

FINANCIAL STATEMENTS - 31 MARCH 2012

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

UniAsia

General Insurance

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2012

	Note	31.3.2012 RM'000	31.3.2011 RM'000
ASSETS			
Property and equipment		61,655	60,725
Investment properties	1	43,933	40,388
Available-for-sale financial assets	2	94,038	79,275
Held-to-maturity financial assets	2	143,344	148,888
Loans and receivables		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.

INCOME STATEMENT FOR THE FINANCIAL YEAR ENDED 31 MARCH 2012

	2012 RM'000	2011 RM'000
Operating revenue	445,860	432,106
Gross written premium	431,721	412,802
Change in premium liabilities	(11,800)	(2,721)
Gross earned premiums	419,921	410,081
Gross written premium ceded to reinsurers	(156,533)	(205,355)
Change in premium liabilities	(22,600)	66,270
Premium ceded to reinsurers	(179,133)	(139,085)
Net earned premium	240,788	270,996
Investment income	25,939	22,025
Realised gains and losses	458	31
Fair value gains and losses	3,024	637
Commission income	33,892	38,921
Other income	12,033	10,668
Other income	75,346	72,282
Gross claims paid	(261,825)	(290,296)
Claims ceded to reinsurers	88,573	48,925
Gross change to contract liabilities	37,643	(28,751)
Change in contract liabilities ceded to reinsurers	(20,224)	72,219
Net claims incurred	(155,833)	(197,903)
Commission expense	(41,662)	(45,216)
Management expenses	(63,832)	(57,857)
Other expenses	(105,494)	(103,073)
Finance costs	(2,706)	(2,036)
Profit before taxation	52,101	40,266
Tax expense	(15,457)	(4,053)
Profit for the financial year	36,644	36,213
Basic earnings per share (sen)	36.64	36.21

STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 MARCH 2012

	2012 RM'000	2011 RM'000
Profit for the financial year	36,644	36,213
Other comprehensive income:		
Revaluation surplus on self-occupied properties	1,651	79
Reclassification to investment properties	547	-
Fair value gain/(loss) on available-for-sale financial assets	6,529	(249)
(Loss)/gain recognised in statement of income on disposal of available-for-sale financial assets	(262)	19
	8,465	(151)
Tax effect on fair value gain/(loss) in available-for sale financial assets	(1,632)	62
Tax effect on (loss)/gain recognised in statement of income 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 MARCH 2012

	Issued and fully paid ordinary shares of 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	-	-	(9)	-	9	-
Total comprehensive income for the financial year	-	-	79	(173)	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	-	-	2,198	4,700	36,644	43,542
Dividend paid	-	-	-	-	(11,250)	(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

	2012 RM'000	2011 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the financial year	36,644	36,213
Adjustment for non-cash items:		
Property and equipment		
- depreciation	2,765	2,484
- loss on disposal	10	(5)
- written off	36	3
Gain on disposal of investments	(509)	(49)
Investment income	(25,939)	(22,025)
Finance cost	2,706	2,036
Write-back of impairment allowance for doubtful debts	(59)	(401)
Provision for post-employment benefits	70	208
Tax expense	15,457	4,053
Fair value gain on investment properties	(2,998)	(624)
Reversal of impairment loss on self occupied properties	(26)	(13)
	28,157	21,880
Purchase of available-for-sale financial assets	(31,577)	(49,738)
Purchase of held-to-maturity financial assets	-	(31,175)

Proceeds from maturity of available-for-sale financial assets
 Proceeds from disposal of available-for-sale financial assets
 Proceeds from disposal of held-to-maturity financial assets
 Interest income received
 Dividend income received
 Other investment income received
 Payment of staff retirement benefits
 Decrease/(increase) in reinsurance assets
 Decrease/(increase) in insurance receivables
 (Increase)/decrease in deferred acquisition cost
 (Decrease)/increase in insurance payables
 (Decrease)/increase in insurance contract liabilities
 (Increase)/decrease in loan and receivables
 Increase in other payables
 Increase in deferred acquisition cost - reinsurance

Cash generated/(utilised) from operations
 Income tax paid
 Net cash flows from operating activities
CASH FLOWS FROM INVESTING ACTIVITIES
 Purchase of property and equipment
 Proceeds from disposal of property and equipment
 Net cash flows from investing activities
CASH FLOWS FROM FINANCING ACTIVITIES
 Dividend paid
 Finance cost paid
 Drawdown of subordinated loan
 Net cash flows from financing activities
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR

10,000	15,000
13,031	10,704
5,159	-
18,068	20,332
3,706	830
1,152	1,116
(101)	(394)
42,824	(138,489)
1,642	(558)
(3,472)	390
(2,516)	41,280
(25,844)	31,472
(27,154)	18,884
2,503	3,266
435	5,077
36,013	(50,123)
(8,372)	(683)
27,641	(50,806)
(2,552)	(3,044)
196	201
(2,356)	(2,843)
(11,250)	-
(2,699)	(1,599)
-	30,000
(13,949)	28,401
11,336	(25,248)
35,194	60,442
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 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.

2. INVESTMENTS

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

	31.3.2012 RM'000	31.3.2011 RM'000
Available-for-sale ("AFS") financial assets	94,038	79,275
Held-to-maturity ("HTM") financial assets	143,344	148,888
Total investments	237,382	228,163

The assets included in the above categories are detailed in the table below:

	AFS RM'000	HTM RM'000	Total RM'000
(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	26,424	49,640	
Accrued interest	221	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	(667)	(333)	
Accrued interest	1,760	1,811	
Total HTM financial assets	143,344	148,888	

(c) Carrying value of financial assets

	AFS RM'000	HTM RM'000	Total RM'000
At 1 April 2010	55,805	117,583	173,388
Purchases	49,738	31,176	80,914
Disposal/maturity/repayment	(25,615)	(40)	(25,655)
Fair value gain recorded in:			
- 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	-	31,577
Disposal/maturity/repayment	(22,522)	(5,159)	(27,681)
Fair value gain recorded in:			
- 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:

	31.3.2012 RM'000	31.3.2011 RM'000
Investments maturing within 12 months	36,764	9,811
Investments maturing after 12 months	106,580	139,077
	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:

	31.3.2012 RM'000	31.3.2011 RM'000
Level 1	67,300	28,900
Level 2	26,645	50,282
Level 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:

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 of all of which is not market observable, including assumptions about risk.

