THE PACIFIC INSURANCE BERHAD

(91603-K)

(Incorporated in Malaysia)

Directors' Report and Audited Financial Statements
31 December 2009

Ernst & Young
AF : 0039

91603-K

THE PACIFIC INSURANCE BERHAD
(Incorporated in Malaysia)

Contents **Page**

THE PACIFIC 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 31 December 2009.

PRINCIPAL ACTIVITY

The principal activity of the Company consists of the underwriting of general insurance business. There has been no significant change in the nature of the principal activity during the financial year.

The Company is a wholly-owned subsidiary of PacificMas Berhad ("PacificMas"), a public limited liability company, incorporated and domiciled in Malaysia, and listed on the Main Board of Bursa Malaysia Securities Berhad.

RESULTS

	RM
Net profit for the year	3,027,281

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

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

DIRECTORS

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' Nasruddin Bin Bahari
Tan Sri Dato' Wong Kum Choon
David Wong Cheong Fook
George Lee Lap Wah
Wong Ah Wah
Ng Hon Soon

In accordance with Article 65 of the Company's Articles of Association, Ng Hon Soon will retire at the forthcoming Annual General Meeting and, being eligible, offers himself for re-election.

Pursuant to Section 129 of the Companies Act, 1965, Tan Sri Dato' Nasruddin Bin Bahari and Tan Sri Dato' Wong Kum Choon will retire at the forthcoming Annual General Meeting and resolutions will be proposed for their re-appointment as directors under the provision of Section 129(6) of the said Act to hold office until the conclusion of the next Annual General Meeting of the Company.

CORPORATE GOVERNANCE

(a) Board Responsibility and Oversight

Board Responsibility

The Board is committed to ensure that the highest standards of corporate governance are observed in the Company so that the affairs of the Company are conducted with professionalism, accountability and integrity with the objective of enhancing shareholders' value as well as safeguarding the interests of other stakeholders.

The Board is ultimately responsible for the proper stewardship of the Company's resources, the achievement of corporate objectives and the adherence to good corporate citizenship. The Board is committed to uphold good corporate governance practices in conformity with Bank Negara Malaysia ("BNM") Guidelines, JPI/GPI 1 (Consolidated) on Minimum Standards for Prudential Management of Insurers and JPI/GPI 25 (Consolidated) on Prudential Framework of Corporate Governance for Insurers. The Company has complied with the prescriptive applications and adopted management practices that are consistent with these guidelines.

CORPORATE GOVERNANCE (CONT'D.)

(a) Board Responsibility and Oversight (cont'd.)

Board Responsibility (cont'd.)

The Board has overall responsibility for the strategic direction and development plans of the Company, as it effectively leads and controls the Company. The Board meets regularly and has a formal schedule of matters specifically reserved for its consideration and approval, which includes the annual business and strategic plans, business operations, financial performance, risk management, investment, corporate restructuring, as well as compliance requirements under the Risk-Based Capital Framework. The Board's approval is also sought for transactions by the Company on outsourcing of certain business functions, major acquisition and disposal of assets, as well as material related party transactions. In addition, the Board also reviews and approves the authority levels for the Company's core functions, including expenditure approving authority, risk acceptance authority, claims approval authority, investment policies and reinsurance strategies.

The directors are kept informed through relevant training programmes and briefings to assist them to keep abreast with developments in the market place. The directors are also updated with the policy and administrative changes as well as new guidelines issued by BNM and relevant professional bodies.

Board Balance and Meetings

The Board comprises an independent non-executive Chairman, two other independent non-executive directors and three non-independent non-executive directors. On a yearly basis, the directors are subject to an internal declaration to review their status of compliance with Part XII of the Insurance Regulations 1996 on the fulfilment of the minimum criteria of a "fit and proper person". In accordance with the Insurance Act 1996, all directors are appointed and reappointed to the Board after prior approval has been obtained from BNM. All directors comply with the prescribed maximum number of directorship held.

The directors are persons of calibre, credibility and integrity. Collectively they bring with them a wide range of business and management experience, skills and specialised knowledge that are required to lead the Company.

CORPORATE GOVERNANCE (CONT'D.)

(a) Board Responsibility and Oversight (cont'd.)

Board Balance and Meetings (cont'd.)

The Company's Board of Directors as at 31 December 2009 consists of six directors as set out below:

Members	Status of Directorship
Tan Sri Dato' Nasruddin Bin Bahari	Independent Non-Executive Director, Chairman
Tan Sri Dato' Wong Kum Choon	Independent Non-Executive Director
David Wong Cheong Fook	Independent Non-Executive Director
George Lee Lap Wah	Non-Independent Non-Executive Director
Wong Ah Wah	Non-Independent Non-Executive Director
Ng Hon Soon	Non-Independent Non-Executive Director

The Board met six (6) times during the financial year and the attendance of the directors was as follows:

Name	Number of Board Meetings Attended	%
Tan Sri Dato' Nasruddin Bin Bahari	6/6	100
Tan Sri Dato' Wong Kum Choon	6/6	100
David Wong Cheong Fook	6/6	100
George Lee Lap Wah	6/6	100
Wong Ah Wah	6/6	100
Ng Hon Soon	6/6	100

The Board members are provided with adequate and timely information and reports, including background explanatory information, on matters brought before the Board. All the directors have full and unrestricted access to all information and records of the Company as well as services and advice of the Company Secretaries and the senior management of the Company to assist them in discharging their duties and responsibilities.

CORPORATE GOVERNANCE (CONT'D.)

(a) Board Responsibility and Oversight (cont'd.)

Board Committees

To support the execution of its duties and functions, the Board delegates certain responsibilities to the Board Committees, namely Audit Committee and Risk Management Committee which operate within clearly defined terms of reference. The Chairmen of the respective committees report to the Board on matters discussed at the meetings of the committee.

(i) Audit Committee

The Audit Committee ("AC") comprises three members who are independent non-executive directors. The composition of the committee is as follows:

Members	**Status of Directorship**
Tan Sri Dato' Nasruddin Bin Bahari	Independent Non-Executive Director, Chairman
Tan Sri Dato' Wong Kum Choon	Independent Non-Executive Director
David Wong Cheong Fook	Independent Non-Executive Director

The AC met seven (7) times during the financial year and the attendance of the members was as follows:

Name	**Number of Meetings Attended**	**%**
Tan Sri Dato' Nasruddin Bin Bahari	7/7	100
Tan Sri Dato' Wong Kum Choon	7/7	100
David Wong Cheong Fook	7/7	100

CORPORATE GOVERNANCE (CONT'D.)

(a) Board Responsibility and Oversight (cont'd.)

Board Committees (cont'd.)

(i) Audit Committee (con'td.)

The AC's terms of reference are in compliance with JPI/GPI 13 on Guidelines on Audit Committee and Internal Audit Departments for Insurance Companies. The AC has independent access to the Company's internal auditors, external auditors and management to enable it to discharge its functions. They include the reinforcement of the independence and objectivity of the internal and external audit functions and their scopes and results. The AC reviews the findings of the internal/external auditors and those of the examiners from BNM, as well as the management's responses and actions taken to address the findings. The AC also reviews, inter-alia, the Company's financial statements, the impact of new or proposed changes in accounting standards and policies on the financial statements and the maintenance of a sound system of internal control to safeguard shareholders' investment and the Company's assets. Besides reviewing and approving the annual Audit Plan, the AC also evaluates the effectiveness, independence and objectivity of the external auditors before nominating them to the Board for recommendation to the shareholders on the appointment or reappointment. The AC reviews and approves any outsourcing of non-audit services provided by external auditors and internal audit services and recurrent related party transactions undertaken by the Company.

(ii) Risk Management Committee

The Risk Management Committee ("RMC") supports the Board in the overall risk management oversight of the Company and comprises three members who are independent non-executive directors. The composition of the committee is as follows:

Members	Status of Directorship
Tan Sri Dato' Nasruddin Bin Bahari	Independent Non-Executive Director, Chairman
Tan Sri Dato' Wong Kum Choon	Independent Non-Executive Director
David Wong Cheong Fook	Independent Non-Executive Director

The RMC met four (4) times during the financial year and the attendance of the members was as follows:

Name	Number of Meetings Attended	%
Tan Sri Dato' Nasruddin Bin Bahari	4/4	100
Tan Sri Dato' Wong Kum Choon	4/4	100
David Wong Cheong Fook	4/4	100

CORPORATE GOVERNANCE (CONT'D.)

(a) Board Responsibility and Oversight (cont'd.)

Board Committees (cont'd.)

(ii) Risk Management Committee (con'td.)

BNM's JPI/GPI 1 (Consolidated) on Minimum Standards for Prudential Management of Insurers requires the RMC to oversee the senior management's activities in managing the key risk areas of the Company and to ensure that the risk management process is in place and functioning effectively. The responsibilities of the RMC include reviewing periodic management reports on risk exposure, risk portfolio and management strategies, ensuring adequacy of infrastructure, resources and systems for effective risk management, assessing adequacy of policies and framework for identifying, measuring, monitoring and controlling risks, as well as reviewing the extent to which these are operating effectively. The RMC is also involved in the review of requirements under the Risk-Based Capital Framework in relation to the Company's capital management plan, internal capital target and results of periodic stress test. The Company had successfully implemented the Risk-Based Capital Framework this year with a capital adequacy ratio well above the internal and supervisory capital targets.

Nomination and Remuneration Committees

With the approval given by BNM, the functions and responsibilities of the above two committees are undertaken by the Nomination Committee ("NC") and Remuneration Committee ("RC") of the holding company, PacificMas Berhad ("PacificMas"). The terms of reference of both the NC and the RC are in compliance with the guidelines on the functions and responsibilities of the committees for insurers issued under BNM's JPI/GPI 1 (Consolidated) on Minimum Standards for Prudential Management of Insurers.

(i) Nomination Committee

The composition of the NC comprising the directors of PacificMas is as follows:

Members	Status of Directorship
David Wong Cheong Fook	Independent Non-Executive Director, Chairman
Tan Sri Dato' Nasruddin Bin Bahari	Independent Non-Executive Director
Dr. Raja Lope Bin Raja Shahrome	Independent Non-Executive Director
George Lee Lap Wah	Non-Independent Non-Executive Director
Chew Sun Teong	Non-Independent Non-Executive Director

CORPORATE GOVERNANCE (CONT'D.)

(a) Board Responsibility and Oversight (cont'd.)

Nomination and Remuneration Committees (cont'd.)

(i) Nomination Committee (cont'd.)

The NC met three (3) times during the financial year and the attendance of the members was as follows:

Name	Number of meetings Attended	%
David Wong Cheong Fook	3/3	100
Tan Sri Dato’ Nasruddin Bin Bahari	3/3	100
Dr. Raja Lope Bin Raja Shahrome	3/3	100
George Lee Lap Wah	3/3	100
Chew Sun Teong	3/3	100

The NC is entrusted with the responsibility to consider and evaluate the appointment of new directors and directors to sit on Board Committees of the Company and to recommend candidates to the Board and BNM for appointment and reappointment or re-election. The committee is also responsible to recommend to the Board the appointment of the chief executive officer and key senior officers of the Company.

With regard to retiring directors, the NC reviews the suitability and competencies and contributions of directors for re-election and reappointment before recommending them to the Board for submission to BNM for approval and subsequently to the shareholders for approval at the Annual General Meeting.

The NC 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 also assesses on an annual basis, the effectiveness of the Board as a whole and the Board Committees and the contributions of each individual director. In addition, the NC deliberates on Board succession plans as and when appropriate.

CORPORATE GOVERNANCE (CONT'D.)

(a) Board Responsibility and Oversight (cont'd.)

Nomination and Remuneration Committees (cont'd.)

(ii) Remuneration committee

The composition of the RC comprising the directors of PacificMas is as follows:

Members	Status of Directorship
Tan Sri Dato' Nasruddin Bin Bahari	Independent Non-Executive Director, Chairman
Brig Jen (B) Dato' Ahmad Zahudi Bin Hj. Salleh	Non-Independent Non-Executive Director
Dr. Raja Lope Bin Raja Shahrome	Independent Non-Executive Director
George Lee Lap Wah	Non-Independent Non-Executive Director

The RC met two (2) times during the financial year and the attendance of the members was as follows:

Name	Number of Meetings Attended	%
Tan Sri Dato' Nasruddin Bin Bahari	2/2	100
Brid Jen (B) Dato' Ahmad Zahudi Bin Hj. Salleh	2/2	100
Dr. Raja Lope Bin Raja Shahrome	2/2	100
George Lee Lap Wah	2/2	100

The Board recognises that levels of remuneration must be sufficient to attract, retain and motivate the directors, chief executive officer and key senior officers of the quality required to manage the Company. In this respect, the RC is responsible for reviewing and recommending the remuneration packages of the directors, chief executive officer and key senior officers of the Company to the Board of Directors for consideration and approval.

CORPORATE GOVERNANCE (CONT'D.)

(b) Management Accountability

The Company has an organisational structure with clearly communicated defined lines of accountability and delegated authority to ensure proper identification of responsibilities and segregation of duties. The operational authority limits covering all aspects of operations which include underwriting, claims and finance are reviewed and updated as appropriate. Clearly documented job descriptions for all management and executive employees are maintained while formal appraisals of performance are conducted at least once annually. Any changes to the organisational structure are communicated to all staff.

The directors, chief executive officer and senior officers of the Company responsible for processing credit facilities do not have any direct or indirect interest in the facilities, as referred to in Section 54 of the Insurance Act 1996.

The directors who hold office or possess property do not have any direct or indirect interest, which is in conflict with their duty or interest as directors, as referred to in Section 55 of the Insurance Act 1996.

(c) Corporate Independence

The Company has met all the requirements of BNM's JPI/GPI19 (Consolidated) on Guidelines of Related Party Transactions. All material related party transactions have been disclosed in the audited financial statements in accordance with FRS124 on Related Party Disclosures. Other than the provision of financial services which are on normal commercial terms and in the ordinary course of business, all related party transactions are tabled at the Audit Committee for review and approval.

(d) Internal Controls and Operational Risk Management

The Board has the overall responsibility to ensure the maintenance of internal control system and risk management framework for the Company in order to provide reasonable assurance for effective and efficient operations, internal financial controls and compliance with laws and regulations. There is a continuous process present for identifying, evaluating and managing the significant risks faced by the Company. This process is periodically reviewed by the Board. In furtherance of its duties, the Board has delegated specific responsibilities to the AC and RMC as part of the Company's internal control and risk management process.

A formal risk management framework has been maintained in the Company by the Risk Management Unit ("RMU") which is headed by the chief executive officer as the Risk Management Officer ("RMO") and consists of a Risk Management Coordinator and senior officers in the Company. The RMU reports to the RMC of the Company.

CORPORATE GOVERNANCE (CONT'D.)

(d) Internal Controls and Operational Risk Management (cont'd.)

During the financial year, the following risk management initiatives were undertaken by the RMU:

(i) The RMU reviewed the risks identified and reported its risk assessment results to the RMC and the Board for consideration on a quarterly basis.

(ii) The RMU assessed and identified from time to time, the significant risks faced by the Company such as business strategic risks and operational risks, which included areas related to regulatory and compliance issues, financial, underwriting and claims risks and business continuity plan. The mitigating plans and control measures were formulated and implemented to address these risks and were monitored in terms of their timeliness and effectiveness. In addition, the RMU also considered the target dates for possible improvement in the risk rating, while working towards them with the appropriate follow-up of action plans.

(iii) The RMU maintained an updated database of all risks and controls in the form of detailed risk registers and individual risk profiles for the Company. The likelihood of the key risks occurring and their impact are periodically monitored and rated.

The disclosure of the Company's financial risk management policies are set out under Note 27 in the financial statements.

Apart from the above, the following key committees, among others, continue to serve the objective of enhancing the risk management culture in the Company:

(i) The Corporate Disaster Recovery Planning Committee is tasked to prepare, review and periodically test the effectiveness of the Company's business continuity plan to support critical business operations. The Company has in place a Business Continuity Management ("BCM") plan which is reviewed and updated at least once a year. The BCM Plan serves to ensure that critical resources and services of the Company are available in the event of system failures or business interruptions. It also aims to ensure that possible disruptions to operations and services are mitigated to an acceptable level through a combination of well-planned contingency and recovery controls. The Company had successfully tested the BCM Plan and the related IT Disaster Recovery Plan during the year.

(ii) The Information Technology Steering Committee ("ITSC") has the responsibility to monitor the overall efficiency, performance and effectiveness of IT services. The ITSC meets periodically to review the Company's IT operations, plans, progress of action plans, as well as investment in IT resources and to make any recommendations thereof when necessary. The IT plans formulated during the financial year included the short-term and medium-term IT plans which are aligned to the business direction of the Company.

CORPORATE GOVERNANCE (CONT'D.)

(d) Internal Controls and Operational Risk Management (cont'd.)

(iii) The Anti-Money Laundering and Counter-Financing of Terrorism ("AML/CFT") – Management Committee comprising the chief executive officer, Compliance Officers at the Head Office as well as Branches, and key senior officers of the Company is in place to manage the risk and areas related to AML/CFT. The Company had also introduced measures leveraging on IT as a tool to facilitate the detection of suspicious transactions.

The Company has in place an AML/CFT Framework in accordance with the relevant BNM guidelines and laws to prevent the Company from being used as a channel to launder funds in the financial system. The framework complies with the Anti-Money Laundering & Anti-Terrorism Financing Act 2001, as well as BNM's UPW/GP1 on Standard Guidelines on AML/CFT and UPW/GP1[2] on AML/CFT-Sectoral Guidelines 2 for Insurance and Takaful Industries.

(iv) The Credit Control Committee reviews credit risk, recoverability of trade receivables and reconciliation of accounts with third parties. The committee also considers and implements appropriate measures to improve existing credit control procedures and practices.

(v) The Company has a Product Development Committee which undertakes the planning, design and development of new products, as well as review of the Company's products against the prevailing guidelines such as BNM's JPI/GPI 16 (Revised) on Guidelines on Medical and Health Insurance Business, JPI/GPI 32 on Guidelines on Minimum Disclosure Requirements in the Sale of General Insurance Products as well as new guidelines such as Guidelines on Introduction of New Products for Insurance Companies and Takaful Operators which came into effect on 1 July 2009 and Guidelines on Product Transparency and Disclosure which took effect on 1 January 2010. All newly developed products are submitted to the Board for approval and where appropriate to BNM for its approval.

(vi) A Goods and Services Tax ("GST") Committee has been in place since 2007 in view of the impending GST implementation. The early planning in this area serves to prepare the Company for the GST regime to implement necessary operational adjustments in the areas of business processes, system development and personnel training. The Company has embarked on the first phase of the project by mapping the GST input/output transactions and identifying the GST implications in the Company's business operations and management information system. These endeavours will be resumed in view of the government's intention to implement the GST regime in the near future.

CORPORATE GOVERNANCE (CONT'D.)

(d) Internal Controls and Operational Risk Management (cont'd.)

The Company operates in a business environment that is subject to regulatory purview and operational compliance requirement and reporting. The Company Secretaries and management keep the Board apprised of new laws and guidelines and changes thereof as well as new accounting and insurance standards to be adopted by the Company. To address compliance risk, the Company has designated a Compliance Unit responsible for placing adequate control measures to provide reasonable assurance that the Company's business is conducted in compliance with the relevant laws, regulations and internal/external guidelines stipulated. The Compliance Unit submits a compliance statement to the Board as well as a regulatory breach report to the holding company on a quarterly basis.

With the approval of BNM, the Company has outsourced its internal audit function to the Group Internal Audit Department of the holding company, PacificMas Berhad to provide the Board of Directors with much of the assurance that it requires regarding the adequacy and integrity of the systems of internal control. Whenever required, certain audit assignments will be outsourced to international accounting firms.

The Group Internal Audit Department reports directly to the AC. The functions and responsibilities of the AC and the internal audit function are in accordance with the Group's Internal Audit Charter and the BNM's Guidelines JPI/GPI 13 - Guidelines on Audit Committee and Internal Audit Departments for Insurance Companies.

The internal audit function adopts a systematic, disciplined risk-based audit methodology and prepares its audit strategy and plan based on the risk profiles of the business and functional departments of the Company, identified through a risk management process. Internal audit independently reviews the risk exposures and control processes on governance, operations and information systems implemented by Management. The internal audit activities are guided by a detailed annual Audit Plan which is approved by the AC before the commencement of a new financial year and thereafter updated as and when necessary with the prior approval of the AC.

During the financial year, the internal audit function reported seven (7) times to the AC. The internal audit reports were tabled at the AC's meetings, at which audit findings were reviewed with the Management. Follow-up audits were also conducted by internal auditors to ensure that recommendations to improve controls were promptly implemented by Management. The AC met with the external auditors twice this year without Management's presence to discuss any problems, issues and concerns arising from the interim and final statutory audits, as well as any other relevant matters. These initiatives, together with the Management's adoption of the external auditors' recommendations for improvement on internal controls noted during their audits, provided reasonable assurance that necessary control procedures were in place. Regular reports of the AC's deliberations were submitted to the Board of Directors for review.

CORPORATE GOVERNANCE (CONT'D.)

(d) Internal Controls and Operational Risk Management (cont'd.)

The other key elements of the Company's system of internal control are stated below :

(i) Corporate Culture

The Board of Directors and senior management of the Company set the requirements for an effective control culture in the organisation through the Company's core corporate values i.e. quality, integrity, professionalism, results focus and teamwork.

(ii) Organisation Structure

The Company has an organisational structure showing clearly defined lines of accountability and delegated authority levels to ensure effectiveness of the internal control system. All changes to organisational structure are communicated to all staff to ensure proper identification of responsibilities and segregation of duties.

(iii) Communication

Regular management meetings are held in the Company to discuss the financial performance, operational performance, business issues, implications of new risks and any other relevant matters.

(iv) Staff competency and succession planning

The professionalism and competency of staff are enhanced through continuous training and development programmes and a structured recruitment process. A performance planning and appraisal system of staff is in place with established key performance indicators and competencies subject to mid-year and annual review. The Company has a Code of Ethics that guide all staff in their work performance and in upholding their ethical standards.

The Board of Directors is cognisant of its responsibilities to identify and develop viable candidates for long term succession planning of the senior management. The senior management has identified key staff for critical functions to ensure a smooth succession plan is in place.

(v) Whistleblowing program

Whistleblowing is considered an effective safeguard against fraud, corruption or other malpractice that undermines the internal control system and organisational reporting lines. Hence, the Company has implemented a whistleblowing program to encourage its staff to report any suspicion of fraud, irregularity or misdemeanour in good faith, without fear of reprisals by any party.

CORPORATE GOVERNANCE (CONT'D.)

(e) Public Accountability and Fair Practices

As custodian of public funds, the Company's dealings with the public are always conducted fairly, honestly and professionally. The Company has taken the appropriate steps to ensure that all insurance policies issued or delivered to all policyholders contain the necessary information to alert them of the existence of the Financial Mediation Bureau and BNM's Consumer and Market Conduct Department, in compliance with the requirements of BNM's JPI/GPI14 (Consolidated) on Guidelines on Claims Settlement Practices. The Financial Mediation Bureau and BNM's Consumer and Market Conduct Department were set up with the view to provide alternative avenues for the policyholders to seek redress against any occurrence of unfair market practices.

BNM JPI/GPI 28 on Guidelines on Unfair Practices in Insurance Business was issued to promote higher standards of transparency, greater market discipline and accountability in the conduct of insurance business for the protection of policyholders. The Company has implemented measures for compliance with JPI/GPI 28 by having in place a Centralised Complaints Unit to provide effective and fair services to the customers.

The Company has also taken the necessary measures to comply with the requirements pursuant to BNM's JPI/GPI 16 (Revised) on Guidelines on Medical and Health Insurance Business, JPI/GPI 32 on Guidelines on Minimum Disclosure Requirements in the Sale of General Insurance Products as well as new guidelines such as Guidelines on Introduction of New Products for Insurance Companies and Takaful Operators which came into effect on 1 July 2009 and Guidelines on Product Transparency and Disclosure which took effect on 1 January 2010.

(f) Financial Reporting

The Board has overall oversight responsibility for ensuring that accounting records are properly kept and that the Company's financial statements are prepared in accordance with applicable MASB Approved Accounting Standards in Malaysia for Entities Other Than Private Entities, the provisions of the Companies Act, 1965, the Insurance Act and Regulations, 1996 and relevant regulatory requirements.

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 the directors might acquire benefits by means of acquisition of shares in the Company or any other body corporate.

DIRECTORS' BENEFITS (CONT'D.)

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 Notes 18, 19 and 26 to the financial statements and the financial statements of its related corporations or the fixed salary and benefits of a full-time employee of the holding company) by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

DIRECTORS' INTERESTS

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

Ultimate Holding Company
- Oversea-Chinese Banking Corporation Limited ("OCBC")

	Number of Ordinary Shares (Direct Interest)			
	1 January 2009	Acquired	Disposed	31 December 2009
Tan Sri Dato' Nasruddin Bin Bahari	19,200	-	-	19,200
George Lee Lap Wah	45,403	215,621	206,000	55,024
Wong Ah Wah	11,162	553	-	11,715
David Wong Cheong Fook	28,400	6,362	6,000	28,762

	Ordinary shareholdings in which Directors have deemed interest*			
	1 January 2009	Granted	Exercised	31 December 2009
George Lee Lap Wah	94,799	39,309	19,436	114,672
Wong Ah Wah	7,526	648	-	8,174

* Deemed interest includes shares granted under OCBC Deferred Share Plan and acquisition rights under the OCBC Employee Purchase Plan.

DIRECTORS' INTERESTS (CONT'D.)

Ultimate Holding Company
- Oversea-Chinese Banking Corporation Limited ("OCBC")

	Number of ordinary shares options			
	1 January 2009	**Granted**	**Exercised**	**31 December 2009**
George Lee Lap Wah	428,680	45,000	194,000	279,680
Wong Ah Wah	27,700	-	-	27,700

	Number of preference shares			
	1 January 2009	**Acquired**	**Disposed**	**31 December 2009**
4.5% Non-Cumulative Non-Convertible Class E Preference Shares				
George Lee Lap Wah - Indirect interest	200	-	-	200
5.1% Non-Cumulative Non-Convertible Class B Preference Shares				
George Lee Lap Wah - Indirect interest	400	-	-	400

Related Corporation
- OCBC Capital Corporation (2008)

	Number of 5.1% Non-Cumulative Non-Convertible Guaranteed Preference Shares			
	1 January 2009	**Acquired**	**Disposed**	**31 December 2009**
David Wong Cheong Fook	200	-	-	200

DIRECTORS' INTERESTS (CONT'D.)

Related Corporation
- OCBC Capital Corporation

	Number of 3.93% Non-Cumulative Non-Convertible Guaranteed OCBC OCC-A Preference Shares			
	1 January 2009	**Acquired**	**Disposed**	**31 December 2009**
George Lee Lap Wah				
- Indirect interest	200	-	-	200

Other than as disclosed, none of the directors in office at the end of the financial year had any interest in shares and in options 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 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; and

   (ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.

(b) At the date of this report, the directors are not aware of any circumstances which would render:

   (i) the amount written off for bad debts or the amount of the allowance for doubtful debts of the Company inadequate to any substantial extent; and

   (ii) 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 would render adherence to the existing method of valuation of assets or liabilities of the Company misleading or inappropriate.

OTHER STATUTORY INFORMATION (CONT'D.)

(d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Company which would render any amount stated in the financial statements misleading.

(e) As at the date of this report, there does not exist:

(i) any charge on the assets of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or

(ii) any contingent liability of the Company which has arisen since the end of the financial year.

(f) In the opinion of the directors:

(i) no contingent 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 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), 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 provision for its insurance liabilities in accordance with the valuation methods specified in the Risk-Based Capital Framework for insurers issued by Bank Negara Malaysia.

SUBSEQUENT EVENT

The subsequent event of the Company is disclosed in Note 28 to the financial statements.

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 8 February 2010.

TAN SRI DATO' NASRUDDIN BIN BAHARI

TAN SRI DATO' WONG KUM CHOON

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

We, TAN SRI DATO' NASRUDDIN BIN BAHARI and TAN SRI DATO' WONG KUM CHOON, being two of the directors of THE PACIFIC INSURANCE BERHAD, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 24 to 66 are drawn up in accordance with the provisions of the Companies Act, 1965 and Financial Reporting Standards in Malaysia as modified by Bank Negara Malaysia so as to give a true and fair view of the financial position of the Company as at 31 December 2009 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 8 February 2010.

TAN SRI DATO' NASRUDDIN BIN BAHARI   TAN SRI DATO' WONG KUM CHOON

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

I, TAN SIEW HOCK, being the Officer primarily responsible for the financial management of THE PACIFIC INSURANCE BERHAD, do solemnly and sincerely declare that the accompanying financial statements set out on pages 24 to 66 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 Tan Siew Hock at
Kuala Lumpur in Wilayah Persekutuan
on 8 February 2010   TAN SIEW HOCK

Before me,

91603-K

Independent auditors' report to the member of
The Pacific Insurance Berhad
(Incorporated in Malaysia)

Report on the financial statements

We have audited the financial statements of The Pacific Insurance Berhad, which comprise the balance sheet as at 31 December 2009, and the income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 24 to 66.

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 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.

91603-K

Independent auditors' report to the member of
The Pacific 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 31 December 2009 and of its financial performance and cash flows for the year then ended.

Report on other legal and regulatory requirements

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

Gloria Goh Ewe Gim
No. 1685/04/11(J)
Chartered Accountant

Kuala Lumpur, Malaysia
8 February 2010

THE PACIFIC INSURANCE BERHAD
(Incorporated in Malaysia)

BALANCE SHEET
AS AT 31 DECEMBER 2009

	Note	2009 RM	2008 RM
ASSETS			
Property and equipment	3	1,153,840	1,493,261
Investment properties	4	766,831	791,273
Intangible assets	5	45,932	50,432
Available-for-sale securities	6	136,957,091	90,466,121
Trading securities	7	-	9,684,906
Deferred tax assets	8	-	766,592
Tax recoverable		2,639,436	270,799
Loans	9	2,737,392	3,147,555
Trade and other receivables	10	19,958,618	20,989,722
Deposits with financial institutions	11	85,620,789	117,629,871
Cash and bank balances		2,471,334	2,700,053
TOTAL ASSETS		252,351,263	247,990,585
EQUITY AND LIABILITIES			
Share capital	12	100,000,000	100,000,000
Fair value reserves		(318,471)	-
Retained profits		26,763,560	19,932,794
Total equity		126,445,089	119,932,794
Deferred tax liabilities	8	10,415	-
Claim liabilities/Provision for outstanding claims	13	66,019,000	70,236,374
Trade and other payables	14	16,243,759	14,700,821
Premium liabilities/Unearned premium reserves	15	43,633,000	43,120,596
Total liabilities		125,906,174	128,057,791
TOTAL EQUITY AND LIABILITIES		252,351,263	247,990,585

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

THE PACIFIC INSURANCE BERHAD
(Incorporated in Malaysia)

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

	Note	Share capital RM	Fair value reserves RM	Distributable retained profits RM	Total RM
At 1 January 2008		100,000,000	-	14,995,347	114,995,347
Net profit for the year, representing total recognised income and expense for the year		-	-	4,937,447	4,937,447
At 31 December 2008		100,000,000	-	19,932,794	119,932,794
At 1 January 2009					
As previously reported		100,000,000	-	19,932,794	119,932,794
Effect of adopting the Risk-Based Capital Framework, net of tax: new valuation basis for					
- investments		-	(580,713)	148,008	(432,705)
- insurance liabilities		-	-	3,655,477	3,655,477
As restated		100,000,000	(580,713)	23,736,279	123,155,566
Movements in fair value reserves:					
- Net gains from changes in fair value		-	162,184	-	162,184
- Deferred tax on fair value movements	8	-	(87,414)	-	(87,414)
- Net losses transferred to income statement		-	187,472	-	187,472
Net gains recognised in equity		-	262,242	-	262,242
Net profit for the year		-	-	3,027,281	3,027,281
Total recognised income for the year		-	262,242	3,027,281	3,289,523
At 31 December 2009		100,000,000	(318,471)	26,763,560	126,445,089

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

THE PACIFIC INSURANCE BERHAD
(Incorporated in Malaysia)

INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2009

	Note	2009 RM	2008 RM
Operating revenue	16	160,389,203	154,469,735
Shareholder's fund:			
Investment income	16a	124,660	132,082
Other operating income	17	96,601	86,672
Management expenses	18	(86,335)	(107,961)
Surplus transferred from General Insurance Revenue Account		3,180,453	6,558,060
Profit before taxation		3,315,379	6,668,853
Taxation	20	(288,098)	(1,731,406)
Net profit for the year		3,027,281	4,937,447
Earnings per share (sen)			
Basic	22	3.0	4.9

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

THE PACIFIC INSURANCE BERHAD
(Incorporated in Malaysia)

GENERAL INSURANCE REVENUE ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2009

								Miscellaneous ("Misc.")							
		Fire		Motor		Marine, Aviation and Transit		Medical & Health		Others		Total Misc.		Total	
	Note	2009 RM	2008 RM	2009 RM	2008 RM	2009 RM	2008 RM	2009 RM	2008 RM	2009 RM	2008 RM	2009 RM	2008 RM	2009 RM	2008 RM
Operating revenue	16													160,264,543	154,337,653
Gross premiums		23,054,221	20,594,380	30,626,686	31,995,910	14,323,221	8,617,662	48,688,323	49,974,829	35,646,036	34,209,857	84,334,359	84,184,686	152,338,487	145,392,638
Reinsurance		(13,095,427)	(9,701,594)	(2,134,785)	(2,932,651)	(13,639,299)	(7,463,745)	(3,003,850)	(3,156,567)	(20,411,847)	(17,601,514)	(23,415,697)	(20,758,081)	(52,285,208)	(40,856,071)
Net premium		9,958,794	10,892,786	28,491,901	29,063,259	683,922	1,153,917	45,684,473	46,818,262	15,234,189	16,608,343	60,918,662	63,426,605	100,053,279	104,536,567
(Increase)/decrease in premium liabilities	15	(780,000)	385,448	(2,147,000)	1,233,020	162,000	5,925	1,684,000	(2,776,785)	568,000	656,391	2,252,000	(2,120,394)	(513,000)	(496,001)
Earned premium		9,178,794	11,278,234	26,344,901	30,296,279	845,922	1,159,842	47,368,473	44,041,477	15,802,189	17,264,734	63,170,662	61,306,211	99,540,279	104,040,566
Net claims incurred	21	(6,216,712)	(3,001,526)	(25,230,749)	(24,109,277)	108,681	(60,271)	(31,621,954)	(33,001,717)	(7,700,359)	(7,473,849)	(39,322,313)	(40,475,566)	(70,661,093)	(67,646,640)
Net commission		(1,104,588)	(1,102,182)	(3,540,095)	(2,947,949)	693,593	285,631	(5,426,222)	(5,143,015)	(2,428,447)	(2,144,621)	(7,854,669)	(7,287,636)	(11,805,759)	(11,052,136)
Underwriting surplus before management expenses		1,857,494	7,174,526	(2,425,943)	3,239,053	1,648,196	1,385,202	10,320,297	5,896,745	5,673,383	7,646,264	15,993,680	13,543,009	17,073,427	25,341,790
Management expenses	18													(25,651,808)	(25,190,950)
Underwriting (deficit)/surplus														(8,578,381)	150,840
Investment income	16a													7,926,056	8,945,015
Other operating income/ (expenses)	17													3,832,778	(2,537,795)
Profit from operations														3,180,453	6,558,060
Transfer to Income Statement														3,180,453	6,558,060

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

THE PACIFIC INSURANCE BERHAD
(Incorporated in Malaysia)

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2009

	2009 RM	2008 RM
Cash flows from operating activities		
Profit before taxation	3,315,379	6,668,853
Adjustment for:		
Depreciation of property and equipment	504,238	661,714
Loss/(gain) on disposal of property and equipment	5,822	(16,780)
Loss on disposal of intangible assets	689	156
Write off of property and equipment	16,797	16,223
Write off of intangible assets	18	1,546
Change in fair value of trading securities	(3,136,735)	-
Provision for diminution in value of investments	-	3,104,346
Depreciation of investment properties	24,442	24,442
Amortisation of premiums, net of accretion of discounts	147,066	177,928
Amortisation of intangible assets	23,670	25,617
Net (gain)/loss on disposal of:		
-Trading securities	(818,919)	(604,846)
-AFS securities	187,472	463,097
Investment income	(8,197,782)	(9,255,025)
Other interest income	(100,101)	(90,172)
Interest expense	19	69
Bad debts written-off, net of recovery	749,701	(224,435)
Write-back in provision for doubtful debts	(1,020,343)	(195,694)
Short-term accumulating compensated absences	(6,938)	3,690
Net increase in premium liabilities	513,000	496,001
Profit from operations before changes in operating assets and liabilities	(7,792,505)	1,256,730
Purchase of investments	(116,327,253)	(45,750,068)
Proceeds from disposal/maturity of investments	82,565,362	28,830,526
Decrease in loans	410,163	256,582
Decrease in receivables	989,206	8,519,507
Decrease in claim liabilities/provision for outstanding claims	(4,217,374)	(1,213,015)
Increase in payables	6,423,248	2,633,194
Cash used in operations	(37,949,153)	(5,466,544)
Investment income received	8,815,672	9,550,734
Other interest income received	100,101	90,172
Interest expense paid	(19)	(69)
Income tax paid	(3,000,000)	(2,446,125)
Net cash generated from operating activities	(32,033,399)	1,728,168

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2009 (CONT'D.)

	2009 RM	2008 RM
Cash flows from investing activities		
Purchase of property and equipment	(264,917)	(280,948)
Purchase of intangible assets	(19,318)	(23,489)
Proceeds from disposal of property and equipment	79,833	27,982
Net cash used in investing activities	(204,402)	(276,455)
Cash flows from financing activity		
Dividends paid, representing net cash used in financing activity	-	-
Net decrease in cash and cash equivalents	(32,237,801)	1,451,713
Cash and cash equivalents at beginning of financial year	120,329,924	118,878,211
Cash and cash equivalents at end of financial year	88,092,123	120,329,924
Cash and cash equivalents comprise:		
Deposits with financial institutions	85,620,789	117,629,871
Cash and bank balances	2,471,334	2,700,053
	88,092,123	120,329,924

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

THE PACIFIC INSURANCE BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2009

1. CORPORATE INFORMATION

The principal activity of the Company consists of the underwriting of general insurance business. There has been no significant change in the nature of the principal activity during the financial year.

The Company is a public limited liability company, incorporated and domiciled in Malaysia. The principal place of business of the Company is located at Level 6, Menara Prudential, No. 10, Jalan Sultan Ismail, 50250 Kuala Lumpur.

The holding company of the Company is PacificMas Berhad ("PacificMas"), a public limited liability company, incorporated and domiciled in Malaysia, and listed on the Main Board of Bursa Malaysia Securities Berhad. The ultimate holding company is Oversea-Chinese Banking Corporation Limited, a public listed company incorporated in Singapore.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 8 February 2010.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements of the Company have been prepared in accordance with Financial Reporting Standards ("FRS"), the Companies Act, 1965, the Insurance Act and Regulations, 1996 and as modified by Guidelines/Circular issued by Bank Negara Malaysia ("BNM") pursuant to Section 90 of the Insurance Act, 1996.

The financial statements of the Company have also been prepared on a historical cost basis, except for those financial instruments which have been measured at their fair values and insurance liabilities which have been measured in accordance with the valuation methods specified in the Risk-Based Capital Framework ("RBC") for insurers issued by Bank Negara Malaysia.

The Company has met the minimum capital requirements as prescribed by RBC as at the balance sheet date.

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").

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.2 Summary of significant accounting policies

(a) 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. The policy for the recognition and measurement of impairment losses is in accordance with Note 2.2(g).

Depreciation 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:

Office renovations	$33^1/3$%
Motor vehicles	20%
Furniture and fittings	10%
Office equipment	10%
Computers	20% - 50%

A depreciation rate of 50% is applied to computer notebooks on loan to agents of the Company.

The residual values, useful lives and depreciation method 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 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 or loss/revenue account.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

(b) Investment properties

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

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 2.2(g).

Depreciation is provided for on a straight-line basis 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 use and no future economic benefit is expected from its disposal. Any gain or loss on the retirement or disposal is recognised in profit or loss/revenue account in the year in which it arises.

(c) Underwriting results

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

(i) Premium income

Premiums from direct business are recognised during the financial year upon the issuance of premium debit notes. Premiums in respect of risks incepted before the balance sheet date for which policies are issued subsequent to the balance sheet date are accrued at the balance sheet date.

Inward treaty reinsurance premiums are recognised on the basis of available periodic advices received from ceding insurers.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

(c) Underwriting results (cont'd.)

(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.

(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 balance sheet date, the method that most accurately reflects the actual liability is used, as follows:

- 25% method for marine, 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 hull	15%
- Medical	10 - 15%
- Other classes	20%

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

(c) Underwriting results (cont'd.)

(ii) Premium liabilities (cont'd.)

(b) Unearned premium reserves (cont'd.)

- 1/8th method for all other classes of overseas inward treaty business, with a deduction of 20% for commission

- 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.

(iii) 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.

(iv) 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.

(d) 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

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

(i) Interest income

Interest income is recognised on an accrual basis using the effective interest method.

(ii) Gross dividend/distribution income from unit trust funds

Gross dividend/distribution income from unit trust funds is recognised on a declared basis when the shareholder's/unitholders' right to receive payment is established.

(iii) Rental income

Rental income is recognised on an accrual basis in accordance with the substance of the relevant agreements.

(iv) Net realised gain/loss on investments

On disposal of an investment, the difference between the net disposal proceeds and its carrying amount is charged or credited to profit or loss/revenue account.

(e) Foreign currencies

Transactions in foreign currencies are initially 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 profit or loss/revenue account.

(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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

(f) Income tax (cont'd.)

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 the initial recognition of an asset or liability in a transaction which at the time of the transaction, affects neither accounting profit nor taxable profit.

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 at the balance sheet date. Deferred tax is recognised as an income or an expense and included in the profit or loss for the period, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also recognised directly in equity.

(g) Impairment of non-financial 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

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

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

(h) 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. Short-term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(ii) Defined contribution plan

Defined contribution plans are post-employment benefit plans under which the Company pays fixed contributions into a separate entity and will have no legal or constructive obligation. The Company makes statutory and voluntary contributions to the Employees Provident Fund ("EPF"). Such contributions are recognised as an expense in the profit or loss/revenue account as incurred.

(i) Financial instruments

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

(i) Financial instruments (cont'd.)

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 financial instruments classified as liabilities, 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.

(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 initally recognises financial assets including cash and short-term deposits, loans and other receivables when it becomes a party to the contractual provsisions 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.

- 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

(i) Financial instruments (cont'd.)

(a) Financial assets (cont'd.)

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

- 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 rcognised 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.

(ii) Cash and cash equivalents

For the purpose of the cash flow statement, cash and cash equivalents comprise cash and bank balances, and fixed and call deposits with financial institutions.

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

(iii) 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

(i) Financial instruments (cont'd.)

(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 of changes in equity in the period in which they are declared.

(j) Intangible assets

Intangible assets of the Company consist of computer software.

Intangible assets acquired separately is measured on initial recognition at cost. Following initial recognition, an intangible asset is carried at cost less any accumulated amortisation and any accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2.2(g).

The computer software is amortised on a straight-line basis over the estimated economic useful life of five years and assessed for impairment whenever there is an indication that the intangible asset may be impaired.

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 2008.

At the date of authorisation of these financial statements, the following new/revised FRSs, Amendments to FRSs and Interpretations of the Issues Committees ("IC Interpretations") have been issued by the Malaysian Accounting Standards Board ("MASB") but are not effective yet and have not been adopted by the Company:

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

FRSs, Amendments to FRSs and IC Interpretations		Effective for financial periods beginning on or after
FRS 1	First-time adoption of Financial Reporting Standards	1 July 2010
FRS 3	Business Combinations	1 July 2010
FRS 4	Insurance Contracts	1 January 2010
FRS 7	Financial Instruments: Disclosures	1 January 2010
FRS 8	Operating Segments	1 July 2009
FRS 101	Presentation of Financial Statements	1 January 2010
FRS 123	Borrowing Costs	1 January 2010
FRS 127	Consolidated and Separate Financial Statements	1 July 2010
FRS 139	Financial Instruments: Recognition and Measurement	1 January 2010
Amendments to FRS 1	First Time Adoption of Financial Reporting Standards	1 January 2010
Amendments to FRS 2	Share-based Payment - Vesting Conditions and Cancellations	1 January 2010
Amendments to FRS 2	Share-based Payment	1 July 2010
Amendments to FRS 5	Non-current Assets Held for Sale and Discontinued Operations	1 July 2010
Amendments to FRS 7	Financial Instruments: Disclosures	1 January 2010
Amendments to FRS 127	Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	1 January 2010
Amendments to FRS 132	Financial Instruments: Presentation	1 January 2010
Amendments to FRS 138	Intangible Assets	1 July 2010
Amendments to FRS 139	Financial Instruments: Recognition and Measurement	1 January 2010
Amendments to FRSs	Improvements to FRSs (2009)	1 January 2010

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

FRSs, Amendments to FRSs and IC Interpretations		**Effective for financial periods beginning on or after**
IC Interpretation 9	Reassessment of Embedded Derivatives	1 January 2010
IC Interpretation 10	Interim Financial Reporting and Impairment	1 January 2010
IC Interpretation 11	FRS 2-Group and Treasury Share Transactions	1 January 2010
IC Interpretation 12	Service Concession Arrangements	1 July 2010
IC Interpretation 13	Customer Loyalty Programmes	1 January 2010
IC Interpretation 14	FRS 119-The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	1 January 2010
IC Interpretation 15	Agreements for the Construction of Real Estate	1 July 2010
IC Interpretation 16	Hedges of a Net Investment in a Foreign Operation	1 July 2010
IC Interpretation 17	Distributions of Non-cash Assets to Owners	1 July 2010
Amendments to IC Interpretation 9	Reassessment of Embedded Derivatives (revised in 2009)	1 January 2010
Amendments to IC Interpretation 9	Reassessment of Embedded Derivatives (revised in 2010)	1 July 2010

FRS 101 will affect the presentation of the Company's financial statements while the adoption of FRS 1, FRS 3, FRS 8, FRS 123 and FRS 127 as well as the above amendments to FRSs and IC Interpretations are not expected to have any significant impact on the financial statements of the Company. The possible impact of applying FRS 4, FRS 7 and FRS 139 on the financial statements in the period of initial application as required by paragraph 30(b) of FRS 108 Accounting Policies, Changes in Accounting Estimates and Errors is not disclosed by virtue of the exemption given in the respective FRSs.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

(a) Effects of restatement on 1 January 2009 balances

The effects on adoption of RBC prospectively on 1 January 2009 and description of the changes affecting items in equity are summarised below:

	As previously reported RM	Effect RM	As restated RM
Fair value reserves	**-**	**(580,713)**	**(580,713)**
- unrealised loss on AFS securities		(774,284)	
- deferred tax		193,571	
Retained profits	**19,932,794**	**148,008**	**20,080,802**
- write-back of provision for diminution in value of AFS securities		197,342	
- deferred tax		(49,334)	

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

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 judgement or complexity, or areas where assumptions and estimates are significant to the financial statements.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

(a) Critical judgements 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 amounts and balances recognised in the financial statements.

(b) Key sources of estimation uncertainty and assumptions

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions 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) Uncertainty in estimation of claim and premium liabilities 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. The premium liabilities comprise unearned premium while claim liabilities comprise provision for outstanding 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, judicial interpretations, legislative changes and claims handling procedures.

3. PROPERTY AND EQUIPMENT

	Office renovations RM	Motor vehicles RM	Furniture, fittings, office equipment and computers RM	Total RM
2009				
Cost				
At 1 January 2009	1,783,385	429,377	7,040,148	9,252,910
Additions	6,652	-	258,265	264,917
Disposals	-	(104,468)	(1,055,406)	(1,159,874)
Write-offs	(12,265)	-	(348,375)	(360,640)
Adjustments	-	-	15,505	15,505
At 31 December 2009	1,777,772	324,909	5,910,137	8,012,818
Accumulated Depreciation				
At 1 January 2009	1,704,440	98,305	5,956,904	7,759,649
Charge for the year	53,328	33,959	416,950	504,237
Disposals	-	(34,497)	(1,039,722)	(1,074,219)
Write-offs	(12,265)	-	(331,578)	(343,843)
Adjustments	-	-	13,154	13,154
At 31 December 2009	1,745,503	97,767	5,015,708	6,858,978
Net Carrying Amount	32,269	227,142	894,429	1,153,840
2008				
Cost				
At 1 January 2008	1,798,201	429,660	7,120,469	9,348,330
Additions	21,600	3,745	255,603	280,948
Disposals	-	(4,028)	(220,366)	(224,394)
Write-offs	(36,416)	-	(119,608)	(156,024)
Adjustments	-	-	4,050	4,050
At 31 December 2008	1,783,385	429,377	7,040,148	9,252,910
Accumulated Depreciation				
At 1 January 2008	1,657,887	60,764	5,728,326	7,446,977
Charge for the year	82,969	41,166	537,579	661,714
Disposals	-	(3,625)	(209,567)	(213,192)
Write-offs	(36,416)	-	(103,385)	(139,801)
Adjustments	-	-	3,951	3,951
At 31 December 2008	1,704,440	98,305	5,956,904	7,759,649
Net Carrying Amount	78,945	331,072	1,083,244	1,493,261

3. PROPERTY AND EQUIPMENT(CONT'D.)

(a) Included in property and equipment of the Company are the costs of fully depreciated assets which are still in use as follows:

	2009 RM	2008 RM
Office renovations	1,628,947	1,604,227
Furniture, fittings, office equipment and computers	3,800,116	4,495,747
	5,429,063	6,099,974

4. INVESTMENT PROPERTIES

	2009 RM	2008 RM
Cost		
1 January/31 December	1,006,700	1,006,700
Accumulated Depreciation		
1 January	215,427	190,985
Charge for the year	24,442	24,442
31 December	239,869	215,427
Net Carrying Amount	766,831	791,273
Fair Value	1,360,000	1,328,000

The fair values of investment properties are based on the market values of the properties as assessed by an independent professional valuer.

5. INTANGIBLE ASSETS

	Computer software	
	2009 RM	2008 RM
Cost		
At 1 January	186,880	167,346
Additions	19,318	23,489
Disposals	(780)	(413)
Write-offs	(3,159)	(3,542)
Adjustments	1,690	-
At 31 December	203,949	186,880

5. INTANGIBLE ASSETS (CONT'D.)

	Computer software	
	2009	2008
	RM	RM
Accumulated Amortisation and Impairment		
At 1 January	136,448	113,084
Charge for the year	23,671	25,617
Disposals	(91)	(257)
Write-offs	(3,141)	(1,996)
Adjustments	1,130	-
At 31 December	158,017	136,448
Net Carrying Amount	45,932	50,432

6. AVAILABLE-FOR-SALE ("AFS") SECURITIES

	2009	2008	
	At Fair value	At Carrying value	At Fair value
	RM	RM	RM
Malaysian Government Papers			
Malaysian Government Securities ("MGS")	40,373,149	18,540,185	19,037,699
Government Investment Issues ("GII")	5,156,500	10,084,045	10,202,000
Quoted in Malaysia			
Unit trust investments (N1)	82,215,850	14,506,178	14,506,178
Unquoted in Malaysia			
Corporate bonds (N2)	9,211,592	47,335,713	46,143,303
	136,957,091	90,466,121	89,889,180

N1 Includes an amount of RM12,719,583 (2008: RM7,390,558) managed by a fellow subsidiary.

N2 All unquoted corporate bonds carry a minimum rating of “A" or its equivalent by a rating agency established in Malaysia.

6. AVAILABLE-FOR-SALE ("AFS") SECURITIES (CONT'D.)

The remaining maturity structure of AFS securities, at fair value, is as follows:

	Within 1 year RM	More than 1 to < 3 years RM	3 to 5 years RM	More than 5 years RM	Total RM
2009					
MGS	-	4,732,149	20,674,000	14,967,000	40,373,149
GII	-	5,156,500	-	-	5,156,500
Unquoted corporate bonds	-	-	-	9,211,592	9,211,592
	-	9,888,649	20,674,000	24,178,592	54,741,241
2008					
MGS	-	1,139,488	13,884,661	4,013,550	19,037,699
GII	5,012,000	5,190,000	-	-	10,202,000
Unquoted corporate bonds	-	16,774,515	16,694,380	12,674,408	46,143,303
	5,012,000	23,104,003	30,579,041	16,687,958	75,383,002

The weighted average rate of return and the average remaining maturity of AFS securities as at the balance sheet date were as follows:

	Weighted average rate of return (% per annum)		Average remaining maturity (Days)	
	2009	**2008**	**2009**	**2008**
MGS	4.13	3.98	1,516	2,308
GII	4.64	4.26	559	514
Unquoted corporate bonds	6.14	6.54	2,803	1,674

7. TRADING SECURITIES

	2009 At Fair value RM	2008 At Carrying value RM	At Fair value RM
Quoted in Malaysia:			
Equity securities (N1)	-	9,566,486	9,566,486
Real estate investment funds ("REITS")	-	118,420	118,420
	-	9,684,906	9,684,906

N1 Includes an amount of RMNil (2008: RM6,502,644) managed by a fellow subsidiary.

8. DEFERRED TAX (LIABILITIES)/ASSETS

	2009 RM	2008 RM
At 1 January		
- As previously reported	766,592	(79,657)
- Effect of adopting RBC	(1,074,256)	-
At 1 January (as restated)	(307,664)	(79,657)
- Recognised in fair value reserves	(87,414)	-
- Recognised in the income statement (Note 20)	384,663	846,249
At 31 December	(10,415)	766,592

The components and movement of deferred tax liabilities and deferred tax assets during the financial year are as follows:

2009	Claim liabilities RM	Accelerated capital allowances RM	Total RM
Deferred Tax Liabilities			
At 1 January 2009			
- As previously reported	-	269,511	269,511
- Effect of adopting RBC	1,218,493	-	1,218,493
At 1 January (as restated)	1,218,493	269,511	1,488,004
- Recognised in the income statement	(1,218,493)	(50,613)	(1,269,106)
At 31 December 2009	-	218,898	218,898

8. DEFERRED TAX (LIABILITIES)/ASSETS (CONT'D.)

2009	Receivables RM	Fair value changes on investments RM	Others RM	Total RM
Deferred Tax Assets				
At 1 January 2009				
- As previously reported	192,425	833,519	10,159	1,036,103
- Effect of adopting RBC	-	144,237	-	144,237
At 1 January (as restated)	192,425	977,756	10,159	1,180,340
- Recognised in fair value reserves	-	(87,414)	-	(87,414)
- Recognised in the income statement	(98,524)	(784,185)	(1,734)	(884,443)
At 31 December 2009	93,901	106,157	8,425	208,483
Net Deferred Tax Liabilities				10,415

2008	Accelerated capital allowances RM	Total RM
Deferred Tax Liabilities		
At 1 January 2008	319,727	319,727
- Recognised in the income statement	(50,216)	(50,216)
At 31 December 2008	269,511	269,511

	Receivables RM	Fair value changes on investments RM	Others RM	Total RM
Deferred Tax Assets				
At 1 January 2008	230,464	-	9,606	240,070
- Recognised in the income statement	(38,039)	833,519	553	796,033
At 31 December 2008	192,425	833,519	10,159	1,036,103
Net Deferred Tax Assets				766,592

9. LOANS

	2009 RM	2008 RM
Staff loans:		
Secured	2,705,352	3,122,375
Unsecured	32,040	25,180
	2,737,392	3,147,555
Receivable after 12 months	2,228,726	2,621,215

The weighted average effective interest rate for staff loans as at 31 December 2009 was 2.89% (2008: 3.00%) per annum on the basis of monthly rest.

10. TRADE AND OTHER RECEIVABLES

	2009 RM	2008 RM
Trade Receivables:		
Due premiums including agents/brokers and co-insurers balances	9,426,096	11,396,691
Allowance for doubtful debts	(489,965)	(1,468,677)
	8,936,131	9,928,014
Amount due from reinsurers/ceding companies	2,803,606	3,105,743
Allowance for doubtful debts	(520,710)	(562,341)
	2,282,896	2,543,402
Total trade receivables	11,219,027	12,471,416
Other Receivables:		
Other receivables, deposits and prepayments	3,275,509	4,084,969
Share of net assets in Malaysian Motor Insurance Pool ("MMIP")	4,069,295	2,366,668
Income due and accrued	1,394,787	2,066,669
Total other receivables	8,739,591	8,518,306
Total receivables	19,958,618	20,989,722

11. DEPOSITS WITH FINANCIAL INSTITUTIONS

	2009 RM	2008 RM
Deposits with licensed financial institutions:		
Commercial banks (N1)	73,885,696	83,714,187
Other financial institutions (N2) and (N3)	11,735,093	33,915,684
	85,620,789	117,629,871

N1 Includes an amount of RM17,618,947 (2008: RM17,018,401) placed with a subsidiary of a substantial shareholder of the holding company and an amount of RM1,955,516 (2008: RMNil) managed by a fellow subsidiary.

N2 Includes an amount of RM4,996,575 (2008: RM3,130,779) managed by a fellow subsidiary.

N3 Other financial institutions are investment banks.

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

	Weighted average rate of return (% per annum)		Average remaining maturity (Days)	
	2009	2008	2009	2008
Fixed and call deposits:				
Commercial banks	2.43	3.61	191	213
Other financial institutions	2.06	3.42	21	59

12. SHARE CAPITAL

	Number of ordinary shares of RM1 each		Amount	
	2009	2008	2009 RM	2008 RM
Authorised:				
At 1 January/31 December	500,000,000	500,000,000	500,000,000	500,000,000
Issued and paid up:				
At 1 January/31 December	100,000,000	100,000,000	100,000,000	100,000,000

13. CLAIM LIABILITIES/PROVISION FOR OUTSTANDING CLAIMS

	2009 RM	2008 RM
Claim liabilities/Provision for outstanding claims	100,085,342	107,700,494
Recoverable from reinsurers	(34,066,342)	(37,464,120)
Net claim liabilities/Outstanding claims	66,019,000	70,236,374

14. PAYABLES

	2009 RM	2008 RM
Trade Payables:		
Amount due to reinsurers/ceding companies	6,144,417	5,893,491
Amount due to brokers, co-insurers and insureds	4,537,606	4,297,559
	10,682,023	10,191,050
Other Payables:		
Other payables and accrued liabilities	5,561,736	4,509,771
Total payables	16,243,759	14,700,821

15. PREMIUM LIABILITIES/UNEARNED PREMIUM RESERVES

			Marine, Aviation and Transit	Misc.			
	Fire RM	Motor RM	RM	Medical & Health RM	Others RM	Total Misc. RM	Total RM
2009							
At 1 January							
As previously reported	4,306,183	12,854,332	310,049	19,259,910	6,390,122	25,650,032	43,120,596
- Effect of adopting RBC	(2,709,182)	2,630,669	6,951	1,089,090	(1,018,124)	70,966	(596)
As restated	1,597,001	15,485,001	317,000	20,349,000	5,371,998	25,720,998	43,120,000
Increase/ (decrease)	780,000	2,147,000	(162,000)	(1,684,000)	(568,000)	(2,252,000)	513,000
At 31 December	2,377,001	17,632,001	155,000	18,665,000	4,803,998	23,468,998	43,633,000

15. PREMIUM LIABILITIES/UNEARNED PREMIUM RESERVES (CONT'D.)

	Fire	Motor	Marine, Aviation and Transit	Misc. Medical & Health	Misc. Others	Total Misc.	Total
	RM	RM	RM	RM	RM	RM	RM
2008							
At 1 January	4,691,631	14,087,352	315,974	16,483,125	7,046,513	23,529,638	42,624,595
Increase/ (decrease)	(385,448)	(1,233,020)	(5,925)	2,776,785	(656,391)	2,120,394	496,001
At 31 December	4,306,183	12,854,332	310,049	19,259,910	6,390,122	25,650,032	43,120,596

16. OPERATING REVENUE

	Shareholder's fund RM	General business RM	Total RM
2009			
Gross premiums	-	152,338,487	152,338,487
Investment income (Note 16a)	124,660	7,926,056	8,050,716
	124,660	160,264,543	160,389,203
2008			
Gross premiums	-	145,392,638	145,392,638
Investment income (Note 16a)	132,082	8,945,015	9,077,097
	132,082	154,337,653	154,469,735

16a. INVESTMENT INCOME

	Shareholder's fund		General business	
	2009	2008	2009	2008
	RM	RM	RM	RM
Interest income from:				
- AFS securities				
- MGS & GII	-	-	1,237,929	1,122,033
- Corporate bonds	-	-	2,036,474	2,761,028
- Fixed and call deposits	99,460	107,482	3,027,239	4,113,463
Gross dividends/distribution from:				
- AFS securities				
- Unit trusts	-	-	1,434,605	606,712
- Trading securities				
- Shares	-	-	290,981	445,027
- REITs	-	-	7,258	20,896
Rental of properties	25,200	24,600	38,636	53,784
Amortisation of premiums, net of accretion of discounts	-	-	(147,066)	(177,928)
	124,660	132,082	7,926,056	8,945,015

17. OTHER OPERATING INCOME/(EXPENSES)

	Shareholder's fund		General business	
	2009	2008	2009	2008
	RM	RM	RM	RM
Other Operating Income:				
Gain from disposal of				
- trading securities	-	-	2,360,605	268,621
- AFS securities	-	-	232,133	692,534
Unrealised loss from trading securities no longer required	-	-	3,136,735	-
Gain on disposal of property and equipment	-	-	24,323	19,689
Interest income from staff loans	100,101	90,172	-	-
Sundry income	-	-	228,660	475,905
	100,101	90,172	5,982,456	1,456,749

17. OTHER OPERATING INCOME/(EXPENSES) (CONT'D.)

	Shareholder's fund		General business	
	2009	2008	2009	2008
	RM	RM	RM	RM
Other Operating Expenses:				
Loss from disposal of				
- trading securities	-	-	(1,541,686)	(731,718)
- AFS securities	-	-	(419,605)	(87,688)
Loss on disposal of property and equipment		-	(30,145)	(2,909)
Loss on disposal of intangible assets		-	(689)	(156)
Provision for diminution in value of investments		-	-	(3,104,346)
Depreciation of investment properties	(3,500)	(3,500)	(20,942)	(20,942)
Write off of property and equipment	-	-	(16,797)	(16,223)
Write off of intangible assets		-	(18)	(1,546)
Interest expenses	-	-	(19)	(69)
Sundry expenses	-	-	(119,777)	(28,947)
	(3,500)	(3,500)	(2,149,678)	(3,994,544)
Net other operating income/(expenses)	96,601	86,672	3,832,778	(2,537,795)

18. MANAGEMENT EXPENSES

	Shareholder's fund		General business	
	2009	2008	2009	2008
	RM	RM	RM	RM
Staff costs:				
Salaries, bonus, allowances and other related costs	-	-	14,118,758	13,831,031
Employee Provident Fund	-	-	1,950,413	1,939,428
Short-term accumulating compensated absences	-	-	(6,938)	3,690
Directors' fees (Note 19)	-	-	178,900	164,828

18. MANAGEMENT EXPENSES (CONT'D.)

	Shareholder's fund		General business	
	2009	2008	2009	2008
	RM	RM	RM	RM
Auditors' remuneration				
Auditors' fee	-	-	73,000	70,000
Others	-	-	38,000	9,000
Bad debts written-off net of recovery	-	-	749,701	(224,435)
Write-back of provision for doubtful debts	-	-	(1,020,343)	(195,694)
Office rental	-	-	1,529,923	1,543,245
Office equipment rental	-	-	422,302	379,860
Depreciation of property and equipment	-	-	504,237	661,714
Amortisation of intangible assets	-	-	23,671	25,617
Computer maintenance	-	-	870,100	684,521
Entertainment	-	-	341,636	467,305
Transport and travelling	-	-	352,123	398,138
Printing and stationery	-	-	346,929	379,824
Padunet networking charges	-	-	346,826	347,151
Shared services expenses	36,236	47,724	1,508,817	1,409,654
Bank charges	87	78	1,030,214	1,080,934
Other expenses	50,012	60,159	2,293,539	2,215,139
	86,335	107,961	25,651,808	25,190,950

19. DIRECTORS' AND CHIEF EXECUTIVE OFFICER'S REMUNERATION

	2009	2008
	RM	RM
Non-executive directors' fees	178,900	164,828

The remuneration attributable to the Chief Executive Officer ("CEO") of the Company included in staff costs in Note 18 amounted to RM557,436 (2008: RM519,140). The estimated monetary value of benefits-in-kind of the CEO not included therein was RM20,033 (2008: RM10,912).

19. DIRECTORS' AND CHIEF EXECUTIVE OFFICER'S REMUNERATION (CONT'D.)

The number of directors whose remuneration during the year falls within the following band is as follows:

	Number of directors 2009	2008
Non-executive directors:		
Below RM50,000	6	6

20. TAXATION

	2009 RM	2008 RM
Income tax:		
Malaysian income tax	786,187	2,449,928
(Over)/under provision in respect of prior years	(113,426)	127,727
	672,761	2,577,655
Deferred tax relating to origination and reversal of temporary differences (Note 8)	(384,663)	(846,249)
Tax expense for the year	288,098	1,731,406

Domestic income tax is calculated at the Malaysian statutory tax rate of 25% (2008: 26%) on the estimated assessable profit for the year.

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

	2009 RM	2008 RM
Profit before taxation	3,315,379	6,668,853
Taxation at Malaysian statutory income tax rate of 25% (2008: 26%)	828,845	1,733,902
Effect of different tax rate in a foreign country	-	-
Expenses not deductible for tax purposes	99,016	123,442
Income not subject to tax	(548,377)	(224,599)
(Over)/under provision of income tax in prior years	(113,426)	127,727
Under/(over) provision of deferred tax in prior years	22,040	(59,730)
Effect of adoption of RBC in current year tax	1,218,493	-
Effect of reversal from deferred tax liability	(1,218,493)	-
Effect of changes in tax rates on opening balance of deferred tax	-	30,664
Tax expense for the year	288,098	1,731,406

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 ("108 balance") and opt to pay dividends under the single tier system. The change in the tax legislation also provides for the 108 balance to be locked-in as at 31 December 2009 in accordance with Section 39 of the Finance Act, 2007.

The Company did not elect for the irrevocable option to disregard the 108 balance. Accordingly, during the transitional period, the Company may utilise the credit in the 108 balance as at 31 December 2009 to distribute cash dividend payments to ordinary shareholders as defined under the Finance Act, 2007. As at 31 December 2009, the Company has sufficient credit in the 108 balance and tax exempt income to pay franked dividends out of its entire retained earnings. As at 31 December 2009, the Company has tax exempt income available for distribution of approximately RM1,568,836 (2008: RM1,559,082).

21. NET CLAIMS INCURRED

	Fire	Motor	Marine, Aviation and Transit	Misc.			Total
				Medical & Health	Others	Total Misc.	
	RM	RM	RM	RM	RM	RM	RM
2009							
Gross claims paid less salvage	21,869,493	27,916,059	782,601	34,461,488	10,255,883	44,717,371	95,285,524
Reinsurance recoveries	(17,624,781)	(2,904,310)	(576,283)	(1,340,534)	(2,834,523)	(4,175,057)	(25,280,431)
Net claims paid	4,244,712	25,011,749	206,318	33,120,954	7,421,360	40,542,314	70,005,093
Net claim liabilities:							
At 31 December	5,490,000	41,966,000	441,000	6,977,000	11,145,000	18,122,000	66,019,000
At 1 January *	(3,518,000)	(41,747,000)	(755,999)	(8,476,000)	(10,866,001)	(19,342,001)	(65,363,000)
Net claims incurred	6,216,712	25,230,749	(108,681)	31,621,954	7,700,359	39,322,313	70,661,093
* At 1 January							
As previously reported	5,199,460	43,253,519	1,030,635	7,718,018	13,034,742	20,752,760	70,236,374
- Effect of adopting RBC	(1,681,460)	(1,506,519)	(274,636)	757,982	(2,168,741)	(1,410,759)	(4,873,374)
As restated	3,518,000	41,747,000	755,999	8,476,000	10,866,001	19,342,001	65,363,000

21. NET CLAIMS INCURRED (CONT'D.)

2008	Fire RM	Motor RM	Marine, Aviation and Transit RM	Misc. Medical & Health RM	Misc. Others RM	Misc. Total Misc. RM	Total RM
Gross claims paid less salvage	21,007,646	26,050,172	1,224,519	32,573,091	11,066,906	43,639,997	91,922,334
Reinsurance recoveries	(15,902,445)	(2,498,947)	(770,616)	(1,465,257)	(2,425,414)	(3,890,671)	(23,062,679)
Net claims paid	5,105,201	23,551,225	453,903	31,107,834	8,641,492	39,749,326	68,859,655
Net claim liabilities:							
At 31 December	5,199,460	43,253,519	1,030,635	7,718,018	13,034,742	20,752,760	70,236,374
At 1 January	(7,303,135)	(42,695,467)	(1,424,267)	(5,824,135)	(14,202,385)	(20,026,520)	(71,449,389)
Net claims incurred	3,001,526	24,109,277	60,271	33,001,717	7,473,849	40,475,566	67,646,640

22. EARNINGS PER SHARE

The calculation of basic earnings per ordinary share of RM1.00 each is based on the profit after taxation for the year of RM3,027,281 (2008: RM4,937,447) over the number of shares in issue during the year of 100,000,000 (2008: 100,000,000).

23. SEGMENT INFORMATION ON CASH FLOW

2009	Shareholder's fund RM	General business RM	Total RM
Cash flows from:			
Operating activities	7,654,347	200,972,102	208,626,449
Investing activities	-	(204,402)	(204,402)
Financing activities	-	-	-
	7,654,347	200,767,700	208,422,047
Net decrease in cash and cash equivalents:			
At beginning of financial year	3,553,076	116,776,848	120,329,924
At end of financial year	4,101,271	83,990,852	88,092,123
	7,654,347	200,767,700	208,422,047

23. SEGMENT INFORMATION ON CASH FLOW (CONT'D.)

	Shareholder's fund RM	General business RM	Total RM
2008			
Cash flows from:			
Operating activities	6,741,543	232,743,047	239,484,590
Investing activities	-	(276,455)	(276,455)
Financing activities	-	-	-
	6,741,543	232,466,592	239,208,135
Net decrease in cash and cash equivalents:			
At beginning of financial year	3,188,467	115,689,744	118,878,211
At end of financial year	3,553,076	116,776,848	120,329,924
	6,741,543	232,466,592	239,208,135

24. OPERATING LEASE ARRANGEMENTS

The Company has entered into non-cancellable operating lease agreements for the use of its photocopiers and printing system. The lease agreements have fixed rentals for a period of 5 years.

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

	2009 RM	2008 RM
Future minimum rental payments:		
Not later than 1 year	229,575	239,904
Later than 1 year and not later than 5 years	345,512	575,087
	575,087	814,991

25. CAPITAL COMMITMENTS

	2009 RM	2008 RM
Approved and contracted for:		
Renovation	30,666	-

26. SIGNIFICANT RELATED PARTY DISCLOSURES

(a) In addition to related party disclosures detailed elsewhere in the financial statements, the Company had the following significant transactions and balances with related parties:

	Significant transactions		Carrying value	
	2009 RM	2008 RM	2009 RM	2008 RM
Holding company:				
Insurance premium received	33,134	67,712	-	-
Management fees paid for shared services	(1,545,053)	(1,457,377)	-	-
Fellow subsidiaries:				
Insurance premium received	225,826	247,945	-	-
Claims paid	(91,544)	(92,055)	-	-
Insurance commission paid	(484,248)	(487,614)	-	-
Rental expense paid	(899,484)	(901,294)	-	-
Rental and utility deposits	-	-	262,641	262,792
Investment management fees paid	(57,760)	(58,290)	-	-
Funds under management	-	-	17,716,158	17,023,981
Associated company: of the holding company:				
Insurance premium received	91,199	93,099	-	-

26. SIGNIFICANT RELATED PARTY DISCLOSURES (CONT'D.)

(a) In addition to related party disclosures detailed elsewhere in the financial statements, the Company had the following significant transactions and balances with related parties (cont'd):

	Significant transactions		Carrying value	
	2009	2008	2009	2008
	RM	RM	RM	RM
Substantial shareholders of the holding company:				
Insurance premium received	46,728	211,108	-	-
Claims paid	(39,685)	(134,754)	-	-
Insurance commission paid	(15,195)	(65,009)	-	-
Subsidiaries of ultimate holding company:				
Insurance premium paid	(80,284)	(166,425)	-	-
Net reinsurance premium received	57,070	61,695	-	-
Current account and deposits	-	-	18,354,182	17,869,594
Income from fixed and call deposits received and receivable	547,070	814,297	163,061	235,317
Subsidiaries of substantial shareholders of the holding company:				
Insurance premium received	-	295,680	-	-
Key management of the company:				
Secured staff loans outstanding	-	-	64,135	-

26. SIGNIFICANT RELATED PARTY DISCLOSURES (CONT'D.)

(b) Compensation of key management personnel

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

	2009 RM	2008 RM
Short-term employee benefits	1,232,461	1,270,307
Defined contribution plan	158,368	167,800
	1,390,829*	1,438,107*

* Includes compensation payable to key management personnel as at balance sheet date of RM425,790 (2008: RM389,288).

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. The key management personnel of the Company includes the directors, Chief Executive Officer, Senior General Manager, General Manager and Head of Finance.

27. 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 guidelines that are approved by the Board and the Company's policy is not to engage in speculative transactions.

(b) Interest rate risk

The Company’s primary interest rate risk relates to interest-bearing assets. The interest-bearing assets are made up primarily of fixed and call deposits with licensed financial institutions, MGS, GII and bonds issued by corporations in Malaysia. The interest rate risk arises from the interest rate movements affecting the investment and reinvestment of these 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.

27. FINANCIAL INSTRUMENTS (CONT'D.)

(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 MGS, GII and corporate bonds, equities and unit trusts are subject to fluctuations in market prices on the secondary bond market and listed stock exchanges. The Company's investments in equities are managed by licensed asset management companies. The Company has given clear investment guidelines and performance benchmarks to the asset management companies under the fund management agreements in order to manage the market risk. The unit trusts held by the Company are invested with licensed unit trust management companies which are governed by the unit trust guidelines and regulations stipulated by the Securities Commission. The Company monitors the performance of the unit trust investments against the relevant performance benchmarks established by the Company.

(e) Credit risk

Credit risk arises when the Company's cash assets are placed in interest-bearing instruments, mainly fixed and call deposits and repurchase agreements with licensed financial institutions. The Company manages this credit risk by spreading its deposits with a large group of financial institutions.

Trade receivables are monitored regularly and the Company adopts various control measures such as 60 Days Premium Warranty and Cash Before Cover to minimise this credit risk.

(f) Fair values

Financial instruments comprise financial assets and financial liabilities. The fair value of a financial instrument is the amount at which the instrument can be exchanged or settled between knowledgable and willing parties in an arm's length transaction.

The carrying amount of financial assets and liabilities of the Company (except insurance contracts which are excluded from the scope of FRS 132: Financial Instruments - Disclosure and Presentation) at balance sheet date approximated their fair values.

27. FINANCIAL INSTRUMENTS (CONT'D.)

(f) Fair values (cont'd.)

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

(i) Cash and cash equivalents and receivables/payables

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

(ii) Investments

The fair values of investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business on the balance sheet date. For investments where there is no active market such as unquoted securities, fair value is determined based on quotes from independent brokers.

28. SUBSEQUENT EVENT

The take-over of the Company's holding company, PacificMas Berhad ("PacificMas"), by OCBC Capital (Malaysia) Sdn Bhd ("OCBC Capital"), which was completed in April 2008, is subject to the following two conditions ("Approval Conditions") imposed by the Minister of Finance via Bank Negara Malaysia ("BNM"):

(i) Oversea-Chinese Banking Corporation Limited ("OCBC") is required to resolve its holdings in the Company and Overseas Assurance Corporation (Malaysia) Berhad ("OACM"), within 18 months from the date of completion of the take-over; and

(ii) In the event of a merger between the Company and OACM, OCBC is required to dispose of and limit its interest in the merged entity to not more than 51%, within 18 months from the date of completion of the take-over (i.e. 17 October 2009).

The Board of Directors of the PacificMas has agreed to dispose of all the issued and paid-up capital of the Company. The proposed disposal is subject to the prior approval of the Minister of Finance, with the recommendation of BNM.

BNM had subsequently approved an extension of time of one year from 18 October 2009 for OCBC to comply with the Approval Conditions.