# FINANCIAL STATEMENTS - 31 MARCH 2012

Uni. Asia General Insurance Berhad (16688-K) a DRB-HICOM & UOB company



### General Insurance

	Note	31.3.2012 RM'000	31.3.2011 RM'000
ASSETS			
Property and equipment		61,655	60,725
Investment properties Available-for-sale financial assets	1	43,933	40,388
Available-101-sale ilitalicial assets Held-to-maturity financial assets	2	94,038 143,344	79,275 148,888
Loans and receivables	2	379,166	347,762
Reinsurance assets		227,466	270,290
Insurance receivables		51,486	53,069
Deferred acquisition cost		22,165	18,693
Tax recoverable		-	3,549
Cash and cash equivalents		46,530	35,194
Total assets		1,069,783	1,057,833
EQUITY AND LIABILITIES			
Share capital		100,000	100,000
Other reserves		26,313	19,415
Retained earnings		155,469	130,075
Total equity		281,782	249,490
Insurance contract liabilities	3	631,498	657,341
Subordinated loan		30,000	30,000
Deferred tax liabilities		3,409	1,655
Deferred acquisition cost - reinsurance		8,167	7,732
Insurance payables		91,503	94,019
Other payables		19,473	16,955
Post employment benefit obligations		610	641
Tax payable		3,341	
Total liabilities		788,001	808,343
Total equity and liabilities		1,069,783	1,057,833
The accompanying notes form an integral part of the financial statements.			

Operating revenue	<b>2012</b> <b>RM'000</b> 445,860	<b>2011</b> <b>RM′000</b> 432,106
Gross written premium Change in premium liabilities	431,721 (11,800)	412,802 (2,721)
Gross earned premiums	419,921	410,081
Gross written premium ceded to reinsurers Change in premium liabilities	(156,533) (22,600)	(205,355) 66,270
Premium ceded to reinsurers	(179,133)	(139,085)
Net earned premium	240,788	270,996
Investment income Realised gains and losses Fair value gains and losses		22,025 31 637
Commission income Other income	33,892 12,033	38,921 10,668
Other income	75,346	72,282
Gross claims paid Claims ceded to reinsurers Gross change to contract liabilities Change in contract liabilities ceded to reinsurers	(261,825) 88,573 37,643 (20,224)	(290,296) 48,925 (28,751) 72,21
Net claims incurred	(155,833)	(197,903)
Commission expense Management expenses	(41,662) (63,832)	(45,216) (57,857)
Other expenses	(105,494)	(103,073)
Finance costs	(2,706)	(2,036)
Profit before taxation Tax expense	52,101 (15,457)	40,266
Profit for the financial year	36,644	36,213
Basic earnings per share (sen)	36.64	36.21

Basic earnings per share (sen)	36.64	36.21
STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 3	1 MARCH 2012	
Profit for the financial year	<b>2012</b> <b>RM′000</b> 36,644	<b>2011</b> <b>RM'000</b> 36,213
Other comprehensive income: Revaluation surplus on self-occupied properties Reclassification to investment properties Fair value gain/(loss) on available-for-sale financial assets (Loss)/qain recognised in statement of income on disposal of available-for-sale financial assets	1,651 547 6,529 (262)	79 - (249) 19
(2005)// guin recognised in statement of income on disposal of available for sale inforcial assets	8,465	(151)
Tax effect on fair value gain/(loss) in available-for sale financial assets Tax effect on (loss)/gain recognised in statement of income	(1,632)	62
on disposal of available-for-sale financial assets	65	(5)
Other comprehensive income for the financial year, net of tax	6,898	(94)
Total comprehensive income for the financial year	43,542	36,119
STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31		-

	paid ordina	l and fully ary shares RM1 each		Non- distributable	Distributable	
	Number of shares 000	Nominal value RM'000	Asset revaluation reserve RM'000	AFS reserve RM'000	Retained earnings RM'000	Total RM'000
At 1 April 2010	100,000	100,000	19,310	208	93,853	213,371
Reversal of revaluation surplus on disposal of self- occupied properties  Total comprehensive income for the financial year	-	-	(9) 79	- (173)	9 36,213	- 36,119
At 31 March 2011	100,000	100,000	19,380	35	130,075	249,490
At 1 April 2011	100,000	100,000	19,380	35	130,075	249,490
Total comprehensive income for the financial year Dividend paid	-	-	2,198	4,700	36,644 (11,250)	43,542 (11,250)
At 31 March 2012	100,000	100,000	21,578	4,735	155,469	281,782

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2012					
CASH FLOWS FROM ORDATING ACTIVITIES	2012 RM'000	2011 RM'000			
CASH FLOWS FROM OPERATING ACTIVITIES Profit for the financial year Adjustment for non-cash items:	36,644	36,213			
Property and equipment - depreciation - loss on disposal	2,765 10	2,484 (5)			
- written off Gain on disposal of investments Investment income	36 (509) (25,939)	3 (49) (22,025)			
Finance cost Write-back of impairment allowance for doubtful debts	2,706 (59)	2,036 (401)			
Provision for post-employment benefits Tax expense	70 15,457	4,053 (634)			
Fair value gain on investment properties Reversal of impairment loss on self occupied properties	(2,998) (26) 28,157	(624) (13) 21,880			
Purchase of available-for-sale financial assets Purchase of held-to-maturity financial assets	(31,577)	(49,738) (31,175)			

deneral insurance		
Proceeds from maturity of available-for-sale financial assets Proceeds from disposal of available-for-sale financial assets	10,000 13,031	15,000 10,704
Proceeds from disposal of available for sale infancial assets	5,159	10,704
Interest income received	18,068	20,332
Dividend income received	3,706	830
Other investment income received	1,152	1,116
Payment of staff retirement benefits	(101)	(394)
Decrease/(increase) in reinsurance assets	42,824	(138,489)
Decrease/(increase) in insurance receivables	1,642	(558)
(Increase)/decrease in deferred acquisition cost	(3,472)	390
(Decrease)/increase in insurance payables (Decrease)/increase in insurance contract liabilities	(2,516) (25,844)	41,280 31,472
(Increase)/decrease in loan and receivables	(27,154)	18,884
Increase in other payables	2,503	3,266
Increase in deferred acquisition cost - reinsurance	435	5,077
Cash generated/(utilised) from operations	36,013	(50,123)
Income tax paid	(8,372)	(683)
Net cash flows from operating activities	27,641	(50,806)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(2,552)	(3,044)
Proceeds from disposal of property and equipment	196	201
Net cash flows from investing activities	(2,356)	(2,843)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	(11,250)	-
Finance cost paid	(2,699)	(1,599)
Drawdown of subordinated loan		30,000
Net cash flows from financing activities	(13,949)	28,401
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	11,336	(25,248)
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR	35,194	60,442
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR	46,530	35,194

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2012					
1. INVESTMENTS PROPERTIES	Freehold land and building RM'000	Leasehold land and building RM'000	Total RM'000		
At 1 April 2011	10,600	29,788	40,388		
Reclassification from asset revaluation reserve	-	547	547		
Fair value gain	200	2,798	2,998		
31 March 2012	10,800	33,133	43,933		
At 1 April 2010	10,200	29,564	39,764		
Fair value gain	400	224	624		
At 31 March 2011	10,600	29,788	40,388		
During the current financial year, the Directors revalued all freehold and l	long term leasehold or	poorties of the Comp	any hold as		

During the current financial year, the Directors revalued all freehold and long term leasehold properties of the Company held as investment properties based on independent valuation on the open market value basis by Rahim & Co. Chartered Surveyors Sdn. Bhd., an independent professional qualified valuer.

The titles to the leasehold land and buildings and freehold land and buildings included in investment properties of the Company at carrying value of Nil (2011: RM29,788,000) and RM10,800,000 (2011: RM10,600,000) respectively are in the process of being transferred to the Company. Risks, rewards and effective titles to these properties have been passed to the Company upon unconditional completion of the acquisition of those properties. The Company has submitted the relevant documents to the land authorities for transfer of legal titles to the Company and is awaiting the process and finalisation of this transfer to be completed.

31.3.2012 31.3.2011 RM'000 RM'000

79,275 148,888

228.163

94,038 143,344

237.382

### 2. INVESTMENTS

Total investments

Available-for-sale ("AFS") financial assets Held-to-maturity ("HTM") financial assets

The Company's investments are summarised by categories as follows:

The assets included in the above categories are detailed in the table below:  (a) AFS financial assets  At fair value:			
Unquoted equity securities in Malaysia		93	93
Quoted REITs in Malaysia		67,300	28,900
Unquoted corporate debt securities in Malaysia Accrued interest		26,424 221	49,640 642
Total AFS financial assets		94,038	79,275
(b) HTM financial assets At amortised cost: Unquoted corporate debt securities in Malaysia:			
Cost		142,251	147,410
Amortisation of premiums net of accretion of discounts Accrued interest		(667) 1,760	(333) 1,811
Total HTM financial assets		143,344	148,888
(c) Carrying value of financial assets	AFS	НТМ	Total
	RM'000	RM'000	RM'000
At 1 April 2010	55,805	117,583	173,388
Purchases	49,738	31,176	80,914
Disposal/maturity/repayment Fair value gain recorded in:	(25,615)	(40)	(25,655)
- other comprehensive income	(230)		(230)
Amortisation adjustment	(375)	(259)	(634)
Movement in accrued interest	(48)	428	380
At 31 March 2011/1 April 2011	79,275	148,888	228,163
Purchases	31,577	(5.450)	31,577
Disposal/maturity/repayment Fair value qain recorded in:	(22,522)	(5,159)	(27,681)
- other comprehensive income	6,267	_	6,267
Amortisation adjustment	(138)	(334)	(472)
Movement in accrued interest	(421)	(51)	(472)
At 31 March 2012	94,038	143,344	237,382
The maturity structure of AFS financial assets is as follows:		31.3.2012 RM'000	31.3.2011 RM'000
Investments maturing within 12 months		5,234	25,338
Investments maturing after 12 months		88,804	53,937
		94,038	79,275
The maturity structure of HTM financial assets is as follows: Investments maturing within 12 months		36,764	9,811
Investments maturing within 12 months		106,580	139,077
arrestation metaling order 12 months			
(d) Eair value higgsreby of AEE figagoial accets		143,344	148,888

(d) Fair value hierarchy of AFS financial assets
The following tables show financial assets recorded at fair value analysed by the different basis of fair values as follows:

ie following tables show illiancial assets recorded at fair value analysed by the different basis of fair	1 4010 62 02 101	10115.	
	31.3.2012 RM'000	31.3.2011 RM'000	
evel 1	67,300	28,900	
evel 2	26,645	50,282	
evel 3	93	93	
	94,038	79,275	

The Company categorises its fair value measurements according to a three-level hierarchy. The hierarchy prioritises the inputs used by the Company's valuation techniques for determining the fair value of the financial instruments.

A level is assigned to each fair value measurement based on the lowest level input significant to the fair value measurement in its entirety. The three-level hierarchy is defined as follows:

its entirety. The three-level hierarchy is defined as follows:

Level 1 – Fair value measurements that reflect unadjusted, quoted prices in active markets for identical assets and liabilities that the Company has the ability to access at the measurement date. Valuations are based on quoted prices reflecting market transactions involving assets or liabilities identical to those being measured.

Level 2 – Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Those include quoted prices for similar assets and liabilities in active markets, quoted prices for identical assets and liabilities in inactive markets, inputs that are observable that are not prices (such as interest rates, credit risks, etc) and inputs that are derived from or corroborated by observable market data.

Level 3 – Fair value measurements using significant non market observable inputs. These include valuations for assets and liabilities that are derived using data, some or all of which is not market observable, including assumptions about risk.

## FINANCIAL STATEMENTS - 31 MARCH 2012

Uni. Asia General Insurance Berhad (16688-K) a DRB-HICOM & UOB company



### General Insurance

General insurance	<b>Gross</b> <b>RM'000</b> 631,498	Reinsurance RM'000 (227,466)	31.3.2012 Net RM'000 404,032	<b>Gross</b> <b>RM'000</b> 657,341	Reinsurance RM'000 (270,290)	31.3.2011 Net RM'000 387,051
The general insurance contract liabilities and the movement are further analysed as follows: Provision for claims Provision for incurred but not reported ("IBNR") claims	294,624 118,440	(119,563) (31,283)	175,061 87,157	319,315 131,392	(104,064) (67,006)	215,251 64,386
Claims liabilities (i) Premium liabilities (ii)	413,064 218,434	(150,846) (76,620)	262,218 141,814	450,707 206,634	(171,070) (99,220)	279,637 107,414
(A. T. L.	631,498	(227,466)	404,032	657,341	(270,290)	387,051
(i) Claims liabilities At 1 April Claims incurred for the current accident year (direct and facultative) Adjustment to claims incurred in prior accident years (direct and facultative) Claims incurred during the financial year (treaty inwards claims) Movement in PRAD of claims liabilities at 75% confidence level Movement in claims handling expenses Claims paid during the financial year At 31 March	450,707 257,487 (57,029) 20,311 4,778 (1,365) (261,825) 413,064	(171,070) (102,149) 37,985 (119) (5,471) 1,405 88,573 (150,846)	279,637 155,338 (19,044) 20,192 (693) 40 (173,252) 262,218	421,956 287,389 6,237 5,190 12,363 7,867 (290,295)	(98,851) (109,617) (5,778) (242) (1,283) (4,223) 48,924 (171,070)	323,105 177,772 459 4,948 11,080 3,644 (241,371) 279,637
			31.3.2012			31.3.2011
	Motor	Non-motor	Total	Motor	Non-motor	Total
Claims liabilities by class of business Gross claims liabilities Reinsurance	298,099 (75,005)	114,965 (75,841)	413,064 (150,846)	338,762 (97,206)	111,945 (73,864)	450,707 (171,070)
Net claims liabilities	223,094	39,124	262,218	241,556	38,081	279,637
	Gross	Reinsurance	31.3.2012 Net	Gross	Reinsurance	31.3.2011 Net
<ul> <li>(ii) Premium liabilities         At 1 April         Premiums written during the financial year         Premiums earned during the financial year         At 31 March     </li> <li>The carrying amounts disclosed above approximate the fair values at the financial position date</li> </ul>	206,634 431,721 (419,921) 218,434	(99,220) (156,533) 179,133 (76,620)	107,414 275,188 (240,788) 141,814	203,913 412,802 (410,081) 206,634	(32,950) (205,355) 139,085 (99,220)	170,963 207,447 (270,996) 107,414

#### 4. COMMITMENTS

(a) Capital comm

Capital expenditure contracted for but yet to be incurred is as follows:

	RM'000	RM'000
Property and equipment	1,251	-
(b) Operating lease commitments		
The Company has various branch offices und lease agreements. The future aggregate minimu cancellable operating leases are as follows:	der non-cancella ım lease paymer	ble operating nts under non
No later than 1 year	1,149	1,133
Later than 1 year and no later than 5 years	1,669	1,172
Later than 5 years	155	-
	2 072	2 205

31 3 2012

31 3 2011

### 5. REGULATORY CAPITAL REQUIREMENTS

REGULATORY CAPITAL REQUIREMENTS

The Company's capital management policy is to optimise the efficient and effective use of resources to maximise the return on equity and provide an appropriate level of capital to protect policyholders and meet regulatory requirements.

The Company is required to comply with the regulatory capital requirement prescribed in the Risk Based Capital (RBC) Framework. Under the RBC Framework guidelines issued by BNM, insurance companies are required to satisfy a minimum capital adequacy ratio of 130%. The Company has a capital adequacy ratio in excess of the minimum requirement. minimum requirement.

The capital structure of the Company as at 31 March 2012, and the comparative, as prescribed under the RBC Framework is provided below:

Eligible Tier 1 Capital:	31.3.2012 RM′000	31.3.2011 RM′000
Share capital (paid-up)	100,000	100,000
Retained earnings	155,469	130,075
	255,469	230,075
Tier 2 Capital:		
Assets revaluation reserve	21,578	19,380
AFS reserve	4,735	35
Subordinated Ioan	30,000	30,000
	56,313	49,415
Total Capital Available	311,782	279,490

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## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF UNI.ASIA GENERAL INSURANCE BERHAD

On 25 May 2012, we reported on the statutory financial statements of Uni. Asia General Insurance Berhad for the financial year ended 31 March 2012. In that report we stated that:

### REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of Uni. Asia General Insurance Berhad, which comprise the statement of financial position as at 31 March 2012, and the statements of income, other comprehensive income, changes in equity and cash flows of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 24 to 106.

### Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation of these financial statements that give true and fair view in accordance with the Financial Reporting Standards, being the Malaysian Accounting Standards Board ("MASB") Approved Accounting Standards in Malaysia for Entities Other than Private Entities and the provisions of the Companies Act, 1965, and for such internal control as the Directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation of financial statements that give a true and fair view 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 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.

#### Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards, being the MASB Approved Accounting Standards in Malaysia for Entities Other than Private Entities, and the provisions of the Companies Act, 1965 so as to give a true and fair view of the financial position of the Company as of 31 March 2012 and of its financial performance and cash flows for the financial 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."

Other than the non-publication of all the notes to the financial statements, except for those notes pertaining to investment properties, investments, insurance contract liabilities, commitments and the regulatory capital requirements, the financial statements reproduced herewith are similar in all material respects to those reported on by us.

Accordingly, for a full appreciation of the financial position of the Company as at 31 March 2012 and of its financial performance and cash flows for the financial year ended on that date, reference should be made to the statutory financial statements of the Company for the financial year ended 31 March 2012 in which context of our report of 25 May 2012 was made.

PRICEWATERHOUSECOOPERS

(No. AF: 1146) Chartered Accountants

Kuala Lumpur 25 May 2012

SRIDHARAN NAIR

(No. 2656/05/14 (J)) Chartered Account