

**MULTI-PURPOSE INSURANS BHD
(14730-X)
(Incorporated in Malaysia)**

**Directors' Report and Audited Financial Statements
31 December 2008**

14730-X

**Multi-Purpose Insurans Bhd
(Incorporated in Malaysia)**

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**Multi-Purpose Insurans Bhd
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Directors' report

The Directors hereby submit their report together with the audited financial statements of the Company for the financial year ended 31 December 2008.

Principal activity

The Company is principally engaged in the underwriting of all classes of general insurance business. There has been no significant change in the nature of this activity during the financial year.

Results

RM

Net loss for the year (7,322,494)

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

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 31 December 2007 were as follows:

RM

In respect of the financial year ended 31 December 2007 as reported in the Director's report of that year.

Final dividend of 10% tax exempt and 10% less 26% taxation,
on 100,000,000 ordinary shares, declared and paid on 22 May 2008. 17,400,000

The Directors have not recommended any dividends in respect of current financial year to be tabled at the forthcoming Annual General Meeting.

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Corporate governance

The Company has generally complied with the prescriptive applications of Bank Negara Malaysia's JPI/GPI 25 (Consolidated) on "Prudential Framework of Corporate Governance for Insurers" as briefly described below:

(i) Board responsibility and oversight

The Board is responsible for the overall governance of the Company, the attainment of its corporate plans and objectives and compliance with the Insurance Act 1996, Insurance Regulations 1996 and the relevant Bank Negara Malaysia guidelines. To ensure effective and timely discharge of these responsibilities, the Board convenes once every 2 months.

The Board as at 31 December 2008 comprises six non-executive Directors.

(ii) Management accountability

The Company has an effective and well-defined organisational structure, clear job descriptions and authority limits. Effective channels of communication are in place throughout the organisation and operating manuals have been developed for all critical functions to ensure a consistent and high standard of service delivery.

None of the Directors and senior management are involved in conflict of interest situations under Sections 54 and 55 of the Insurance Act 1996. All executive staff are bound by a Code of Ethics adopted by the Company.

(iii) Corporate independence

Material related party transactions as disclosed in Note 26 to the financial statements have been undertaken at arms length basis and at normal commercial terms.

(iv) Internal controls and operational risk management

The Company has established an effective internal control and risk management system with appropriate operational risk limits that allows for early detection and containment of risks. The process of identifying, evaluating and managing risks as well as the nurturing of an appropriate corporate culture is a continuous one. An effective management information system supports management efforts to safeguard the Company's assets and protect policyholders' interests at all times.

Adequacy of internal controls are competently assessed by an independent internal audit function which reports to the Board through the Audit Committee. The Audit Committee as at 31 December 2008 comprises three independent non-executive directors and one non-independent non-executive director. Compliance with procedures and controls are also assessed by internal auditors. All deficiencies and breaches are reported and remedied promptly.

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Corporate governance (cont'd.)

(v) Public accountability

It is part of the Company's stated quality policies and objectives to be a socially responsible and accountable corporate citizen and to build a corporate culture of integrity, fairness and good ethics in all dealings and interactions with the public and policy owners.

(vi) Financial reporting

The Company maintains proper accounting records and financial statements are prepared in accordance with applicable Financial Reporting Standards in Malaysia and the requirements of Bank Negara Malaysia.

(1) Membership and meetings of the committees

The composition of the Committees and the meetings held during the financial year ended 31 December 2008 are as follows:

Directors	Attendance/Number of Meetings					Risk Management Committee
	Board of Directors	Audit Committee	Nominating Committee	Remuneration Committee		
Tan Sri Dato' Dr Yahya bin Awang	Chairman 6/6	Member 6/6	Chairman 3/3	Member 1/1	- -	
Dato' Lim Tiong Chin	Member 6/6	- -	Member 3/3	Member 1/1	Member 6/6	
Dato' Yogesvaran a/l T Arianayagam	Member 6/6	Chairman 6/6	Member 3/3	Chairman 1/1	Chairman 6/6	
Ms. Kheoh And Yeng	Member 6/6	Member 6/6	Member 3/3	Member 1/1	- -	
Datuk Mohd Yusof bin Abd Rahaman	Member 6/6	Member 6/6	Member 3/3	- -	Member 6/6	
Mr. Ong Kok San	Member 6/6	- -	- -	- -	- -	

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Corporate governance (cont'd.)

(2) Responsibilities of the committees

The duties and responsibilities of the Committees are as follows:

Audit committee

The Audit Committee is a committee of the Board with the function of assisting the Board in fulfilling its oversight responsibilities. The Audit Committee reviews the Company's financial reporting process, the system of internal control and management of risk, the audit process and the Company's process for monitoring compliance with laws and regulations, and such other matters which may be delegated by the Board.

The Audit Committee carried out its duties in accordance with its Terms of Reference. The activities of the Audit Committee for 2008 were as follows:

- (i) Reviewed and recommended to the Board for approval, the audited financial statements of the Company, as well as highlighted any significant issues to the Board;
- (ii) Reviewed the annual audit plan of the Group Internal Audit Division ("GIAD") to ensure adequate scope and coverage of activities of the Company;
- (iii) Reviewed the resource requirements of the GIAD to ensure it can perform effectively and efficiently;
- (iv) Reviewed the internal audit reports of the Company, the audit recommendations and management responses to these recommendations and the implementation status of recommendations;
- (v) Reviewed and assessed the performance of the GIAD;
- (vi) Reviewed the external auditors' audit plan and scope of work; and
- (vii) Reviewed the external auditors' report on the audit of the statutory financial statements of the Company.

Nominating committee

- (i) To establish and oversee the overall composition of the Board in relation to its size and members' skills so that members could discharge their responsibilities effectively;
- (ii) To assess and recommend to the Board for the appointment of nominees to be appointed to the Board arising from a vacancy. This includes assessing and selecting both Directors and the Chief Executive Officer for reappointment;
- (iii) To assess and review the contribution and effectiveness of the Board in discharging its duties and responsibilities;

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Corporate governance (cont'd.)

(2) Responsibilities of the committees (cont'd.)

Nominating committee (cont'd.)

- (iv) To oversee the appointment and the evaluation of performance of key senior officers and ensure that a management succession plan is in place arising from resignation and removal of key senior officers; and
- (v) To ensure that all members of the Board undergo appropriate training programmes.

Remuneration committee

To recommend to the Board a framework of remuneration structure including employee benefits such as salaries, social security contributions, paid annual leave, paid sick leave, bonuses and retirement benefits for the employees of the Company as well as the Directors and the Chief Executive Officer.

Risk management committee

- (i) To review the structure of the Risk Management Committee for an effective management of financial and non-financial risks and maintenance of an effective risk management capability;
- (ii) To co-opt a risk management working committee to assist the Risk Management Committee in carrying out studies for an effective risk management system to be formulated for the process by which risk management can be carried out; and
- (iii) To review the recommendations of the working committee and report the same to the Board for timely actions to be taken.

Directors' interest

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' Dr Yahya bin Awang
Dato' Lim Tiong Chin
Dato' Yogesvaran a/l T Arianayagam
Ms. Kheoh And Yeng
Datuk Mohd Yusof bin Abd Rahaman
Mr. Ong Kok San

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Directors' interest (cont'd.)

According to the register of directors' shareholdings, the interest of directors in office at the end of the financial year in shares and options over shares in the Company and its related corporations during the financial year were as follows:

		Number of Ordinary Shares of RM1 each			
		As at 1.1.2008	Acquired	Disposed	As at 31.12.2008
The Company					
Indirect interest:					
Dato' Lim Tiong Chin	(1)	100,000,000	-	-	100,000,000
Holding company - Multi-Purpose Capital Holdings Berhad					
Indirect interest:					
Dato' Lim Tiong Chin	(1)	220,000,000	-	5,672,266	214,327,734
Ultimate Holding Company - Multi-Purpose Holdings Berhad					
Direct interest:					
Ms. Kheoh And Yeng		50,000	-	-	50,000
Indirect interest:					
Dato' Lim Tiong Chin	(2)	298,766,865	-	-	298,766,865

		Number of Warrants			
		As at 1.1.2008	Acquired	Disposed	As at 31.12.2008
Indirect interest:					
Dato' Lim Tiong Chin	(2)	37,996,170	-	-	37,996,170

(1) Dato' Lim Tiong Chin by virtue of his interest in shares in the ultimate holding company is also deemed interested in shares of all the ultimate holding company's subsidiaries to the extent the ultimate holding company has an interest.

(2) Indirect interest held through Casi Management Sdn. Bhd.

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Directors' interest (cont'd.)

Other than as disclosed, 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.

In accordance with Article 137(a) of the Company's Articles of Association, Dato' Yogesvaran a/l T Arianayagam retires from the Board at the forthcoming Annual General Meeting and, being eligible, offers himself for re-election.

In accordance with Article 137(a) of the Company's Articles of Association, Ms. Kheoh And Yeng retires from the Board at the forthcoming Annual General Meeting and, being eligible, offers herself for re-election.

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.

Since the end of the previous financial year and at the date of this report, no Director has received or become entitled to receive any benefits (other than benefits included in the aggregate amount of emoluments received or due and receivable by directors as shown in Note 17 to the financial statements) by reason of a contract made by the Company or a related corporation with any Director or with a firm of which the Director is a member or with a company in which the Director has a substantial financial interest.

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 allowance for doubtful debts, and had satisfied themselves that all known bad debts had been written off and that adequate allowance 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 have been written down to an amount which they might be expected so to realise; and
 - (iii) to ascertain that there was adequate provision for outstanding claims, including Incurred But Not Reported ("IBNR") claims.

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Other statutory information (cont'd.)

- (b) At the date of this report, the Directors are not aware of any circumstances which would:
 - (i) render the amounts written off as bad debts or the amount of the allowance 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 in respect 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. For the purpose of this paragraph, contingent or other liabilities do not include liabilities arising from contracts of insurance underwritten in the ordinary course of business of the Company; 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.

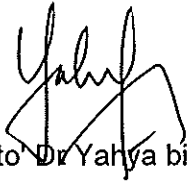
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Auditors

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 27 March 2009.



Tan Sri Dato' Dr. Yahya bin Awang



Kheoh And Yeng

Kuala Lumpur, Malaysia

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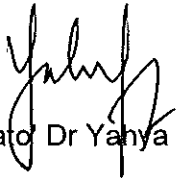
**Multi-Purpose Insurans Bhd
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Statement by directors

Pursuant to Section 169(15) of the Companies Act, 1965

We, Tan Sri Dato' Dr Yahya bin Awang and Kheoh And Yeng, being two of the Directors of Multi-Purpose Insurans Bhd, do hereby state that, in the opinion of the Directors, the accompanying financial statements set out on pages 13 to 54 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 31 December 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 27 March 2009.



Tan Sri Dato' Dr Yahya bin Awang



Kheoh And Yeng

Kuala Lumpur, Malaysia

Statutory declaration

Pursuant to Section 169(16) of the Companies Act, 1965

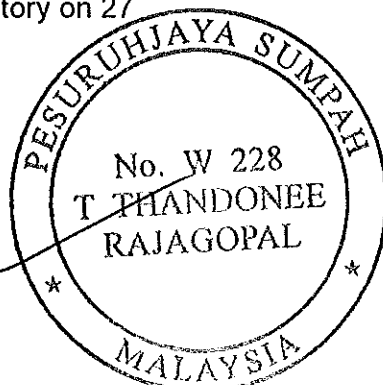
I, Liew Yaw Lian, being the Officer primarily responsible for the financial management of Multi-Purpose Insurans Bhd, do solemnly and sincerely declare that the accompanying financial statements set out on pages 13 to 54 are, in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by
the abovenamed Liew Yaw Lian at Kuala
Lumpur in the Federal Territory on 27
March 2009



Liew Yaw Lian

Before me,



Lot LG 27B, Lower Ground Floor,
Wilayah Complex, 10
2, Jalan Munshi Abdullah
50100 Kuala Lumpur
MALAYSIA.

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**Independent auditors' report to the members of
Multi-Purpose Insurans Bhd
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Report on the financial statements

We have audited the financial statements of Multi-Purpose Insurans Bhd, which comprise the balance sheet as at 31 December 2008, and the income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 13 to 54.

Directors' responsibility for the financial statements

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

Auditors' responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, 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.

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**Independent auditors' report to the members of
Multi-Purpose Insurans Bhd (cont'd.)
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Opinion

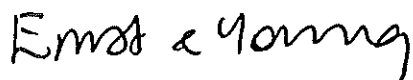
In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Company as at 31 December 2008 and of its financial performance and cash flows 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.

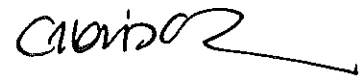
Other matters

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

Kuala Lumpur, Malaysia
27 March 2009



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

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**Multi-Purpose Insurans Bhd
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Balance sheet as at 31 December 2008

	Note	2008 RM	2007 RM
Assets			
Property, plant and equipment	3	4,497,864	5,155,344
Deferred tax assets	13	1,553,315	-
Investment properties	4	2,590,435	794,211
Investments	5	287,267,106	287,000,654
Loans	6	162,922	249,208
Investment in subsidiary	7	4,109	2,009
Receivables	8	90,000,694	62,731,389
Cash and bank balances		7,552,426	1,836,682
Total assets		393,628,871	357,769,497
Equity and liabilities			
Share capital	9	100,000,000	100,000,000
Share premium		200,000	200,000
Retained profits		15,041,521	39,764,015
Total equity		115,241,521	139,964,015
Provisions for outstanding claims	10	128,847,781	100,234,084
Payables	11	77,087,717	52,405,515
Unearned premium reserves	12	72,451,852	65,128,527
Deferred tax liabilities	13	-	37,356
Total liabilities		278,387,350	217,805,482
Total equity and liabilities		393,628,871	357,769,497

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

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Multi-Purpose Insurans Bhd
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Income statement

For the year ended 31 December 2008

	Note	2008 RM	2007 RM
Operating revenue	15	<u>337,551,812</u>	<u>297,477,780</u>
Shareholder's fund:			
(Deficit)/surplus transferred from General Insurance Revenue Account		(9,837,440)	33,404,731
Management expenses	16(b)	(80)	(37,222)
Investment income	18(b)	-	482,588
Other operating income	19(b)	-	154,769
(Loss)/profit before taxation		<u>(9,837,520)</u>	<u>34,004,866</u>
Taxation	20	2,515,026	(9,390,914)
Net (loss)/profit for the year		<u>(7,322,494)</u>	<u>24,613,952</u>
(Loss)/earnings per share (sen)	22	<u>(7.3)</u>	<u>24.6</u>

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

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**Multi-Purpose Insurans Bhd
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**General insurance revenue account
For the year ended 31 December 2008**

	Note	Fire RM	Motor RM	Marine, Aviation and Transit RM	Misc RM	Total RM
Operating revenue	15					<u>337,551,812</u>
Gross premium		64,455,660	90,159,209	19,824,160	149,663,419	324,102,448
Reinsurance		<u>(41,244,032)</u>	<u>(6,261,720)</u>	<u>(12,527,643)</u>	<u>(88,821,645)</u>	<u>(148,855,040)</u>
Net premium		23,211,628	83,897,489	7,296,517	60,841,774	175,247,408
Decrease/(increase) in unearned premium reserves	12	<u>474,713</u>	<u>(7,410,263)</u>	<u>(881,309)</u>	<u>493,534</u>	<u>(7,323,325)</u>
Earned premium		23,686,341	76,487,226	6,415,208	61,335,308	167,924,083
Net claims incurred	14	<u>(13,068,709)</u>	<u>(61,471,138)</u>	<u>(4,191,118)</u>	<u>(42,689,282)</u>	<u>(121,420,247)</u>
Net commission		<u>63,318</u>	<u>(8,382,761)</u>	<u>(837,005)</u>	<u>(5,892,512)</u>	<u>(15,048,960)</u>
Underwriting surplus before management expenses		<u>10,680,950</u>	<u>6,633,327</u>	<u>1,387,085</u>	<u>12,753,514</u>	<u>31,454,876</u>
Management expenses	16(a)					<u>(37,116,888)</u>
Underwriting deficit						(5,662,012)
Investment income	18(a)					13,449,364
Other operating expenses	19(a)					<u>(17,624,792)</u>
Transfer to Income Statement						<u>(9,837,440)</u>

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Multi-Purpose Insurans Bhd
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General insurance revenue account
For the year ended 31 December 2007

	Note	Fire RM	Motor RM	Marine, Aviation and Transit RM	Misc RM	Total RM
Operating revenue	15					<u>296,995,192</u>
Gross premium		59,256,384	69,036,343	11,429,160	143,464,157	283,186,044
Reinsurance		<u>(30,016,240)</u>	<u>(4,525,129)</u>	<u>(5,841,179)</u>	<u>(92,990,981)</u>	<u>(133,373,529)</u>
Net premium		29,240,144	64,511,214	5,587,981	50,473,176	149,812,515
Increase in unearned premium reserves	12	<u>(1,462,444)</u>	<u>(3,898,383)</u>	<u>(463,886)</u>	<u>(5,690,862)</u>	<u>(11,515,575)</u>
Earned premium		27,777,700	60,612,831	5,124,095	44,782,314	138,296,940
Net claims incurred	14	<u>(10,387,725)</u>	<u>(47,923,805)</u>	<u>(3,624,991)</u>	<u>(28,686,948)</u>	<u>(90,623,469)</u>
Net commission		<u>(662,383)</u>	<u>(6,536,311)</u>	<u>(725,414)</u>	<u>(4,866,804)</u>	<u>(12,790,912)</u>
Underwriting surplus before management expenses		<u>16,727,592</u>	<u>6,152,715</u>	<u>773,690</u>	<u>11,228,562</u>	<u>34,882,559</u>
Management expenses	16(a)					<u>(32,102,100)</u>
Underwriting surplus						2,780,459
Investment income	18(a)					13,809,148
Other operating income	19(a)					<u>16,815,124</u>
Transfer to Income Statement						<u>33,404,731</u>

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

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**Multi-Purpose Insurans Bhd
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**Statement of changes in equity
For the year ended 31 December 2008**

	Note	Share capital RM	Share premium RM	Distributable Retained profits RM	Total RM
At 1 January 2007		100,000,000	200,000	26,100,063	126,300,063
Net profit for the year, representing Total recognised income for the year		-	-	24,613,952	24,613,952
		<u>100,000,000</u>	<u>200,000</u>	<u>50,714,015</u>	<u>150,914,015</u>
Dividends	21	-	-	(10,950,000)	(10,950,000)
At 31 December 2007		<u>100,000,000</u>	<u>200,000</u>	<u>39,764,015</u>	<u>139,964,015</u>
At 1 January 2008		100,000,000	200,000	39,764,015	139,964,015
Net loss for the year, representing Total recognised expenses for the year		-	-	(7,322,494)	(7,322,494)
		<u>100,000,000</u>	<u>200,000</u>	<u>32,441,521</u>	<u>132,641,521</u>
Dividends	21	-	-	(17,400,000)	(17,400,000)
At 31 December 2008		<u>100,000,000</u>	<u>200,000</u>	<u>15,041,521</u>	<u>115,241,521</u>

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

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**Cash flow statement
For the year ended 31 December 2008**

	2008 RM	2007 RM
Cash flows from operating activities		
(Loss)/profit before taxation	(9,837,520)	34,004,866
Adjustments for:		
Loss/(gain) on disposal of investments	14,243,685	(16,656,076)
Investment income	(13,449,364)	(14,291,736)
Accretion of discounts	(432,530)	(629,328)
Amortisation of premiums	361,449	550,431
Bad debts written off	433,318	-
Depreciation of property, plant and equipment	1,128,606	1,120,014
Depreciation of investment property	19,554	14,033
Write off of property, plant and equipment	11,817	-
Loss/(gain) on sale of property, plant and equipment	19,765	(24,591)
Profit on sale of investment properties	(588,877)	(601,152)
Increase in unearned premium reserves	7,323,325	11,515,575
Allowance for doubtful debts	1,170,610	115,152
Provision/(write back) for diminution in value of investments	4,932,599	1,038,087
Profit from operations before changes in operating assets and liabilities	5,336,437	16,155,275
Amount due from subsidiary	(2,100)	-
Amounts due from insureds, agents, brokers and reinsurers	(11,447,159)	(11,307,448)
Amounts due to insureds, agents, brokers and reinsurers	23,599,312	13,930,537
Increase in fixed and call deposits	(33,854,399)	(9,038,153)
Loans	86,286	221,188
Receivables	(11,502,236)	3,256,063
Payables	4,176,541	1,544,697
Outstanding claims	28,613,697	13,018,875
	5,006,379	27,781,034
Proceeds from disposal of investments	198,014,469	282,260,704
Purchase of investments	(183,531,725)	(305,732,185)
Tax paid	(6,966,375)	(6,246,432)
Investment income received		
- Dividend	1,606,399	3,899,650
- Interest	10,431,144	8,875,451
- Others	20,389	8,269
Net cash generated from operating activities	24,580,680	10,846,491

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Multi-Purpose Insurans Bhd
(Incorporated in Malaysia)

Cash flow statement

For the year ended 31 December 2008 (cont'd.)

	2008	2007
	RM	RM
Cash flows from investing activities		
Purchase of property, plant and equipment	(2,857,806)	(1,834,441)
Proceeds from sale of property, plant and equipment	16,445	56,698
Proceeds from sale of investment property	1,376,425	1,358,264
Net cash used in investing activities	<u>(1,464,936)</u>	<u>(419,479)</u>
Cash flows from financing activities		
Dividend paid	<u>(17,400,000)</u>	<u>(10,950,000)</u>
Net cash used in financing activities	<u>(17,400,000)</u>	<u>(10,950,000)</u>
Net increase/(decrease) in cash and cash equivalents	5,715,744	(522,988)
Cash and cash equivalents at beginning of financial year	1,836,682	2,359,670
Cash and cash equivalents at end of financial year	<u>7,552,426</u>	<u>1,836,682</u>
Cash and cash equivalents comprise:		
Cash and bank balances	<u>7,552,426</u>	<u>1,836,682</u>

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

**Multi-Purpose Insurans Bhd
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Notes to the financial statements - 31 December 2008

1. Corporate information

The principal activity of the Company is the underwriting of all classes of general insurance business. There has been no significant change in the nature of this 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 8th Floor, Menara Multi-Purpose, Capital Square, No. 8, Jalan Munshi Abdullah, 50100 Kuala Lumpur.

The holding and ultimate holding companies of the Company are Multi-Purpose Capital Holdings Berhad and Multi-Purpose Holdings Berhad respectively, both of which are incorporated in Malaysia.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 27 March 2009.

2. Significant accounting policies

2.1 Basis of preparation

- (a) The financial statements of the Company have been prepared on a historical cost basis 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 ("FRS") in Malaysia.

At the beginning of the current financial year, the Company had adopted new and revised FRSs which are mandatory for financial periods beginning on or after 1 January 2008 as described fully in Note 2.3.

Assets and liabilities in the balance sheet relate to both the General Insurance Fund and the Shareholder's Fund.

The financial statements are presented in Ringgit Malaysia ("RM").

**Multi-Purpose Insurans Bhd
(Incorporated in Malaysia)**

2. Significant accounting policies (cont'd.)

2.2 Summary of significant accounting policies

(a) Basis of consolidation

As permitted by Section 5(4)(a) of the Ninth Schedule of the Companies Act 1965, the financial statements of the subsidiary company have not been consolidated as the Company is a wholly owned subsidiary company of Multi-Purpose Capital Holdings Berhad, a company incorporated in Malaysia. The financial statements of the Company and its subsidiary company have been included in the consolidated financial statements of Multi-Purpose Holdings Berhad.

(b) Property, plant and equipment and depreciation

All items of property, plant 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 and/or Revenue Account during the financial year in which they are incurred.

Subsequent to recognition, property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2.2 (f).

Depreciation on property, plant and equipment is provided on a straight line basis to write off the cost of each asset to its residual value over the estimated useful life. No depreciation is provided for capital work in progress. The annual depreciation rates are:

Motor vehicles	20 %
Office equipment	10 to 20 %
Renovations, furniture, fixtures and fittings	10 to 20 %
Land and building	2 %

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

**Multi-Purpose Insurans Bhd
(Incorporated in Malaysia)**

2. Significant accounting policies (cont'd.)

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

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

An item of property, plant 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 the Income Statement and/or Revenue Account.

(c) Investment properties

Properties that are held for long-term rental yields or for capital appreciation or both are classified as investment property.

Investment properties are initially measured at cost, including related transaction costs. Subsequent to initial recognition, investment properties are carried at cost less any accumulated depreciation and any accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2(f).

Depreciation is provided on a straight line basis to the residual value over the estimated useful life of 50 years for the investment properties. The residual values and useful lives of the investment properties are reviewed and adjusted if appropriate, at each balance sheet date.

Investment property is derecognised when either it has been disposed of or when the investment property is permanently withdrawn from account and no future economic benefit is expected from its disposal. Any gains or losses on the disposal of investment properties are recognised in the Income Statement and/or Revenue Account in the year of disposal.

Upon the disposal of an investment property, the difference between the net disposal proceeds and the carrying amount is charged or credited to the income statement.

**Multi-Purpose Insurans Bhd
(Incorporated in Malaysia)**

2. Significant accounting policies (cont'd.)

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

(d) Financial instruments

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

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangements. Interest, dividends and 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 recognised directly in 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 information for financial assets and liabilities that relate to rights and obligations arising under insurance contracts are excluded from the scope of FRS 132 - Financial Instruments: Disclosure and Presentation.

(i) Cash and cash equivalents

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

The cash flow statement has been prepared using the indirect method.

(ii) Malaysian government securities and other approved investments

Malaysian Government Securities and other investments as specified by Bank Negara Malaysia 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 the maturity date. The amortisation of premiums and accretion of discounts are recognised in the Income Statement and/or Revenue Account.

Government guaranteed bonds and corporate bonds which carry a minimum rate of "BBB" and "P3" are valued at cost adjusted for the amortisation of premiums or accretion of discounts, calculated on an effective yield basis from the dates of purchase of maturity dates. Any corporate bond with a lower rating is stated at the lower of cost and net realisable value. The amortisation of premium and accretion of discounts are recognised in the income statement/revenue account.

**Multi-Purpose Insurans Bhd
(Incorporated in Malaysia)**

2. Significant accounting policies (cont'd.)

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

(d) Financial instruments (cont'd.)

(iii) Quoted investments

Quoted investments are stated at the lower of cost and market value determined on an aggregate portfolio basis by category of investments. However, where there is a permanent diminution in value of a specific investment, specific allowance for diminution in value of quoted investments will be made if the market value has been less than 80% of its carrying cost at all times during the preceding 24 months, by writing down the carrying cost of that quoted investment to the average median price for each month during that 24 months period.

(iv) Unquoted investments

Unquoted investments are stated at cost less provision for any impairment.

(v) Unsecured loans

Unsecured loans are carried an cost, less provision for any impairment.

(vi) Receivables

Known bad debts are written off and full allowances are made for any 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 after taking into consideration subsequent receipts within 30 days from financial year end.

(vii) 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.

**Multi-Purpose Insurans Bhd
(Incorporated in Malaysia)**

2. Significant accounting policies (cont'd.)

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

(e) Investment in subsidiary

Subsidiaries are entities over which the Group has the ability to control the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has such power over another entity.

In the Company's financial statements, investments in subsidiaries are stated at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in income statement. The policy for the recognition and measurement of impairment losses is in accordance with Note 2.2(f).

(f) Impairment of assets

The carrying amounts of 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.

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 are allocated to reduce the carrying amount of the assets in the unit or groups of units on a pro-rata basis.

**Multi-Purpose Insurans Bhd
(Incorporated in Malaysia)**

2. Significant accounting policies (cont'd.)

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

(f) Impairment of assets (cont'd.)

An impairment loss is recognised in income statement/revenue account in the period in which it arises. An impairment loss of 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 income statement/revenue account.

(g) 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 leases in the same way as leases of other assets. All leases that do not transfer substantially all the risks and rewards are classified as operating leases.

(ii) Operating Leases - the Company as lessor

Operating lease receipts are recognised as an income on an accrual basis over the term of the relevant lease.

(iii) Operating leases - the Company as lessee

Operating lease payments are recognised as an expense on an accrual basis over the term of the relevant lease.

(h) General insurance underwriting results

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

(i) Premium income

Premium income, other than those of inward treaty business, is recognised on the date on which the premium receivable in respect of an insurance policy is first recorded in the books and for inward treaty business on the date of receipt of the statement of accounts. Premium in respect of risks incepted for which billings or policies have not been raised as of the balance sheet date are accrued at that date.

**Multi-Purpose Insurans Bhd
(Incorporated in Malaysia)**

2. Significant accounting policies (cont'd.)

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

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

(ii) Acquisition costs

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

(iii) Unearned premium reserves

The Unearned Premium Reserves ("UPR") represent the portion of net premiums less the related net acquisition costs 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 balance sheet date, the methods used in calculation of actual unearned premium are as follows:

- 25% method for marine and aviation cargo, and transit business;
- 1/24th method for all other classes of general business in respect of Malaysian policies, reduced by the percentage of accounted gross direct business commissions to the corresponding premiums but not exceeding such limits as specified by Bank Negara Malaysia; and
- 1/8 method for all other classes of overseas inward treaty business with a deduction of 20% for acquisition costs.
- Non-annual policies are time apportioned over the period of risk.

(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 obligation at the balance sheet date.

Provision is also made for the probable cost of claims, together with related expenses for claims incurred but not enough reported ("IBNER") and incurred but not reported ("IBNR") at the balance sheet date, based on an actuarial valuation by a qualified actuary, using a mathematical method of estimation based on, among others, actual claims development pattern.

**Multi-Purpose Insurans Bhd
(Incorporated in Malaysia)**

2. Significant accounting policies (cont'd.)

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

(i) Other revenue recognition

Revenue is recognised to the extent that 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) Income recognition for loans

Interest income on loans is recognised on an accrual basis except where a loan is considered non-performing. A loan is considered non-performing where repayments are in arrears for more than six months, in which case recognition of such interest is suspended. Subsequent to suspension, interest is recognised on the receipt basis until all arrears have been paid.

(ii) Rental income

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

(iii) Investment and other operating income

Interest income is recognised in the financial statements on an accrual basis except for the interest on loans which are considered non-performing, in which case, recognition of such interest is suspended. Subsequent to suspension, interest is recognised on the receipt basis until all arrears have been paid.

Other interest is recognised on a time proportion basis that take into account the effective yield of the asset.

Dividend income is recognised in the financial statements when shareholders' right to receive payment is established .

Profit and losses arising on disposal of investments are recognised in Income Statement and/or Revenue Account.

**Multi-Purpose Insurans Bhd
(Incorporated in Malaysia)**

2. Significant accounting policies (cont'd.)

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

(j) Foreign currencies

(i) Functional and presentation currency

The financial statements of the Company is measured using the currency of the primary economic environment in which the Company operates ("the functional currency"). The financial statements are presented in Ringgit Malaysia (RM), which is also the Company's functional currency.

(ii) Foreign currency transaction

Foreign currency denominated transactions are recorded in Ringgit Malaysia at rates of exchange ruling at transaction dates and where settlement had not taken place at year end, at the approximate rates ruling at that date. All gains or losses on exchange are dealt with in the Income Statement and/or Revenue Accounts.

The principal exchange rate of foreign currency ruling at balance sheet date used is as follows:

	2008 RM	2007 RM
United States Dollar ("USD")	3.48	3.31

(k) 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. 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 not recognised if the temporary difference arises from goodwill or negative goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

**Multi-Purpose Insurans Bhd
(Incorporated in Malaysia)**

2. Significant accounting policies (cont'd.)

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

(k) Income tax (cont'd.)

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 the tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is recognised in the income statement, 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.

(l) 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 absences, and short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(ii) Defined contribution plans

As required by law, companies in Malaysia make contributions to the Employees' Provident Fund ("EPF"). Such contributions are recognised as an expense in the Income Statement and/or Revenue Account as incurred.

(iii) Defined benefit plan

In addition to the contributions made to the statutory Employees' Provident Fund, the Company contributes at an approved rate to a funded scheme for eligible employees based on a defined benefit plan. This fund is known as the Multi-Purpose Group Retirement Scheme ("MPGRS") and was established pursuant to a trust deed in 1984.

**Multi-Purpose Insurans Bhd
(Incorporated in Malaysia)**

2. Significant accounting policies (cont'd.)

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

(I) Employee benefits (cont'd.)

(iii) Defined benefit plan (cont'd.)

Contributions made are charged to the Income Statement and/or Revenue Account.

The financial position of MPGRS is subject to review by an actuary not less than once in every 3 years and in the event of a deficit, the Trustees of MPGRS may request the Company, subject to the consent of the Director-General of Inland Revenue being obtained, to make such further contributions as recommended by the actuary for the purpose of reducing or eliminating the said deficit.

The latest actuarial valuation of the liabilities of MPGRS was carried out based on the financial position as at 31 December 2004.

The Directors have assessed and are of the opinion that a valuation using the Projected Unit Credit Method will have no material effect on the financial statements.

2.3 Changes in accounting policies and effects arising from adoption of new and revised FRSs

The significant accounting policies adopted are consistent with those applied in the annual audited financial statements for the financial year ended 31 December 2007 except for the adoption of the following revised FRSs, amendment to FRS and Interpretations of the Issues Committee ("IC Interpretations") issued by MASB that are mandatory for the financial periods beginning on or after 1 July 2007 as follows:

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
FRS 134	Interim Financial Reporting
FRS 137	Provisions, Contingent Liabilities and Contingent Assets
Amendment to FRS 121	The Effects of Changes in Foreign Exchange Rates - Net Investment in Foreign Operations
IC Interpretation 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities

**Multi-Purpose Insurans Bhd
(Incorporated in Malaysia)**

2. Significant accounting policies (cont'd.)

2.3 Changes in accounting policies and effects arising from adoption of new and revised FRSs (cont'd.)

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 Financial Reporting in Hyperinflationary Economies
IC Interpretation 8	Scope of FRS 2

FRS 111, FRS 120, amendment to FRS 121 and the IC Interpretations were not relevant to the operations of the Company while the revised FRS 107, FRS 112, FRS 118 and FRS 137 did not have significant impact on the financial statements of the Company for the current financial year ended 31 December 2008.

MASB announced the issuance of the following FRSs and Interpretations:

FRS 4	Insurance Contracts
FRS 7	Financial Instruments : Disclosures
FRS 8	Operating Segments
FRS 139	Financial Instruments - Recognition and Measurement
IC Interpretation 9	Reassessment of Embedded Derivatives
IC Interpretation 10	Interim Financial Reporting and Impairment

The above FRSs and IC Interpretations will take effect from financial periods beginning on or after 1 January 2010 except for FRS 8 which will be effective for financial period beginning on or after 1 July 2009.

The impact of applying FRS 4, FRS 7 and FRS 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.

FRS 8, IC Interpretation 9 and IC Interpretation 10 are not expected to have significant financial impact on the financial statements of the Company.

**Multi-Purpose Insurans Bhd
(Incorporated in Malaysia)**

2. Significant accounting policies (cont'd.)

2.4 Significant accounting estimates and judgements

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. These are areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statement.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances.

(a) Critical judgments in applying the company's accounting policies

In the process of applying the Company's accounting policies, which are described above, management is of the opinion that there are no instances of judgement which are expected to have a significant financial impact on the amount and balances recognised in the financial statements.

(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) Provision for incurred but not reported ("IBNR") claims

Provision for incurred but not reported ("IBNR") claims for each class of business are estimated by reference to a variety of estimation techniques, generally based on a statistical analysis of historical experience which assumes an underlying pattern of claims development and payment.

(ii) Provision for outstanding claims

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 claims liabilities will not exactly develop as projected and may vary from the Company's projections.

Multi-Purpose Insurans Bhd
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2. Significant accounting policies (cont'd.)

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

(b) Key sources of estimation uncertainty (cont'd.)

(ii) Provision for outstanding claims (cont'd.)

The estimates of 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 claims liabilities may vary from the initial estimates.

There may be significant reporting lags between the occurrence of a loss 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.

3. Property, plant and equipment

	Land & building RM	Motor vehicles RM	Office equipment RM	Renovations, furniture, fixtures & fittings RM	Work-in- progress RM	Total RM
At 31 December 2008						
Cost						
At 1 January	319,669	867,247	6,768,373	3,961,674	1,667,285	13,584,248
Additions	-	355,290	637,992	410,766	1,453,757	2,857,806
Disposals	-	(70,305)	(190,400)	-	-	(260,705)
Write-offs	-	-	(150,349)	(27,216)	-	(177,565)
Transfer	-	-	-	-	(2,338,653)	(2,338,653)
At 31 December	319,669	1,152,232	7,065,616	4,345,224	782,389	13,665,131
Accumulated depreciation						
At 1 January	163,402	575,865	5,458,641	2,230,996	-	8,428,904
Charge for the year	6,393	111,779	563,227	447,207	-	1,128,606
Disposals	-	(49,213)	(175,282)	-	-	(224,495)
Write-offs	-	-	(146,051)	(19,697)	-	(165,748)
At 31 December	169,795	638,431	5,700,535	2,658,506	-	9,167,267
Net carrying amount						
	149,874	513,801	1,365,081	1,686,718	782,389	4,497,864

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3. Property, plant and equipment (cont'd.)

	Land & building RM	Motor vehicles RM	Office equipment RM	Renovations, furniture, fixtures & fittings RM	Work-in- progress RM	Total RM
At 31 December 2007						
Cost						
At 1 January	319,669	867,247	6,363,216	3,792,206	1,383,295	12,725,633
Additions	-	-	581,442	169,468	1,083,531	1,834,441
Disposals	-	-	(165,892)	-	-	(165,892)
Write-offs	-	-	(10,393)	-	-	(10,393)
Transfer	-	-	-	-	(799,541)	(799,541)
At 31 December	<u>319,669</u>	<u>867,247</u>	<u>6,768,373</u>	<u>3,961,674</u>	<u>1,667,285</u>	<u>13,584,248</u>
Accumulated depreciation						
At 1 January	157,009	558,447	4,926,109	1,811,503	-	7,453,068
Charge for the year	6,393	17,418	676,710	419,493	-	1,120,014
Disposals	-	-	(141,527)	-	-	(141,527)
Write-offs	-	-	(2,651)	-	-	(2,651)
At 31 December	<u>163,402</u>	<u>575,865</u>	<u>5,458,641</u>	<u>2,230,996</u>	<u>-</u>	<u>8,428,904</u>
Net carrying amount	<u>156,267</u>	<u>291,382</u>	<u>1,309,732</u>	<u>1,730,678</u>	<u>1,667,285</u>	<u>5,155,344</u>

The cost of fully depreciated property, plant and equipment of the Company amounted to RM5,018,145 (2007: RM4,500,305).

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4. Investment properties

	2008 RM	2007 RM
Cost		
At 1 January	799,541	870,244
Transfer	2,603,326	799,541
Disposals	(799,541)	(870,244)
At 31 December	<u>2,603,326</u>	<u>799,541</u>
Accumulated depreciation		
At 1 January	5,330	104,429
Charge for the year	19,554	14,033
Disposals	(11,993)	(113,132)
At 31 December	<u>12,891</u>	<u>5,330</u>
Net carrying amount	<u>2,590,435</u>	<u>794,211</u>

5. Investments

	2008		2007	
	Cost RM	Market value RM	Cost RM	Market value RM
Quoted in Malaysia:				
Shares in corporations	22,610,615		41,899,950	
Provision for impairment	(228,018)		(860,727)	
	<u>22,382,597</u>	22,336,994	<u>41,039,223</u>	<u>48,295,613</u>
Warrants and loan stocks	-		263,493	
Provision for impairment	-		(105,994)	
	<u>-</u>	-	<u>157,499</u>	<u>157,500</u>
Unit trusts	-		13,031,026	
Provision for impairment	-		(71,367)	
	<u>-</u>	-	<u>12,959,659</u>	<u>12,962,044</u>

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5. Investments (cont'd.)

	2008		2007	
	Cost RM	Market value RM	Cost RM	Market value RM
Corporate bonds	98,368,113		99,779,908	
Amortisation of premiums	<u>(232,543)</u>		<u>(245,365)</u>	
	<u>98,135,570</u>	<u>97,442,475</u>	<u>99,534,543</u>	<u>99,759,750</u>
Malaysian Government Securities	25,013,084		25,297,049	
(Amortisation)/accretion of premiums/discounts	<u>(40,554)</u>		<u>90,671</u>	
	<u>24,972,530</u>	<u>25,178,635</u>	<u>25,387,720</u>	<u>25,401,339</u>
Fixed and Call Deposits with: Licensed banks	<u>141,776,409</u>		<u>107,922,010</u>	
Total investments	<u>287,267,106</u>		<u>287,000,654</u>	

6. Loans

	2008 RM	2007 RM
Secured, net of unearned interest Staff housing loans	<u>162,922</u>	<u>249,208</u>
Receivable within 12 months	15,022	65,471
Receivable after 12 months	<u>147,900</u>	<u>183,737</u>
	<u>162,922</u>	<u>249,208</u>

The effective interest rate for staff loans as at 31 December 2008 was 5% (2007: 5%) per annum.

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7. Investment in subsidiary

	2008 RM	2007 RM
Unquoted shares at cost	2	2
Amount due from subsidiary	4,107	2,007
	<u>4,109</u>	<u>2,009</u>

Details of the subsidiary, incorporated in Malaysia are as follows:

Name of subsidiary	Equity holding (%)		Principal activity
	2008	2007	
MPIB Nominees (Tempatan) Sdn Bhd	<u>100</u>	<u>100</u>	Dormant

8. Receivables

	2008 RM	2007 RM
Trade receivables:		
Outstanding premium including agents/brokers balances	55,363,442	43,998,375
Allowance for doubtful debts	(3,354,445)	(2,226,015)
	<u>52,008,997</u>	<u>41,772,360</u>
Amount due from reinsurers/ceding companies and co-insurers	11,332,590	11,683,816
Allowance for doubtful debts	(493,888)	(451,708)
	<u>10,838,702</u>	<u>11,232,108</u>
Total trade receivables	<u>62,847,699</u>	<u>53,004,468</u>
Other receivables:		
Share of net assets in Malaysian Motor Insurance Pool ("MMIP")	1,939,615	1,547,014
Income due and accrued	3,904,223	2,885,163
Tax recoverable	4,904,778	-
Deposits and prepayments	1,020,614	1,037,645
Other receivables	15,383,765	4,257,099
Total other receivables	<u>27,152,995</u>	<u>9,726,921</u>
Total receivables	<u>90,000,694</u>	<u>62,731,389</u>

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9. Share capital

	Number of ordinary shares of RM1 each		Amount	
	2008	2007	2008 RM	2007 RM
Authorised:				
At 1 January/				
31 December	<u>100,000,000</u>	<u>100,000,000</u>	<u>100,000,000</u>	<u>100,000,000</u>
Issued and fully paid up:				
At 1 January/				
31 December	<u>100,000,000</u>	<u>100,000,000</u>	<u>100,000,000</u>	<u>100,000,000</u>

10. Provision for outstanding claims

	2008 RM	2007 RM
Provision for outstanding claims	350,557,213	200,617,640
Recoverable from reinsurers	<u>(221,709,432)</u>	<u>(100,383,556)</u>
Net outstanding claims	<u>128,847,781</u>	<u>100,234,084</u>

11. Payables

	2008 RM	2007 RM
Trade payables:		
Amount due to reinsurers/ceding companies	40,867,901	27,279,759
Amount due to agents/brokers and insureds	<u>22,307,742</u>	<u>12,608,305</u>
Total trade payables	<u>63,175,643</u>	<u>39,888,064</u>
Other payables:		
Provisions and accruals	7,859,399	5,046,654
Provision for taxation	-	3,046,591
Other payables	5,186,298	4,095,350
Amount due to related companies	<u>866,377</u>	<u>328,856</u>
Total other payables	<u>13,912,074</u>	<u>12,517,451</u>
Total payables	<u>77,087,717</u>	<u>52,405,515</u>

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12. Unearned premium reserves

	Fire RM	Motor RM	Marine RM	Misc RM	Total RM
2008					
At 1 January	12,035,664	23,707,011	1,529,039	27,856,813	65,128,527
(Decrease)/increase in unearned premium reserves	(474,713)	7,410,263	881,309	(493,534)	7,323,325
At 31 December	<u>11,560,951</u>	<u>31,117,274</u>	<u>2,410,348</u>	<u>27,363,279</u>	<u>72,451,852</u>
2007					
At 1 January	10,573,220	19,808,628	1,065,153	22,165,951	53,612,952
Increase in unearned premium reserves	1,462,444	3,898,383	463,886	5,690,862	11,515,575
At 31 December	<u>12,035,664</u>	<u>23,707,011</u>	<u>1,529,039</u>	<u>27,856,813</u>	<u>65,128,527</u>

13. Deferred taxation

	2008 RM	2007 RM
At 1 January	(37,356)	(748,528)
Recognised in the income statement	1,590,671	711,172
At 31 December	<u>1,553,315</u>	<u>(37,356)</u>
Presented after appropriate offsetting as follows:		
Deferred tax assets	2,937,665	742,996
Deferred tax liabilities	(1,384,350)	(780,352)
	<u>1,553,315</u>	<u>(37,356)</u>

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13. Deferred taxation (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 of the Company:

	Allowance for impairment in value of investments RM	Unearned premium reserve RM	Allowance for doubtful debts RM	Unutilised business losses RM	Unabsorbed capital allowances RM	Total RM
2008						
At 1 January	259,522	33,011	450,463	-	-	742,996
Recognised in the income statement	(202,518)	113,544	511,620	1,542,084	229,939	2,194,669
At 31 December	57,004	146,555	962,083	1,542,084	229,939	2,937,665
2007						
At 1 January	-	(2,662)	431,532	-	-	428,870
Recognised in the income statement	259,522	35,673	18,931	-	-	314,126
At 31 December	259,522	33,011	450,463	-	-	742,996

Deferred tax liabilities of the Company:

	Other receivables RM	Accelerated capital allowances RM	Total RM
2008			
At 1 January	(720,940)	(59,412)	(780,352)
Recognised in the income statement	(255,116)	(348,882)	(603,998)
At 31 December	(976,056)	(408,294)	(1,384,350)
2007			
At 1 January	(654,871)	(522,527)	(1,177,398)
Recognised in the income statement	(66,069)	463,115	397,046
At 31 December	(720,940)	(59,412)	(780,352)

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14. Net claims incurred

	Fire RM	Motor RM	Marine, Aviation and Transit RM	Misc RM	Total RM
2008					
Gross claims paid less salvage	17,630,617	49,079,626	6,251,253	58,513,428	131,474,924
Reinsurance recoveries	(9,884,974)	(2,787,569)	(3,457,678)	(22,538,153)	(38,668,374)
Net claims paid	<u>7,745,643</u>	<u>46,292,057</u>	<u>2,793,575</u>	<u>35,975,275</u>	<u>92,806,550</u>
Net outstanding claims:					
At 31 December	14,078,740	72,768,324	5,575,987	36,424,730	128,847,781
At 1 January	(8,755,674)	(57,589,243)	(4,178,444)	(29,710,723)	(100,234,084)
Net claims incurred	<u>13,068,709</u>	<u>61,471,138</u>	<u>4,191,118</u>	<u>42,689,282</u>	<u>121,420,247</u>
2007					
Gross claims paid less salvage	26,252,457	38,712,242	3,032,724	41,792,641	109,790,064
Reinsurance recoveries	(13,262,918)	(1,806,772)	(826,037)	(16,289,743)	(32,185,470)
Net claims paid	<u>12,989,539</u>	<u>36,905,470</u>	<u>2,206,687</u>	<u>25,502,898</u>	<u>77,604,594</u>
Net outstanding claims:					
At 31 December	8,755,674	57,589,243	4,178,444	29,710,723	100,234,084
At 1 January	(11,357,488)	(46,570,908)	(2,760,140)	(26,526,673)	(87,215,209)
Net claims incurred	<u>10,387,725</u>	<u>47,923,805</u>	<u>3,624,991</u>	<u>28,686,948</u>	<u>90,623,469</u>

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15. Operating revenue

	Shareholder's fund RM	Insurance Fund RM	Total RM
2008			
Gross premiums	-	324,102,448	324,102,448
Investment income (Note 18b)	-	13,449,364	13,449,364
	<u>-</u>	<u>337,551,812</u>	<u>337,551,812</u>
2007			
Gross premiums	-	283,186,044	283,186,044
Investment income (Note 18b)	482,588	13,809,148	14,291,736
	<u>482,588</u>	<u>296,995,192</u>	<u>297,477,780</u>

16. Management expenses

	2008 RM	2007 RM
(a) Insurance fund		
Staff Costs:		
Staff salaries and bonus	16,061,251	15,623,189
Pension costs - defined contribution plan	1,772,242	1,642,810
Retirement benefits contribution to approved scheme	296,194	280,104
Directors' remuneration (Note 17)	884,638	589,932
Auditors' remuneration	73,500	65,000
Bad and doubtful debts	1,170,610	115,152
Rental of properties	1,722,019	1,547,388
Depreciation of property, plant and equipment	1,128,606	1,120,014
Depreciation of investment property	19,554	14,033
Fund managers' expenses	451,798	620,546
Bad debts written off	433,318	-
Other expenses	13,103,158	10,492,709
	<u>37,116,888</u>	<u>32,110,877</u>

Included in Directors' remuneration of the Company is Executive Director's remuneration excluding benefit-in-kind and ex-gratia benefit for the financial year ended 31 December 2008, amounting to RM Nil (2007:RM17,855) as further disclosed in Note 17.

The total remuneration, including benefits-in-kind, attributable to the Chief Executive Officer of the Company during the financial year ended 31 December 2008, amounted to RM408,652 (2007:RM412,696).

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16. Management expenses (cont'd.)

	2008	2007
	RM	RM
(b) Shareholders' fund		
Bank charges	80	55
Fund Managers expenses	-	37,167
	<u>80</u>	<u>37,222</u>

17. Directors' remuneration

	2008	2007
	RM	RM
Executive Director (Note 16)		
Emoluments	-	17,855
Benefits-in-kind	-	1,274
Ex-gratia benefit	-	-
	<u>-</u>	<u>19,129</u>
Non-executive Directors' remuneration (Note 16)		
Fees	108,000	83,800
Emoluments	744,500	479,500
Benefits-in-kind	32,138	7,503
	<u>884,638</u>	<u>570,803</u>
Total excluding benefits-in-kind	<u>852,500</u>	<u>581,155</u>

The number of Directors whose total remuneration received from the Company during the financial year that fall within the following bands is analysed below:

	Number of Directors	
	2008	2007
Executive Director		
RM50,000 and below	-	1
RM650,001 - RM700,000	-	-
	<u>-</u>	<u>-</u>
Non-executive Directors		
RM50,000 and below	5	5
RM 450,001 - RM 800,000	1	1
	<u>1</u>	<u>1</u>

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18. Investment income

	2008 RM	2007 RM
(a) Insurance fund		
Interest from:		
Malaysian Government Securities	458,479	634,415
Cagamas papers	-	33,627
Corporate Bonds and Loans	6,421,076	4,525,449
Fixed and call deposits	4,626,384	3,601,100
Gross dividends from:		
Shares quoted in Malaysia	1,924,436	5,004,888
Rental of properties	18,989	9,669
	<u>13,449,364</u>	<u>13,809,148</u>
(b) Shareholders' fund		
Interest from:		
Corporate Bonds and Loans	-	289,432
Fixed and call deposits	-	193,156
	<u>-</u>	<u>482,588</u>

19. Other operating (expenses)/income

	2008 RM	2007 RM
(a) Insurance Fund		
(Loss)/profit on sale of investments	(14,243,685)	16,478,902
(Loss)/gain on sale of property, plant and equipment	(31,581)	24,591
Profit on sale of investment properties	588,877	601,152
Amortisation of premiums	(361,449)	(521,435)
Accretion of discounts	432,530	622,737
Provision for diminution of investments	(4,932,599)	(1,038,087)
Sundry income	923,115	647,264
	<u>(17,624,792)</u>	<u>16,815,124</u>
(b) Shareholders' Fund		
Profit on sale of investments	-	177,174
Amortisation of premiums	-	(28,996)
Accretion of discounts	-	6,591
	<u>-</u>	<u>154,769</u>

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20. Taxation

	Insurance and Shareholders' fund	
	2008	2007
	RM	RM
Income Tax:		
Malaysian income tax	-	9,654,404
(Over)/under provision of tax expense in prior years	(924,355)	447,682
Deferred tax:		
Relating to changes in tax rates	(6,215)	(2,988)
Relating to origination and reversal of temporary differences (Note 13)	(1,708,698)	(212,354)
Over provision of deferred tax in prior years	124,242	(495,830)
	<u>(2,515,026)</u>	<u>9,390,914</u>

Domestic current income tax is calculated at the statutory tax rate of 26% (2006: 27%) of the estimated assessable profit for the year. The domestic statutory tax rate will be reduced to 25% from the current year's rate of 26%, effective year of assessment 2008. The computation of deferred tax as at 31 December 2009 has reflected these changes.

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

	2008	2007
	RM	RM
Profit before taxation	<u>(9,837,520)</u>	<u>34,004,866</u>
Taxation at Malaysian statutory tax rate of 26% (2007: 27%)	(2,557,755)	9,181,314
Tax recoveries	-	(4,821)
Income not subject to tax	(88,174)	-
Effect of expenses not deductible for tax purposes	937,231	265,557
Deferred tax recognised at different tax rates	(6,215)	(2,988)
	<u>(1,714,913)</u>	<u>9,439,062</u>
Under/(over) provision of deferred tax in prior years	124,242	(495,830)
(Over)/under provision of tax expense in prior years	(924,355)	447,682
Tax (recoverable)/expenses for the year	<u>(2,515,026)</u>	<u>9,390,914</u>

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20. Taxation (cont'd.)

Presently, 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 their accumulated tax credit under Section 108 of Income Tax Act, 1967 ("Section 108 balance") and opt to pay dividends under the single tier system. The change in the tax legislation also provides for the Section 108 balance to be locked-in as at 31 December 2008 in accordance with Section 39 of the Finance Act, 2007.

The Company did not elect for the irrevocable option to disregard the Section 108 balance. Accordingly, during the transitional period, the Company may utilise the credit in the Section 108 balance as at 31 December 2008 to distribute cash dividend payments to ordinary shareholders as defined under the Finance Act, 2007. As at 31 December 2008, the Company has sufficient credit in the Section 108 balance and tax exempt income to pay franked dividends out of its entire retained earnings. As at 31 December 2008, the Company has tax exempt income available for distribution of approximately RM37,426,219 (2007 : RM37,422,308).

21. Dividends

	Recognised in year	
	2008	2007
	RM	RM
In respect of year:		
Final dividend for 2006: 15% less 27% taxation, on 100,000,000 ordinary shares (10.95 sen per share)	-	10,950,000
Final dividend for 2007: 10% tax exempt and 10% less 26% taxation on 100,000,000 ordinary shares (17.40 sen per share)	17,400,000	-
	<u>17,400,000</u>	<u>10,950,000</u>

The directors do not propose any final dividend for the financial year ended 31 December 2008.

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22. (Loss)/earnings per share

The loss per ordinary share has been calculated based on the loss after taxation for the year of RM7,322,494 (earnings per ordinary share for 2007 : RM24,613,952) and the weighted average number of ordinary shares in issue of 100,000,000 (2007: 100,000,000) shares.

23. Segment information on cash flow

	Insurance fund RM	Shareholders' fund RM	Total RM
2008			
Cash flows generated from/(used in):			
Operating activities	7,326,715	17,253,965	24,580,680
Investing activities	(1,464,936)	-	(1,464,936)
Financing activities	-	(17,400,000)	(17,400,000)
	<u>5,861,779</u>	<u>(146,035)</u>	<u>5,715,744</u>
Cash and bank balances			
At 1 January	1,656,499	180,183	1,836,682
At 31 December	<u>7,518,278</u>	<u>34,148</u>	<u>7,552,426</u>
2007			
Cash flows (used in)/generated from:			
Operating activities	(226,370)	11,072,861	10,846,491
Investing activities	(419,479)	-	(419,479)
Financing activities	-	(10,950,000)	(10,950,000)
	<u>(645,849)</u>	<u>122,861</u>	<u>(522,988)</u>
Cash and bank balances			
At 1 January	2,302,348	57,322	2,359,670
At 31 December	<u>1,656,499</u>	<u>180,183</u>	<u>1,836,682</u>

24. Capital commitments

	2008 RM	2007 RM
Approved and contracted for:		
Investment properties	<u>1,755,579</u>	<u>3,398,956</u>

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25. Operating lease arrangements

(a) The Company as lessor

The Company has entered into operating lease agreements for the use of certain office premises. These leases have an average life of between 1 to 2 years with certain contracts carrying renewal options in the contracts. These contracts include fixed rentals over the tenure of the lease period.

The future aggregate minimum lease payments receivable under operating lease contracted for as at the balance sheet date but not recognised as receivables, are as follows:

	2008	2007
	RM'000	RM'000
Future minimum rental payments receivable:		
Not later than 1 year	13,200	21,600
Later than 1 year and not later than 5 years	-	22,300
	<u>13,200</u>	<u>43,900</u>

Rental incomes recognised in the Revenue Account during the financial year are disclosed in Note 18.

(b) The Company as lessee

The Company has entered into operating lease agreements for the use of certain office premises. These leases have an average life of between 1 to 3 years with certain contracts carrying renewal options in the contracts. These contracts include fixed rentals over the tenure of the lease period.

The future aggregate minimum lease payments under operating leases contracted for as at the balance sheet date but not recognised as liabilities, are as follows:

	2008	2007
	RM'000	RM'000
Future minimum rental payments:		
Not later than 1 year	943,830	1,467,076
Later than 1 year and not later than 5 years	150,800	824,875
	<u>1,094,630</u>	<u>2,291,951</u>

The lease payments recognised in the Revenue Account during the financial year are disclosed in Note 16.

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26. Related party disclosures

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.

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. The key management personnel include all Directors of the Company and certain senior management of the Company.

- (a) Included in the Company's balance sheet are the following related party balances arising from normal business transactions:

	2008	2007
	RM	RM
Management fees due to ultimate holding company	843,295	327,331
Investments in related companies	4,971,125	3,465,382
Premium due from related parties	<u>1,259,612</u>	<u>787,865</u>

- (b) Included in the Company's income statement are the following significant related party transactions arising from normal business transactions:

	2008	2007
	RM	RM
Management fees payable to ultimate holding company	967,778	476,309
Office rental paid to other related companies	1,316,896	1,320,540
Gross premium from other related companies	3,652,189	5,784,682
Commission paid to other related companies	79,752	131,206
Brokerage fees to a related party	43,721	225,950
Claims paid to related parties	<u>969,620</u>	<u>1,404,631</u>

The Directors are of the opinion that all the transactions above have been entered into in the normal course of business and have been established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.

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26. Related party disclosures (cont'd.)

(c) Compensation of key management personnel

The remuneration of directors and other members of key management during the period was as follows:

	2008 RM	2007 RM
Short term employee benefits	2,862,015	2,328,268
Other long-term benefits	263,658	196,391
	<u>3,125,673</u>	<u>2,524,659</u>

Included in the total key management personnel are:

	2008 RM	2007 RM
Directors' remuneration (Note 17)	<u>884,638</u>	<u>589,932</u>

27. Financial instruments

(a) **Financial risk management objectives and policies**

In determining the investment guidelines and policies on financial instruments and general risk management policies, the Company takes into consideration the Company's exposure of its overall business activities in relation to a variety of risks, namely interest rate, liquidity, foreign credit and exchange risks. The Company's investment decisions are made within the framework of investment guidelines and policies, which are determined by an investment committee and approved by the Board of Directors.

(b) **Interest rate risk**

Changes in market interest rates expose the Company to interest rate risk on the Company's investments in cash and cash equivalents, marketable securities and other interest-bearing instruments. Such risk is managed through proper selection of investments, limits, weightings of the investments and holding periods of these investments.

(c) **Liquidity risk**

The Company actively manages its operating cash flows so as to ensure sufficient cash for working capital requirements is met and the surplus of which is invested in both short-term financial instruments and cash convertible instruments. The Company also apportions its investments in marketable securities and other financial instruments by maintaining a variety of maturity profiles to manage its liquidity risks.

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27. Financial instruments (cont'd.)

(d) Credit risk

Credit risk occurs as a result of any loss or default due to the inability or unwillingness of counterparties to insurance, reinsurance and investment transactions in meeting their obligations as and when due.

A credit policy ensures that current and potential default is kept to a minimum by monitoring such risks on an ongoing basis. Central to the monitoring procedures are the following; restricting credit limits and credit approvals on each credit evaluation for new agents and other counterparties, and by imposing minimum investment grades such as credit ratings on issuers.

The Company does not have significant exposure to any individual customer or counter party nor does it have major concentration of any financial instruments.

(e) Foreign currency risk

The Company is exposed to foreign currency risks in relation to transactions that are denominated in a currency other than Ringgit Malaysia.

Derivative financial instruments are not used by the Company to hedge against foreign currency risks.

The following tables provide information about financial assets showing the effective interest rate at the balance sheet date and the periods in which these assets mature or reprice, whichever is earlier.

	Within 1 year RM	1 - 5 years RM	More than 5 years RM	Total carrying amount RM	Effective interest %
2008					
Malaysian Government Securities	6,014,332	3,025,693	15,932,505	24,972,530	4.81
Debentures, bonds and loan stocks	8,925,996	68,238,653	20,970,921	98,135,570	6.16
Fixed and call deposits	141,776,409	-	-	141,776,409	3.40

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27. Financial instruments (cont'd.)

(e) Foreign currency risk (cont'd.)

	Within 1 year RM	1 - 5 years RM	More than 5 years RM	carrying amount RM	Effective interest %
2007					
Malaysian Government Securities	17,873,336	5,021,244	2,493,140	25,387,720	3.59
Debentures, bonds and loan stocks	4,111,883	70,244,729	25,177,931	99,534,543	6.09
Fixed and call deposits	107,922,010	-	-	107,922,010	3.38

(f) Fair values

The aggregate financial assets and liabilities which are not carried at fair value on the balance sheet of the Company are represented as follows:

		At 31 December 2008		At 31 December 2007	
	Note	Carrying amount RM	Fair value RM	Carrying amount RM	Fair value RM
Investment properties	4	2,590,435	2,800,000	794,211	1,405,950
Investments:	5				
Malaysian Government Securities		24,972,530	25,178,635	25,387,720	25,401,339
Equity securities in corporations - quoted		22,382,597	22,336,994	41,039,223	48,295,613
Warrants and loan stocks		-	-	157,499	157,500
Unit trusts		-	-	12,959,659	12,962,044
Debentures, bonds and loan stocks - unquoted		98,135,570	97,442,475	99,534,543	99,759,750

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27. Financial instruments (cont'd.)

(f) Fair values (cont'd.)

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

- The fair value of investment properties are based on the market values of the properties as assessed by comparison with available property market information. A valuation by an independent professional valuer would be performed should there be adverse movements in the property market;
- The fair value of quoted securities is determined by reference to the stock exchange quoted bid prices at the balance sheet date;
- For all other financial instruments listed above, fair values are based on the indicative prices at the balance sheet date;
- For cash and cash equivalents, trade and other receivables and payables and staff loans, the carrying amount approximates the fair value; and
- The fair value of Malaysian Government Securities and other approved investments are indicative values obtained from the secondary markets.