

Company No.

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**ACE JERNEH INSURANCE BERHAD**  
(Incorporated in Malaysia)

**UNAUDITED INTERIM FINANCIAL STATEMENTS**

For the Financial Period from 1 January 2012 to 30 June 2012

Company No.

|      |   |
|------|---|
| 9827 | A |
|------|---|

**ACE JERNEH INSURANCE BERHAD**  
(Incorporated in Malaysia)

**UNAUDITED INTERIM FINANCIAL STATEMENTS**

For the Financial Period from 1 January 2012 to 30 June 2012

| CONTENTS                          | PAGE   |
|-----------------------------------|--------|
| FINANCIAL STATEMENTS              |        |
| BALANCE SHEET                     | 1      |
| INCOME STATEMENT                  | 2      |
| STATEMENT OF COMPREHENSIVE INCOME | 3      |
| STATEMENT OF CHANGES IN EQUITY    | 4      |
| NOTES TO THE FINANCIAL STATEMENTS | 5 - 14 |

Company No.

|      |   |
|------|---|
| 9827 | A |
|------|---|

**ACE JERNEH INSURANCE BERHAD**  
(Incorporated in Malaysia)

**UNAUDITED BALANCE SHEET AS AT 30 JUNE 2012**

|   | <u>Note</u> | <u>30.06.2012</u><br>RM'000 | <u>31.12.2011</u><br>RM'000 | <u>01.01.2011</u><br>RM'000 |
|---|-------------|-----------------------------|-----------------------------|-----------------------------|
| <b>ASSETS</b>                               |             |                             |                             |                             |
| Property and equipment                      |             | 21,413                      | 19,081                      | 19,314                      |
| Investment property                         | 10          | 21,429                      | 21,597                      | 21,690                      |
| Intangible assets                           |             | 1,898                       | 220                         | 393                         |
| Investments                                 | 11          | 833,827                     | 697,344                     | 377,173                     |
| Held-to-maturity financial assets ("HTM")   |             | 40,851                      | 40,755                      | 40,751                      |
| Loans and receivables ("LAR")               |             | -                           | -                           | 6,422                       |
| Available-for-sale financial assets ("AFS") |             | 792,976                     | 656,589                     | 190,500                     |
| Fair value through profit or loss ("FVTPL") |             | -                           | -                           | 139,500                     |
| Reinsurance assets                          | 12          | 451,806                     | 261,659                     | 263,168                     |
| Insurance receivables                       |             | 119,828                     | 52,374                      | 58,677                      |
| Other receivables                           |             | 25,615                      | 16,327                      | 8,472                       |
| Deferred tax assets                         |             | 2,463                       | 2,086                       | -                           |
| Cash and cash equivalents                   |             | 183,536                     | 138,215                     | 333,293                     |
| <b>Total assets</b>                         |             | <u>1,661,815</u>            | <u>1,208,903</u>            | <u>1,082,180</u>            |
| <b>EQUITY AND LIABILITIES</b>               |             |                             |                             |                             |
| Share capital                               |             | 100,000                     | 100,000                     | 100,000                     |
| Retained earnings                           |             | 349,493                     | 294,656                     | 250,366                     |
| Available-for-sale fair value reserves      |             | 5,835                       | 6,195                       | 3,675                       |
| Equity Reserve                              |             | 1,201                       | -                           | -                           |
| <b>Total equity</b>                         |             | <u>456,529</u>              | <u>400,851</u>              | <u>354,041</u>              |
| Insurance contract liabilities              | 13          | 1,029,304                   | 672,228                     | 614,254                     |
| Investment contract liabilities             |             | 4,397                       | -                           | -                           |
| Deferred tax liabilities                    |             | -                           | -                           | 7,729                       |
| Insurance payables                          |             | 90,853                      | 65,209                      | 64,780                      |
| Current tax liabilities                     |             | 22,119                      | 13,311                      | 4,929                       |
| Other payables                              |             | 58,613                      | 57,304                      | 36,447                      |
| <b>Total liabilities</b>                    |             | <u>1,205,286</u>            | <u>808,052</u>              | <u>728,139</u>              |
| <b>Total equity and liabilities</b>         |             | <u>1,661,815</u>            | <u>1,208,903</u>            | <u>1,082,180</u>            |

The accompanying notes are an integral part of these interim financial statements.

Company No.

|      |   |
|------|---|
| 9827 | A |
|------|---|

ACE JERNEH INSURANCE BERHAD  
(Incorporated in Malaysia)

UNAUDITED INCOME STATEMENT  
FOR THE 6 MONTHS PERIOD ENDED 30 JUNE 2012

|  | 6 months<br>period<br>ended<br><u>30.06.2012</u><br>RM'000 | 6 months<br>period<br>ended<br><u>30.06.2011</u><br>RM'000 |
|--|--|--|
| Gross earned premiums                              | 367,177  | 218,805  |
| Premiums ceded to reinsurers                       | (133,618)  | (81,321)   |
| Net earned premiums                                | <u>233,559</u>   | <u>137,484</u>   |
| Investment income                                  | 20,749   | 13,582   |
| Realised gains and (losses)                        | 1,629  | (711)  |
| Fair value (losses)                                | -  | (281)  |
| Commission income                                  | 29,284   | 17,991   |
| Other operating revenue                            | 72   | -  |
| Net income   | <u>51,734</u>  | <u>30,581</u>  |
| Gross claims paid                                  | (140,017)  | (88,343)   |
| Claims ceded to reinsurers                         | 56,848   | 30,257   |
| Gross change to contract liabilities               | (14,282)   | (34,505)   |
| Change in contract liabilities ceded to reinsurers | 5,988  | 12,886   |
| Net claims incurred                                | <u>(91,463)</u>  | <u>(79,705)</u>  |
| Commission expense                                 | (50,339)   | (30,117)   |
| Management expenses                                | (69,387)   | (33,489)   |
| Other expenses                                     | <u>(119,726)</u>   | <u>(63,606)</u>  |
| Profit before taxation                             | 74,104   | 24,754   |
| Taxation   | (19,267)   | (6,188)  |
| Profit for the period                              | <u>54,837</u>  | <u>18,566</u>  |
| Earnings per share (sen)                           |  |  |
| Basic  | <u>54.84</u>   | <u>18.57</u>   |

Company No.

|      |   |
|------|---|
| 9827 | A |
|------|---|

ACE JERNEH INSURANCE BERHAD  
(Incorporated in Malaysia)

UNAUDITED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE 6 MONTHS PERIOD ENDED 30 JUNE 2012

|   | 6 months<br>period<br>ended<br><u>30.06.2012</u><br>RM'000 | 6 months<br>period<br>ended<br><u>30.06.2011</u><br>RM'000 |
|---|--|--|
| Profit for the period                             | 54,837   | 18,566   |
| Other comprehensive income:                       |  |  |
| Available-for-sale fair value reserves            |  |  |
| Net gain arising during the period                | 544  | 63   |
| Net realised gain transferred to Income Statement | (2,055)  | (17)   |
|   | <u>(1,511)</u>   | <u>46</u>  |
| Tax effects thereon                               | 378  | (12)   |
|   | <u>(1,133)</u>   | <u>34</u>  |
| Total comprehensive income for the period         | <u><u>53,704</u></u>                                       | <u><u>18,600</u></u>                                       |

Company No.

|      |   |
|------|---|
| 9827 | A |
|------|---|

ACE JERNEH INSURANCE BERHAD  
(Incorporated in Malaysia)

UNAUDITED STATEMENT OF CHANGES IN EQUITY  
FOR THE 6 MONTHS PERIOD ENDED 30 JUNE 2012

|   | <u>Share capital</u><br>RM'000 | <u>Equity reserves</u><br>RM'000 | <u>Non-distributable Available-for-sale reserve</u><br>RM'000 | <u>Distributable Retained earning</u><br>RM'000 | <u>Total</u><br>RM'000 |
|---|--------------------------------|----------------------------------|---|---|------------------------|
| At 1 January 2011                                   | 100,000                        | -                                | 3,675   | 250,366   | 354,041                |
| Total comprehensive income for the financial period | -                              | -                                | 34  | 18,566  | 18,600                 |
| At 30 June 2011                                     | <u>100,000</u>                 | <u>-</u>                         | <u>3,709</u>  | <u>268,932</u>                                  | <u>372,641</u>         |
| At 1 January 2012                                   | 100,000                        | -                                | 6,195   | 294,656   | 400,851                |
| Transfer from ACE Synergy Insurance Berhad (ASIB)   | -                              | 1,021                            | 773   | -   | 1,794                  |
| Total comprehensive income for the financial period | -                              | -                                | (1,133)   | 54,837  | 53,704                 |
| Share-based long term incentive plan vested         | -                              | 709                              | -   | -   | 709                    |
| Share-based long term incentive plan paid           | -                              | (529)                            | -   | -   | (529)                  |
|   | -                              | 180                              | -   | -   | 180                    |
| At 30 June 2012                                     | <u>100,000</u>                 | <u>1,201</u>                     | <u>5,835</u>  | <u>349,493</u>                                  | <u>456,529</u>         |

The accompanying notes are an integral part of these interim financial statements.

Company No.

|      |   |
|------|---|
| 9827 | A |
|------|---|

## ACE JERNEH INSURANCE BERHAD

(Incorporated in Malaysia)

### NOTES TO THE FINANCIAL STATEMENTS – 30 JUNE 2012

#### 1 BASIS OF PREPARATION

The interim financial statements of ACE JERNEH INSURANCE BERHAD (“the Company”) are unaudited and have been prepared in accordance with Malaysian Financial Reporting Standards (“MFRS”), being the MASB Approved Accounting Standards in Malaysia for Entities Other than Private Entities, modified by Guidelines/Circulars issued by Bank Negara Malaysia (“BNM”) and should be read in conjunction with the Company’s audited financial statements for the financial year ended 31 December 2011.

These interim financial statements are the first set of interim financial statements prepared in accordance with MFRS, including MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards*. The transition to MFRS framework does not have any material financial impact to the interim financial statements of the Company.

#### 2 COMMENTS ON SEASONALITY OR CYCLICALITY

The business operations of the Company were not significantly affected by seasonality or cyclical factors for the period under review.

#### 3 UNUSUAL ITEMS

There were no unusual items affecting assets, liabilities, equity, net income, or cash flow in the current financial period ended 30 June 2012.

#### 4 MATERIAL CHANGES IN ESTIMATES

There were no material changes in the basis used for accounting estimates for the current financial period ended 30 June 2012.

#### 5 DEBT AND EQUITY SECURITIES ISSUED BY THE COMPANY

There were no issuances, cancellation, repurchases, resale and repayments of debt and equity securities during the current financial period.

#### 6 DIVIDEND PAID

No dividend has been paid by the Company in the current financial period ended 30 June 2012.

#### 7 EVENTS SUBSEQUENT TO THE FINANCIAL PERIOD

There were no material events after the interim period that have not been reflected in the financial statements for the interim period to date.

Company No.

|      |   |
|------|---|
| 9827 | A |
|------|---|

## ACE JERNEH INSURANCE BERHAD

(Incorporated in Malaysia)

### NOTES TO THE FINANCIAL STATEMENTS – 30 JUNE 2012 (CONTINUED)

#### 8 EFFECT OF CHANGES IN THE COMPOSITION OF THE COMPANY

On 4 January 2012, ACE Synergy Insurance Berhad (ASIB) transferred its general insurance business to the Company in accordance with a Scheme of Transfer made pursuant to Section 129 of the Insurance Act 1996, which was approved by Bank Negara Malaysia and confirmed by the High Court of Malaya.

#### 9 CONTINGENT LIABILITIES

At the date of this report, there does not exist any contingent liability of the Company which has arisen since the end of the financial period under review.

For the purpose of this paragraph, contingent liabilities do not include liabilities arising from contracts of insurance underwritten in the ordinary course of business of the Company.

#### 10 INVESTMENT PROPERTY

|                                      | <u>30.06.2012</u><br>RM'000 | <u>31.12.2011</u><br>RM'000 | <u>01.01.2011</u><br>RM'000 |
|--------------------------------------|-----------------------------|-----------------------------|-----------------------------|
| Freehold land and building, at cost  |                             |                             |                             |
| At 1 January                         | 25,334                      | 24,912                      | 24,912                      |
| Transfer from property and equipment | -                           | 422                         | -                           |
| At 30 June/31 December               | <u>25,334</u>               | <u>25,334</u>               | <u>24,912</u>               |
| Accumulated depreciation             |                             |                             |                             |
| At 1 January                         | 3,737                       | 3,222                       | 2,888                       |
| Charge for the period / year         | 168                         | 339                         | 334                         |
| Transfer from property and equipment | -                           | 176                         | -                           |
| At 30 June/31 December               | <u>3,905</u>                | <u>3,737</u>                | <u>3,222</u>                |
| Net carrying value                   | <u>21,429</u>               | <u>21,597</u>               | <u>21,690</u>               |

Investment property comprises commercial property leased to generate rental income.

The fair value of the investment property as at 31 December 2011 is RM36,000,000. The fair value was arrived at by reference to market evidence of transaction prices of similar properties and was performed by a registered independent valuer having an appropriate recognised professional qualification and experience in the location and category of the properties being valued.

Rental income from the property for the current period ended 30 June 2012 was RM1,112,000 (2011: RM 1,130,000)

Direct operating expenses arising in respect of the property for the current period ended 30 June 2012 was RM675,000 (2011: RM830,000).



Company No.

|      |   |
|------|---|
| 9827 | A |
|------|---|

ACE JERNEH INSURANCE BERHAD  
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS – 30 JUNE 2012 (CONTINUED)

|     |  |                   |                   |                   |
|-----|--|-------------------|-------------------|-------------------|
| 11  | INVESTMENTS  |                   |                   |                   |
|     |  | <u>30.06.2012</u> | <u>31.12.2011</u> | <u>01.01.2011</u> |
|     |  | RM'000            | RM'000            | RM'000            |
|     | Malaysian government securities and guaranteed loans | 339,846           | 328,600           | 4,895             |
|     | Debt securities                                      | 493,606           | 368,369           | 225,981           |
|     | Equity securities                                    | 375               | 375               | 125,503           |
|     | Unit and property trust funds                        | -                 | -                 | 14,372            |
|     | Deposits with financial institutions                 | -                 | -                 | 6,422             |
|     |  | <u>833,827</u>    | <u>697,344</u>    | <u>377,173</u>    |
|     | Held-to-maturity financial assets ("HTM")            | 40,851            | 40,755            | 40,751            |
|     | Loans and receivables ("LAR")                        | -                 | -                 | 6,422             |
|     | Available-for-sale financial assets ("AFS")          | 792,976           | 656,589           | 190,500           |
|     | Fair value through profit or loss ("FVTPL")          | -                 | -                 | 139,500           |
|     |  | <u>833,827</u>    | <u>697,344</u>    | <u>377,173</u>    |
|     | Current  | 53,555            | 28,769            | 173,580           |
|     | Non-current  | 780,272           | 668,575           | 203,593           |
|     |  | <u>833,827</u>    | <u>697,344</u>    | <u>377,173</u>    |
| (a) | HTM  |                   |                   |                   |
|     |  | <u>30.06.2012</u> | <u>31.12.2011</u> | <u>01.01.2011</u> |
|     |  | RM'000            | RM'000            | RM'000            |
|     | <u>Carrying Value</u>                                |                   |                   |                   |
|     | Corporate debt securities:                           |                   |                   |                   |
|     | Unquoted in Malaysia                                 | 40,851            | 40,755            | 40,751            |
|     |  | <u>40,851</u>     | <u>40,755</u>     | <u>40,751</u>     |
|     | <u>Fair Value</u>                                    |                   |                   |                   |
|     | Corporate debt securities:                           |                   |                   |                   |
|     | Unquoted in Malaysia                                 | 41,604            | 41,242            | 41,091            |
|     |  | <u>41,604</u>     | <u>41,242</u>     | <u>41,091</u>     |

Company No.

|      |   |
|------|---|
| 9827 | A |
|------|---|

ACE JERNEH INSURANCE BERHAD  
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS – 30 JUNE 2012 (CONTINUED)

11 INVESTMENTS (CONTINUED)

(b) LAR

|                            | <u>30.06.2012</u> | <u>31.12.2011</u> | <u>01.01.2011</u> |
|----------------------------|-------------------|-------------------|-------------------|
|                            | RM'000            | RM'000            | RM'000            |
| <u>Carrying Value</u>      |                   |                   |                   |
| Corporate debt securities: |                   |                   |                   |
| Unquoted in Malaysia       | -                 | -                 | 6,422             |
|                            | <u>          </u> | <u>          </u> | <u>          </u> |

(c) AFS

|   | <u>30.06.2012</u> | <u>31.12.2011</u> | <u>01.01.2011</u> |
|---|-------------------|-------------------|-------------------|
|   | RM'000            | RM'000            | RM'000            |
| <u>Fair Value</u>                                       |                   |                   |                   |
| Unquoted equity securities                              | 375               | 375               | 375               |
| Unquoted debt securities                                | 392,007           | 327,614           | 185,230           |
| Malaysian government securities and<br>guaranteed loans | 400,594           | 328,600           | 4,895             |
|   | <u>792,976</u>    | <u>656,589</u>    | <u>190,500</u>    |

(d) FVTPL

|                                      | <u>30.06.2012</u> | <u>31.12.2011</u> | <u>01.01.2011</u> |
|--------------------------------------|-------------------|-------------------|-------------------|
|                                      | RM'000            | RM'000            | RM'000            |
| <u>Fair Value</u>                    |                   |                   |                   |
| <u>Held-for-trading</u>              |                   |                   |                   |
| Quoted equity securities             |                   |                   | 125,128           |
| Quoted unit and property trust funds | -                 | -                 | 14,372            |
|                                      | <u>          </u> | <u>          </u> | <u>          </u> |
|                                      | <u>          </u> | <u>          </u> | <u>139,500</u>    |

Company No.

|      |   |
|------|---|
| 9827 | A |
|------|---|

ACE JERNEH INSURANCE BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS – 30 JUNE 2012 (CONTINUED)

11 INVESTMENTS (CONTINUED)

(e) Carrying Values of Financial Instruments

|  | HTM<br>RM'000        | AFS<br>RM'000         | FVTPL<br>RM'000 | LAR<br>RM'000   | Total<br>RM'000       |
|--|----------------------|-----------------------|-----------------|-----------------|-----------------------|
| At 1 January 2011                                    | 40,751               | 190,500               | 139,500         | 6,422           | 377,173               |
| Purchases  | -                    | 488,673               | -               | -               | 488,673               |
| Maturities   | -                    | (31,000)              | -               | (6,305)         | (37,305)              |
| Disposals  | -                    | (417)                 | (138,283)       | -               | (138,700)             |
| Fair value gains recorded in:                        |                      |                       |                 |                 |                       |
| Income statement                                     | -                    | -                     | (1,217)         | -               | (1,217)               |
| Other comprehensive income                           | -                    | 3,372                 | -               | -               | 3,372                 |
| Net change in interest receivables                   | 1                    | 4,576                 | -               | (117)           | 4,460                 |
| Accretion of discount                                | 3                    | 885                   | -               | -               | 888                   |
| At 31 December 2011                                  | <u>40,755</u>        | <u>656,589</u>        | <u>-</u>        | <u>-</u>        | <u>697,344</u>        |
| Transfer from ASIB                                   | 100                  | 109,239               | -               | -               | 109,339               |
| Purchases  | -                    | 107,164               | -               | -               | 107,164               |
| Maturities   | -                    | (10,000)              | -               | -               | (10,000)              |
| Disposals  | -                    | (68,725)              | -               | -               | (68,725)              |
| Fair value gains recorded in:                        |                      |                       |                 |                 |                       |
| Income statement                                     | -                    | 142                   | -               | -               | 142                   |
| Other comprehensive income                           | -                    | (1,511)               | -               | -               | (1,511)               |
| Net change in interest receivables                   | (5)                  | 812                   | -               | -               | 807                   |
| Accretion of discount /<br>(Amortisation of premium) | 1                    | (734)                 | -               | -               | (733)                 |
| At 30 June 2012                                      | <u><u>40,851</u></u> | <u><u>792,976</u></u> | <u><u>-</u></u> | <u><u>-</u></u> | <u><u>833,827</u></u> |

ACE JERNEH INSURANCE BERHAD  
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS – 30 JUNE 2012 (CONTINUED)

11 INVESTMENTS (CONTINUED)

(f) Estimation of fair values

Fair value hierarchy

Included in the quoted market price category are financial instruments that are measured in whole or in part by reference to published quotes in an active market. A financial instrument is regarded as quoted in an active market if quoted prices are readily available from an exchange, secondary market via dealer and broker, pricing service or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's length basis (Level 1).

Financial instruments measured using a valuation technique based on assumptions that are supported by prices from observable current market transactions are instruments for which pricing is obtained via pricing services but where prices have not been determined in an active market and instruments with fair values based on broker quotes (Level 2).

Financial instruments that are valued not based on observable market data are categorised as Level 3.

Fair value investments

|                                      | <u>30.06.2012</u> | <u>31.12.2011</u> | <u>01.01.2011</u> |
|--------------------------------------|-------------------|-------------------|-------------------|
|                                      | RM'000            | RM'000            | RM'000            |
| Quoted market price (Level 1)        | -                 | -                 | 139,500           |
| Valuation techniques                 |                   |                   |                   |
| - market observable inputs (Level 2) | 833,827           | 697,344           | 237,673           |
|                                      | <u>833,827</u>    | <u>697,344</u>    | <u>377,173</u>    |

There are no investments that are valued based on Level 3 category.

12 REINSURANCE ASSETS

|                                    | <u>30.06.2012</u> | <u>31.12.2011</u> | <u>01.01.2011</u> |
|------------------------------------|-------------------|-------------------|-------------------|
|                                    | RM'000            | RM'000            | RM'000            |
| Reinsurance of insurance contracts |                   |                   |                   |
| Claims liabilities                 | 396,897           | 197,050           | 201,874           |
| Premium liabilities                | 54,909            | 64,609            | 61,294            |
| Total Reinsurance Assets           | <u>451,806</u>    | <u>261,659</u>    | <u>263,168</u>    |

Company No.

|      |   |
|------|---|
| 9827 | A |
|------|---|

ACE JERNEH INSURANCE BERHAD  
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS – 30 JUNE 2012 (CONTINUED)

13 INSURANCE CONTRACT LIABILITIES

|  | 30.06.2012             |                              |                      | 31.12.2011             |                              |                      | 01.01.2011             |                              |                      |
|--|------------------------|------------------------------|----------------------|------------------------|------------------------------|----------------------|------------------------|------------------------------|----------------------|
|  | <u>Gross</u><br>RM'000 | <u>Reinsurance</u><br>RM'000 | <u>Net</u><br>RM'000 | <u>Gross</u><br>RM'000 | <u>Reinsurance</u><br>RM'000 | <u>Net</u><br>RM'000 | <u>Gross</u><br>RM'000 | <u>Reinsurance</u><br>RM'000 | <u>Net</u><br>RM'000 |
| Provision for claims reported<br>by policyholders          | 574,475                | (317,897)                    | 256,578              | 384,975                | (173,412)                    | 211,563              | 388,182                | (186,721)                    | 201,461              |
| Provision for incurred but not<br>reported claims ("IBNR") | 183,916                | (79,000)                     | 104,916              | 77,692                 | (23,638)                     | 54,054               | 45,408                 | (15,153)                     | 30,255               |
| Claims liabilities   | <u>758,391</u>         | <u>(396,897)</u>             | <u>361,494</u>       | <u>462,667</u>         | <u>(197,050)</u>             | <u>265,617</u>       | <u>433,590</u>         | <u>(201,874)</u>             | <u>231,716</u>       |
| Premium liabilities  | <u>270,913</u>         | <u>(54,909)</u>              | <u>216,004</u>       | <u>209,561</u>         | <u>(64,609)</u>              | <u>144,952</u>       | <u>180,664</u>         | <u>(61,294)</u>              | <u>119,370</u>       |
|  | <u>1,029,304</u>       | <u>(451,806)</u>             | <u>577,498</u>       | <u>672,228</u>         | <u>(261,659)</u>             | <u>410,569</u>       | <u>614,254</u>         | <u>(263,168)</u>             | <u>351,086</u>       |

Company No.

|      |   |
|------|---|
| 9827 | A |
|------|---|

ACE JERNEH INSURANCE BERHAD  
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS – 30 JUNE 2012 (CONTINUED)

13 (i) CLAIMS LIABILITIES

|  | 30.06.2012      |                       |                | 31.12.2011      |                       |                |
|--|-----------------|-----------------------|----------------|-----------------|-----------------------|----------------|
|  | Gross<br>RM'000 | Reinsurance<br>RM'000 | Net<br>RM'000  | Gross<br>RM'000 | Reinsurance<br>RM'000 | Net<br>RM'000  |
| At 1 January                                       | 462,667         | (197,050)             | 265,617        | 433,590         | (201,874)             | 231,716        |
| Transfer from ASIB                                 | 302,303         | (214,721)             | 87,582         | -               | -                     | -              |
| Claims incurred in the current accident year       | 221,685         | (81,721)              | 139,963        | 263,785         | (76,240)              | 187,545        |
| Movement in claims incurred in prior accident      | (78,374)        | 31,046                | (47,327)       | (59,203)        | 20,913                | (38,290)       |
| Changes in key assumptions                         | -               | -                     | -              | 1,445           | (1,431)               | 14             |
| Claims payment/recoveries during the period / year | (149,890)       | 65,549                | (84,341)       | (176,950)       | 61,582                | (115,368)      |
| At 30 June/ 31 December                            | <u>758,391</u>  | <u>(396,897)</u>      | <u>361,494</u> | <u>462,667</u>  | <u>(197,050)</u>      | <u>265,617</u> |

13 (ii) PREMIUM LIABILITIES

|   |                |                 |                |                |                 |                |
|---|----------------|-----------------|----------------|----------------|-----------------|----------------|
| At 1 January  | 209,561        | (64,609)        | 144,952        | 180,664        | (61,294)        | 119,370        |
| Transfer from ASIB                                  | 65,402         | (3,451)         | 61,951         | -              | -               | -              |
| Premiums written during the financial period / year | 363,127        | (120,467)       | 242,660        | 485,191        | (179,579)       | 305,612        |
| Premiums earned during the financial period / year  | (367,177)      | 133,618         | (233,559)      | (456,294)      | 176,264         | (280,030)      |
| At 30 June/ 31 December                             | <u>270,913</u> | <u>(54,909)</u> | <u>216,004</u> | <u>209,561</u> | <u>(64,609)</u> | <u>144,952</u> |

Company No.

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ACE JERNEH INSURANCE BERHAD  
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS – 30 JUNE 2012 (CONTINUED)

14 OPERATING LEASE COMMITMENTS

(a) The Company as lessee

The Company leases premises from various parties under non-cancellable operating lease. The leases typically run for a period of 2 to 6 years with the option to renew the leases after the expiry date.

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

|  | <u>30.06.2012</u> | <u>31.12.2011</u> | <u>01.01.2011</u> |
|--|-------------------|-------------------|-------------------|
|  | RM'000            | RM'000            | RM'000            |
| Within one year                                | 1,367             | 249               | 112               |
| Later than one year but not later than 6 years | 1,415             | 1,057             | 653               |
|  | <u>2,782</u>      | <u>1,306</u>      | <u>765</u>        |

(b) The Company as lessor

The Company leases out its investment property under non-cancellable operating leases. All the leases would expire within one year.

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

|                 | <u>30.06.2012</u> | <u>31.12.2011</u> | <u>01.01.2011</u> |
|-----------------|-------------------|-------------------|-------------------|
|                 | RM'000            | RM'000            | RM'000            |
| Within one year | <u>439</u>        | <u>2,073</u>      | <u>332</u>        |

Company No.

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|------|---|
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**ACE JERNEH INSURANCE BERHAD**

(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS – 30 JUNE 2012 (CONTINUED)**

15 CAPITAL STRUCTURE

The capital structure of the Company as at 30 June 2012, as prescribed under the RBC Framework is provided below:

|                                       | <u>30.06.2012</u><br>RM'000 | <u>31.12.2011</u><br>RM'000 | <u>01.01.2011</u><br>RM'000 |
|---------------------------------------|-----------------------------|-----------------------------|-----------------------------|
| <u>Eligible Tier 1 Capital</u>        |                             |                             |                             |
| Share capital (paid-up)               | 100,000                     | 100,000                     | 100,000                     |
| Retained earnings                     | 349,493                     | 294,656                     | 250,367                     |
|                                       | <u>449,493</u>              | <u>394,656</u>              | <u>350,367</u>              |
| <u>Tier 2 Capital</u>                 |                             |                             |                             |
| Available-for-sale fair value reserve | 5,835                       | 6,195                       | 3,675                       |
| Equity reserve                        | 1,201                       | -                           | -                           |
| Amount deducted from capital          | (4,361)                     | (2,306)                     | -                           |
| Total Capital Available               | <u><u>452,168</u></u>       | <u><u>398,545</u></u>       | <u><u>354,042</u></u>       |