
Total equity		376,059	250,320
Total liabilities and equity		927,375	750,844

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 2010

	Share capital RM'000	Fair value reserves RM'000	Distributable retained profits RM'000	Total RM'000
At 1 May 2008	118,000	-	125,767	243,767
Net profit for the year	-	-	6,553	6,553
At 30 April 2009	118,000	-	132,320	250,320
At 1 May 2009				
As previously reported	118,000	-	132,320	250,320
Effects of adopting the fair value measurement for available-for-sale securities	-	13,355	8,915	22,270
As restated	118,000	13,355	141,235	272,590
Movement in fair value for available-for-sale securities	-	28,311	-	28,311
Net profit for the year	-	-	75,158	75,158
At 30 April 2010	118,000	41,666	216,393	376,059

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 2010

	Note	2010 RM'000	2009 RM'000
Operating revenue	17	463,466	437,169
Shareholders' fund:			
Investment income	18	111	399
Net other operating income/(expenses)	19	6,141	(362)
		6,252	37
Surplus transferred from General Insurance Revenue Account		86,443	8,420
Profit before tax		92,695	8,457
Income tax expense	20	(17,537)	(1,904)
Net profit for the year		75,158	6,553
Earnings per share (sen) - Basic	21	63.7	5.6

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

Berjaya Sompo Insurance Berhad
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General insurance revenue account
For the year ended 30 April 2010

		Fire		Motor		Marine, Aviation and Transit		Miscellaneous		Total	
		2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
	Note	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Operating revenue	17									463,355	436,770
Gross premiums		72,538	66,170	236,697	226,472	15,029	14,226	120,674	108,141	444,938	415,009
Reinsurance		(40,944)	(35,705)	(12,801)	(12,523)	(6,476)	(5,620)	(28,487)	(27,474)	(88,708)	(81,322)
Net premiums		31,594	30,465	223,896	213,949	8,553	8,606	92,187	80,667	356,230	333,687
Increase in premium liabilities	14	(524)	(728)	(10,449)	(5,270)	(1,458)	(261)	(1,001)	(4,053)	(13,432)	(10,312)
Earned premiums		31,070	29,737	213,447	208,679	7,095	8,345	91,186	76,614	342,798	323,375
Net claims incurred	22	(10,886)	(11,650)	(189,381)	(206,089)	(3,482)	(2,531)	(54,623)	(40,449)	(258,372)	(260,719)
Net commissions		1,109	69	(23,384)	(21,950)	(470)	(394)	(10,458)	(9,625)	(33,203)	(31,900)
Underwriting surplus before management expenses		21,293	18,156	682	(19,360)	3,143	5,420	26,105	26,540	51,223	30,756
Management expenses	23									(48,957)	(51,634)
Underwriting surplus/(deficit)										2,266	(20,878)
Investment income	18									18,417	21,761
Net other operating income	19									65,760	7,537
Surplus transferred to Income Statement										86,443	8,420

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

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Berjaya Sompo Insurance Berhad
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Cash flow statement
For the year ended 30 April 2010

	Note	2010 RM'000	2009 RM'000
Cash flows from operating activities			
Retained premiums less commissions		416,601	381,399
Claims less recoveries		(323,409)	(252,775)
Interest income		16,538	17,359
Net dividends		1,815	2,246
Management expenses		(48,432)	(49,240)
Purchase of investments		(144,748)	(97,131)
Proceeds from sale of investments		109,025	98,199
Net placement of fixed and call deposits		(21,132)	(74,956)
Rental income		647	564
Cash generated from operations		6,905	25,665
Taxes paid		(7,921)	(16,046)
Net cash (used in)/generated from operating activities	24	(1,016)	9,619
Cash flows from investing activities			
Purchases of property and equipment		(2,526)	(4,134)
Proceeds from sale of property and equipment		23	42
Net cash used in investing activities	24	(2,503)	(4,092)
Cash flows from financing activity			
Dividends paid		-	-
Net cash used in financing activity	24	-	-
Net (decrease)/increase in cash and cash equivalents		(3,519)	5,527
Cash and cash equivalents at beginning of year	24	18,528	13,001
Cash and cash equivalents at end of year	24	15,009	18,528

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

Notes to the financial statements - 30 April 2010

1. Corporate information

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 Market of Bursa Malaysia Securities Berhad.

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 financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 21 July 2010.

2. Significant accounting policies

2.1 Basis of preparation

The financial statements comply with the Financial Reporting Standards ("FRS") in Malaysia, as modified by Bank Negara Malaysia ("BNM") and the provisions of the Companies Act, 1965, the Insurance Act, 1996 and other Guidelines/Circulars issued by BNM.

The Company had adopted all FRSs, Issues Committee ("IC") Interpretations and amendments to FRSs in Malaysia except for those which have been issued but are not yet effective as described in note 2.3.

The financial statements of the Company have been prepared on a historical cost basis, except for those financial instruments that have been measured at their fair values and insurance liabilities in accordance with the valuation methods as specified under Part D of the Risk-Based Capital ("RBC") framework for insurers issued by BNM.

The RBC framework became effective for all insurers beginning 1 January 2009 and the impact of the changes arising from the RBC framework is discussed in note 2.4.

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 (cont'd.)

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) Premium liabilities

Premium liabilities are reported at the higher of the aggregate of the unearned premium reserve (“UPR”) for all lines of business and the best estimate value of the insurer’s unexpired risk reserves (“URR”) at the end of the financial year and the provision of risk margin for adverse deviation ("PRAD") calculated at 75% confidence level at the overall Company level. The best estimate value is a prospective estimate of the expected future payments arising from future events insured under policies in force at the end of the financial year including allowance for insurer’s expenses.

(a) Unexpired risk reserves

The URR is the prospective estimate of the expected future payments arising from future events insured under policies in force as at the end of the financial year and also includes allowance for expenses, including overheads and cost of reinsurance, expected to be incurred during the unexpired period in administering these policies and settling the relevant claims, and expected future premium refunds.

2. Significant accounting policies (cont'd.)

2.2 Summary of significant accounting policies (cont'd.)

(a) General insurance underwriting results (cont'd.)

(b) Unearned premium reserves

The short-term 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 business;

- 1/24th method for all other classes of general business in respect of Malaysian policies, with the following deduction rates, or actual commission incurred, whichever is lower

Motor and bonds	10%
Fire, engineering, aviation and marine	15%
Medical	10 - 15%
Other classes	20%

- 1/8th method for overseas inward treaty business with a deduction of 20% for commissions

- Non-annual policies are time apportioned over the period of the risks.

The long-term UPR represent the portion of the net premiums of long-term insurance policies written, that relate to the unexpired periods of the policies at the end of the financial period. The premium income is recognised on a time apportionment basis over the duration of the policies.

2. Significant accounting policies (cont'd.)

2.2 Summary of significant accounting policies (cont'd.)

(a) General insurance underwriting results (cont'd.)

(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) Claim liabilities

Claim liabilities are recognised as the obligation to make future payments in relation to all claims that have been incurred as at the end of the financial year. They are recognised in respect of both direct insurance and inward reinsurance. The value is the best estimate value of claim liabilities which include provision for claims reported, claims incurred but not enough reserved ("IBNER"), claims incurred but not reported (“IBNR”) and direct and indirect claim-related expenses as well as PRAD at 75% confidence level calculated at the overall Company level. These are based on an actuarial valuation by a qualified actuary, using a mathematical method of estimation based on, among others, 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 (cont'd.)

2.2 Summary of significant accounting policies (cont'd.)

(b) Property and equipment and depreciation (cont'd.)

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.

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

2. Significant accounting policies (cont'd.)

2.2 Summary of significant accounting policies (cont'd.)

(c) Impairment of non-financial assets (cont'd.)

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 (cont'd.)

2.2 Summary of significant accounting policies (cont'd.)

(e) Other revenue recognition (cont'd.)

(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 (cont'd.)

2.2 Summary of significant accounting policies (cont'd.)

(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 (cont'd.)

2.2 Summary of significant accounting policies (cont'd.)

(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.

(a) Financial assets

Financial assets are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets, or as derivatives, as appropriate.

The Company determines the classification of its financial assets at initial recognition. The Company initially recognises financial assets including cash and short-term deposits, loans and other receivables when it becomes a party to the contractual provisions of the instruments.

The subsequent measurement of financial assets depends on their classification as follows:

(i) Classification and measurement basis for securities

- Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss ("FVTPL") includes financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. Financial assets at fair value through profit or loss are carried in the balance sheet at fair value with gains or losses recognised in the income statement.

2. Significant accounting policies (cont'd.)

2.2 Summary of significant accounting policies (cont'd.)

(k) Financial instruments (cont'd.)

(a) Financial assets (cont'd.)

(i) Classification and measurement basis for securities (cont'd.)

- Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such financial assets are carried at amortised cost using the effective interest rate method. Gains or losses are recognised in the income statement when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

- Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. These assets are carried at amortised cost using the effective interest method, less any impairment loss. Gains or losses are recognised in the income statement when the investments are derecognised or impaired, as well as through the amortisation process.

- Available-for-sale financial assets

Available-for-sale ("AFS") financial assets are non-derivative financial assets that are designated as available-for-sale or are not classified in any of the three preceding categories. After initial measurement, available-for-sale financial assets are measured at fair value with unrealised gains or losses recognised directly in equity until the investment is derecognised, at which time the cumulative gain or loss recorded in equity is recognised in the income statement, or determined to be impaired, at which time the cumulative loss recorded in equity is recognised in the income statement.

2. Significant accounting policies (cont'd.)

2.2 Summary of significant accounting policies (cont'd.)

(k) Financial instruments (cont'd.)

(a) Financial assets (cont'd.)

(ii) Receivables

Receivables are carried at anticipated realisable values.

Known bad debts are written off and full allowances are made for outstanding premiums including agents, brokers and reinsurers balances in arrears for more than thirty days for motor class and six months for other classes of insurance, from the date on which they become receivable and for all debts which are considered doubtful, as stipulated in the BNM guidelines.

(b) Financial liabilities

Trade and other payables are classified as financial liabilities and recognised at fair value of the consideration to be paid in the future for goods and services received.

(c) Equity instruments

Ordinary shares are classified as equity on the balance sheet.

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

(l) Investments

Prior to 1 May 2009, investments were recognised initially at purchase price plus attributable transaction costs and subsequent to initial recognition:

- **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.

2. Significant accounting policies (cont'd.)

2.2 Summary of significant accounting policies (cont'd.)

(l) Investments (cont'd.)

- **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.

- **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.

- **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.

(m) 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.

2. Significant accounting policies (cont'd.)

2.2 Summary of significant accounting policies (cont'd.)

(m) Intangible assets (cont'd.)

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.

(n) 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

- 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.

2. Significant accounting policies (cont'd.)

2.2 Summary of significant accounting policies (cont'd.)

(n) Leases (cont'd.)

(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.

In the case of a lease of 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. Significant accounting policies (cont'd.)

2.3 Changes In Accounting Policies And Effects Arising From Adoption Of New and Revised FRSs, Amendments to FRSs and IC Interpretations

At the date of authorisation of these financial statements, the following new FRSs, amendments to FRSs and IC Interpretations have been issued but are not yet effective for the current financial year and have not been adopted by the Company:

Effective for financial periods beginning on or after 1 January 2010

(i) FRS 4: Insurance Contracts
(ii) FRS 7: Financial Instruments-Disclosures
(iii) FRS 101: Presentation of Financial Statements (revised 2009)
(iv) FRS 123: Borrowing Costs
(v) FRS 139: Financial Instruments - Recognition and Measurement
(vi) Amendments to FRS 1 First-time Adoption of Financial Reporting Standards and FRS 127: Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
(vii) Amendments to FRS 2: Share-based Payment - Vesting Conditions and Cancellations
(viii) Amendments to FRS 132: Financial Instruments: Presentation
(ix) Amendments to FRS 132: Financial Instruments: Presentation (Classification of Rights Issues)
(x) Amendments to FRS 139: Financial Instruments: Recognition and Measurement, FRS 7: Financial Instruments: Disclosure and IC Interpretation 9: Reassessment of Embedded Derivatives
(xi) Amendments to FRSs contained in the document entitled 'Improvements to FRSs (2009)
(xii) IC Interpretation 9: Reassessment of Embedded Derivatives
(xiii) IC Interpretation 10: Interim Financial Reporting and Impairment
(xiv) IC Interpretation 11: FRS 2 – Group and Treasury Share Transactions
(xv) IC Interpretation 13: Customer Loyalty Programmes
(xvi) IC Interpretation 14 FRS 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
(xvii) TR i - 3: Presentation of Financial Statements of Islamic Financial Institutions

2. Significant accounting policies (cont'd.)

2.3 Changes In Accounting Policies And Effects Arising From Adoption Of New and Revised FRSs, Amendments to FRSs and IC Interpretations (cont'd.)

Effective for financial periods beginning on or after 1 July 2010

(i) FRS 1: First-time Adoption of Financial Reporting Standards (revised 2010)
(ii) FRS 3: Business Combinations (revised 2010)
(iii) FRS 127: Consolidated and Separate Financial Statements (revised 2010)
(iv) Amendments to FRS 2: Share-based Payment
(v) Amendments to FRS 5: Non-current Assets Held for Sale and Discontinued Operations
(vi) Amendments to FRS 138: Intangible Assets
(vii) Amendments to IC Interpretation 9: Reassessment of Embedded Derivatives
(viii) IC Interpretation 12: Service Concession Arrangements
(ix) IC Interpretation 15: Agreements for the Construction of Real Estate
(x) IC Interpretation 16: Hedges of a Net Investment in a Foreign Operation
(xi) IC Interpretation 17: Distributions of Non-cash Assets to Owners

Effective for financial periods beginning on or after 1 January 2011

(i) Amendments to FRS 1: Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters
(ii) Amendments to FRS 7: Improving Disclosures about Financial Instruments

The impact of applying FRS 4, FRS 7 and 139 on the financial statements upon first adoption as required by paragraph 30(b) of FRS 108 Accounting Policies, Changes in Accounting Estimates and Errors is not disclosed by virtue of the exemptions given in the respective FRSs. Unless otherwise described below, these pronouncements are expected to have no significant impact to the financial statements of the Company.

(i) FRS 139 Financial Instruments: Recognition and Measurement

This standard establishes the principles for the recognition, derecognition and measurement of an entity's financial instruments and for hedge accounting.

2. Significant accounting policies (cont'd.)

2.3 Changes In Accounting Policies And Effects Arising From Adoption Of New and Revised FRSs, Amendments to FRSs and IC Interpretations (cont'd.)

(ii) FRS 4 Insurance Contracts

This standard specifies the financial reporting requirements for insurance contracts by any entity that issues such contracts, including disclosures to assist users of financial statements understand the amounts, timing and uncertainty of future cash flows arising from insurance contracts.

(iii) FRS 7 Financial Instruments: Disclosures

This standard requires both quantitative and qualitative disclosures in respect of an entity's exposure to financial instruments and related risks. It also requires enhanced disclosures regarding components of its financial position and performance, and possible changes to the way of presenting certain items in the financial statements.

(iv) FRS 101 Presentation of Financial Statements (Revised 2009)

This standard sets the overall requirements for the presentation of financial statements, guidelines for their structure and the minimum requirements for their content. The standard separates owner and non-owner changes in equity, whereby the statement of changes in equity will include only details of transactions with owners, and all non-owner changes in equity will be presented as a single line, labelled as total comprehensive income. The standard also introduces a statement of comprehensive income, which presents all items of income and expense recognized in the income statement, together with all other items of recognized income and expense, either in one single statement, or in two linked statements. The Company is currently evaluating the format to be adopted. 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. The adoption of this revised FRS will not have any impact on the financial position and results of the Company.

2. Significant accounting policies (cont'd.)

2.4 Summary of effects of change in accounting treatment on the current financial year's financial statements

(i) 1 April 2009

The following table presents the changes to the affected balance sheet items, arising from the adoption of the RBC framework for insurers with effect from 1 April 2009. Pursuant to the framework, the resultant changes are reflected in the brought forward retained earnings and via creation of AFS reserves.

	As at 1 May 2009 RM'000	Effects of RBC Framework Increase/ (Decrease) RM'000	Adjusted Balance as at 1 May 2009 RM'000
AFS reserves	-	**13,355**	**13,355**
- Unrealised gain on AFS securities	-	17,806	17,806
- Deferred tax effects	-	(4,451)	(4,451)
Retained profits	**132,320**	**8,915**	**141,235**
- Write-back of provision for diminution in value of investments	-	11,887	11,887
- Deferred tax on fair value changes	-	(2,972)	(2,972)

The above have been taken up in the books by adjusting the opening balance of retained earnings and the creation of AFS reserves as required by the RBC.

2. Significant accounting policies (cont'd.)

2.5 Significant accounting estimates and judgements

(a) Critical judgements 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) 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 premium and claim liabilities as described in note 2.2 (a) (ii)(iv). The premium liabilities comprise UPR and/or URR while claim liabilities comprise outstanding claims case estimates and Incurred But Not Reported ("IBNR") claims.

Generally, claim 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 premium and claim liabilities will not exactly develop as projected and may vary from the Company's projections. The estimates of premium and claim 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 premium and claim liabilities may vary from the initial estimates. There may be significant reporting lags between the occurrence of an insured event and the time it is actually reported to the Company. Following the identification and notification of an insured loss, there may still be uncertainty as to the magnitude of the claim. There are many factors that will determine the level of uncertainty such as inflation, inconsistent judicial interpretations, legislative changes and claims handling procedures.

2. Significant accounting policies (cont'd.)

2.5 Significant accounting estimates and judgements (cont'd.)

(b) Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(i) Depreciation of property 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) Amortisation of intangible assets

The Company recognises the costs of significant development of knowledge based software and computer applications as intangible assets with finite useful lives. Such software and applications are unique to the requirements of the insurance business and the Company establishes that these development costs will generate economic benefits beyond one year.

(iii) Claim Liabilities - Case Estimates

For claims, reserve is made upon notification of a new claim where the potential liability will be assessed based on information available. Where little or no information is available, a "blind" reserve will be used. The blind reserves are based on class of business and are reviewed annually in line with BNM guidelines. As and when more information becomes available regarding a claim, the reserve is updated accordingly.

(iv) 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
2010				
Cost				
At 1 May 2009	26,997	18,634	3,648	49,279
Additions	2,090	1,287	137	3,514
Reclassification	1,400	-	-	1,400
Disposals	-	(47)	(112)	(159)
Write offs	-	(146)	-	(146)
At 30 April 2010	30,487	19,728	3,673	53,888
Accumulated depreciation and impairment				
At 1 May 2009	5,760	9,683	2,233	17,676
Charge for the year	572	2,022	473	3,067
Disposals	-	(43)	(109)	(152)
Write offs	-	(114)	-	(114)
At 30 April 2010	6,332	11,548	2,597	20,477
Net carrying amount	24,155	8,180	1,076	33,411

3. Property and equipment (cont'd.)

	Land and buildings* RM'000	Furniture, fittings, office equipment and computers RM'000	Motor vehicles RM'000	Total RM'000
2009				
Cost				
At 1 May 2008	26,997	16,182	3,078	46,257
Additions	-	2,637	827	3,464
Disposals	-	-	(257)	(257)
Write offs	-	(185)	-	(185)
At 30 April 2009	26,997	18,634	3,648	49,279
Accumulated depreciation and impairment				
At 1 May 2008	5,220	7,870	2,066	15,156
Charge for the year	540	1,954	424	2,918
Disposals	-	-	(257)	(257)
Write offs	-	(141)	-	(141)
At 30 April 2009	5,760	9,683	2,233	17,676
Net carrying amount	21,237	8,951	1,415	31,603

* **Land and buildings**

	Freehold properties RM'000	Leasehold properties RM'000	Total RM'000
2010			
Cost			
At 1 May 2009	22,167	4,830	26,997
Reclassification	1,400	-	1,400
Addition	1,500	590	2,090
At 30 April 2010	25,067	5,420	30,487

3. Property and equipment (cont'd.)

*** Land and buildings (cont'd.)**

	Freehold properties RM'000	Leasehold properties RM'000	Total RM'000
2010 (cont'd.)			
Accumulated depreciation and impairment			
At 1 May 2009	5,470	290	5,760
Charge for the year	471	101	572
At 30 April 2010	5,941	391	6,332
Net carrying amount	19,126	5,029	24,155
2009			
Cost			
At 1 May 2008/ 30 April 2009	22,167	4,830	26,997
Accumulated depreciation and impairment			
At 1 May 2008	5,025	195	5,220
Charge for the year	445	95	540
At 30 April 2009	5,470	290	5,760
Net carrying amount	16,697	4,540	21,237

4. Intangible assets

	2010 RM'000	2009 RM'000
Cost		
At 1 May 2009/2008	2,763	2,092
Addition	362	671
At 30 April	3,125	2,763
Accumulated amortisation		
At 1 May 2009/2008	1,605	1,507
Charge for the year	334	98
At 30 April	1,939	1,605
Net carrying amount		
At 30 April	1,186	1,158

5. Investments

	2010		2009	
	Carrying value RM'000	Market/ indicative value RM'000	Carrying value RM'000	Market/ indicative value RM'000
At Cost:				
Malaysian Government Securities	-		55,500	
Net amortisation of premiums	-		(27)	
	-	-	55,473	56,207
Government Investment Issues	-		10,225	
Accretion of discounts	-		(11)	
	-	-	10,214	10,286

5. Investments (cont'd.)

	2010		2009	
	Carrying value RM'000	Market/ indicative value RM'000	Carrying value RM'000	Market/ indicative value RM'000
At cost: (cont'd.)				
Government Guaranteed Loan	-	-	5,000	4,978
Quoted:				
Shares of corporations				
- In Malaysia	-		116,236	
- Outside Malaysia	-		8,969	
Provision for diminution in value *	-		(19,879)	
	-	-	105,326	106,089
Unit trust funds	-	-	21,005	21,012
Warrants and loan stocks				
- In Malaysia	-		22,832	
- Outside Malaysia	-		587	
Provision for diminution in value *	-		(544)	
	-	-	22,875	51,798
Unquoted:				
Shares of corporations	-		5,990	
Provision for diminution in value	-		(5,747)	
	-		243	
Corporate bonds **	-		63,745	
Net amortisation of premiums	-		(482)	
	-	-	63,263	64,359
Other investments	-		541	
Provision for diminution in value	-		(39)	
	-		502	
Total investments	-		283,901	

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

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

5. Investments (cont'd.)

Investments were reclassified to Financial Assets as a result of the adoption of the RBC Framework.

6. Investment Properties

	2010 RM'000	2009 RM'000
As at 1 May 2009	5,300	5,140
Additions	7,305	-
Transfer to property and equipment	(1,400)	-
Fair value adjustments	(707)	160
As at 30 April 2010	10,498	5,300

7. Available-For-Sale Securities

At Fair Value:	2010 RM'000	2009 RM'000
Quoted:		
Shares of corporations		
- In Malaysia	179,294	-
- Outside Malaysia	3,344	-
	182,638	-
Unit trust funds	23,478	-
Warrants and loan stocks		
- In Malaysia	35,473	-
- Outside Malaysia	1,423	-
	36,896	-
Unquoted:		
Shares of corporation	243	-
Other investments	502	-
Total Available-For-Sale Securities	243,757	-

8. Held-To-Maturity Securities

	2010		2009	
	Amortised cost RM'000	**Fair value RM'000**	**Amortised value RM'000**	**Fair value RM'000**
Malaysian Government Securities	50,480		-	
Net amortisation of premiums	(72)		-	
	50,408	50,972	-	-
Government Investment Issues	15,230		-	
Accretion of discounts	(52)		-	
	15,178	15,275	-	-
Government Guaranteed Loan	5,000	5,011	-	-
Corporate bonds	78,811		-	
Net amortisation of premiums	(601)		-	
	78,210	79,661	-	-
Total Held-To-Maturity Securities	148,796	150,919	-	-

9. Deferred tax liabilities/assets

	2010 RM'000	2009 RM'000
At 1 May 2009 (as previously reported)	8,193	5,237
Effects of adoption of RBC	(7,423)	-
At 1 May 2009 (as restated)	770	5,237
Recognised in AFS reserve	(9,437)	-
Recognised in the income statement (Note 20)	802	2,956
At end of year	(7,865)	8,193
Presented after appropriate offsetting as follows:		
- Deferred tax assets	7,854	9,153
- Deferred tax liabilities	(15,719)	(960)
At end of year	(7,865)	8,193

9. Deferred tax assets (cont'd.)

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

Deferred tax assets

	Premium liabilities RM'000	Provision for doubtful debts RM'000	Provision for impairment/ diminution in value of investments RM'000	Total RM'000
At 1 May 2009				
(as previously reported)	175	2,426	6,552	9,153
Effects of adoption of RBC	-	-	(2,971)	(2,971)
At 1 May 2009 (as restated)	175	2,426	3,581	6,182
Recognised in the				
income statement	195	(774)	2,251	1,672
At 30 April 2010	370	1,652	5,832	7,854
At 1 May 2008	119	2,646	3,271	6,036
Recognised in the				
income statement	56	(220)	3,281	3,117
At 30 April 2009	175	2,426	6,552	9,153

Deferred tax liabilities

	Available-for-sale Reserves RM'000	Accelerated capital allowances RM'000	Total RM'000
At 1 May 2009			
(as previously reported)	-	960	960
Effects of adoption of RBC	4,452	-	4,452
At 1 May 2009 (as restated)	4,452	960	5,412
Recognised in AFS reserve	9,437	-	9,437
Recognised in the income statement	-	870	870
At 30 April 2010	13,889	1,830	15,719
At 1 May 2008	-	799	799
Recognised in the income statement	-	161	161
At 30 April 2009	-	960	960

10. Loans

	2010 RM'000	2009 RM'000
Staff loans:		
- Secured	22	29
- Unsecured	15	6
	37	35
Receivable within 12 months	20	11
Receivable after 12 months	17	24
	37	35

The secured staff loans bear interest at 4.0% (2009: 4.0%) per annum, whilst the unsecured staff loans are interest-free.

11. Receivables

	2010 RM'000	2009 RM'000
Trade receivables:		
Outstanding premiums including agents, brokers and co-insurers balances	37,332	36,434
Provision for doubtful debts	(6,978)	(9,983)
	30,354	26,451
Amount due from reinsurers and ceding companies	1,046	1,906
Provision for doubtful debts	(584)	(739)
	462	1,167
	30,816	27,618
Other receivables:		
Other receivables, deposits and prepayments *	60,626	5,617
Income due and accrued	3,452	3,955
	64,078	9,572
Total receivables	94,894	37,190

* Included in other receivables, deposits and prepayments is an amount of RM4,541,623 (2009: RM2,154,769) receivable from the Malaysian Motor Insurance Pool.

12. Deposits with Financial Institutions

	2010 RM'000	2009 RM'000
Deposits with licensed financial institutions:		
Commercial banks	315,278	315,650
Investment banks	64,509	43,005
	379,787	358,655

The weighted average interest rates during the financial year and the average maturities of deposits as at financial year end are:

	Weighted Average Interest Rates %		Average Maturities Days	
	2010	2009	2010	2009
Deposits with financial institutions:				
Commercial banks	2.3	2.7	102	131
Investment banks	2.3	2.6	51	127

13. Claim Liabilities

	2010 RM'000	2009 RM'000
Provision for outstanding claims	402,779	389,074
Recoverable from reinsurers	(62,587)	(76,412)
Net outstanding claims	340,192	312,662

Included in the above is the amount of RM103,507,000 (2009: RM73,168,000) in respect of Incurred But Not Reported claims.

14. Premium Liabilities

	Fire RM'000	Motor RM'000	Marine, Aviation and Transit RM'000	Misc. RM'000	Total RM'000
2010					
At beginning of year	12,615	90,896	2,885	36,245	142,641
Reallocation based on URR	(6,169)	12,061	(1,342)	(4,550)	-
At beginning of year (restated)	6,446	102,957	1,543	31,695	142,641
Increase	524	10,449	1,458	1,001	13,432
At end of year	6,970	113,406	3,001	32,696	156,073
2009					
At beginning of year	11,887	85,626	2,624	32,192	132,329
Increase	728	5,270	261	4,053	10,312
At end of year	12,615	90,896	2,885	36,245	142,641

15. Payables

	2010 RM'000	2009 RM'000
Trade payables:		
Amount due to agents, brokers, co-insurers and insured	4,005	4,298
Amount due to reinsurers and ceding companies	21,923	20,947
	25,928	25,245
Other payables:		
Other payables and accrued liabilities *	17,545	19,976
Total payables	43,473	45,221

* Included in other payables and accrued liabilities are cash collaterals placed with the Company for bond policies issued, amounting to RM6,999,441 (2009: RM5,231,803).

16. Share capital

	Number of ordinary shares of RM1 each		Amount	
	2010	2009	2010	2009
	'000	'000	RM'000	RM'000
Authorised:				
At beginning/end of year	200,000	200,000	200,000	200,000
Issued and fully paid:				
At beginning/end of year	118,000	118,000	118,000	118,000

17. Operating revenue

	Note	2010 RM'000	2009 RM'000
General Insurance Fund:			
Gross premiums		444,938	415,009
Investment income	18	18,417	21,761
		463,355	436,770
Shareholders' Fund:			
Investment income	18	111	399
Total operating revenue		463,466	437,169

18. Investment income

	Note	2010 RM'000	2009 RM'000
General Insurance Fund:			
Interest income from:			
Malaysian Government Securities		2,480	2,207
Corporate bonds		4,103	3,254
Fixed and call deposits		8,537	11,389
Others		1	4
		15,121	16,854

18. Investment income (cont'd.)

	Note	2010 RM'000	2009 RM'000
General Insurance Fund (cont'd.):			
Gross dividends from quoted investments in Malaysia		2,895	4,331
Amortisation of premiums net of accretion of discounts		(159)	(73)
Rental income		438	437
Other investment income		122	212
	17	18,417	21,761
Shareholders' Fund:			
Interest income from:			
Fixed and call deposits		101	42
Corporate bonds		-	86
Gross dividends from quoted investments in Malaysia		10	271
	17	111	399
Total investment income		18,528	22,160

19. Other operating income - net

	2010 RM'000	2009 RM'000
General Insurance Fund:		
Other operating income:		
Gain on disposal of investments	74,844	18,778
Gain/(Loss) on foreign exchange - realised	14	(48)
Fair value adjustment on investment properties	(707)	160
Sundry income	1,077	1,053
	75,228	19,943

19. Other operating income - net (cont'd.)

	2010 RM'000	2009 RM'000
General Insurance Fund (cont'd.):		
Other operating expenses:		
Loss on disposal of property and equipment	(16)	-
Provision for impairment	(9,406)	-
Provision for diminution in value of investments	-	(12,357)
Sundry expenses	(46)	(49)
	(9,468)	(12,406)
Net other operating income	65,760	7,537
Shareholders' fund:		
Other operating income:		
Gain on disposal of investments	6,141	408
Provision for diminution in value of investments	-	(770)
Net other operating income	6,141	(362)

20. Income tax expense

	2010 RM'000	2009 RM'000
Income tax:		
- Current income tax	24,834	4,860
- Over-provision in prior years	(6,495)	-
	18,339	4,860
Deferred tax:		
- Relating to origination and reversal of temporary differences (Note 9)	(802)	(2,956)
- Tax expense for the year	17,537	1,904

Current income tax is calculated at the Malaysian tax rate of 25% (2009: 25%) on the estimated assessable profit for the year.

20. Income tax expense (cont'd.)

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:

	2010 RM'000	2009 RM'000
Profit before tax	92,695	8,457
Taxation at Malaysian statutory tax rate of 25% (2009: 25%)	23,174	2,114
Effect of different tax rate for offshore business	(377)	(98)
Effect of income not subject to tax	(303)	(479)
Effect of expenses not deductible for tax purposes	546	367
Under-provision of deferred tax in prior years	992	-
Over-provision of income tax in prior years	(6,495)	-
Tax expense for the year	17,537	1,904

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 30 April 2010 to distribute cash dividend payments to ordinary shareholdings as defined under the Finance Act 2007. As at 30 April 2010, the Company has sufficient credit in the Section 108 balance to pay franked dividends out of its entire

retained earnings.

21. Earning 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.

	2010	2009
Net profit for the year (RM'000)	75,158	6,553
Number of ordinary shares in issue ('000)	118,000	118,000
Basic earnings per share (sen)	63.7	5.6

22. Net claims incurred

	Fire RM'000	Motor RM'000	Marine, Aviation and Transit RM'000	Misc. RM'000	Total RM'000
2010					
Gross claims paid less salvage	34,264	175,174	5,743	58,449	273,630
Reinsurance recoveries	(22,981)	(7,960)	(3,054)	(8,793)	(42,788)
Net claims paid	11,283	167,214	2,689	49,656	230,842
Net outstanding claims:					
At end of year	15,235	278,370	4,155	42,432	340,192
At beginning of year	15,632	256,203	3,362	37,465	312,662
Net claims incurred	10,886	189,381	3,482	54,623	258,372

22. Net claims incurred (cont'd.)

	Fire RM'000	Motor RM'000	Marine, Aviation and Transit RM'000	Misc. RM'000	Total RM'000
2009					
Gross claims paid less salvage	24,461	128,145	5,070	46,749	204,425
Reinsurance recoveries	(13,480)	(5,773)	(1,681)	(7,319)	(28,253)
Net claims paid	10,981	122,372	3,389	39,430	176,172
Net outstanding claims:					
At end of year	15,632	256,203	3,362	37,465	312,662
At beginning of year	14,963	172,486	4,220	36,446	228,115
Net claims incurred	11,650	206,089	2,531	40,449	260,719

23. Management expenses

	2010 RM'000	2009 RM'000
Executive directors' remuneration		
- Salaries, allowances and bonus	1,201	1,076
- Other remuneration	53	45
	1,254	1,121
Salaries, bonus, allowances and other related cost	23,444	23,825
Employees Provident Fund (excluding directors')	2,579	2,613
Staff costs	27,277	27,559
Non-executive directors' emoluments:		
- Fees, allowances and bonus	104	213
- Other remuneration	-	10
	104	223

23. Management expenses (cont'd.)

	2010 RM'000	2009 RM'000
Auditors' remuneration:		
- Statutory audits	85	85
- Other services	41	46
	126	131
Rental of properties	747	754
Depreciation of plant and equipment	3,067	2,918
Amortisation of intangible assets	334	98
Provision for Insurance Guarantee Scheme Fund Levy	1,086	1,011
Bad and doubtful debts	(3,160)	(1,000)
Other expenses	19,376	19,940
	48,957	51,634

The remuneration, including benefits-in-kind, attributable to the Chief Executive Officer of the Company during the year amounted to RM939,543 (2009: RM805,585). The estimated monetary value of benefits-in-kind included above amounted to RM22,200 (2009: RM20,742).

24. Segmental information on cash flow

2010	General insurance fund RM'000	Shareholders' fund RM'000	Total RM'000
Net cash used in:			
Operating activities	(1,016)	-	(1,016)
Investing activities	(2,503)	-	(2,503)
	(3,519)	-	(3,519)
Net change in cash and cash equivalents:			
At beginning of year	17,936	592	18,528
At end of year	14,417	592	15,009
	(3,519)	-	(3,519)

24. Segmental information on cash flow (cont'd.)

	General insurance fund RM'000	Shareholders' fund RM'000	Total RM'000
2009			
Net cash generated from/(used in):			
Operating activities	9,619	-	9,619
Investing activities	(4,092)	-	(4,092)
Financing activity	-	-	-
	5,527	-	5,527
Net change in cash and cash equivalents:			
At beginning of year	12,409	592	13,001
At end of year	17,936	592	18,528
	5,527	-	5,527

25. 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.

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.

25. Related party disclosures (cont'd.)

(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:

	2010 RM'000	**2009 RM'000**
Related party transactions:		
Ultimate holding company		
- Berjaya Corporation Berhad and its subsidiaries		
Gross premium income	15,463	13,010
Holding company		
- Berjaya Capital Berhad and its subsidiaries		
Gross premium income	196	315
Brokerage fee	(508)	(195)
- Companies in which a controlling shareholder of the ultimate holding company has an interest		
Gross premium income	105	2,615
Corporate shareholder:		
- Sompo Japan Insurance Inc.		
Premium ceded	(250)	(179)
Commission received	22	20
Other related companies:		
Premium ceded	(8,580)	(8,858)
Commission received	2,467	2,426
Claims recoveries	1,438	837
Risk survey fee paid	(82)	(89)

25. Related party disclosures (cont'd.)

(b) Key management personnel (cont'd.)

Related party transactions and balances (cont'd.)

	2010 RM'000	2009 RM'000
Related party balances:		
Due from related companies		
Ultimate holding company		
- Berjaya Corporation Berhad and its subsidiaries	147	441
Other related companies		
- Companies in which a controlling shareholder of the ultimate holding company has an interest	331	749
Corporate shareholder		
- Sompo Japan Insurance, Inc	(12)	(15)
Other related companies	(692)	(821)

Compensation of key management personnel

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

	2010 RM'000	2009 RM'000
Short term employee benefits		
- Salaries, allowances and bonus	1,201	1,076
- Other remuneration	53	45
- Benefits-in-kind	113	100
	1,367	1,221

The remuneration of Company's Non-Executive Directors during the financial year is disclosed in Note 23 to the financial statements.

26. 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.

(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.

26. Financial instruments (cont'd.)

(f) Maturity Structure

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

Interest bearing contractual re-pricing or maturity dates (whichever is earlier)

2010 At Amortised Cost	1 year or less RM'000	More than 1 to <3 years RM'000	3 to 5 years RM'000	More than 5 years RM'000
HTM				
Malaysian Government Securities	10,007	19,872	20,529	-
Government Investment Issues	-	5,004	10,174	-
Government Guaranteed Loan	-	-	5,000	-
Unquoted Corporate Bonds	15,000	40,030	5,000	18,180
2009 **At Book Value**				
Malaysian Government Securities	5,001	50,472	-	-
Government Investment Issues	-	10,214	-	-
Government Guaranteed Loan	-	5,000	-	-
Unquoted Corporate Bonds	9,994	45,042	8,227	-

(g) Fair values

The following methods and assumptions were used to estimate the fair value of assets and liabilities as of 30 April 2010:

(i) Investments

The fair value of investments is determined as described in note 2.2(k) - Fair value of investments.

26. Financial instruments (cont'd.)

(g) Fair values (cont'd.)

(ii) Loans Receivable

Loans receivable consist of staff mortgage loans and staff other unsecured loans, which are stated at cost, less provision for doubtful debts for defaulted loan repayments.

(iii) Other Receivables and Other Payables

The fair values of other receivables and other payables are estimated to approximate their carrying values because of the short-term nature of these financial instruments.

(iv) Cash and Bank Balances

The carrying values are a reasonable estimate of the fair values because of negligible credit risk and their short-term in nature or frequent reprising.

No disclosures of fair value are made for balances with related companies as it is impractical to determine the fair values with sufficient reliability given these balances have no fixed terms of repayment.

27. Comparatives

Certain comparatives have been restated to conform with the current year's presentation.

	Previously stated RM'000	(Decrease)/ increase RM'000	Restated RM'000
Investments	647,856	(363,955)	283,901
Investment properties	-	5,300	5,300
Deposits with financial institutions	-	358,655	358,655
	647,856	-	647,856