UNI.ASIA GENERAL INSURANCE BERHAD
(16688-K)
(Incorporated in Malaysia)

Directors' Report and Audited Financial Statements
31 December 2014

Company No.

16688	K

UNI.ASIA GENERAL INSURANCE BERHAD
(Incorporated in Malaysia)

FINANCIAL STATEMENTS

31 DECEMBER 2014

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Company No.	
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UNI.ASIA GENERAL 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 period from 1 April 2014 to 31 December 2014.

PRINCIPAL ACTIVITY

The Company is engaged principally in the underwriting of all classes of general insurance business.

There has been no significant change in the nature of this activity during the financial period.

CHANGE OF FINANCIAL YEAR END

The Company changed its financial year end from 31 March to 31 December at the beginning of the financial period to coincide with the financial year end of the ultimate holding company, Liberty Mutual Group Inc.

Accordingly, the financial statements of the Company for the current financial period ended 31 December 2014 covers a nine-month period compared to a twelve-month period for the previous financial year ended 31 March 2014, and therefore the comparative amounts for the statement of income, statement of comprehensive income, statement of changes in equity, statement of cash flows and the related notes are not comparable.

FINANCIAL RESULTS

	RM'000
Net profit for the financial period	44,746

RESERVES AND PROVISIONS

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

DIVIDENDS

The Directors do not recommend the payment of any final dividend in respect of the financial period ended 31 December 2014.

SHARE CAPITAL

There were no changes in the authorised, issued and paid-up capital of the Company during the financial period.

DIRECTORS' REPORT (CONTINUED)

DIRECTORS

The Directors who have held office during the period since the date of the last report are as follows:

YBhg. Dato' Haji Kamil Khalid Ariff	Chairman
YBhg. Dato' Dr. Mohd Shahari bin Ahmad Jabar	
Mr Luciano Suzuki	(Appointed on 16 July 2014)
Mr Edmund Campion Kenealy	(Appointed on 16 July 2014)
Mr Prashant Jain	(Appointed on 16 July 2014)
Mdm Karen Kar Lun Lee	(Appointed on 16 July 2014)
Mr. Keong Choon Keat	(Appointed on 10 February 2015)
Mr. David Chan Mun Wai	(Resigned on 16 July 2014)
YBhg. Dato' Chan Choy Lin	(Resigned on 16 July 2014)
YBhg. Dato' Mohamed Hazlan Bin Mohamed Hussain	(Resigned on 16 July 2014)
Mr. Chan Kok Seong	(Resigned on 16 July 2014)
Mr. Lawrence Pereira	(Resigned on 22 August 2014)
YBhg. Datuk Abdul Sukur bin Hadji Mohd Hassan	(Resigned on 22 August 2014)
Mr. George Isac Pereire	(Resigned on 10 September 2014)
YBhg. Dato' Majid bin Mohamad	(Resigned on 2 January 2015)

In accordance with the Company's Article 63 of the Articles of Association, Mr Edmund Campion Kenealy shall retire by rotation at the forthcoming Annual General Meeting and, being eligible, offers himself for re-election.

In accordance with the Company's Article 68 of the Articles of Association, Mr. Keong Choon Keat shall retire and, being eligible, offers himself for re-election at the forthcoming Annual General Meeting.

Pursuant to Section 129(6) of the Companies Act, 1965, YBhg. Dato' Dr. Mohd Shahari bin Ahmad Jabar shall retire and a resolution is being proposed for his reappointment as Director under the provision of Section 129(6) of the said Act to hold office until the next Annual General Meeting of the Company.

PROVISION FOR INSURANCE LIABILITIES

Before the financial statements of the Company were made out, the Directors took reasonable steps to ascertain that there was adequate provision for insurance liabilities in accordance with the valuation methods specified in Part D of the Risk-Based Capital Framework ("RBC Framework") issued by Bank Negara Malaysia ("BNM") for insurers.

BAD AND DOUBTFUL DEBTS

Before the financial statements of the Company were made out, the Directors took reasonable steps to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts, and satisfied themselves that there were no known bad debts and adequate provision had been made for doubtful debts.

At the date of this report, the Directors are not aware of any circumstances that would render it necessary to write off any bad debts or the amounts of the provision for doubtful debts in the financial statements of the Company inadequate to any substantial extent.

DIRECTORS' REPORT (CONTINUED)

CURRENT ASSETS

Before the financial statements of the Company were made out, the Directors took reasonable steps to ascertain that any current assets which were unlikely to be realised in the ordinary course of business, their value as shown in the accounting records of the Company have been written down to an amount which they might be expected to realise.

At the date of this report, the Directors are not aware of any circumstances which would render the values attributed to the current assets in the financial statements of the Company misleading.

VALUATION METHODS

At the date of this report, the Directors are not aware of any circumstances which have arisen which render adherence to the existing methods of valuation of assets or liabilities of the Company misleading or inappropriate.

CONTINGENT AND OTHER LIABILITIES

At the date of this report, there does not exist:

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

(b) any contingent liability in respect of the Company that has arisen since the end of the financial period.

No contingent liability or other liability of the Company has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial period which, in the opinion of the Directors, will or may affect the ability of the Company to meet its obligations as and when they fall due.

For the purpose of the paragraphs above, contingent or other liabilities do not include liabilities arising from contracts of insurance underwritten in the ordinary course of business of the Company.

CHANGE OF CIRCUMSTANCES

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

ITEMS OF AN UNUSUAL NATURE

In the opinion of the Directors, the results of the operations of the Company during the financial period were not substantially affected by any item, transaction or event of a material and unusual nature.

There has not arisen in the interval between the end of the financial period and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors, to affect substantially the results of the operations of the Company for the financial period in which this report is made.

CORPORATE GOVERNANCE

Corporate Governance for Licensed Institutions

The Company is prescribing to the requirements of, and adopts management practices that are consistent with the principles of BNM’s Guidelines on Minimum Standards for Prudential Management of Insurers (Consolidated) (BNM/RH/GL003-1) and Guidelines on Prudential Framework of Corporate Governance for Insurers (BNM/RH/GL003-2).

Board Responsibilities and Oversight

The Board of Directors (“Board”) is committed in ensuring that the highest standards of governance are being maintained. This is achieved through compliance with the Financial Services Act, 2013 and BNM’s Guidelines on Corporate Governance for Licensed Institutions (BNM/RH/GL001-1) and other directives. The Company strives to adopt other best practices on corporate governance.

The Board has delegated specific responsibilities to seven Board Committees as follows:

(i) Audit Committee
(ii) Nomination Committee
(iii) Remuneration Committee
(iv) Risk Management Committee
(v) Executive Committee – dissolved on 26 September 2014
(vi) Claims and Underwriting Committee – dissolved on 26 September 2014
(vii) Investment Committee

The above committees have the authority to examine pertinent issues and report back to the Board with their recommendations. Ultimate responsibilities for final decisions on all matters lie with the Board.

(a) Composition of the Board

There is a balanced mix in the Board membership with wide ranging skills and experience that comprises seven directors i.e. one Non-Independent Executive Director, three Independent Non-Executive Directors and three Non-Independent Non-Executive Directors. No individual or group of individuals is able to dominate the Board’s decision-making process. In addition, the Directors do not hold directorships in excess of the prescribed maximum limit.

DIRECTORS' REPORT (CONTINUED)

CORPORATE GOVERNANCE (CONTINUED)

Board Responsibilities and Oversight (continued)

(b) Board Meetings

During the financial period, the Board met five times and all Directors in office during the period complied with the 75% minimum attendance requirement at such meetings except for YBhg. Dato' Majid bin Mohamad, Mr. David Chan Mun Wai and Mr. Prashant Jain as they were not acting as Directors for the full financial period of nine-months. Details of attendance of each Board member at meetings held during the financial period ended 31 December 2014 are as follows:

Members	Status of directorship	Number of board meetings	
		Held during tenure	Attended
YBhg. Dato' Haji Kamil Khalid Ariff (Chairman of the Board)	Independent Non-Executive Director & Chairman	5	5 of 5
Mr. David Chan Mun Wai (Deputy Chairman)*	Non independent Non-Executive Director & Deputy Chairman	2	1 of 2
Mr. Lawrence Pereira***	Non-Independent Non-Executive Director	3	3 of 3
YBhg. Datuk Abdul Sukur bin Hadji Mohd Hassan****	Non-Independent Non-Executive Director	3	3 of 3
Mr. George Isac Pereire*****	Non-Independent Non-Executive Director	3	3 of 3
YBhg Dato' Dr. Mohd Shahari bin Ahmad Jabar	Independent Non-Executive Director	5	5 of 5
Mr. Chan Kok Seong*	Non-Independent Non-Executive Director	2	2 of 2
YBhg. Dato' Majid bin Mohamad******	Independent Non-Executive Director	5	3 of 5
YBhg. Dato' Chan Choy Lin*	Non-Independent Non-Executive Director	2	2 of 2
YBhg. Dato' Mohamed Hazlan Bin Mohamed Hussain*	Non-Independent Non-Executive Director	2	2 of 2
Mr Luciano Suzuki**	Non-Independent Executive Director	3	3 of 3
Mr Edmund Campion Kenealy**	Non-Independent Non-Executive Director	3	3 of 3
Mr Prashant Jain**	Non-Independent Non-Executive Director	3	2 of 3
Mdm Karen Kar Lun Lee**	Non-Independent Non-Executive Director	3	3 of 3
Mr Keong Choon Keat*******	Independent Non-Executive Director	-	-

* Resigned as Director on 16 July 2014
** Appointed as Director on 16 July 2014
*** Resigned as Director on 22 August 2014 (Did not seek re-election at the 40th AGM on 22 August 2014)
**** Resigned as Director on 22 August 2014 (Not re-elected at the 40th AGM on 22 August 2014)
***** Resigned as Director on 10 September 2014
****** Resigned as Director on 2 January 2015
******* Appointed as Director on 10 February 2015

Board Responsibilities and Oversight (continued)

(c) Directors' Training

Directors are encouraged to attend continuous education programmes and seminars to keep abreast with developments in the industry. The Company has established a written policy for induction and education programmes for Directors in line with the corporate governance standard requirements.

(d) Board of Directors' Policy

In compliance with Part A of BNM's Guidelines (BNM/RH/GL003-22) on Guidelines for Audit Committees and Internal Audit Department, the Internal Audit Department ("IAD") has prepared and updated the Board of Directors' Policy to provide the Directors with overview information of the insurance industry in general and the Company specifically together with a comprehensive list of other information. It will be the main reference material on the Malaysian insurance industry and the Company's operations as a whole for the newly appointed as well as the current Directors.

(e) Annual General Meeting ("AGM")

At each AGM, the Board presents the progress and performance of the business and encourages shareholders to participate in a question and answer session. The Chief Executive Officer ("CEO") and, where appropriate, the Chairmen of the Audit, Nomination, Remuneration, Risk Management, Executive, Claims and Underwriting and Investment Committees are available to respond to shareholders' questions during the meeting.

Board Committees

There were seven Board Committees namely the Audit, Nomination, Remuneration, Risk Management, Executive, Claims and Underwriting, and Investment Committees. On 26 September 2014, the Executive and Claims and Underwriting Committees were dissolved. Details of each Board Committee during the financial period are as follows:

DIRECTORS' REPORT (CONTINUED)

CORPORATE GOVERNANCE (CONTINUED)

Board Committees (continued)

A The Audit Committee

The primary objective of the Committee is to assist the Board in fulfilling its oversight responsibilities in ensuring the integrity and transparency of the financial reporting process, the effectiveness of internal control, the audit process and the monitoring of compliance with relevant laws and regulations.

This Committee comprises the following members and details of attendance of each member at meetings held during the financial period ended 31 December 2014 are as follows:

Members	Status of directorship	Number of meetings	
		Held during tenure	Attended
YBhg. Dato' Majid bin Mohamad (Chairman)****	Independent Non-Executive Director & Chairman	5	3 of 5
YBhg. Dato' Haji Kamil Khalid Ariff	Independent Non-Executive Director	5	5 of 5
Mr. George Isac Pereire***	Non-Independent Non-Executive Director	3	3 of 3
YBhg. Dato' Dr. Mohd Shahari bin Ahmad Jabar	Independent Non-Executive Director	5	5 of 5
YBhg. Dato' Chan Choy Lin*	Non-Independent Non-Executive Director	2	2 of 2
Mr Prashant Jain**	Non-Independent Non-Executive Director	3	3 of 3
Mr Keong Choon Keat*****	Independent Non-Executive Director	-	-

* Resigned as Director on 16 July 2014
** Appointed to the Committee on 17 July 2014
*** Resigned as Director on 10 September 2014
****Resigned as Director on 2 January 2015
***** Appointed as Director on 10 February 2015

CORPORATE GOVERNANCE (CONTINUED)

Board Committees (continued)

B The Nomination Committee

The primary objective of the Committee is to establish a documented, formal and transparent procedure for the appointment of new Directors, the CEO and key Senior Officers. It is also responsible for reviewing the balance of Directors and assessing the effectiveness of each of the individual Director, the Board as a whole and the various Committees of the Board, the CEO and the key Senior Officers.

This Committee comprises the following members and details of attendance of each member at meetings held during the financial period ended 31 December 2014 are as follows:

Members	Status of directorship	Number of meetings	
		Held during tenure	Attended
YBhg. Dato' Haji Kamil Khalid Ariff (Chairman)	Independent Non-Executive Director & Chairman	4	4 of 4
Mr. David Chan Mun Wai*	Non-Independent Non-Executive Director	1	1 of 1
YBhg. Datuk Abdul Sukur bin Hadji Mohd Hassan***	Non-Independent Non-Executive Director	2	2 of 2
Mr. George Isac Pereire****	Non-Independent Non-Executive Director	2	2 of 2
YBhg. Dato' Dr. Mohd Shahari bin Ahmad Jabar	Independent Non-Executive Director	4	4 of 4
YBhg. Dato' Chan Choy Lin*	Non-Independent Non-Executive Director	1	1 of 1
Mr Edmund Campion Kenealy**	Non-Independent Non-Executive Director	3	2 of 3
Mr Prashant Jain**	Non-Independent Non-Executive Director	3	3 of 3
Mdm Karen Kar Lun Lee*****	Non-Independent Non-Executive Director	1	1 of 1

* Resigned as Director on 16 July 2014
** Appointed to the Committee on 17 July 2014
*** Resigned as Director on 22 August 2014
**** Resigned as Director on 10 September 2014
***** Appointed to the Committee on 26 September 2014

CORPORATE GOVERNANCE (CONTINUED)

Board Committees (continued)

C The Remuneration Committee

The primary objective of the Committee is to establish a documented, formal and transparent procedure for developing a remuneration policy for Directors, the CEO and key Senior Officers and ensuring that their compensation is competitive and consistent with the Company's culture, objectives and strategy.

This Committee comprises the following members and details of attendance of each member at meetings held during the financial period ended 31 December 2014 are as follows:

Members	Status of directorship	Number of meetings	
		Held during tenure	Attended
YBhg. Dato' Haji Kamil Khalid Ariff (Chairman)	Independent Non-Executive Director & Chairman	2	2 of 2
Mr. David Chan Mun Wai*	Non-Independent Non-Executive Director	1	1 of 1
Mr. Lawrence Pereira****	Non-Independent Non-Executive Director	1	1 of 1
YBhg. Datuk Abdul Sukur bin Hadji Mohd Hassan****	Non-Independent Non-Executive Director	1	1 of 1
Mr. George Isac Pereire*****	Non-Independent Non-Executive Director	1	1 of 1
YBhg. Dato' Chan Choy Lin*	Non-Independent Non-Executive Director	1	1 of 1
Mr Luciano Suzuki**	Non-Independent Executive Director	-	-
Mdm Karen Kar Lun Lee***	Non-Independent Non-Executive Director	1	1 of 1
Mr Edmund Campion Kenealy******	Non-Independent Non-Executive Director	1	1 of 1

* Resigned as Director on 16 July 2014
** Appointed to the Committee on 17 July 2014 and Resigned from the Committee on 26 September 2014
*** Appointed to the Committee on 17 July 2014
**** Resigned as Director on 22 August 2014
***** Resigned as Director on 10 September 2014
****** Appointed to the Committee on 26 September 2014

DIRECTORS' REPORT (CONTINUED)

CORPORATE GOVERNANCE (CONTINUED)

Board Committees (continued)

D The Risk Management Committee

The primary objective of the Committee is to establish a documented, formal and transparent procedure to provide opportunities for focusing on improving the quality of governance and risk management in the Company.

This Committee comprises the following members and details of attendance of each member at meetings held during the financial period ended 31 December 2014 are as follows:

Members	Status of directorship	Number of meetings	
		Held during tenure	Attended
YBhg. Dato' Dr.Mohd Shahari bin Ahmad Jabar (Chairman)	Independent Non-Executive Director & Chairman	4	4 of 4
YBhg. Dato' Majid bin Mohamad	Independent Non-Executive Director	4	2 of 4
Mr. David Chan Mun Wai*	Non-Independent Non-Executive Director	1	1 of 1
YBhg. Datuk Abdul Sukur bin Hadji Mohd Hassan****	Non-Independent Non-Executive Director	2	2 of 2
Mr. George Isac Pereire*****	Non-Independent Non-Executive Director	2	2 of 2
YBhg. Dato' Chan Choy Lin*	Non-Independent Non-Executive Director	1	1 of 1
Mr Luciano Suzuki**	Non-Independent Executive Director	2	1 of 2
Mdm Karen Kar Lun Lee***	Non-Independent Non-Executive Director	3	3 of 3
Mr Prashant Jain******	Non-Independent Non-Executive Director	1	1 of 1
YBhg. Dato' Haji Kamil Khalid Ariff*******	Independent Non-Executive Director	-	-

* Resigned as Director on 16 July 2014
** Appointed to the Committee on 17 July 2014 and Resigned from the Committee on 26 September 2014
*** Appointed to the Committee on 17 July 2014
**** Resigned as Director on 22 August 2014
***** Resigned as Director on 10 September 2014
******Appointed to the Committee on 26 September 2014
*******Appointed to the Committee on 13 March 2015

DIRECTORS' REPORT (CONTINUED)

CORPORATE GOVERNANCE (CONTINUED)

Board Committees (continued)

E The Executive Committee

The objectives of the Committee were:

- To ensure that the broad policies and basic objectives of the Company as set out by the Board are carried out by the Management.
- To assist the Board in overseeing the operations of the Company.

The Committee met on a bimonthly basis to review matters relevant to the operations of the Company, empowered by the Board with relevant authority for effective and efficient decision-making. The minutes of the Committee were circulated to all members of the Committee and to the Chairman of the Board and made available on request to other members of the Board.

The Committee comprised the following members and details of attendance of each member at meetings held during the financial period ended 31 December 2014 (up to 26 September 2014, when it was dissolved) were as follows:

Members up to 26 September 2014	Status of directorship	Number of meetings	
		Held during tenure	Attended
YBhg. Dato' Mohamed Hazlan Bin Mohamed Hussain (Chairman)*	Non-Independent Non-Executive Director & Chairman	1	1 of 1
Mr. David Chan Mun Wai*	Non-Independent Non-Executive Director	1	1 of 1
Mr. Chan Kok Seong*	Non-Independent Non-Executive Director	1	1 of 1
Mr Luciano Suzuki (Chairman)**	Non-Independent Executive Director	-	-
Mr Edmund Campion Kenealy**	Non-Independent Non-Executive Director	-	-
Mdm Karen Kar Lun Lee**	Non-Independent Non-Executive Director	-	-

* Resigned as Director on 16 July 2014
** Appointed to the Committee on 17 July 2014

This Executive Committee was dissolved on 26 September 2014.

UNI.ASIA GENERAL INSURANCE BERHAD
(Incorporated in Malaysia)

DIRECTORS' REPORT (CONTINUED)

CORPORATE GOVERNANCE (CONTINUED)

Board Committees (continued)

F The Claims and Underwriting Committee

The Committee is responsible to assist the Board and Management in the effective discharge of its strategic responsibilities and accountabilities in the areas of claims and underwriting of the Company. The Committee reported to the Board the results, observations and recommendations arising from the review of the above matters for deliberation and formalisation by the Board. In discharging its duties, the Committee provided professional direction as to the state of affairs of the Company insofar as where it was heading in the areas of claims and underwriting.

This Committee comprised the following members and details of attendance of each member at meetings held during the financial period ended 31 December 2014 (up to 26 September 2014, when it was dissolved) were as follows:

Members up to 26 September 2014	Status of directorship	Number of meetings	
		Held during tenure	Attended
Mr. Lawrence Pereira (Chairman)***	Non-Independent Non-Executive Director & Chairman	1	1 of 1
Mr. David Chan Mun Wai*	Non-Independent Non-Executive Director	1	1 of 1
YBhg. Datuk Abdul Sukur bin Hadji Mohd Hassan***	Non-Independent Non-Executive Director	1	1 of 1
YBhg. Dato' Mohamed Hazlan Bin Mohamed Hussain*	Non-Independent Non-Executive Director	1	1 of 1
Mr Luciano Suzuki**	Non-Independent Executive Director	-	-
Mdm Karen Kar Lun Lee**	Non-Independent Non-Executive Director	-	-

* Resigned as Director on 16 July 2014
** Appointed to the Committee on 17 July 2014
*** Resigned as Director on 22 August 2014

This Claims and Underwriting Committee was dissolved on 26 September 2014.

DIRECTORS' REPORT (CONTINUED)

CORPORATE GOVERNANCE (CONTINUED)

Board Committees (continued)

G The Investment Committee

The Committee is empowered by the Board to assist the Board and Management in the effective discharge of its strategic responsibilities and accountabilities in the areas of investment of the Company. The Committee reports to the Board the results, observations and recommendations for deliberation and formalisation by the Board pertaining to the investment activities of the Company.

This Committee comprises the following members and details of attendance of each member at meetings held during the financial period ended 31 December 2014 are as follows:

Members	Status of directorship	Number of meetings	
		Held during tenure	Attended
Mr. Chan Kok Seong (Chairman)*	Non-Independent Non-Executive Director & Chairman	3	1 of 3
Mr. Lawrence Pereira ****	Non-Independent Non-Executive Director	2	2 of 2
YBhg. Datuk Abdul Sukur bin Hadji Mohd Hassan****	Non-Independent Non-Executive Director	2	2 of 2
YBhg. Dato' Mohamed Hazlan Bin Mohamed Hussain*	Non-Independent Non-Executive Director	1	1 of 1
Mr Luciano Suzuki (Chairman)**	Non-Independent Executive Director	2	2 of 2
Mr Edmund Campion Kenealy***	Non-Independent Non-Executive Director	1	0 of 1
Peter Sullivan*****	-	1	1 of 1
Mark Pere*****	-	1	0 of 1

* Resigned as Director on 16 July 2014
** Appointed to the Committee on 17 July 2014 as Chairman
*** Appointed to the Committee on 17 July 2014 and Resigned from the Committee on 26 September 2014
**** Resigned as Director on 22 August 2014
***** Appointed to the Committee on 26 September 2014

DIRECTORS' REPORT (CONTINUED)

CORPORATE GOVERNANCE (CONTINUED)

Management Accountability

Material Contracts

No material contracts (not being contracts entered into the ordinary course of business) have been entered into by the Company involving Directors' and substantial shareholders' interests, either still subsisting at the end of the financial period or entered into since the end of the previous financial year.

Corporate Independence

The Company has complied with the requirements of BNM's Guidelines on Related Party Transactions (BNM/RH/GL 003-3) in respect of all its related party transactions.

Internal Control and Enterprise Risk Management

The Board affirms its overall responsibility for the system of internal control within the Company. The objective of the system of internal control is to enable the Company to achieve its objectives. The system is designed to ensure effective and efficient operations, financial reporting and compliance with the relevant laws and regulations.

It is the Board's responsibility to determine the strategies and policies for a sound risk management and control environment, whilst Senior Management should ensure that the Company's business activities are consistent with the risk strategies and policies approved by the Board.

The process for the identification and evaluation of significant risks is through the adoption of the Enterprise Risk Management ("ERM") framework and policy. The process is undertaken throughout the year. The Risk Management Committee of the Board ("RMC-B") will oversee Senior Management's activities in managing the key risk areas, including emerging risks and ensuring that the risk management framework and processes are in place and functioning effectively.

The implementation of the ERM is delegated to the CEO who is supported by the Enterprise-wide, Opportunity and Risk Management Committee of the Management ("EORMC-M"). The EORMC-M will assist the CEO in formulating appropriate procedures (including assessment methodologies, tools and techniques) and review the application of risk management practices. The Head of ERM & Compliance Assurance Department will regularly report to the RMC-B on the effectiveness of risk management and control measures.

The Internal Audit Department ("IAD") is also actively involved in the audit of ERM based on the auditees' risk profile. Through a risk based audit approach, it provides the Board with an independent assurance on the adequacy and integrity of the risk management framework and internal control system. It also assesses the existing risk treatment adequacy and its effectiveness in minimising the risks to an acceptable tolerance level. The IAD also incorporates as part of its audit work, the detection of fraud risk and anti-money laundering risk.

DIRECTORS' REPORT (CONTINUED)

CORPORATE GOVERNANCE (CONTINUED)

Internal Control and Enterprise Risk Management (continued)

Identifying, evaluating and managing of risks faced by the Company are an on-going process that encompasses the following areas:

(a) Underwriting

The Company exercises control over underwriting exposures covering both risks accepted and reinsured. Exposure limits are reviewed as and when necessary.

(b) Financial control procedures

Detailed controls are laid down in the procedural manuals of each operating unit.

(c) Financial position

Yearly business plans are submitted to the Board for their approval prior to the beginning of each financial year. As part of regular performance monitoring, the financial reports are submitted to the Board for their review at every Board Meeting. These reports cover all key operational areas and provide a sound basis for the Board to assess the Company's financial performance and to identify potential problems faced by the Company.

(d) Investment

The terms of reference of the Investment Committee and the Head of Investment Department, the investment policies and guidelines and the investment decision making structure and process are clearly defined in the Investment Department's manual. Performance of investment funds and equity exposure reports are amongst the reports submitted to the Investment Committee for review at their regular meetings. Investment limits are monitored continuously to ensure compliance with the regulatory limits as per the Risk Based Capital framework.

(e) Information system

The IT Steering Committee, whose members are represented by Senior Management of the Company, the Head of IT and IAD, is responsible for identifying IT needs of the Company in line with the requirements of BNM's Guidelines on Management of IT Environment ("GPIS 1").

(f) Claims

The Company exercises control over the processing and payments of claims. The allocations of provisions are updated and reviewed on a timely basis.

DIRECTORS' REPORT (CONTINUED)

CORPORATE GOVERNANCE (CONTINUED)

Internal Control and Enterprise Risk Management (continued)

(g) Internal Audit

The functions and responsibilities of the Board with respect to internal audit and the functions and responsibilities of the Internal Audit Department are in accordance with the BNM's Guidelines on Audit Committees and Internal Audit Department (BNM/RH/GL 003-22), Guidelines on Internal Audit Function of Licensed Institutions (BNM/RH/GL 013-4) and Guidelines on Prudential Framework of Corporate Governance for Insurers (BNM/RH/GL 003-2).

Internal Audit Department's function is to assist the Board and senior management by providing independent assessment of the effectiveness of and adherence to the institution's organisational and procedural controls. Internal Audit Department reports directly to the Board through the Audit Committee ("AC"). AC will review and approve the annual audit plan, audit reports, audit charter and budget of the Internal Audit Department. The Chairman of the AC will provide written reports to the board on the deliberations of the AC on a regular basis. In addition, the AC Chairman also presents a summary of all significant matters and resolutions made by the AC at the Board meetings.

Public Accountability

As a custodian of public funds, the Company's dealings with the public are always conducted fairly, honestly and professionally.

Financial Reporting

In presenting the annual financial statements, the Directors aim to present a balanced and understandable assessment of the Company's position and prospects.

(a) Directors' responsibility statement

The Directors are required by the Companies Act, 1965 to prepare financial statements in accordance with applicable approved accounting standards on the state of affairs of the Company, the results and the cash flows of the Company for the financial year.

In preparing the financial statements, the Directors have:

(i) Selected suitable accounting policies and applied them consistently;
(ii) Made judgements and estimates that are reasonable and prudent;
(iii) Ensured that all applicable accounting standards have been followed; and
(iv) Prepared financial statements on the going concern basis as the Directors have a reasonable expectation, having made inquiries that the Company has adequate resources to continue in operational existence for the foreseeable future.

The Directors have the responsibility for ensuring that the Company keeps accounting records that disclose with reasonable accuracy, the financial position of the Company and which enables them to ensure that the financial statements comply with the Companies Act, 1965.

The Directors have the overall responsibility for taking reasonable steps to safeguard the assets of the Company, and to prevent and detect fraud and other irregularities.

DIRECTORS' REPORT (CONTINUED)

DIRECTORS' INTERESTS

According to the register of Directors' shareholdings, the interests of the Directors in shares in the Company and in shares in its related corporations during the financial period were as follows:

	Number of ordinary shares of RM1.00 each			
	At 1.4.2014	Acquired	Disposed	At 31.12.2014
In the Company				
Direct:				
Mr. George Isac Pereire[1]	2,052,381	-	(2,052,381)	-
Indirect:				
Mr. Lawrence Pereira *[2]	9,850,000	-	(9,850,000)	-
YBhg. Datuk Abdul Sukur bin Hadji Mohd Hassan **[3]	10,003,175	-	(6,777,500)	3,225,675

* Deemed interest by virtue of his interest in the shares of Emaco Sdn Bhd in accordance with Section 6A(4) of the Companies Act, 1965.

** Deemed interest by virtue of his interest in the shares of Salinah Enterprise Sdn Bhd in accordance with Section 6A(4) of the Companies Act, 1965.

[1] Resigned as Director on 10 September 2014

[2] Resigned as Director on 22 August 2014 (Did not seek re-election at the 40th AGM on 22 August 2014)

[3] Resigned as Director on 22 August 2014 (Not re-elected at the 40th AGM on 22 August 2014)

None of the Directors in office held any interests in the shares in the Company or in its related corporations at the end of the financial period.

DIRECTORS' BENEFITS

Neither at the end of the financial period, nor at any time during that period, did there subsist any arrangement to which the Company was a party, whereby the Directors might acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Since the end of the previous financial year, no Director has received or become entitled to receive any benefit (other than Directors' remuneration and benefits provided to Directors disclosed in Notes 27 and 32 to the financial statements) by reason of a contract made by the Company or a related corporation with any Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

UNI.ASIA GENERAL INSURANCE BERHAD
(Incorporated in Malaysia)

DIRECTORS' REPORT (CONTINUED)

HOLDING COMPANIES

The immediate holding company since 16 July 2014 is Liberty Seguros, Compania de Seguros y Reaseguros, S.A. ("Liberty Seguros"). The Directors regard Liberty Mutual Group Inc. ("Liberty Mutual") as the ultimate holding company of the Company. These companies are incorporated in Spain and the United States of America respectively. The previous holding, penultimate and ultimate holding companies of the Company were Uni. Asia Capital Sdn. Bhd., DRB-HICOM Berhad and Etika Strategi Sdn. Bhd.

SIGNIFICANT EVENTS

In addition to the significant events disclosed elsewhere in this report, other significant events are disclosed in Note 37 of the financial statements.

SUBSEQUENT EVENTS

There were no subsequent events after the end of the financial period.

AUDITORS

The auditors, Ernst and Young, have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 13 March 2015.

DATO' HAJI KAMIL KHALID ARIFF DIRECTOR	LUCIANO SUZUKI DIRECTOR

Kuala Lumpur
13 March 2015

Company No.

16688	K

UNI.ASIA GENERAL INSURANCE BERHAD
(Incorporated in Malaysia)

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2014

	Note	December 2014 RM'000	March 2014 RM'000
ASSETS			
Property and equipment	4(a)	61,801	61,409
Intangible assets - software	4(b)	3,604	2,462
Investment properties	5	47,078	47,078
Available-for-sale financial assets	6	132,639	172,993
Loans and receivables	7	781,855	663,416
Reinsurance assets	9	206,235	211,478
Insurance receivables	10	41,705	36,190
Deferred acquisition costs	11	26,314	24,280
Cash and short term deposits	12	15,828	7,413
Total assets		1,317,059	1,226,719
EQUITY AND LIABILITIES			
Share capital	13	100,000	100,000
Other reserves	14	16,713	16,134
Retained earnings	15	291,429	246,683
Total equity		408,142	362,817
LIABILITIES			
Insurance contract liabilities	16	753,986	709,781
Subordinated loan	17	-	30,436
Deferred tax liabilities	8	2,955	3,830
Deferred acquisition costs - reinsurance	11	5,904	6,114
Insurance payables	18	86,031	79,702
Other payables	19	57,046	32,887
Post-employment benefit obligations	20	787	396
Current tax liabilities		2,208	756
Total liabilities		908,917	863,902
Total equity and liabilities		1,317,059	1,226,719

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

Company No.

16688	K

UNI.ASIA GENERAL INSURANCE BERHAD
(Incorporated in Malaysia)

STATEMENT OF INCOME
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2014

	Note	Period Ended December 2014 RM'000	Year Ended March 2014 RM'000
Operating revenue	21	427,347	536,849
Gross written premiums		419,818	529,870
Change in premium liabilities		(16,747)	(22,513)
Gross earned premiums		403,071	507,357
Reinsurance premiums ceded		(111,789)	(155,437)
Change in premium liabilities		(5,057)	5,478
Premiums ceded to reinsurers		(116,846)	(149,959)
Net earned premiums		286,225	357,398
Investment income	22	24,276	29,492
Realised losses and gains	23	(42)	148
Fair value gains and losses	24	-	1,532
Commission income	25	26,900	36,448
Other income	26	8,133	19,331
Other income		59,267	86,951
Gross claims paid		(199,896)	(257,026)
Claims ceded to reinsurers		51,448	71,613
Gross change to claims liabilities		(27,458)	(31,219)
Change in claims liabilities ceded to reinsurers		(186)	(8,001)
Net claims incurred		(176,092)	(224,633)
Commission expense	25	(44,578)	(56,248)
Management expenses	27	(66,180)	(76,030)
Other expenses		(110,758)	(132,278)
Finance cost		(1,598)	(2,700)
Profit before taxation		57,044	84,738
Tax expense	28	(12,298)	(21,365)
Net profit for the financial period/year		44,746	63,373
Basic earnings per share (sen)	29	44.75	63.37

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

Company No.

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UNI.ASIA GENERAL INSURANCE BERHAD
(Incorporated in Malaysia)

STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2014

	Note	Period Ended December 2014 RM'000	Year Ended March 2014 RM'000
Net profit for the financial period/year		44,746	63,373
Other comprehensive income:			
Item that will not be reclassified to profit or loss:			
Asset revaluation reserve			
Revaluation surplus on self-occupied properties	4	-	998
Tax effect on revaluation surplus		-	(5,569)
		-	(4,571)
Item that may be subsequently reclassified to profit or loss:			
Available-for-sale ("AFS") reserve			
Fair value gain/(loss) of AFS financial assets	6	772	(4,027)
		772	(4,027)
Tax effect on fair value (loss)/gain of AFS financial assets	8	(193)	1,007
		579	(3,020)
Total comprehensive income for the financial period/year		45,325	55,782

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

Company No.

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UNI.ASIA GENERAL INSURANCE BERHAD
(Incorporated in Malaysia)

STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2014

	Issued and fully paid ordinary shares of RM 1 each		Non-distributable		Distributable	
	Number of shares	Nominal value	Asset revaluation reserve	AFS reserve	Retained earnings	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 April 2013	100,000	100,000	23,010	825	218,300	342,135
Total comprehensive (loss)/income for the financial year	-	-	(4,571)	(3,020)	63,373	55,782
Reversal of revaluation surplus for property disposed	-	-	(110)	-	110	-
Dividends (Note 30)	-	-	-	-	(35,100)	(35,100)
At 31 March 2014	100,000	100,000	18,329	(2,195)	246,683	362,817
At 1 April 2014	100,000	100,000	18,329	(2,195)	246,683	362,817
Total comprehensive income for the financial period	-	-	-	579	44,746	45,325
At 31 December 2014	100,000	100,000	18,329	(1,616)	291,429	408,142

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

Company No.

16688	K

UNI.ASIA GENERAL INSURANCE BERHAD
(Incorporated in Malaysia)

STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2014

	Period Ended December 2014 RM'000	Year Ended March 2014 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Net profit for the financial period/year	44,746	63,373
Adjustment for non-cash items:		
Property and equipment		
- depreciation	2,668	2,592
- loss/(gain) on disposal	27	(11)
- written off	34	5
Impairment loss on self-occupied properties	-	4
Amortisation of intangible assets	59	595
Fair value gain on investment properties	-	(1,536)
Interest income	(23,332)	(28,066)
Net rental income	(1,024)	(1,625)
Amortisation of premiums, net of accretion of discounts	80	199
Gain on disposal of available-for-sale financial assets	-	(134)
Finance cost	1,598	2,700
Provision for/(write-back) of impairment allowance on insurance receivables	2,919	(12)
Recovery of bad debt written off	-	(451)
Provision for post-employment benefit obligations	392	262
Tax expense	12,298	21,365
	40,465	59,260
Purchase of available-for-sale financial assets	-	(10,142)
Proceeds from maturity of available-for-sale financial assets	40,256	-
Proceeds from disposal of available-for-sale financial assets	-	36,405
Interest income received	25,134	28,155
Rental income received	1,024	1,625
Payment of post-employment benefit obligations	(1)	(467)
Decrease in reinsurance assets	5,243	2,523
Increase in insurance receivables	(8,434)	(3,389)
Increase in deferred acquisition costs	(2,034)	(1,889)
Increase in insurance payables	6,329	3,791
Increase in insurance contract liabilities	44,205	53,731
Increase in loans and receivables	(119,451)	(90,790)
Increase/(decrease) in other payables	24,159	(2,864)
(Decrease)/increase in deferred acquisition costs - reinsurance	(210)	356

UNI.ASIA GENERAL INSURANCE BERHAD
(Incorporated in Malaysia)

STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2014 (CONTINUED)

	Note	Period Ended December 2014 RM'000	Year Ended March 2014 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES (continued)			
Cash generated from operating activities		56,685	76,305
Income tax paid		(14,242)	(26,128)
Tax refund		2,328	-
Net cash inflows from operating activities		44,771	50,177
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property and equipment		(3,128)	(1,940)
Purchase of intangible assets		(1,201)	(1,085)
Proceeds from disposal of property and equipment		7	-
Proceeds from disposal of non-current assets held for sale		-	200
Net cash outflows from investing activities		(4,322)	(2,825)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		-	(42,600)
Subordinate loan paid		(30,000)	-
Finance cost paid		(2,034)	(2,700)
Net cash outflows from financing activities		(32,034)	(45,300)
NET INCREASE IN CASH AND CASH EQUIVALENTS		8,415	2,052
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD/YEAR		7,413	5,361
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD/YEAR	12	15,828	7,413

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

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2014

1 PRINCIPAL ACTIVITY AND GENERAL INFORMATION

The Company is principally engaged in the underwriting of all classes of general insurance business. The registered office of the Company is located at 9th Floor, Menara Uni.Asia, 1008 Jalan Sultan Ismail, 50250 Kuala Lumpur.

There have been no significant changes in the nature of principal activities during the financial period.

The immediate holding company is Liberty Seguros, Compania de Seguros Y Renserguros, S.A. ("Liberty Seguros"), a company incorporated in Spain. The ultimate holding company is Liberty Mutual Group Inc., a company incorporated in the United States of America.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 13 March 2015.

2 SIGNIFICANT ACCOUNTING POLICIES

The following accounting policies, unless otherwise stated below, have been used consistently in dealing with items which are considered material in relation to the financial statements:

(a) Basis of preparation

The financial statements of the Company have been prepared under the historical cost convention except as disclosed in this summary of significant accounting policies, and comply with Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards and the provisions of the Companies Act, 1965 in Malaysia.

The preparation of financial statements in conformity with MFRS requires the use of critical accounting estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the financial year. Although these estimates are based on the Directors' best knowledge of current events and actions, actual results may differ from those estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

The areas involving a higher degree of judgement or complexity or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3 to the financial statements.

The financial statements are presented in Ringgit Malaysia (RM), which is the Company's functional currency.

As at the reporting date, the Company has met the minimum capital requirements as prescribed by the Risk-Based Capital Framework issued by Bank Negara Malaysia ("BNM").

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of preparation (continued)

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liability simultaneously. Income and expenses are not offset in the income statement unless required or permitted by any accounting standard or interpretation, as specifically disclosed in the accounting policies of the Company.

The Company has adopted the amendments to MFRS and IC Interpretation mandatory for annual financial periods beginning on or after 1 January 2014 during the financial year 2014.

The adoption of the amendments to MFRS and IC Interpretation during the year has not resulted in any material financial impact to the financial statements except for additional disclosures required under Amendments to MFRS 132: Offsetting Financial Assets and Financial Liabilities as discussed in Note 2(b) below:

(b) Changes to Malaysian Financial Reporting Standards

(i) Standards effective in current reporting period

On 1 April 2014, the Company adopted the following amended MFRSs and IC Interpretation mandatory for annual financial periods beginning on or after 1 January 2014.

Description	Effective for annual periods beginning on or after
Amendments to MFRS 132: Offsetting Financial Assets and Financial Liabilities	1 January 2014
Amendments to MFRS 10, MFRS 12 and MFRS 127: Investment Entities	1 January 2014
Amendments to MFRS 136: Recoverable Amount Disclosures for Non-Financial Assets	1 January 2014
Amendments to MFRS 139: Novation of Derivatives and Continuation of Hedge Accounting	1 January 2014
IC Interpretation 21 Levies	1 January 2014

The nature and impact of adopting Amendments to MFRS 132: Offsetting Financial Assets and Financial Liabilities are described below:

Amendments to MFRS 132: Offsetting Financial Assets and Financial Liabilities

The amendments clarify the meaning of “currently has a legally enforceable right to set-off” and “simultaneous realisation and settlement”. These amendments are to be applied retrospectively, as shown in Notes 10 and 18.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Changes to Malaysian Financial Reporting Standards (continued)

(ii) Standards issued but not yet effective

The standards and interpretations that are issued but not yet effective up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective.

Description	Effective for annual periods beginning on or after
Amendments to MFRS 119: Defined Benefit Plans: Employee Contributions	1 July 2014
Annual Improvements to MFRSs 2010 - 2012 Cycle	1 July 2014
Annual Improvements to MFRSs 2011 – 2013 Cycle	1 July 2014
Annual Improvements to MFRSs 2012 – 2014 Cycle	1 January 2016
Amendments to MFRS 116 and MFRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to MFRS 116 and MFRS 141: Agriculture: Bearer Plants	1 January 2016
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1 January 2016
Amendments to MFRS 11: Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
Amendments to MFRS 127: Equity Method in Separate Financial Statement	1 January 2016
Amendments to MFRS 101: Disclosure Initiatives	1 January 2016
Amendments to MFRS 10, MFRS 12 and MFRS 128: Investment Entities: Applying the Consolidation Exception	1 January 2016
MFRS 14: Regulatory Deferral Accounts	1 January 2016
MFRS 15: Revenue from Contracts with Customers	1 January 2017
MFRS 9: Financial Instruments	1 January 2018

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Changes to Malaysian Financial Reporting Standards (continued)

(ii) Standards issued but not yet effective (continued)

Amendments to MFRS 116 and MFRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation

The amendments clarify that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through the use of an asset. As a result, a revenue-based method cannot be used to depreciation property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets.

The amendments are effective prospectively for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments are not expected to have any impact to the Company as the Company has not used a revenue-based method to depreciate its non-current assets.

Amendments to MFRS 101: Disclosure Initiatives

The amendments to MFRS 101 include narrow-focus improvements in the following five areas:

- Materiality
- Disaggregation and subtotals
- Notes structure
- Disclosure of accounting policies
- Presentation of items of other comprehensive income arising from equity accounted investments

The Directors of the Company do not anticipate that the application of these amendments will have a material impact on the Company’s financial statements.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Changes to Malaysian Financial Reporting Standards (continued)

(ii) Standards issued but not yet effective (continued)

MFRS 9: Financial Instruments

In November 2014, MASB issued the final version of MFRS 9: Financial Instruments which reflects all phases if the financial instruments project and replaces MFRS 139: Financial Instruments: Recognition and Measurement and all previous versions of MFRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. MFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. The adoption of MFRS 9 will have an effect on the classification and measurement of the Company's financial assets, but no impact on the classification and measurement of the Company's financial liabilities. The Company is currently assessing the impact of MFRS 9 and plans to adopt the new standard on the required effective date.

Annual Improvements to MFRSs 2010 – 2012 Cycle

The Annual Improvements to MFRSs 2010 – 2012 Cycle include a number of amendments to various MFRSs, which are summarised below. The Directors of the Company do not anticipate that the application of these amendments will have a significant impact on the Company's financial statements.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Changes to Malaysian Financial Reporting Standards (continued)

(ii) Standards issued but not yet effective (continued)

Standards	Descriptions
MFRS 116: Property, Plant and Equipment and MFRS 138: Intangible Assets	The amendments remove inconsistencies in the accounting for accumulated depreciation or amortisation when an item of property, plant and equipment or an intangible asset is revalued. The amendments clarify that the gross carrying amount is adjusted in a manner consistent with the revaluation of the carrying amount of the assets and that accumulated depreciation/amortisation is the difference between the gross carrying amount and the carrying amount after taking into account accumulated impairment losses.
MFRS 124: Related Party Disclosures	The amendments clarify that a management entity providing key management personnel services to a reporting entity is a related party of the reporting entity. The reporting entity should disclose as related party transactions the amounts incurred for the service paid or payable to the management entity for the provision of key management personnel services.

<u>Annual Improvements to MFRSs 2011 – 2013 Cycle</u>

The Annual Improvements to MFRSs 2011 – 2013 Cycle include a number of amendments to various MFRSs, which are summarised below. The Directors of the Company do not anticipate that the application of these amendments will have a significant impact on the Company's financial statements.

Standards	Descriptions
MFRS 13: Fair Value Measurement	The amendments to MFRS 13 clarify that the portfolio exception in MFRS 13 can be applied not only to financial assets and liabilities, but also to other contracts within the scope of MFRS 9 (or MFRS 139 as applicable).
MFRS 140: Investment Property	The amendments to MFRS 140 clarify that an entity acquiring investment property must determine whether: - the property meets the definition of investment property in terms of MFRS 140; and - the transaction meets the definition of a business combination under MFRS 3, to determine if the transaction is a purchase of an asset or is a business combination.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Changes to Malaysian Financial Reporting Standards (continued)

(ii) Standards issued but not yet effective (continued)

Annual Improvements to MFRSs 2012 – 2014 Cycle

The Annual Improvements to MFRSs 2012 – 2014 Cycle include a number of amendments to various MFRSs, which are summarised below. The Directors of the Company do not anticipate that the application of these amendments will have a significant impact on the Company's financial statements.

Standards	Descriptions
MFRS 7: Financial Instruments: Disclosures	The amendment clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. An entity must assess the nature of the fee and arrangement against the guidance for continuing involvement in MFRS 7 in order to assess whether the disclosures are required. In addition, the amendment also clarifies that the disclosures in respect of offsetting of financial assets and financial liabilities are not required in the condensed interim financial report.
MFRS 134: Interim Financial Reporting	The amendment clarifies the meaning of information elsewhere in the interim financial report as used in MFRS 134. The amendment states that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the greater interim financial report (e.g. in the management commentary or risk report). The other information within the interim financial report must be available to users on the same terms as the interim financial statements and at the same time.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Property and equipment and depreciation

Property and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

All items of property and equipment are initially recorded at cost. Subsequent cost is 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. All other repairs and maintenance are charged to the statement of income during the period in which they are incurred.

Land and buildings, which are substantially occupied by the Company for its operations, are classified under property and equipment.

Land and buildings are initially stated at cost and subsequently revalued based on the independent valuation on the open market value basis on the existing use basis by professional valuers. These properties are revalued at regular intervals of at least once in every three years by independent professional valuers with additional valuation in the intervening years where market conditions indicate that the carrying values of the revalued assets differ materially from market values.

When the land and buildings are revalued, any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset. The net amount is then restated as the revalued amount of the asset.

The surplus arising from revaluation of these properties are credited to an asset revaluation reserve account except that a surplus, to the extent that such surplus is related to and not greater than a deficit arising on revaluation previously recorded as an expense, is credited to the statement of income. A deficit arising from revaluation of these properties is recognised as an expense except that, a deficit, to the extent that such a deficit is related to a surplus which was previously recorded as a credit to the asset revaluation reserve account and which has not been subsequently reversed or utilised, it is charged directly to that account.

Freehold land is not depreciated as it has infinite life. No depreciation is provided for work-in-progress as it is not ready for active use. Other property and equipment are depreciated on the straight line basis to write off the cost of the assets, to their residual values over their estimated useful lives, summarised as follows:

Leasehold land	Over the remaining period of the lease
Freehold buildings	50 years
Leasehold buildings	50 years
Motor vehicles	5 years
Furniture and fittings	20 years
Office equipment	10 years
Office renovation	10 years
Computer equipment	5 years

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Property and equipment and depreciation (continued)

The residual values and useful lives of property and equipment are reviewed, and adjusted as appropriate, at each date of the statement of financial position.

At each date of the statement of financial position, the Company assesses whether there is any indication of impairment. If such indications exist, an analysis is performed to assess whether the carrying amount of the asset is fully recoverable. A write down is made if the carrying amount exceeds the recoverable amount (see Note 2(i) for the accounting policy on impairment of non-financial assets).

An item of property and equipment is recognised upon disposal or when no future economic benefits are expected from its used or disposal. Gains and losses on disposals are determined by comparing proceeds with the carrying amounts and are included in the statement of income. On disposal of revalued assets, the amounts in the asset revaluation reserve relating to the assets are transferred to retained earnings.

(d) Intangible assets – software

Where computer software is not an integral part of a related item of computer hardware, the software is treated as an intangible asset. Capitalised internal-use software costs include external direct costs of materials and services consumed in developing or obtaining the software, payroll and payroll-related costs for employees who are directly associated with and who devote substantial time to the project. Capitalisation of these costs ceases no later than the point at which the project is substantially completed and ready for its intended purpose. These costs are amortised over their expected useful life of 5 years on a straight-line basis, with the useful lives being reviewed annually.

(e) Investment properties

Investment properties, comprising principally of land and buildings, are held for long term rental yields or for capital appreciation or both, and are not occupied by the Company.

Investment properties are initially stated at cost including related and incidental expenditure incurred, and are subsequently carried at fair value, representing open-market value determined by independent external valuers. Fair value is based on active market prices, adjusted if necessary, for any difference in the nature, location or condition of the specific asset. If this information is not available, the Company uses alternative valuation methods such as recent prices on less active markets or discounted cash flow projections. The fair values of investment properties are reviewed annually, and a formal valuation by an independent professional valuer is carried every year or earlier if the carrying values of the investment properties differ materially from the fair values. Changes in fair values are recorded in the statement of income in the year in which they arise.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Investment properties (continued)

On disposal of an investment property, or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal, it shall be derecognised (eliminated from the statement of financial position). The difference between the net disposal proceeds and the carrying amount is recognised in the statement of income in the year of the retirement or disposal.

(f) Leases

Lease of assets where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating lease (less of any incentives received from the lessor) are charged to the statement of income on a straight-line basis over the period of the lease.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the financial year in which termination takes place.

(g) Financial assets and financial liabilities

The Company classifies its financial assets into the following categories: loans and receivables and available-for-sale financial assets. Classification of the financial asset is determined at initial recognition and relates to the purpose for which the financial asset was acquired.

(i) Loans and receivables ("LAR")

LAR is non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These financial assets are initially recognised at cost, being the fair value of the consideration paid for the acquisition of the financial assets. After initial measurement, LAR is measured at amortised cost, using effective yield method, less allowance for impairment. Gains and losses are recognised in the statement of income when the investments are derecognised or impaired, as well as through the amortisation process.

(ii) Available-for-sale ("AFS") financial assets

AFS financial assets are non-derivative financial assets that are not classified as at fair value through profit or loss, held-to-maturity or LAR. AFS financial assets are initially recognised at fair value. After initial measurement, AFS financial assets are re-measured at fair value. Fair value gains and losses of those financial assets are reported in the statement of other comprehensive income until the investment is derecognised or investment is determined to be impaired. When these AFS financial assets are sold or impaired, the cumulative fair value gains and losses previously recognised in the other comprehensive income are transferred to the statement of income as net realised gains or losses on AFS financial assets.

Investment in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Financial assets and financial liabilities (continued)

(iii) Financial liabilities

Financial liabilities are recognised on the statement of financial position when the Company becomes a party to the contractual obligations of the financial instruments.

Financial liabilities are recognised when due and measured on initial recognition at the fair value of the consideration received plus directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective yield method.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired. Gains and losses are recognised in the income statement.

(iv) Derecognition of financial assets and liabilities

A financial asset is derecognised when:

- The contractual right to receive cash flows from the financial asset has expired;
- The Company retains the contractual right to receive cash flows from the asset but has assumed an obligation to pay them in full without material delay to a third party; or
- The Company has transferred its rights to receive cash flows from the asset and either:
  (a) has transferred substantially all the risks and rewards of the asset; or
  (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where the Company has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Company's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Where continuing involvement takes the form of a written and/or purchased option on the transferred asset, the extent of the Company's continuing involvement is the amount of the transferred asset that the Company may repurchase, except that in the case of a written put option on an asset measured at fair value, the extent of the Company's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Financial assets and financial liabilities (continued)

(iv) Derecognition of financial assets and liabilities (continued)

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of (a) the consideration received (including any new asset obtained less any new liability assumed) and (b) any cumulative gain or loss that has been recognised directly in equity is recognised in the income statement. A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the income statement.

(h) Impairment

(i) Financial assets, excluding insurance receivables

The Company assesses at each date of the statement of financial position whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset is impaired and impairment loss is incurred if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial assets that can be reliably estimated.

(a) Financial assets carried at amortised cost

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the statement of income.

The Company first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and the group of the financial assets is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment. The impairment assessment is performed at each date of the statement of financial position.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Impairment (continued)

(i) Financial assets, excluding insurance receivables (continued)

(a) Financial assets carried at amortised cost (continued)

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed by adjusting the allowance account. The amount of the reversal is recognised in the statement of income, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

(b) Financial assets carried at cost

If there is objective evidence that an impairment loss on financial assets carried at cost (e.g. unquoted equity instruments or which there is no active market or whose fair value cannot be reliably measured) has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for similar financial asset. Such impairment losses shall not be reversed in subsequent periods.

(c) Financial assets carried at fair value

In the case of AFS financial asset, a significant or prolonged decline in the fair value of the financial asset below its cost is considered in determining whether the assets are impaired. If any such evidence exists for AFS financial assets, the cumulative loss, measured as the difference between the acquisition cost (net of any principal repayment and amortisation) and the current fair value, less any impairment loss previously recognised in the statement of income is transferred from other comprehensive income to the statement of income.

If, in a subsequent period, the fair value of a debt instrument classified as AFS increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in the statement of income, the impairment loss is reversed through the statement of income. Impairment losses previously recognised in the statement of income on equity instruments are not reversed through the statement of income.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Impairment (continued)

(ii) Insurance receivables

Insurance receivables at each reporting date are assessed for any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. Losses expected as a result of future events, no matter how likely, are not recognised.

The Company gathers the objective evidence that an insurance receivable is impaired using the same process adopted for financial assets carried at amortised cost.

The impairment loss is calculated under the same method used for these financial assets. These processes are described in Note 2(h)(i)(a).

(iii) Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment, whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the carrying value of the asset exceeds its recoverable amount. The recoverable amount is the higher of an asset’s fair value less costs to sell and the value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there is separately identifiable cash flows (cash generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

An impairment loss is charged to the statement of income immediately. A subsequent increase in the recoverable amount of an asset is treated as a reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in the statement of income immediately.

(i) Insurance receivables

Insurance receivables are recognised when due and measured on initial recognition at fair value of the consideration received or receivable. Subsequent to initial recognition, insurance receivables are measured at amortised cost, using the effective yield method.

Insurance receivable are derecognised when the derecognition criteria for the financial assets, as described in Note 2(g)(iv), have been met.

(j) Cash and short term deposits

Cash and short term deposits consist of cash on hand, bank balances and call deposits which have original remaining maturities of less than one month that are readily convertible to a known amount of cash and which are subject to an insignificant risk of

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Cash and short term deposits (continued)

changes in value. Cash and short term deposits exclude fixed and call deposits which are held for investment purpose.

(k) Insurance payables and other payables

Insurance payables and other payables are recognised when due and measured on initial recognition at the fair value less directly attributable transaction costs. Subsequent to the initial recognition, they are measured at amortised cost using the effective yield method.

Insurance payables and other payables are derecognised when the obligation under the liability is settled, cancelled or expired.

(l) Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made.

Provisions are reviewed at each date of the statement of financial position and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed.

(m) Share capital

(i) <u>Classification</u>

Ordinary shares are classified as equity.

(ii) <u>Dividends to shareholders of the Company</u>

Dividends are recognised as liabilities when the obligation to pay is established in which the dividends are declared and approved by the Company's shareholders. No provision is made for a proposed dividend.

(n) Product classification

The Company issues contracts that transfer insurance risk.

Insurance contracts are those contracts that transfer significant insurance risk. An insurance contract is a contract under which the Company (the insurer) has accepted significant insurance risk from another party (the policyholders) by agreeing to compensate the policyholders if a specified uncertain future event (the insured event) adversely affects the policyholders. As a general guideline, the Company determines whether it has significant insurance risk, by comparing benefits paid with benefits payable if the insured event did not occur.

Once a contract has been classified as an insurance contract, it remains an insurance contract for the remainder of its life-time, even if the insurance risk reduces significantly during this period, unless all rights and obligations are extinguished or expired.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(o) General insurance underwriting results

The general insurance underwriting results are determined for each class of business after taking into account reinsurance, commissions, premium liabilities and claims liabilities.

Premium income

Premium income is recognised in a financial year in respect of risks assumed during that particular financial year. Premiums from direct business are recognised during the financial year upon the issuance of insurance policies. Premiums in respect of risks incepted for which policies have not been issued as of the date of the statement of financial position are accrued at that date.

Inwards facultative reinsurance premiums are recognised in the financial period in respect of the facultative risk assumed during the particular financial period, as in the case of direct policies, following the individual risks' inception dates.

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

Outward reinsurance premiums are recognised in the same accounting period as the original policy to which the reinsurance relates.

Claims liabilities

A liability for outstanding claims is recognised in respect of both direct insurance and inward reinsurance.

Provision for claims liabilities is made for the estimated costs of all claims together with related expenses less reinsurance recoveries, in respect of claims notified but not settled at the balance sheet date. Provision is also made for the cost of claims, together with related expenses, incurred but not reported at the balance sheet date, based on an actuarial valuation.

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. Acquisition costs or ceding income which are not recoverable, or not payable in the event of a termination of the policy to which they relate, are not deferred but are recognised in the period in which they occur.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(o) General insurance underwriting results (continued)

Deferred acquisition cost ("DAC")

DAC is calculated based on the methodology prescribed by BNM on the computation of unearned premium reserves ("UPR").

The gross DAC at the date of the statement of financial position is computed as follows:

(i) gross premiums under 1/24th method for all other classes of Malaysian general policies multiplied by the percentage of accounted gross direct business commissions to the corresponding premiums, not exceeding limits specified by BNM;
(ii) gross premiums under 1/8th method for all other classes of overseas inward business multiplied by 20% for acquisition costs; and
(iii) gross premiums under time apportionment method for policies with insurance periods other than 12 months multiplied by the corresponding percentage of gross commission.

The reinsurance DAC at the date of the statement of financial position is computed as follows:

(i) reinsurance premiums ceded which are allowed under 1/24th method for all other classes of Malaysian general policies multiplied by the percentage of accounted gross direct business commissions to the corresponding premiums, not exceeding limits specified by BNM;
(ii) reinsurance premiums ceded which are allowed under 1/8th method for all other classes of overseas inward business multiplied by 20% for acquisition costs; and
(iii) reinsurance premiums ceded which are allowed under time apportionment method for policies with insurance periods other than 12 months multiplied by the corresponding percentage of gross commission.

Reinsurance

The Company cedes insurance risk in the normal course of business for all of its business. Reinsurance assets represent balances due from reinsurance companies. Amounts recoverable from reinsurers are estimated in a manner consistent with the outstanding claims provision or settled claims associated with the reinsurer's policies and are in accordance with the related reinsurance contracts.

Ceded reinsurance arrangements do not relieve the Company from its obligations to policyholders. Premiums and claims are presented on a gross basis for both ceded and assumed reinsurance.

Reinsurance assets are reviewed for impairment at each reporting date or more frequently when an indication of impairment arises during the reporting period. Impairment occurs when there is objective evidence as a result of an event that occurred after initial recognition of the reinsurance asset that the Company may not receive all outstanding amount due under the terms of the contract and the event has a reliable measurable impact on the amounts that the Company will receive from the reinsurer. The impairment loss is recorded in the statement of income.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(o) General insurance underwriting results (continued)

Reinsurance (continued)

Gains or losses on buying reinsurance are recognised in the statement of income immediately at the date of purchase and are not amortised.

The Company also assumes reinsurance risk in the normal course of business when applicable.

Premiums and claims on assumed reinsurance are recognised as revenue or expenses in the same manner as they would be if the reinsurance were considered direct business, taking into account the product classification of the reinsured business. Reinsurance liabilities represent balances due to the reinsurance companies. Amounts payable are estimated in a manner consistent with the related reinsurance contract.

Reinsurance assets or liabilities are derecognised when the contractual rights are extinguished or expired or when the contract is transferred to another party.

Reinsurance contracts that do not transfer significant insurance risk are accounted or directly through the statement of financial position. These are deposit assets or financial liabilities that are recognised based on the consideration paid or received less any explicit identified premiums or fees to be retained by the reinsured. Investment income on these contracts is accounted for using the effective yield method when accrued.

Insurance contract liabilities

General insurance contract liabilities are recognised when contracts are entered into and premiums are charged. The valuation of general insurance contract liabilities is in accordance with the Risk-Based Capital Framework for Insurers issued by BNM.

These liabilities comprise premium liabilities and claims liabilities.

(i) Premium liabilities

Premium liabilities are the higher of:

(a) the aggregate of the unearned premium reserves (“UPR”); or

(b) the best estimate value of the insurer’s unexpired risk reserves (“URR”) at the valuation date and the Provision of Risk Margin for Adverse Deviation (“PRAD”) calculated 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 as at the valuation date and also includes allowance for the insurer’s 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 allows for expected future premium refunds.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(o) General insurance underwriting results (continued)

Insurance contract liabilities (continued)

(i) Premium liabilities (continued)

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. Generally, the UPR is released over the term of the contract and is recognised as premium income.

In determining the UPR at the date of the statement of financial position, the method that most accurately reflects the actual unearned premium is used, as follows:

(i) 25% method for marine cargo, aviation cargo and transit;

(ii) 1/24th method for all other classes of Malaysian general policies reduced by the percentage of accounted gross direct business commissions to the corresponding premiums, not exceeding limits specified by BNM;

(iii) 1/8th method for all other classes of overseas inward business with a deduction of 20% for acquisition costs; and

(iv) time appointment method for policies with insurance periods other than 12 months.

(ii) Claims liabilities

Claims liabilities are based on the estimated ultimate cost of all claims incurred but not settled at the balance sheet date, whether reported or not, together with related claims handling costs and reduction for the expected value of salvage and other recoveries. Delays can be experienced in the notification and settlement of certain types of claims, therefore, the ultimate cost of these claims cannot be known with certainty at the date of the statement of financial position. The liability is calculated at the reporting date using a range of standard actuarial claim projection techniques based on empirical data and current assumptions that may include a margin for adverse deviation. The liability is not discounted for the time value of money. No provision for equalisation or catastrophe reserve is recognised. The liabilities are derecognised when the contract expires, is discharged or is cancelled.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(o) General insurance underwriting results (continued)

Liability adequacy test on insurance contract liabilities

PRAD is calculated at overall Company level and is an additional component of liability value aimed at ensuring the value of insurance liabilities is established at a level such that there is a higher level of confidence (or probability) that the liability will ultimately be sufficient. For the purpose of insurance contract liabilities valuation, the level of confidence is set at 75% at an overall Company level.

At each date of the statement of financial position, the Company reviews its unexpired risks and a liability adequacy test is performed to determine whether there is any overall excess of expected claims and DAC over unearned premiums. This calculation uses current estimates of future contractual cash flows (taking into consideration current loss ratios) after taking account of the investment return expected to arise on assets relating to the relevant general insurance technical provisions. If these estimates show that the carrying amount of the unearned premiums less related deferred acquisition costs is inadequate, the deficiency is recognised in the statement of income initially by writing off DAC and by subsequently establishing a provision for liability adequacy.

(p) Other revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

Interest income is recognised using the effective interest method. The effective interest rate is the rate that discounts estimated future cash receipts or payments through the expected life of the financial instrument or, when appropriate, a shorter period to its carrying amount. The calculation includes significant fees and transaction costs that are integral to the effective interest rate, as well as premiums or discounts.

When a loan and receivable is impaired, the Company reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans and receivables are recognised using the original effective interest rate.

Other interest income, including the amortisation of premiums and accretion of discounts, is recognised on a time proportion basis that takes into account the effective yield of the asset.

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

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

Gains or losses arising on disposal of financial assets are credited or charged to the statement of income.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(q) Employee benefits

(i) Short term employee benefits

Wages, salaries, paid annual leave and sick leave, bonuses, social security contributions and non-monetary benefits are recognised as an expense in the period 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

A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees benefits relating to employee service in the current and prior periods.

As required by law, companies in Malaysia make contributions to the national pension scheme, the Employees Provident Fund (“EPF”). The Company’s contributions to the defined contribution plan are charged to the statement of income in the period to which they relate. Once the contributions have been paid, the Company has no further payment obligation.

(iii) Defined benefit plan

A defined benefit plan is a pension plan that is not a defined contribution plan.

Defined benefit plan defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognised in the statement of financial position in respect of defined benefit plan is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(q) Employee benefits (continued)

(iii) Defined benefits plan (continued)

Past-service costs are recognised immediately in statement of income.

(iv) Termination benefits

Termination benefits are payable to an entitled employee whenever the employment has to be terminated before the normal retirement date or when the employee accepts voluntary separation in exchange for these benefits. The Company recognises termination benefits when it is demonstrably committed to either terminate the employment of current employees according to a detailed formal plan without possibility of withdrawal or to provide termination benefits as a result of an offer made to encourage voluntary redundancy.

(r) Income taxes

Income tax on the statement of income comprises current tax and deferred tax.

Current tax is the expected amount of income taxes payable in respect of the taxable profits for the financial year and is measured using the tax rates that have been enacted at the date of the statement of financial position. Current tax is recognised in the statement of income.

Deferred tax is provided for using the liability method, on temporary differences at the date of the statement of financial position between the tax bases of assets and liabilities and their carrying amounts in the financial statements. 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 profits 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 is not a business combination and 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 or substantively enacted at the date of the statement of financial position.

Deferred tax is recognised in the statement of income, except when it arises from a transaction which is recognised in other comprehensive income, in which case the deferred tax is also charged or credited to other comprehensive income.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(s) Foreign currencies

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates (the “functional currency”). The financial statements are presented in Ringgit Malaysia (“RM”), which is also the functional and presentation currency of the Company.

Foreign currency transactions are translated into Ringgit Malaysia at the rates of exchange prevailing on the transaction dates. Foreign currency monetary assets and liabilities at the date of the statement of financial position are translated at the rates of exchange prevailing at reporting date. Exchange differences arising from the settlement of foreign currency transactions and from the translation of foreign currency monetary assets and liabilities are recognised in the statement of income.

(t) Contingent liabilities and contingent assets

The Company does not recognise a contingent liability but discloses its existence in the financial statements. A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by uncertain future events beyond the control of the Company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in the extremely rare circumstance where there is a liability that cannot be recognised because it cannot be measured reliably.

A contingent asset is a possible asset that arises from past events whose existence will be confirmed by uncertain future events beyond the control of the Company. The Company does not recognise a contingent asset but discloses its existence where inflows of economic benefits are probable, but not virtually certain.

(u) Fair value estimation for disclosure purpose

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transactions to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the assets or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(u) Fair value estimation for disclosure purpose (continued)

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

The basis of estimation of fair values for financial instruments is as follows:

(i) The fair values of unquoted corporate debt securities are based on the indicative market prices obtained from Bond Pricing Agency Malaysia (“BPAM”).

(ii) The fair values of fixed rate loans are estimated by discounting future expected cash flows, taking into consideration market conditions and contractual terms of these loans.

(iii) The carrying amounts for other financial assets and liabilities with a maturity period of less than one year are assumed to approximate their fair values.

(iv) Fair value information has not been disclosed for the Company's investment in equity instruments that are carried at cost because fair value cannot be measured reliably. These equity instruments represent ordinary and preference shares in companies that are not quoted on any market and do not have any comparable industry peer that is listed. In addition, the variability in the range of reasonable fair value estimates derived from valuation techniques is significant.

Fair value measurements are classified using a fair value hierarchy based on the observability of the inputs used in the fair value measurement.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation based on the lowest level input that is significant to the fair value measurement as a whole at the end of each reporting period.

At each reporting date, the Company analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed in accordance with the adopted accounting policies.

(v) Subordinated loan

Subordinated loan is recognised initially at fair value, net of transaction cost incurred. Subsequent to the initial recognition, it is measured at amortised cost using the effective yield method.

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

3.1 Critical accounting estimates and assumptions

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely 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 outlined below.

Valuation of general insurance contract liabilities

The principal uncertainty in the Company's general insurance business arises from the technical provisions which include premium and claim liabilities. Premium liabilities are recorded as the higher of UPR or URR while claim liabilities are mainly comprise of estimates for both the expected ultimate cost of claims reported at the date of the statement of financial position and for the expected ultimate cost of claims incurred but not reported ("IBNR").

It can take a significant period of time before the ultimate claims costs can be established with certainty and for some type of policies, IBNR claims form the majority of liabilities in the statement of financial position. The ultimate cost of outstanding claims is estimated by using a range of standard actuarial claims projections techniques, such as the Chain Ladder and the Bornhuetter–Ferguson methods.

The main assumptions underlying these techniques is that a company's past claims development experience can be used to project future claims development and hence, ultimate claims costs. As such, these methods extrapolate the development of paid and incurred losses, average costs per claim and claim numbers based on the observed development of earlier years and expected loss ratios. Historical claims development is mainly analysed by accident years, but can also be further analysed by significant business lines and claims types. Large claims are usually separately addressed, either by being reserved at the face value of loss adjustor estimates or separately projected in order to reflect their future development. In most cases, no explicit assumptions are made regarding future rates of claims inflations or loss ratios. Instead, the assumptions used are those implicit in the historic claims development date on which the projections are based.

Additional qualitative judgement is used to assess the extent to which past trends may not apply in future (for example, to reflect one-off occurrences, changes in external or market factors such as public attitude to claiming, economic conditions, level of claims inflation, judicial decisions and legislation, as well as internal factors such as portfolio mix, policy features and claims handling procedures) in order to arrive at the estimated ultimate costs of claims that present the likely outcome from the range of possible outcomes, taking account of all the uncertainties involved.

At each reporting date, the estimates of premium and claim liabilities are re-assessed for adequacy by an appointed actuary and changes will be reflected as adjustments to these liabilities. The appointment of the actuary is approved by BNM.

Pipeline Premium

The company has recognised pipeline premium during the current financial period. The estimation of pipeline premiums made by management is based on average actual pipeline booked during the year. As estimations are inherently uncertain, actual premium

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

3.1 Critical accounting estimates and assumptions (continued)

Pipeline Premium (continued)

may differ from the estimated premiums. Management revises its estimations of pipeline premium based on average monthly trends for policy issuance turnaround time.

3.2 Critical judgement in applying the entity's accounting policies

In determining and applying accounting policies, judgement is often required in respect of items where the choice of specific policy could materially affect the reported results and financial position of the Company. The Directors are of the view that currently there are no accounting policies which require significant judgement to be exercised.

Income and deferred taxes

Significant judgement is required determining the income and deferred taxes applicable to the Company's business. There are transactions and calculations for which the ultimate tax determination subject to agreement with tax authorities. The Company recognises tax liabilities on anticipated issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

Impairment of AFS financial assets

Significant judgement is required to assess impairment for AFS financial assets. The Company evaluates the duration and extent to which the fair value of an investment is less than cost, the financial health and near term business outlook for the investee, including but not limited to factors such as industry and sector performance, changes in technology and operational and financial cash flow.

These factors are inherently subjective and management is required to exercise judgement to determine if an AFS financial asset is impaired as well as the estimation of the recoverable value of AFS financial assets against which the carrying value is compared to determine the impairment loss to be recognised in the financial statements.

Impairment of receivables

The Company assesses at each reporting date whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Company complies with BNM's Guidelines on Financial Reporting for Insurers (BNM/RH/GK 003-28). In line with the requirements of the Guidelines, where receivables that are individually assessed for impairment is past due for more than 90 days or 3 months, objective evidence of impairment is deemed to exist. Accordingly, management will assess such receivables to determine if an impairment event has occurred. Other factors considered by the Company are probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Where evidence exists that a receivable is impaired, the Company will recognised the impairment loss in the income statement.

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2014 (CONTINUED)

4(a) PROPERTY AND EQUIPMENT

	Freehold land	Long term leasehold land	Freehold buildings	Long term leasehold building	Motor vehicles	Furniture and fittings	Office equipment	Office renovation	Computer equipment	Work in progress	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Net book value at 1 April 2014	2,506	14,330	2,735	35,114	327	1,640	1,005	1,682	2,070	-	61,409
Additions at cost	-	-	-	-	-	240	142	676	484	1,586	3,128
Disposal at net book value	-	-	-	-	-	(31)	(1)	-	(2)	-	(34)
Write-offs at net book value	-	-	-	-	-	(31)	(3)	-	-	-	(34)
Depreciation charge for the financial period	-	(170)	(83)	(772)	(47)	(141)	(125)	(256)	(1,074)	-	(2,668)
Net book value at 31 December 2014	2,506	14,160	2,652	34,342	280	1,677	1,018	2,102	1,478	1,586	61,801
At 31 December 2014											
Cost	-	-	-	-	676	4,008	3,828	10,819	8,861	1,586	29,778
Valuation	2,506	14,330	2,744	35,200	-	-	-	-	-	-	54,780
Accumulated depreciation	-	(170)	(92)	(858)	(396)	(2,331)	(2,810)	(8,717)	(7,383)	-	(22,757)
Net book value	2,506	14,160	2,652	34,342	280	1,677	1,018	2,102	1,478	1,586	61,801

4(a) PROPERTY AND EQUIPMENT (CONTINUED)

	Freehold land RM'000	Long term leasehold land RM'000	Freehold buildings RM'000	Long term leasehold buildings RM'000	Motor vehicles RM'000	Furniture and fittings RM'000	Office equipment RM'000	Office renovation RM'000	Computer equipment RM'000	Total RM'000
Net book value at 1 April 2013	2,446	11,699	2,635	38,135	379	1,528	696	1,253	2,301	61,072
Additions at cost	-	-	-	-	-	299	456	795	390	1,940
Write-offs at net book value	-	-	-	-	-	(3)	-	(2)	-	(5)
Depreciation charge for the financial year	-	-	(103)	(1,121)	(52)	(184)	(147)	(364)	(621)	(2,592)
Revaluation surplus/(deficit) recognised in other comprehensive income	60	2,631	203	(1,896)	-	-	-	-	-	998
Impairment loss charged to income statement (Note 24)	-	-	-	(4)	-	-	-	-	-	(4)
Net book value at 31 March 2014	2,506	14,330	2,735	35,114	327	1,640	1,005	1,682	2,070	61,409
At 31 March 2014										
Cost	-	-	-	-	681	3,950	4,161	10,614	10,518	29,924
Valuation	2,506	14,330	2,744	35,200	-	-	-	-	-	54,780
Accumulated depreciation	-	-	(9)	(86)	(354)	(2,310)	(3,156)	(8,932)	(8,448)	(23,295)
Net book value	2,506	14,330	2,735	35,114	327	1,640	1,005	1,682	2,070	61,409

4(a) PROPERTY AND EQUIPMENT (CONTINUED)

During the previous financial year, the Directors revalued all freehold and long term leasehold properties of the Company held as self-occupied properties between January to February 2014 based on independent valuation on the open market value basis by Rahim & Co. Chartered Surveyors Sdn. Bhd., an independent professional qualified valuer. The Directors have determined that the fair value of the said properties have not significantly changed at 31 December 2014.

Recurring fair value measurements

All freehold and long term leasehold properties of the Company are within Level 2 of the fair value hierarchy. The fair values for all the properties have been derived using either the sales comparison approach or the investment approach as allowed under MFRS 13: *Fair Value Measurement*. Sales prices of comparable land and buildings, rentals and yields of similar properties in close proximity are adjusted for differences in key attributes such as property size, location and quality of the building. The most significant input into sales comparison approach is price per square foot of comparable properties while the most significant input into investment approach is yields and rental rates per square foot of comparable properties.

Had the freehold and long-term leasehold land and buildings been carried at historical cost less accumulated depreciation, the carrying amounts that would have been included in the financial statements at the end of the period/year are as follows:

	31.12.2014	31.3.2014
	RM'000	RM'000
Freehold land and buildings	1,919	1,976
Long-term leasehold land and buildings	26,407	27,004
	28,326	28,980

The long-term leasehold land and buildings have unexpired lease periods ranging from 64 years to 880 years (31 March 2014: 65 years to 881 years).

The titles to certain long-term leasehold land and buildings and freehold land and buildings included in property and equipment at carrying value of RM238,688 (31 March 2014: RM250,000) and nil (31 March 2014: RM1,300,000) 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.

4(b) INTANGIBLE ASSETS - SOFTWARE

	31.12.2014	31.3.2014
	RM'000	RM'000
Cost	8,987	7,418
Accumulated amortisation	(5,854)	(4,956)
Work in progress	471	-
Net book value	3,604	2,462

	31.12.2014	31.3.2014
	RM'000	RM'000
Net book value		
At beginning of the financial period/year	2,462	1,972
Additions at cost	730	1,085
Amortisation for the financial period/year	(59)	(595)
Work in progress	471	-
At end of the financial period/year	3,604	2,462

5 INVESTMENT PROPERTIES

	Freehold land and building	Leasehold land and building	Total
	RM'000	RM'000	RM'000
At fair value:			
At 1 April 2014/31 December 2014	11,950	35,128	47,078
At 1 April 2013	11,100	34,442	45,542
Fair value gain (Note 24)	850	686	1,536
At 31 March 2014	11,950	35,128	47,078

During the previous financial year, the Directors revalued all freehold and long term leasehold properties of the Company held as investment properties between January to February 2014 based on independent valuation on the open market value basis by Rahim & Co. Chartered Surveyors Sdn. Bhd., an independent professional qualified valuer. The Directors have determined that the fair value of the said properties have not significantly changed at 31 December 2014.

Recurring fair value measurements

All freehold and long term leasehold properties of the Company are within Level 2 of the fair value hierarchy. The fair values for all the properties have been derived using either the sales comparison approach or the investment approach as allowed under MFRS 13: *Fair Value Measurement*. Sales prices of comparable land and buildings, rentals and yields of similar properties in close proximity are adjusted for differences in key attributes such as property size, location and quality of the building. The most significant input into sales comparison approach is price per square foot of comparable properties while the most significant input into investment approach is yields and rental rates per square foot of comparable properties.

5 INVESTMENT PROPERTIES (CONTINUE)

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 (31 March 2014: RM35,128,000) and RM11,950,000 (31 March 2014: RM11,950,000) 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.

6 AVAILABLE-FOR-SALE FINANCIAL ASSETS

(a) Available-for-sale ("AFS") financial assets comprise the following investments:

	31.12.2014	31.3.2014
	RM'000	RM'000
AFS financial asset		
Unquoted equity securities in Malaysia – at cost	77	38
Unquoted corporate debt securities in Malaysia – at fair value	132,562	172,955
	132,639	172,993

(b) Carrying value of AFS financial assets

	AFS	Total
	RM'000	RM'000
1 April 2013	203,466	203,466
Purchases	10,142	10,142
Disposal	(36,269)	(36,269)
Amortisation adjustment	(199)	(199)
Movement in accrued interest	(120)	(120)
Fair value loss recorded in:		
- Other comprehensive income	(4,027)	(4,027)
At 31 March 2014/1 April 2014	172,993	172,993
Maturity	(40,256)	(40,256)
Amortisation adjustment	(80)	(80)
Movement in accrued interest	(790)	(790)
Fair value gain recorded in:		
- Other comprehensive income	772	772
At 31 December 2014	132,639	132,639

6 AVAILABLE-FOR-SALE FINANCIAL ASSETS (CONTINUED)

(b) Carrying value of AFS financial assets (continued)

The maturity structure of AFS financial assets is as follows:

	31.12.2014 RM'000	31.3.2014 RM'000
Investments maturing within 12 months	35,510	40,942
Investments maturing after 12 months	97,052	132,013
	132,562	172,955

(c) Fair value hierarchy of AFS financial assets

Recurring fair value measurements

The following tables show financial assets recorded at fair value analysed by the different basis of fair values as follows:

	31.12.2014 RM'000	31.3.2014 RM'000
Level 1	-	-
Level 2	132,562	172,955
Level 3	-	-
	132,562	172,955

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.

6 AVAILABLE-FOR-SALE FINANCIAL ASSETS (CONTINUED)

(c) Fair value hierarchy of AFS financial assets (continued)

Recurring fair value measurements (continued)

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 liability 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.

7 LOANS AND RECEIVABLES

	31.12.2014 RM'000	31.3.2014 RM'000
Staff loans:		
Staff housing loans (secured)	250	272
Fixed and call deposits with licensed banks with original remaining maturities of more than 1 month	703,911	595,384
Accrued interest	7,564	6,552
	711,475	601,936
Other receivables:		
Malaysia Motor Insurance Pool (“MMIP” or “the Pool”)*		
- Cash calls paid to MMIP	27,348	17,989
- Share of net assets held under MMIP	35,533	34,202
MMIP commission receivable	4,715	6,515
Deposits	686	657
Prepayments	835	413
Other receivables	1,013	1,432
	70,130	61,208
Total loans and receivables	781,855	663,416
The following loans and receivables		
Mature within 12 months	711,475	548,241
Mature after 12 months	237	53,695

The carrying amounts disclosed above approximate fair values at the date of the statement of financial position.

*As a participating member of MMIP, the Company shares a proportion of the Pool's net assets/liabilities. At each reporting date, the Company accounts for its share of the assets, liabilities and performance of the Pool. The net assets held under MMIP represent the Company’s share of the Pool's net assets, before insurance contract liabilities. The Company’s share of the Pool's insurance contract liabilities in the Pool is disclosed in Note 16. The net assets held under MMIP of the Company include cash contribution of RM27,347,901 (2013: RM17,989,134) made to MMIP, following additional cash calls of RM 9,358,767 (2013: RM17,989,134) made by the Pool during the current financial period. The cash contributions were made in respect of the Company's share of MMIP's accumulated losses up to 31 December 2013.

8 DEFERRED TAX LIABILITIES

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same tax authority.

The following amounts, determined after appropriate offsetting, are shown in the statement of financial position:

	31.12.2014 RM'000	31.3.2014 RM'000
Deferred tax liabilities	(2,955)	(3,830)
At beginning of the financial period/year	(3,830)	3,569
Credited/(charged) to income statement (Note 28)		
- property and equipment	570	166
- investment properties	-	(18)
- AFS financial assets	(273)	(198)
- retirement benefits	136	(29)
- insurance receivables	470	-
- other payables	87	625
- premium liabilities	54	5
- claims liabilities	24	500
- other receivables	-	(3,888)
	1,068	(2,837)
(Charged)/credited to equity		
Asset revaluation reserve		
Property and equipment	-	(5,569)
AFS reserve		
AFS financial assets	(193)	1,007
At end of the financial period/year	(2,955)	(3,830)

8 DEFERRED TAX LIABILITIES (CONTINUED)

	31.12.2014 RM'000	31.3.2014 RM'000
Deferred tax assets (before offsetting)		
Other receivables	4	4
Insurance receivables	470	-
Retirement benefits	355	219
AFS financial assets	-	128
Other payables	5,611	5,524
Claims liabilities	524	500
	6,964	6,375
Offsetting	(6,964)	(6,375)
Deferred tax assets (after offsetting)	-	-
Deferred tax liabilities (before offsetting)		
Property and equipment	6,375	6,945
Investment properties	3,190	3,190
AFS financial assets	338	-
Premium liabilities	16	70
	9,919	10,205
Offsetting	(6,964)	(6,375)
Deferred tax liabilities (after offsetting)	2,955	3,830

9 REINSURANCE ASSETS

	31.12.2014 RM'000	31.3.2014 RM'000
Reinsurance of insurance contracts:		
Claims liabilities (Note 16)	145,965	146,151
Premium liabilities (Note 16)	60,270	65,327
	206,235	211,478

10 INSURANCE RECEIVABLES

	31.12.2014	31.3.2014
	RM'000	RM'000
Due premium including agents, brokers and co-insurers balance	31,996	28,462
Due from reinsurers and cedants	15,500	11,068
	47,496	39,530
Less: Impairment allowance	(7,744)	(4,851)
	39,752	34,679
Knock-for-knock claims recoveries due from other insurers	2,098	1,630
Less: Impairment allowance	(145)	(119)
	1,953	1,511
	41,705	36,190

The carrying amounts disclosed above approximate fair values at the date of the statement of financial position.

The insurance receivables of the Company that have been offset as at the statement of financial position date are as follows:

	31.12.2014	31.3.2014
	RM'000	RM'000
Gross amount of recognised insurance receivables	48,359	41,570
Less: Gross amount of commissions payable recognised in the statement of financial position	(6,654)	(5,380)
Net amount of insurance receivables presented in the statement of financial position	41,705	36,190

11 DEFERRED ACQUISITION COSTS

	RM'000
Deferred acquisition costs:	
At 1 April 2013	22,391
Movement during the financial year (Note 25)	1,889
At 31 March 2014	24,280
Movement during the financial period (Note 25)	2,034
At 31 December 2014	26,314

11 DEFERRED ACQUISITION COSTS (CONTINUED)

	RM'000
Deferred acquisition costs - reinsurance:	
At 1 April 2013	(5,758)
Movement during the financial year (Note 25)	(356)
At 31 March 2014	(6,114)
Movement during the financial period (Note 25)	210
At 31 December 2014	(5,904)

12 CASH AND SHORT TERM DEPOSITS

	31.12.2014 RM'000	31.3.2014 RM'000
Cash and bank balances	275	1,305
Call deposits with licensed banks	15,553	6,108
	15,828	7,413

The carrying amounts disclosed above approximate fair values at the date of the statement of financial position.

13 SHARE CAPITAL

	31.12.2014		31.3.2014	
	Amount	Number of shares	Amount	Number of Shares
	RM'000	'000	RM'000	'000
Ordinary shares of RM1 each				
Authorised	250,000	250,000	250,000	250,000
Issued and fully paid	100,000	100,000	100,000	100,000

14 OTHER RESERVES

	31.12.2014 RM'000	31.3.2014 RM'000
Non-distributable		
Asset revaluation reserve	18,329	18,329
AFS reserve	(1,616)	(2,195)
	16,713	16,134

Asset revaluation reserve represents surplus arising from revaluation of self-occupied properties. Fair value losses arising from AFS financial assets are accumulated as AFS reserve until they are realised.

15 RETAINED EARNINGS

The Company can distribute all of its retained earnings as at 31 December 2014 as single-tier dividends.

UNI.ASIA GENERAL INSURANCE BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2014 (CONTINUED)

16 INSURANCE CONTRACT LIABILITIES

	31.12.2014			31.3.2014		
	Gross	Re-insurance	Net	Gross	Re-insurance	Net
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
General insurance	753,986	(206,235)	547,751	709,781	(211,478)	498,303

The general insurance contract liabilities and the movement are further analysed follows:

	31.12.2014			31.3.2014		
	Gross	Re-insurance	Net	Gross	Re-insurance	Net
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Provision for claims	310,365	(102,701)	207,664	318,427	(115,273)	203,154
Provision for incurred but not reported ("IBNR") claims	170,834	(43,264)	127,570	135,314	(30,878)	104,436
Claims liabilities (i)	481,199	(145,965)	335,234	453,741	(146,151)	307,590
Premium liabilities (ii)	272,787	(60,270)	212,517	256,040	(65,327)	190,713
	753,986	(206,235)	547,751	709,781	(211,478)	498,303

16 INSURANCE CONTRACT LIABILITIES (CONTINUED)

(i) Claims liabilities

	31.12.2014			31.3.2014		
	Gross RM'000	Re-insurance RM'000	Net RM'000	Gross RM'000	Re-insurance RM'000	Net RM'000
At beginning of the financial period/year	453,741	(146,151)	307,590	422,523	(154,151)	268,372
Claims incurred for the current accident period/year (direct and facultative)	232,106	(61,623)	170,483	286,793	(73,786)	213,007
Adjustment to claims incurred in prior accident years (direct and facultative)	(18,649)	8,608	(10,041)	(14,660)	7,002	(7,658)
Claims incurred during the financial period/year (treaty inwards claims)	15,091	(155)	14,936	18,027	(23)	18,004
Movement in PRAD of claims liabilities at 75% confidence level	(2,817)	2,309	(508)	(3,024)	3,048	24
Movement in claims handling expenses	1,623	(401)	1,222	1,108	146	1,254
Claims paid during the financial period/year	(199,896)	51,448	(148,448)	(257,026)	71,613	(185,413)
At end of the financial period/year	481,199	(145,965)	335,234	453,741	(146,151)	307,590

16 INSURANCE CONTRACT LIABILITIES (CONTINUED)

(i) Claims liabilities by class of business

	31.12.2014			31.3.2014		
	Motor	Non-Motor	Total	Motor	Non-Motor	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Gross claims liabilities	375,891	105,308	481,199	359,739	94,002	453,741
Reinsurance	(71,932)	(74,033)	(145,965)	(77,630)	(68,521)	(146,151)
Net claims liabilities	303,959	31,275	335,234	282,109	25,481	307,590

(ii) Premium liabilities

	31.12.2014			31.04.2014		
	Gross	Re-insurance	Net	Gross	Re-insurance	Net
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At beginning of the financial period/year	256,040	(65,327)	190,713	233,527	(59,849)	173,678
Premiums written during the financial period/year	419,818	(111,789)	308,029	529,870	(155,437)	374,433
Premiums earned during the financial period/year	(403,071)	116,846	(286,225)	(507,357)	149,959	(357,398)
At end of the financial period/year	272,787	(60,270)	212,517	256,040	(65,327)	190,713

As at 31 December 2014, the insurance contract liabilities above include the Company's share of MMIP's claims and premium liabilities amounting to RM63,346,731 (31.3.2014:RM55,984,648) and RM10,548,988 (31.3.2014: RM10,781,581) respectively. The Company's net assets arising from its participation in the Pool is detailed in Note 7.

17 SUBORDINATED LOAN

	31.12.2014 RM'000	31.3.2014 RM'000
Unsecured subordinated loan:		
Principal payable after 12 months	-	30,000
Interest on subordinated loan, payable within 12 months	-	436
	-	30,436

On 29 June 2010, the Company obtained from its shareholders ("the Lenders"), a subordinated loan amounting to RM30 million to improve the Company's capital adequacy ratio.

The tenure of this subordinated loan was ten (10) years and was to be repaid in full on the maturity basis. The interest rate applicable for the subordinated loan was as follows:

(a) nine per cent (9%) per annum on monthly rest from the disbursement date until the end of the fifth (5th) anniversary of the disbursement date;

(b) eleven per cent (11%) per annum on monthly rest from the sixth (6th) anniversary of the disbursement date until the tenth (10th) anniversary of the disbursement date or the full settlement of the subordinated loan, whichever earlier.

The Company had the right to elect the maturity date by giving one (1) month written notice to the Lenders of its proposed maturity date which shall not fall less than five (5) years from the disbursement date, and upon the approval of Bank Negara Malaysia.

The Company fully settled the subordinated loan on 3 November 2014.

The Company recognised a finance cost of RM1,597,808 (31.3.2014: RM2,700,000) during the current financial period.

18 INSURANCE PAYABLES

	31.12.2014 RM'000	31.3.2014 RM'000
Due to insureds, agents, brokers and co-insurers	14,425	13,118
Due to reinsurers and cedants	71,606	66,584
	86,031	79,702

The carrying amounts disclosed above approximate fair values at the date of the statement of financial position.

The insurance payables of the Company that have been offset as at the statement of financial position date are as follows:

	31.12.2014 RM'000	31.3.2014 RM'000
Gross amount of recognised insurance payables	102,989	85,082
Less : Gross amount of commissions receivable recognised in the statement of financial position	(16,958)	(5,380)
Net amount of insurance payables presented in the statement of financial position.	86,031	79,702

19 OTHER PAYABLES

	31.12.2014 RM'000	31.3.2014 RM'000
Amount due to a shareholder	-	61
Payroll liabilities	8,306	13,351
Defined contribution plan	637	482
Unclaimed monies	936	1,005
Cash collaterals held on bond business	657	657
Stamp duty and service tax payable	1,754	1,624
MMIP collection payable	28,637	3,897
Profit commission payable	2,985	2,494
Interest on premium reserve	2,072	1,658
Tenant deposits	551	547
Accrued expenses	8,415	6,359
Other payables	2,096	752
	57,046	32,887

The amount due to a shareholder of the Company is unsecured, interest free and has no fixed terms of repayment.

The Company contributes to the Employees' Provident Fund, the national defined contribution scheme. Additionally, the Company makes an accrual for services provided by eligible employees after 31 December 2001 until the 5th year of service, after which time the accrual is paid into the individual employees' EPF accounts.

The carrying amounts disclosed above approximate fair values at the date of the statement of financial position.

20 POST EMPLOYMENT BENEFIT OBLIGATIONS

Defined benefit plan:

A provision in respect of Company's unfunded defined benefits scheme is made in the financial statements. The retirement benefit cost is assessed using the projected unit credit method and charged to the statement of income so as to spread the regular asset cost over the service lives of employees.

20 POST-EMPLOYMENT BENEFIT OBLIGATIONS (CONTINUED)

The movements during the financial period in the amounts recognised in the statement of financial position for the defined benefit plan are as follows:

	RM'000
At 1 April 2013	601
Benefits paid	(467)
Charged to income statement	262
At 31 March 2014	396
Benefits paid	(1)
Charged to income statement	392
At 31 December 2014	787

	31.12.2014 RM'000	31.3.2014 RM'000
Payable within 12 months	787	-
Payable after 12 months	-	396
	787	396

The amounts recognised in the statement of financial position can be analysed as follows:

	31.12.2014 RM'000	31.3.2014 RM'000
Present value of unfunded obligations	787	396

The expense recognised in the income statement can be analysed as follows:

	31.12.2014 RM’000	31.3.2014 RM’000
Current service cost	(301)	(3)

The principal actuarial assumptions used in prior year in respect of the defined benefit plan were as follows:

	31.3.2014 %
Discount rate	7
Expected rate of salary increase	8

The Company has decided to settle the repayment of defined benefit plan in February 2015.

21 OPERATING REVENUE

	Period Ended December 2014 RM'000	Year Ended March 2014 RM'000
Gross earned premiums	403,071	507,357
Investment income (Note 22)	24,276	29,492
	427,347	536,849

22 INVESTMENT INCOME

	Period Ended December 2014 RM'000	Year Ended March 2014 RM'000
AFS financial assets:		
Interest income from corporate debt securities	5,808	8,510
Amortisation of premiums, net of accretion of discounts	(80)	(199)
Loans and receivables:		
Interest income from loans and receivables and cash and short term deposits	17,524	19,556
Rental income	1,773	2,954
Less: Rates and maintenance expenses	(749)	(1,329)
	24,276	29,492

23 REALISED GAINS AND LOSSES

	Period Ended December 2014 RM'000	Year Ended March 2014 RM'000
Realised (loss)/gain for:		
Property and equipment	(27)	11
AFS financial assets	-	134
Foreign currency translation	(15)	3
	(42)	148

24 FAIR VALUE GAINS AND LOSSES

	Period Ended December 2014 RM'000	Year Ended March 2014 RM'000
Fair value gain on investment properties (Note 5)	-	1,536
Impairment loss on self-occupied properties [Note 4(a)]	-	(4)
	-	1,532

25 COMMISSION INCOME/EXPENSE

	Period Ended December 2014 RM'000	Year Ended March 2014 RM'000
Commission income:		
Commission income	26,690	36,804
Movement in deferred acquisition costs (Note 11)	210	(356)
	26,900	36,448
Commission expense:		
Commission expense	(46,612)	(58,137)
Movement in deferred acquisition costs (Note 11)	2,034	1,889
	(44,578)	(56,248)

26 OTHER INCOME

	Period Ended December 2014 RM'000	Year Ended March 2014 RM'000
Gross servicing fees from MMIP	15,800	28,873
Less: Related management expenses including depreciation charge of RM129,000 (31.3.2014: RM192,000) (Note 27)	(8,235)	(11,507)
	7,565	17,366
Interest on deposits retained	(711)	(957)
Property and equipment written off	(34)	(5)
Others	1,313	2,927
	8,133	19,331

27 MANAGEMENT EXPENSES

	Period Ended December 2014 RM'000	Year Ended March 2014 RM'000
Staff costs:		
Salaries and bonus	27,671	34,371
Employee Provident Fund	4,019	4,956
Defined Contribution Plan	570	493
Others	2,724	3,022
	34,984	42,842
Advertising	4,290	5,329
Auditors' remuneration:		
- Statutory audit	255	254
- Non-statutory audit	25	8
- Other services	390	80
Depreciation of property and equipment [Note 4(a)]	2,668	2,592
Amortisation of intangible assets - software [Note 4(b)]	59	595
EDP expenses	2,597	3,346
Postage and telephone	1,765	2,356
Printing and stationery	2,403	3,151
Rental of properties	804	1,025
Training expenses	1,504	1,654
Reimbursement of depreciation charge from MMIP (Note 26)	(129)	(192)
Provision for/(write-back) of impairment allowance for insurance receivables (Note 35)	2,919	(12)
Recoveries of bad debt written off	-	(451)
Fund management and professional fees	1,123	896
Entertainment	1,403	1,516
Credit card charges	3,947	5,002
Others	5,173	6,039
	31,196	33,188
Total management expenses	66,180	76,030

Included in management expenses are emoluments received by Directors of the Company during the financial period/year:

	Period Ended December 2014	Year Ended March 2014
Non-Executive Directors:		
- Fees	328	690
- Other emoluments	107	256
Total Directors' remuneration	435	946

27 MANAGEMENT EXPENSES (CONTINUED)

Period Ended December 2014

	Fees RM'000	Allowance RM'000	Total RM'000
Non-Executive Directors			
- YBhg. Dato' Haji Kamil Khalid Ariff	60	19	79
- YBhg. Dato' Dr. Mohd Shahari bin Ahmad Jabar	53	20	73
- Mr. David Chan Mun Wai	19	7	26
- YBhg. Dato' Chan Choy Lin	19	8	27
- YBhg. Dato' Mohamed Hazlan bin Mohamed Hussain	20	6	26
- Mr. Chan Kok Seong	21	4	25
- Mr. Lawrence Pereira	28	9	37
- YBhg. Datuk Abdul Sukur bin Hadji Mohd. Hassan	26	13	39
- Mr. George Isac Pereire	29	12	41
- YBhg. Dato' Majid bin Mohamad	53	9	62
Total Directors' Remuneration	328	107	435

Existing Non-Independent Directors are not entitled to any remuneration for their services.

Year Ended March 2014

	Fees RM'000	Allowance RM'000	Total RM'000
Non-Executive Directors			
- YBhg. Dato' Haji Kamil Khalid Ariff	80	22	102
- YBhg. Dato' Dr. Mohd Shahari bin Ahmad Jabar	70	26	96
- Mr. David Chan Mun Wai	65	33	98
- YBhg. Dato' Chan Choy Lin	65	26	91
- YBhg. Dato' Mohamed Hazlan bin Mohamed Hussain	70	28	98
- Mr. Chan Kok Seong	70	17	87
- Mr. Lawrence Pereira	70	20	90
- YBhg. Datuk Abdul Sukur bin Hadji Mohd. Hassan	65	33	98
- Mr. George Isac Pereire	65	28	93
- YBhg. Dato' Majid bin Mohamad	70	23	93
Total Directors' Remuneration	690	256	946

27 MANAGEMENT EXPENSES (CONTINUED)

The number of Non-Executive Directors whose total remuneration received during the financial period/year falls within the following bands is:

	Period Ended December 2014	Year Ended March 2014
	RM'000	RM'000
Non-Executive Directors:		
Less than RM50,000	7	-
RM50,001 - RM100,000	3	9
More than RM 100,000	-	1

The remuneration attributable to the Chief Executive Officer of the Company are; Salary RM646,920 (Year Ended March 2014: RM798,600), Bonus RM732,050 (Year Ended March 2014: RM968,000), Employee Provident Fund RM206,854 (Year Ended March 2014: RM264,995) and Benefits-In-Kind RM16,150 (Year Ended March 2014: RM24,600).

28 TAX EXPENSE

	Period Ended December 2014	Year Ended March 2014
	RM'000	RM'000
Current tax:		
Current financial year	13,938	18,280
(Over)/under-provision in prior financial years	(572)	248
	13,366	18,528
Deferred tax (Note 8)	(1,068)	2,837
Tax expense	12,298	21,365

The explanation of the relationship between taxation and profit before taxation is as follows:

	Period Ended December 2014	Year Ended March 2014
	RM'000	RM'000
Profit before taxation	57,044	84,738
Tax calculated at the statutory rate of 25% (Year Ended March 2014: 25%)	14,261	21,185
Tax effect of:		
- expenses not deductible for tax purposes	948	1,274
- income not subject to tax	-	-
- deductible temporary differences not recognised previously	-	(733)
- expenses entitled for double deduction	(2,339)	(609)
(Over)/under-provision of tax in prior financial years	(572)	248
	12,298	21,365

29 EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit for the financial period/year attributable to ordinary equity holders of the Company by the number of ordinary shares in issue during the financial period/year.

	Period Ended December 2014 RM'000	Year Ended March 2014 RM'000
Profit attributable to ordinary equity holders	44,746	63,373
Number of shares in issue	100,000	100,000
Basic earnings per share (sen)	44.75	63.37

Diluted earnings per share are not presented as there were no dilutive potential ordinary shares as at the date of the statement of financial position.

There have been no other transactions involving ordinary shares between the reporting date and the date of completion of these financial statements.

30 DIVIDENDS

	Period Ended December 2014		Year Ended March 2014	
	Gross dividend per share (sen)	Amount of dividend RM'000	Gross dividend per share (sen)	Amount of dividend RM'000
In respect of the financial year ended 31 March 2013: Final dividend, net of tax paid on 29 July 2013	-	-	13.47	10,100
In respect of the financial year ended 31 March 2014: Interim single tier dividend paid on 18 Feb 2014	-	-	25.00	25,000
	-	-	38.47	35,100

31 COMMITMENTS

(a) Capital expenditure not provided in the financial statements are as follows:

	31.12.2014	31.3.2014
	RM'000	RM'000
Authorised by the Directors and contracted for:		
- Property and equipment	1,869	1,243
Authorised by the Directors but not contracted for:		
- Property and equipment	-	2,325
	1,869	3,568

(b) Operating lease commitments

The Company has non-cancellable operating lease agreements. The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	31.12.2014	31.3.2014
	RM'000	RM'000
Not later than 1 year	3,899	3,084
Later than 1 year and no later than 5 years	3,200	4,159
Later than 5 years	-	253
	7,099	7,496

32 SIGNIFICANT RELATED PARTY DISCLOSURES

PRE-ACQUISITION RELATED PARTY DISCLOSURE

In addition to related party disclosures mentioned elsewhere in the financial statements, set out below are other significant related party transactions and balances. In the normal course of business, the Company, up to 15 July 2014 undertook various transactions with other companies deemed related parties by virtue of them being members of the DRB-HICOM Berhad group of companies ("DRB-HICOM Group") and other related parties on agreed terms and conditions.

Related companies	Country of incorporation	Relationship up to 15 July 2014
Etika Strategi Sdn. Bhd.	Malaysia	Ultimate holding company
DRB-HICOM Berhad	Malaysia	Penultimate holding company
Uni.Asia Capital Sdn. Bhd.	Malaysia	Immediate holding company
Bank Muamalat Malaysia Berhad	Malaysia	Subsidiary company of the penultimate holding company
Affiliated company		
United Overseas Bank Berhad	Malaysia	Substantial shareholder of the immediate holding company

Significant related party balances

As the Company ceased to be a subsidiary within the DRB-HICOM Group up to 15 July 2014, following its acquisition by Liberty Seguros as disclosed in Note 37, no related party balances with DRB-HICOM Group and affiliated company (United Overseas Bank Berhad) are disclosed as at 31 December 2014. The significant related party balances at the date of the previous statement of financial position and the related party transactions with DRB-HICOM Group for the current period up to 15 July 2014 are set out below.

Fixed and call deposits	31.12.2014 RM'000	31.3.2014 RM'000
Fixed and call deposits in affiliated company United Overseas Bank Berhad	-	120,000
Fixed and call deposits in related company Bank Muamalat Malaysia Berhad	-	60,000
Accrued interest in related company Bank Muamalat Malaysia Berhad	-	163
Accrued interest in affiliated company United Overseas Bank Berhad	-	1,359

Insurance receivables		
Due premiums from related companies, DRB-HICOM Group	-	4,252
Impairment allowance on due premiums from related companies, DRB-HICOM Group	-	(463)
Due premiums from affiliated company, United Overseas Bank Berhad	-	(57)

32 SIGNIFICANT RELATED PARTY DISCLOSURES (CONTINUED)

PRE-ACQUISITION RELATED PARTY DISCLOSURE (CONTINUED)

Significant related party balances (continued)

	31.12.2014	31.3.2014
	RM'000	RM'000
Cash and cash equivalents		
Call deposits in affiliated company		
United Overseas Bank Berhad	-	2,000
Bank balance in affiliated company		
United Overseas Bank Berhad	-	(3,877)
Bank balance in related company		
Bank Muamalat Malaysia Berhad	-	438
Accrued interest in affiliated company		
United Overseas Bank Berhad	-	1
Other receivables		
Other receivable due from immediate holding company, Uni.Asia Capital Sdn. Bhd.	-	5
Subordinated loan		
Due to immediate holding company,		
Uni.Asia Capital Sdn. Bhd.	-	23,082
Due to non-controlling shareholders of the Company	-	3,918
Claim liabilities		
Due to related companies, DRB-HICOM Group	-	6,541
Due to related companies, by virtue of their relationship with ultimate holding company,		
Etika Strategi Sdn. Bhd.	-	1,300
Due to affiliated company, United Overseas Bank Bhd	-	46
Insurance payables		
Due to affiliated company, United Overseas Bank Bhd	-	11
Due to related companies, by virtue of their relationship with ultimate holding company,		
Etika Strategi Sdn. Bhd.	-	1

32 SIGNIFICANT RELATED PARTY DISCLOSURES (CONTINUED)

PRE-ACQUISITION RELATED PARTY DISCLOSURE (CONTINUED)

Significant related party balances (continued)

	31.12.2014 RM'000	31.3.2014 RM'000
Other payables		
Due to related companies, DRB-HICOM Group	-	149
Due to immediate holding company, Uni.Asia Capital Sdn. Bhd.	-	336
Due to non-controlling shareholders of the Company	-	57

Significant related party transactions (up to 15 July 2014)	Period Ended December 2014 RM'000	Year Ended March 2014 RM'000
Transactions with related companies, DRB-HICOM Group:		
- Gross premiums received/receivable	(17,613)	(26,193)
- Claims paid	3,647	7,757
- Commission paid	3,075	10,692
- Management expenses	1,601	7,211
Transaction with immediate holding company, Uni.Asia Capital Sdn. Bhd.		
- Finance cost	609	2,077
Transactions with affiliated company, United Overseas Bank Berhad		
- Gross premium received/receivable	(2,835)	(2,859)
- Claims paid	2	1,407
- Commissions paid	2,266	4,584
- Interest income	(1,141)	(3,469)
- Management expenses	12	306
Transactions with affiliated company, United Overseas Insurance Ltd		
- Reinsurance ceded premium	(927)	(2,308)
- Reinsurance commission received	251	613
- Reinsurance inwards premium	139	351
- Reinsurance commission paid	(64)	(178)
Transaction with related company, Bank Muamalat Malaysia Berhad		
- Interest income	(849)	(1,813)

32 SIGNIFICANT RELATED PARTY DISCLOSURES (CONTINUED)

PRE-ACQUISITION RELATED PARTY DISCLOSURE (CONTINUED)

Significant related party transactions up to 15 July 2014 (continued)

	Period Ended December 2014 RM'000	Year Ended March 2014 RM'000
Transactions with related companies, by virtue of their relationship with ultimate holding company, Etika Strategi Sdn. Bhd.		
- Gross premiums received/receivable	(320)	(2,050)
- Commission paid	1,873	2,346
- Claims paid	121	324
- Management expenses	-	2
Transactions with non-controlling shareholders and Directors:		
- Gross premiums received/receivable	-	(36)
- Management expenses	54	126
- Finance cost	200	353

32 SIGNIFICANT RELATED PARTY DISCLOSURES (CONTINUED)

RELATED PARTY DISCLOSURES – LIBERTY SEGUROS

Uni.Asia General Insurance Bhd was acquired by Liberty Seguros on 16 July 2014 as disclosed in Note 37. For the period from 16 July 2014 to 31 December 2014 there were no related party transactions, except for the intercompany receivable payment from Liberty Seguros.

	31.12.2014 RM'000	31.3.2014 RM'000
Other receivables		
Other receivable due from immediate holding company, Liberty Seguros	50	-

RELATED PARTY DISCLOSURES – KOREAN REINSURANCE COMPANY

	Period Ended December 2014 RM'000	Year Ended March 2014 RM'000
Transaction with non-controlling shareholders		
Reinsurance ceded premium	(1,451)	(1,494)
Reinsurance commission received	538	504

	31.12.2014 RM'000	31.3.2014 RM'000
Reinsurance receivables	11	1
Reinsurance payables	(295)	(454)

The period-end balances with the related party above are unsecured, interest free are included in insurance receivables (Note 10) and insurance payable (Note 18).

RELATED PARTY DISCLOSURES – KEY MANAGEMENT PERSONNEL

Key management personnel represent persons with the authority and responsibility for planning, directing and controlling activities of the Company either directly or indirectly.

	Period Ended December 2014 RM'000	Year Ended March 2014 RM'000
Key management personnel compensation		
Salaries and other short-term employee benefits:		
- Chief Executive Officer and Chief Financial Officer	1,903	2,371
- Directors (Note 27)	435	946
	2,338	3,317

33 RISK MANAGEMENT FRAMEWORK

The Board has established a structure with clearly defined lines of responsibility, authority limits and accountability aligned to business and operations requirements which support the maintenance of a good control environment. The Board has delegated the responsibility of reviewing the effectiveness of risk management to the Risk Management Committee of the Board ("RMC-B").

Enterprise Risk Management ("ERM")

The Board is assisted by the Senior Management in the implementation of the Board's policies and procedures on risk and control by identifying and assessing the risks faced; and in the design and monitoring of suitable preventive/detective controls to mitigate these risks.

The Company is committed to achieving its objectives, and will face risks that could either negatively or positively influence the achievement of objectives. The effective management of enterprise risks can create protect and enhance shareholder value.

The ERM Framework is to support the overall business objectives by:

- Defining risk management roles and responsibilities
- Defining a reporting framework to ensure the communication of necessary risk management information to Senior Management and personnel engaged in risk management activities
- Detailing the approved methods for risk assessment
- Providing a system to accommodate the central accumulation of the risks data

ERM framework is updated regularly to ensure relevance and compliance with the recent applicable laws, regulations and guidelines issued by the authorities i.e Financial Services Act, 2013, Guidelines on Internal Capital Adequacy Assessment Process ("ICAAP") and Guidelines on Risk Governance.

Responsibilities

The Risk Management Committee of the Board ("RMC-B") was established by the Board in assisting the Board to oversee the overall risk management processes by identifying key business risks and ensuring appropriate implementation of system to manage these risks. The RMC-B is tasked to oversee Senior Management's activities in managing key risk areas and to ensure that the risk management process is in place and functioning effectively.

The Senior Management, headed by the CEO, is supported in its role by the Enterprise-Wide Opportunity and Risk Management Committee of the Management ("EORMC-M"), comprising the CEO and Heads of Divisions. The EORMC-M will assist Senior Management in formulating appropriate procedures (including assessment methodologies, tools and techniques) and review the application of risk management practices across the Company.

The Divisions/Departments/Regional Offices are accountable to the CEO and will actively participate in risk analysis, review and controls monitoring of their respective divisions/departments/regions and branches.

33 RISK MANAGEMENT FRAMEWORK (CONTINUED)

The ERM & Compliance Assurance Department was established with the responsibility to communicate to the RMC-B on critical risks including emerging risks (present and potential) in terms of likelihood exposures and impact on the Company's business and the management action plans to manage these risks on a continuing basis.

The Company established the three lines of Defence concept: operational management (1st defence), ERM & Compliance Assurance Department (2nd defence) and internal audit (3rd defence). The risk taking units are the Operational management who manage the day-to-day management of risks inherent in their business activities, while the risk control units are responsible for setting the risk management framework and monitoring all risks identified by the risk owners. Complementing this is the internal audit, which provides independent assurance of the effectiveness of the risk management approach and controls.

The effectiveness of risk management will be regularly reported to and acted upon by the Board through the RMC-B.

34 INSURANCE RISK

The Company underwrites various general insurance contracts, which are mostly on an annual coverage and annual premium basis. The exception being short term policies such as Travellers' Personal Accident and Marine Cargo which covers the duration in which the cargo is being transported. The Company also underwrites some non-annual policies with coverage period more than one year such as Contractor's All Risk and Workmen Compensation. The majority of the insurance business underwritten by the Company is Motor, Fire and Personal Accident. Other lines of business underwritten include Engineering, Workmen Compensation, Marine Cargo/Hull, Liability, Health and other miscellaneous classes.

Insurance risk is the inherent uncertainty regarding the occurrence, amount or timing of insurance liabilities. Insurance contracts transfer risk to the Company by indemnifying the policyholders against adverse effects arising from the occurrence of specified uncertain future events. The principal risk the Company faces under insurance contracts is that the actual claims and benefit payments may differ significantly from expectations. The factors that contribute to the risks are the fluctuations in timing, frequency and severity of claims, as well as the adequacy of premiums and reserves.

The Company may also be exposed to risks arising from climate changes, natural disasters and terrorism activities. For longer tail claims that take some years to settle, there is also inflation risk.

34 INSURANCE RISK (CONTINUED)

The Company's primary objective of managing insurance risk is to enhance the long-term financial viability of the business. This includes sustainable growth in profitability, strong asset quality and optimisation of shareholders' value. The Company seeks to underwrite only risk that it understands and that provide an opportunity to earn an acceptable profit.

The Company's underwriting strategy is intended to ensure that the risks underwritten are well diversified across a large portfolio of insurance contracts and geographical areas. Strategic underwriting guidelines are designed and implemented to ensure that the risks accepted are managed in line with the Company's philosophy of prudent underwriting.

The Company adopts the following measures to manage insurance risks:

- An underwriting policy that aims to take advantage of its competitive strengths while avoiding volatile risks to ensure underwriting profitability. Acceptance of risk is guided by a set of underwriting guidelines with limits on underwriting capacity and retention.

- Authorities to individual underwriters are based on their specific areas of expertise.

- The Company has in place a claims management and control system to pay claims and control claims leakages and fraud. The Company has a claim review policy to access all new and ongoing claims as well as claims handling procedures. Investigations of suspected fraudulent claims are put in place to reduce the risk exposure of the Company. The Company further enforces a policy of actively managing and promptly pursuing claims, in order to reduce its exposure to unpredictable future developments that can negatively impact the business. Inflation risk is mitigated by taking expected inflation into account when estimating insurance contract liabilities.

- The Company purchases reinsurance protection as part of its risks mitigation programme. The objectives are to provide sufficient capacity in underwriting business while protecting the Company's financial position and optimising its capital efficiency. Reinsurance is ceded on proportional and non-proportional basis. The Company's placement of reinsurance is diversified such that it is neither dependent on a single reinsurer nor are the operations of the Company substantially dependent upon any single reinsurance contract. The selection of reinsurers on its treaty and facultative programmes are based on their excellent security ratings and local regulatory requirements.

34 INSURANCE RISK (CONTINUED)

The table below sets out the concentration of general insurance business by class of business.

	Period Ended December 2014			Year Ended March 2014		
	Gross premiums	Re-insurance premiums ceded	Net premiums	Gross premiums	Re-insurance premiums ceded	Net Premiums
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Motor	322,012	(57,821)	264,191	408,687	(92,372)	316,315
Fire	51,319	(32,802)	18,517	55,186	(35,373)	19,813
Marine, Aviation and Transit	8,220	(6,130)	2,090	9,603	(7,597)	2,006
Miscellaneous	38,267	(15,036)	23,231	56,394	(20,095)	36,299
	419,818	(111,789)	308,029	529,870	(155,437)	374,433

The table below sets out the concentration of general insurance contract liabilities by class of business:

	31.12.2014			31.3.2014		
	Gross	Re-insurance	Net	Gross	Re-insurance	Net
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Motor	594,111	(108,967)	485,144	568,187	(122,365)	445,822
Fire	71,435	(50,959)	20,476	57,551	(42,153)	15,398
Marine, Aviation and Transit	12,098	(8,014)	4,084	11,290	(8,452)	2,837
Miscellaneous	76,342	(38,295)	38,047	72,753	(38,508)	34,246
	753,986	(206,235)	547,751	709,781	(211,478)	498,303

34 INSURANCE RISK (CONTINUED)

Key assumptions

The principal assumptions underlying the estimate of liabilities is that the Company's future claims development will follow a similar pattern to past claims development experience. This includes assumptions in respect of loss development pattern and loss ratio movement.

Additional qualitative judgement are used to assess the extent to which past trends may not apply in the future, for example, isolated occurrence, changes in market factors such as public attitude to claiming, economic conditions, as well as internal factors, such as, portfolio mix, policy conditions and claims handling procedures. Judgement is further used to assess the extent to which external factors, such as, judicial decisions and government legislation affect the estimates.

Other key circumstances affecting the reliability of assumptions include variation in interest rates, delays in settlement and changes in foreign currency rates. Implicit inflation is allowed for future claims to the extent evident in past claims development.

The Company has based its risk margin for adverse deviation for the reserves for unexpired risks and insurance claims at a minimum 75% of sufficiency, according to the requirement set by BNM under the RBC Framework.

Sensitivities

The risks inherent in general insurance contracts are reflected in the insurance contract liabilities which include the premium and claims liabilities, as set out under Note 16 to the financial statements. Premium liabilities comprise reserves for unexpired risks, whilst claims liabilities comprise loss reserves which include provisions for both outstanding claims notified and outstanding claims incurred but not reported.

Outstanding claims provisions are usually established by skilled claims personnel based upon their experience and knowledge, and known facts of individual claims at hand. The ultimate cost of outstanding claims is estimated by using a range of standard actuarial claims projection techniques, such as the Chain Ladder and Bornhuetter-Ferguson ("BF") methods. The main assumption underlying these techniques is that past claims development experience can be used to project future claims development and hence ultimate claims costs. As such, these methods extrapolate the development of paid and incurred losses based upon past development patterns including the implicit underlying trends. The BF methods which tend to be more stable and the more preferred methods also require the input of initial expected loss ratios ("IELRs") which usually are based upon past claims experience.

Thus, general insurance contract liabilities are normally determined based on previous claims experience, existing knowledge of events, the terms and conditions of the relevant policies and interpretation of circumstances. Of particular relevance is past experience with similar cases, historical claims development trends, legislation changes, judicial decisions, economic conditions and claims handling procedures.

34 INSURANCE RISK (CONTINUED)

Sensitivities (continued)

However, additional qualitative judgements are also used to assess the extent to which past trends may not apply in the future, for example, isolated occurrence, changes in market factors such as public attitude to claiming, economic conditions, as well as internal factors, such as, portfolio mix, policy conditions and claims handling procedures. Judgement is further used to assess the extent to which external factors, such as judicial decisions and government legislation affect the estimates. The estimates of the general insurance contract liabilities are therefore sensitive to various factors and uncertainties and the actual future premium and claims liabilities may not develop exactly as projected and could vary significantly from initial estimates. To increase the probability that the estimates would ultimately be adequate, provisions for adverse deviations are also included in the estimates.

IELRs is an important assumption in the BF estimation technique. Increasing the IELRs by 10% yields the following impact:

	Change in assumptions	Impact on gross liabilities	Impact on net liabilities	Impact on profit before tax	Impact on equity*
		RM'000	RM'000	RM'000	RM'000
31 December 2014		Increase/(Decrease)			
Initial expected loss ratios	+10%	7,888	6,319	(6,319)	(4,739)
31 March 2014					
Initial expected loss ratios	+10%	7,976	6,501	(6,501)	(4,876)

* Impact on equity reflects adjustments for tax, when applicable

The method used for deriving sensitivity information and significant assumptions did not change from the previous financial year.

Claims development tables

The following tables show the estimate of cumulative incurred claims, including both claims notified and IBNR for each successive accident year at the end of each date of statement of financial position, together with cumulative payment to date.

In setting provisions for claims, the Company gives consideration to the probability and magnitude of future experience being more adverse than assumed and exercises a degree of caution in setting reserves when there is considerable uncertainty. In general, the uncertainty associated with the ultimate claims experience in an accident year is greatest when the accident year is at an early stage of development and the margin necessary to provide the necessary confidence in adequacy of provision is relatively at its highest. As claims develop and the ultimate cost of claims becomes more certain, the relative level of margin maintained should decrease.

The management believes that the estimate of total claims outstanding as of the reporting date is adequate. However, due to the inherent uncertainties in the reserving process, it cannot be assured that such balances will ultimately prove to be adequate.

34 INSURANCE RISK (CONTINUED)

Gross claims liabilities for 31 December 2014:

Motor

Accident year/period	2008 RM'000	2009 RM'000	2010 RM'000	2011 RM'000	2012 RM'000	2013 RM'000	2014 RM'000	2014* RM'000	Total RM'000
At end of accident year/period	147,913	168,608	194,102	182,953	173,517	185,738	200,296	140,512	
One year later	166,700	206,920	221,067	209,077	200,049	223,498	230,659		
Two years later	185,532	215,856	225,126	216,014	210,247	230,648			
Three years later	188,403	215,460	223,995	212,452	209,640				
Four years later	187,432	215,506	220,709	207,119					
Five years later	187,161	214,285	220,154						
Six years later	185,885	212,890							
Seven years later	185,601								
Current estimate of cumulative claims incurred	185,601	212,890	220,154	207,119	209,640	230,648	230,659	140,512	1,637,223
At end of accident year/period	81,545	87,559	81,559	83,477	86,761	89,033	96,410	56,813	
One year later	144,501	163,234	169,655	156,411	158,219	174,936	172,618		
Two years later	160,606	189,334	197,539	185,001	187,038	201,899			
Three years later	175,858	205,353	211,270	194,737	193,640				
Four years later	183,097	210,255	214,737	198,401					
Five years later	184,296	210,828	215,249						
Six years later	185,087	211,034							
Seven years later	185,419								
Cumulative payment to-date	185,419	211,034	215,249	198,401	193,640	201,899	172,618	56,813	1,435,073

* The diagonal for 31 December 2014 is based on a 9-months analysis as at 31 December 2014.

34 INSURANCE RISK (CONTINUED)

Gross claims liabilities for 31 December 2014 (continued):

Motor

Accident year/period	Before 2007 RM'000	2008 RM'000	2009 RM'000	2010 RM'000	2011 RM'000	2012 RM'000	2013 RM'000	2014 RM'000	2014* RM'000	Total RM'000
Gross Motor insurance outstanding liabilities (direct and facultative)	1,714	182	1,856	4,905	8,718	16,000	28,749	58,041	83,699	203,864
Gross IBNR	-	-	-	-	-	174	3,507	18,079	56,082	77,842
Gross Motor insurance outstanding liabilities(treaty inwards)										58,665
Best estimates of claims liabilities										340,371
Claims handling expenses										10,959
PRAD at 75% confidence level										24,561
Gross Motor insurance contract claims liabilities per statement of financial position										375,891

* The diagonal for 31 December 2014 is based on a 9-months analysis as at 31 December 2014.

34 INSURANCE RISK (CONTINUED)

Gross claims liabilities for 31 December 2014 (continued):

Non-motor

Accident year/period	2008 RM'000	2009 RM'000	2010 RM'000	2011 RM'000	2012 RM'000	2013 RM'000	2014 RM'000	2014* RM'000	Total RM'000
At end of accident year/period	22,146	54,951	33,246	48,968	30,625	28,921	29,435	17,792	
One year later	31,609	66,561	39,811	51,988	30,322	29,750	31,366		
Two years later	27,030	57,084	39,288	47,938	27,441	30,282			
Three years later	25,946	54,923	36,916	46,903	27,368				
Four years later	25,066	54,229	37,789	47,315					
Five years later	25,245	53,874	33,629						
Six years later	24,905	51,568							
Seven years later	24,817								
Current estimate of cumulative claims incurred	24,817	51,568	33,629	47,315	27,368	30,282	31,366	17,792	264,137
At end of accident year/period	10,962	8,563	7,812	16,798	7,045	7,108	7,281	5,403	
One year later	21,875	35,280	22,660	33,182	14,435	15,738	16,777		
Two years later	23,427	41,135	26,270	38,463	18,389	18,167			
Three years later	23,748	43,195	27,235	40,389	18,757				
Four years later	24,179	44,428	27,948	42,029					
Five years later	24,783	45,435	28,191						
Six years later	24,811	45,516							
Seven years later	24,817								
Cumulative payment to-date	24,817	45,516	28,191	42,029	18,757	18,167	16,777	5,403	199,657

* The diagonal for 31 December 2014 is based on a 9-months analysis as at 31 December 2014.

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2014 (CONTINUED)

34 INSURANCE RISK (CONTINUED)

Gross claims liabilities for 31 December 2014 (continued):

Non-motor

Accident year/period	Before 2007 RM'000	2008 RM'000	2009 RM'000	2010 RM'000	2011 RM'000	2012 RM'000	2013 RM'000	2014 RM'000	2014* RM'000	Total RM'000
Gross Non-Motor insurance outstanding liabilities (direct and facultative)	11,488	-	6,052	5,438	5,286	8,611	12,115	14,589	12,389	75,968
Gross IBNR	-	-	-	-	21	29	152	837	17,718	18,757
Gross Non-Motor insurance outstanding liabilities (treaty inwards)										2,725
Best estimates of claims liabilities										97,450
Claims handling expenses										2,907
PRAD at 75% confidence level										4,951
Gross Non-Motor insurance contract claims liabilities per statement of financial position										105,308

* The diagonal for 31 December 2014 is based on a 9-months analysis as at 31 December 2014.

34 INSURANCE RISK (CONTINUED)

Net claims liabilities for 31 December 2014:

Motor

Accident year/period	Before 2008 RM'000	2009 RM'000	2010 RM'000	2011 RM'000	2012 RM'000	2013 RM'000	2014 RM'000	2014* RM'000	Total RM'000
At end of accident year/period	143,308	163,687	188,461	139,228	101,035	134,945	157,374	111,656	
One year later	160,414	199,354	212,884	151,573	116,581	161,673	178,852		
Two years later	178,382	205,874	216,541	156,638	122,043	166,744			
Three years later	180,634	205,446	215,717	153,578	122,216				
Four years later	179,990	205,037	212,730	150,077					
Five years later	179,746	203,903	212,197						
Six years later	178,520	202,439							
Seven years later	178,247								
Current estimate of cumulative claims incurred	178,247	202,439	212,197	150,077	122,216	166,744	178,852	111,656	1,322,428
At end of accident year/period	78,664	84,990	79,440	67,028	48,018	63,562	74,509	44,973	
One year later	139,102	157,425	164,121	114,818	91,985	127,167	133,619		
Two years later	154,564	182,162	190,753	135,176	108,772	145,962			
Three years later	169,205	195,933	203,674	141,505	112,765				
Four years later	175,845	200,170	207,002	143,883					
Five years later	176,995	200,718	207,494						
Six years later	177,753	200,878							
Seven years later	178,072								
Cumulative payment to-date	178,072	200,878	207,494	143,883	112,765	145,962	133,619	44,973	1,167,646

* The diagonal for 31 December 2014 is based on a 9-months analysis as at 31 December 2014.

34 INSURANCE RISK (CONTINUED)

Net claims liabilities for 31 December 2014 (continued):

Motor

Accident year/period	Before 2007 RM'000	2008 RM'000	2009 RM'000	2010 RM'000	2011 RM'000	2012 RM'000	2013 RM'000	2014 RM'000	2014* RM'000	Total RM'000
Net Motor insurance outstanding liabilities (direct and facultative)	1,164	175	1,561	4,703	6,194	9,451	20,782	45,233	66,683	155,946
Net IBNR	-	-	-	-	-	57	1,943	14,268	44,319	60,587
Net Motor insurance outstanding liabilities (treaty inward)										58,665
Best estimates of claims liabilities										275,198
Claims handling expenses										8,867
PRAD at 75% confidence level										19,894
Net Motor insurance contract claims liabilities per statement of financial position										303,959

* The diagonal for 31 December 2014 is based on a 9-months analysis as at 31 December 2014.

34 INSURANCE RISK (CONTINUED)

Net claims liabilities for 31 December 2014:

Non-motor

Accident year/period	Before 2008 RM'000	2009 RM'000	2010 RM'000	2011 RM'000	2012 RM'000	2013 RM'000	2014 RM'000	2014* RM'000	Total RM'000
At end of accident year/period	17,994	23,531	21,734	18,590	13,563	12,617	13,637	10,460	
One year later	18,765	24,662	21,103	17,898	12,902	13,558	14,941		
Two years later	18,173	25,165	20,135	16,541	11,978	13,689			
Three years later	18,024	24,552	19,147	16,992	11,983				
Four years later	17,767	23,797	18,830	16,976					
Five years later	17,789	23,878	18,435						
Six years later	17,584	24,189							
Seven years later	17,546								
Current estimate of cumulative claims incurred	17,546	24,189	18,435	16,976	11,983	13,689	14,941	10,460	128,219
At end of accident year/period	8,478	6,670	6,978	5,564	4,587	4,544	5,509	4,228	
One year later	15,977	17,776	14,771	12,927	8,925	9,671	9,871		
Two years later	17,066	21,194	16,677	14,452	10,114	10,579			
Three years later	17,780	22,079	17,081	15,025	10,286				
Four years later	17,422	23,015	17,170	15,186					
Five years later	17,540	23,100	17,293						
Six years later	17,544	23,034							
Seven years later	17,546								
Cumulative payment to-date	17,546	23,034	17,293	15,186	10,286	10,579	9,871	4,228	108,023

* The diagonal for 31 December 2014 is based on a 9-months analysis as at 31 December 2014.

34 INSURANCE RISK (CONTINUED)

Net claims liabilities for 31 December 2014 (continued):

Non-motor

Accident year/period	2007 RM'000	2008 RM'000	2009 RM'000	2010 RM'000	2011 RM'000	2012 RM'000	2013 RM'000	2014 RM'000	2014* RM'000	Total RM'000
Net Non-Motor insurance outstanding liabilities (direct and facultative)	987	-	1,155	1,142	1,790	1,697	3,110	5,070	6,232	21,183
Net IBNR		-	-	-	15	30	106	320	4,048	4,519
Net Non-Motor insurance outstanding liabilities (treaty inwards)										2,725
Best estimates of claims liabilities										28,427
Claims handling expenses										804
PRAD at 75% confidence level										2,044
Net Non-Motor insurance contract claims liabilities per statement of financial position										31,275

* The diagonal for 31 December 2014 is based on a 9-months analysis as at 31 December 2014.

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2014 (CONTINUED)

34 INSURANCE RISK (CONTINUED)

Gross claims liabilities for 31 March 2014:

Motor

Accident year	2007 RM'000	2008 RM'000	2009 RM'000	2010 RM'000	2011 RM'000	2012 RM'000	2013 RM'000	2014 RM'000	Total RM'000
At end of accident year	150,528	147,913	168,608	194,102	182,953	173,517	185,738	200,296	
One year later	164,980	186,700	206,920	221,067	209,077	200,049	223,498		
Two years later	171,121	185,532	215,856	225,128	216,014	210,247			
Three years later	185,713	188,403	215,460	223,995	212,452				
Four years later	188,882	187,432	215,508	220,709					
Five years later	188,250	187,161	214,285						
Six years later	186,801	185,885							
Seven years later	187,738								
Current estimate of cumulative claims incurred	187,738	185,885	214,285	220,709	212,452	210,247	223,498	200,296	1,655,110
At end of accident year	83,438	81,545	87,559	81,559	83,477	86,781	89,033	96,410	
One year later	141,907	144,501	183,234	169,655	156,411	158,219	174,936		
Two years later	152,318	160,606	189,334	197,539	185,001	187,038			
Three years later	168,290	175,858	205,353	211,270	194,737				
Four years later	181,842	183,097	210,255	214,737					
Five years later	184,516	184,298	210,828						
Six years later	185,958	185,087							
Seven years later	187,158								
Cumulative payment to-date	187,158	185,087	210,828	214,737	194,737	187,038	174,936	96,410	1,450,931

34 INSURANCE RISK (CONTINUED)

Gross claims liabilities for 31 March 2014 (continued):

Motor

Accident year	Before 2006 RM'000	2007 RM'000	2008 RM'000	2009 RM'000	2010 RM'000	2011 RM'000	2012 RM'000	2013 RM'000	2014 RM'000	Total RM'000
Gross Motor insurance outstanding liabilities (direct and facultative)	2,267	580	798	3,457	5,972	17,715	23,209	48,562	103,886	206,446
Gross IBNR	-	-	-	-	-	108	743	9,366	53,594	63,811
Gross Motor insurance outstanding liabilities(treaty inwards)										51,822
Best estimates of claims liabilities										322,079
Claims handling expenses										10,019
PRAD at 75% confidence level										27,641
Gross Motor insurance contract claims liabilities per statement of financial position										359,739

34 INSURANCE RISK (CONTINUED)

Non-motor

Accident year	2007 RM'000	2008 RM'000	2009 RM'000	2010 RM'000	2011 RM'000	2012 RM'000	2013 RM'000	2014 RM'000	Total RM'000
At end of accident year	25,758	22,146	54,951	33,246	48,968	30,625	28,921	29,435	
One year later	30,863	31,609	66,561	39,811	51,988	30,322	29,750		
Two years later	30,186	27,030	57,084	39,288	47,938	27,441			
Three years later	29,622	25,946	54,923	36,916	46,903				
Four years later	30,056	25,066	54,229	37,789					
Five years later	30,084	25,245	53,874						
Six years later	29,847	24,905							
Seven years later	30,055								
Current estimate of cumulative claims incurred	30,055	24,905	53,874	37,789	46,903	27,441	29,750	29,435	280,152
At end of accident year	13,834	10,962	8,563	7,812	16,798	7,045	7,108	7,281	
One year later	23,759	21,875	35,280	22,660	33,182	14,435	15,738		
Two years later	27,152	23,427	41,135	26,270	38,463	18,389			
Three years later	28,470	23,748	43,195	27,235	40,389				
Four years later	28,673	24,179	44,428	27,948					
Five years later	28,877	24,783	45,435						
Six years later	29,166	24,811							
Seven years later	29,579								
Cumulative payment to-date	29,579	24,811	45,435	27,948	40,389	18,389	15,738	7,281	209,570

34 INSURANCE RISK (CONTINUED)

Gross claims liabilities for 31 March 2014 (continued):

Non-motor

Accident year	Before 2006 RM'000	2007 RM'000	2008 RM'000	2009 RM'000	2010 RM'000	2011 RM'000	2012 RM'000	2013 RM'000	2014 RM'000	Total RM'000
Gross Non-Motor insurance outstanding liabilities (direct and facultative)	12,108	476	94	8,439	9,841	6,514	9,052	14,012	22,154	82,691
Gross IBNR	-	-	-	-	-	-	-	-	1,763	1,763
Gross Non-Motor insurance outstanding liabilities (treaty inwards)										2,636
Best estimates of claims liabilities										87,090
Claims handling expenses										2,224
PRAD at 75% confidence level										4,688
Gross Non-Motor insurance contract claims liabilities per statement of financial position										94,002

UNI.ASIA GENERAL INSURANCE BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2014 (CONTINUED)

34 INSURANCE RISK (CONTINUED)

Net claims liabilities for 31 March 2014:

Motor

Accident year	Before 2007 RM'000	2008 RM'000	2009 RM'000	2010 RM'000	2011 RM'000	2012 RM'000	2013 RM'000	2014 RM'000	Total RM'000
At end of accident year	145,824	143,308	163,687	188,461	139,228	101,035	134,945	157,374	
One year later	158,083	160,414	199,354	212,884	151,573	116,581	161,673		
Two years later	163,587	178,382	205,874	216,541	156,638	122,043			
Three years later	176,497	180,634	205,446	215,717	153,578				
Four years later	178,973	179,990	205,037	212,730					
Five years later	178,537	179,746	203,903						
Six years later	177,337	178,520							
Seven years later	177,697								
Current estimate of cumulative claims incurred	177,697	178,520	203,903	212,730	153,578	122,043	161,673	157,374	1,367,518
At end of accident year	80,871	78,664	84,990	79,440	67,028	48,018	63,562	74,509	
One year later	137,003	139,102	157,425	164,121	114,818	91,985	127,167		
Two years later	146,998	154,564	182,162	190,753	135,176	108,772			
Three years later	180,676	169,205	195,933	203,674	141,505				
Four years later	172,596	175,845	200,170	207,002					
Five years later	175,163	176,995	200,718						
Six years later	176,538	177,753							
Seven years later	177,221								
Cumulative payment to-date	177,221	177,753	200,718	207,002	141,505	108,772	127,167	74,509	1,214,647

34 INSURANCE RISK (CONTINUED)

Net claims liabilities for 31 March 2014 (continued):

Motor

Accident year	Before 2006 RM'000	2007 RM'000	2008 RM'000	2009 RM'000	2010 RM'000	2011 RM'000	2012 RM'000	2013 RM'000	2014 RM'000	Total RM'000
Net Motor insurance outstanding liabilities (direct and facultative)	1,613	476	767	3,185	5,728	12,073	13,271	34,506	82,865	154,484
Net IBNR	-	-	-	-	-	99	345	5,932	41,394	47,770
Net Motor insurance outstanding liabilities (treaty inward)										51,822
Best estimates of claims liabilities										254,076
Claims handling expenses										7,867
PRAD at 75% confidence level										20,166
Net Motor insurance contract claims liabilities per statement of financial position										282,109

UNI.ASIA GENERAL INSURANCE BERHAD
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NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2014 (CONTINUED)

34 INSURANCE RISK (CONTINUED)

Net claims liabilities for 31 March 2014:

Non-motor

Accident year	Before 2007 RM'000	2008 RM'000	2009 RM'000	2010 RM'000	2011 RM'000	2012 RM'000	2013 RM'000	2014 RM'000	Total RM'000
At end of accident year	19,168	17,994	23,531	21,374	18,590	13,563	12,617	13,637	
One year later	19,132	18,765	24,662	21,103	17,898	12,902	13,558		
Two years later	18,600	18,173	25,165	20,135	16,541	11,976			
Three years later	18,368	18,024	24,552	19,147	16,992				
Four years later	18,490	17,767	23,797	18,830					
Five years later	18,415	17,789	23,878						
Six years later	18,002	17,584							
Seven years later	17,998								
Current estimate of cumulative claims incurred	17,998	17,584	23,878	18,830	16,992	11,976	13,558	13,637	134,453
At end of accident year	8,645	8,478	6,670	6,978	5,564	4,587	4,544	5,509	
One year later	15,720	15,977	17,776	14,771	12,927	8,925	9,671		
Two years later	17,036	17,066	21,194	16,677	14,452	10,114			
Three years later	17,466	17,780	22,079	17,081	15,025				
Four years later	17,576	17,422	23,015	17,170					
Five years later	17,744	17,540	23,100						
Six years later	17,798	17,544							
Seven years later	17,975								
Cumulative payment to-date	17,975	17,544	23,100	17,170	15,025	10,114	9,671	5,509	116,108

34 INSURANCE RISK (CONTINUED)

Net claims liabilities for 31 March 2014 (continued):

Non-motor

Accident year	2006 RM'000	2007 RM'000	2008 RM'000	2009 RM'000	2010 RM'000	2011 RM'000	2012 RM'000	2013 RM'000	2014 RM'000	Total RM'000
Net Non-Motor insurance outstanding liabilities (direct and facultative)	1,036	23	40	778	1,660	1,967	1,862	3,887	8,128	19,381
Net IBNR		-	-	-	-	-	-	-	602	602
Net Non-Motor insurance outstanding liabilities (treaty inwards)										2,636
Best estimates of claims liabilities										22,619
Claims handling expenses										582
PRAD at 75% confidence level										2,280
Net Non-Motor insurance contract claims liabilities per statement of financial position										25,481

35 FINANCIAL RISK

Financial risk management objectives and policies

The Company's activities expose it to a variety of financial risks, including credit risk, market risk, interest rate risk, liquidity and cash flow risk. The Company's overall financial risk management objective is to ensure that the Company creates value for its shareholders. The Company focuses on the unpredictability of financial markets and seek to minimise potential adverse effects on the financial performance of the Company. Financial risk management is carried out through risk reviews and internal control systems.

The Company is guided by risk management policies which set out the overall business strategies and the general risk management philosophy. The Company has established internal processes to monitor the risks on an ongoing basis.

The policies and measures taken by the Company to manage these risks are set out below.

Credit risk

Credit risk is the potential financial loss resulting from the failure of a customer, an intermediary or counter party to honour its obligations to the Company as and when they fall due.

The Company's primarily exposure to credit risks arises through its investment in fixed income securities, receivables arising from sales of insurance policies and obligations of reinsurers through reinsurance contracts. The Company's policy is to maintain a diversified portfolio of investments in government guaranteed and minimum 'A' rated financial instruments issued by companies with strong credit ratings.

Cash and deposits are generally placed with banks and financial institutions licensed under the Financial Services Act, 2013 which are regulated by Bank Negara Malaysia.

The Company monitors the credit quality and financial conditions of its reinsurers on an ongoing basis and reviews its reinsurance arrangements periodically. The Company typically cedes business to regulated reinsurers that have a good credit rating and concentration of risk is avoided by adhering to policy guidelines in respect of counterparties' limit that are set each year by the Board of Directors. When selecting its reinsurers, the Company consider their relative financial security. The securities of the reinsurers are assessed based on public rating information and annual report.

The Company's credit risk exposure to insurance receivables is from its appointed agents, brokers and other intermediaries. The risk arises where these parties collect premiums from customers to be paid to the Company. The Company has policies to monitor credit risk from these receivables on monthly meeting by Credit Control Committee and Credit Control Department and Business Unit in monitoring on the outstanding position. The Company also has guidelines to evaluate intermediaries before their appointment as well as setting credit limits to these appointees.

35 FINANCIAL RISK (CONTINUED)

Credit exposure

The table below shows the maximum exposure to credit risk for the components on the statement of financial position.

	31.12.2014 RM'000	31.3.2014 RM'000
Available-for-sale financial assets	132,562	172,955
Reinsurance assets - excluding premium liabilities - reinsurance	145,965	146,151
Loans and receivables - excluding prepayments	781,020	663,003
Insurance receivables - excluding deferred reinsurance premium	37,778	34,761
Cash and short term deposits	15,828	7,413
	1,113,153	1,024,283

Credit exposure by credit quality

The table below provides information regarding the credit risk exposure of the Company by classifying assets according to the Company's credit ratings of counterparties.

	Neither past due nor impaired/ investment grade RM'000	Past due but not impaired RM'000	Past due and impaired RM'000	Total RM'000
31 December 2014				
Available-for-sale financial assets	132,562	-	-	132,562
Reinsurance assets, excluding premium liabilities - reinsurance	145,965	-	-	145,965
Loans and receivables, excluding prepayments	781,020	-	-	781,020
Insurance receivables, excluding deferred reinsurance premium	14,293	23,485	7,889	45,667
Cash and short term deposits	15,828	-	-	15,828
	1,089,668	23,485	7,889	1,121,042
Allowance for impairment	-	-	(7,889)	(7,889)
	1,089,668	23,485	-	1,113,153

35 FINANCIAL RISK (CONTINUED)

Credit exposure by credit quality (continued)

	Neither past due nor impaired/ investment grade	Past due but not impaired	Past due and impaired	Total
	RM'000	RM'000	RM'000	RM'000
31 March 2014				
Available-for-sale financial assets	172,920	-	1,044	173,964
Reinsurance assets, excluding premium liabilities - reinsurance	146,151	-	-	146,151
Loans and receivables, excluding prepayments	663,003	-	-	663,003
Insurance receivables, excluding deferred reinsurance premium	8,106	26,655	4,970	39,731
Cash and short term deposits	7,413	-	-	7,413
	997,593	26,655	6,014	1,030,262
Allowance for impairment	-	-	(5,979)	(5,979)
	997,593	26,655	35	1,024,283

35 FINANCIAL RISK (CONTINUED)

The table below provides information regarding the credit risk exposure of the Company by classifying assets according to the Rating Agency of Malaysia ("RAM") or Malaysian Rating Corporation Berhad's ("MARC") credit ratings of counterparties. AAA is the highest possible rating.

	Government Guaranteed	AAA	AA	A	BBB	B	D	Unrated	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
31 December 2014									
Available-for-sale financial assets	6,567	60,784	50,025	-	-	-	-	15,186	132,562
Reinsurance assets, excluding premium liabilities - reinsurance	-	-	35,928	38,622	69	1,840	-	69,506	145,965
Loans and receivables, excluding prepayments	-	512,768	117,988	60,302	-	-	-	89,962	781,020
Insurance receivables, excluding deferred reinsurance premium	-	1,237	189	5,440	21	530	-	30,361	37,778
Cash and short term deposits	-	-	1,588	4,626	-	-	-	9,614	15,828
	6,567	574,789	205,718	108,990	90	2,370	-	214,629	1,113,153

	Government Guaranteed	AAA	AA	A	BBB	B	D	Unrated	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
31 March 2014									
Available-for-sale financial assets	6,178	100,559	50,547	-	-		35	15,636	172,955
Reinsurance assets, excluding premium liabilities - reinsurance	-	-	49,977	60,966	-	1,712	-	33,496	146,151
Loans and receivables, excluding prepayments	-	297,030	116,271	158,333	-	-	-	91,369	663,003
Insurance receivables, excluding deferred reinsurance premium	-	2,643	82	1,473	-	2,005	-	28,558	34,761
Cash and short term deposits	-	452	2,358	4,546	-	-	-	57	7,413
	6,178	400,684	219,235	225,318	-	3,717	35	169,116	1,024,283

35 FINANCIAL RISK (CONTINUED)

Age analysis of financial assets past due but not impaired

A financial asset is deemed past due when the counterparty has failed to make payment when the outstanding amounts are contractually due.

	31 – 60 days RM'000	61 – 90 days RM'000	91- 180 days RM'000	> 180 days RM'000	Total RM'000
31 December 2014					
Insurance receivables	10,644	2,088	5,875	4,878	23,485
31 March 2014					
Insurance receivables	4,099	2,266	12,039	8,251	26,655

Age analysis of financial assets past due and impaired

At 31 December 2014, based on a combination of collective and individual assessment of receivables, there are impaired insurance receivables of RM7,889,000 (31 March 2014: RM4,970,000). For assets to be classified as "past due and impaired", contractual payment must be in arrears for more than 90 days. No collateral is held as security for any past due or impaired assets. The Company records impairment for insurance receivables in separate "allowance for impairment" accounts. A reconciliation of the impairment losses for insurance receivables is as follows:

	RM'000
At 1 April 2013	6,205
Movement during the financial year (Note 27)	
- Individual impairment	(12)
Written off during the financial year	(1,223)
At 31 March 2014	4,970
Movement during the financial period (Note 27)	
- Individual impairment	2,223
- Collective impairment	696
At 31 December 2014	7,889

At 31 December 2014, there is an impaired available-for-sale financial asset of nil (31 March 2014: RM1,009,000). A reconciliation of the impairment loss of the available-for-sale financial asset is as follows:

	RM'000
At 1 April 2013	1,009
Movement during the financial year	-
At 31 March 2014	1,009
Movement during the financial period	(1,009)
At 31 December 2014	-

35 FINANCIAL RISK (CONTINUED)

Liquidity risk

Liquidity risk is the risk that the Company may not have sufficient liquid financial resources to meet their obligations when they fall due, or would have to incur excessive cost to do so. In respect of catastrophic events, there is also liquidity risk associated with the timing differences between gross cash outflows and expected reinsurance recoveries. The Company's policy is to maintain adequate liquidity to meet the liquidity needs under normal and stressed conditions.

The following policies and procedures are in place to mitigate the Company's exposure to liquidity risk:

- The Company wide liquidity risk management policy setting out the assessment and determination of what constitutes liquidity risk for the Company is established. Compliance with the policy is monitored and reported monthly and exposures and breaches are reported to the Company's Risk Management Committee ("RMC") as soon as possible. The Company's Risk Management Committee and Investment Committee are the primary parties responsible for liquidity management based on guidelines approved by the Board.

- There are guidelines on asset allocations, portfolio limit structures and maturity profiles of assets, in order to ensure sufficient funding is available to meet insurance and investment contract obligations. As part of liquidity management, the Company maintains sufficient level of cash and cash equivalents to meet expected and to a lesser extent unexpected outflows.

- Setting up contingency funding plans which specify minimum proportions of fund to meet emergency calls as well as specifying events that would trigger such plans. The Company's contingency funding plans include funding from the parent Company.

- The Company's treaty reinsurance contract contains a "cash call" clause permitting the Company to make cash call on claim and receive immediate payment for a large loss without waiting for usual periodic payment procedures to occur.

Maturity profiles

The table below summarises the maturity profile of the financial assets and financial liabilities of the Company based on remaining undiscounted contractual obligations.

For insurance contract liabilities and reinsurance assets, maturity profiles are determined based on estimated timing of net cash outflows from recognised insurance liabilities. Premium liabilities and the reinsurers' share of premium liabilities have been excluded from the analysis as these are not contractual obligations.

35 FINANCIAL RISK (CONTINUED)

Maturity profiles (continued)

31 December 2014	Carrying value	Up to a year*	1 to 3 years	3 to 5 years	Over 5 years	No maturity date	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Available-for-sale financial assets	132,639	42,302	16,138	17,192	98,804	77	174,513
Reinsurance assets, excluding premium liabilities - reinsurance	145,965	53,400	77,691	12,558	2,316	-	145,965
Loans and receivables, excluding prepayments	781,020	716,628	36	20	62,964	1,511	781,159
Insurance receivables, excluding deferred reinsurance premiums	37,778	37,778	-	-	-	-	37,778
Cash and cash equivalents	15,828	15,828	-	-	-	-	15,828
Total financial assets	1,113,230	865,936	93,865	29,770	164,084	1,588	1,155,243
Claims liabilities	481,199	195,739	253,586	26,570	5,304	-	481,199
Insurance payables, excluding deferred premiums and commission	79,405	79,405	-	-	-	-	79,405
Post-employment benefit	787	787	-	-	-	-	787
Other payables	57,046	56,312	449	285	-	-	57,046
Total financial liabilities	618,437	332,243	254,035	26,855	5,304	-	618,437

* Expected utilisation or settlement is within 12 months from the reporting date.

35 FINANCIAL RISK (CONTINUED)

Maturity profiles (continued)

31 March 2014	Carrying value	Up to a year*	1 to 3 years	3 to 5 years	Over 5 years	No maturity date	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Available-for-sale financial assets	172,993	49,968	52,970	17,208	99,109	73	219,328
Reinsurance assets, excluding premium liabilities - reinsurance	146,151	50,289	81,304	10,918	3,640	-	146,151
Loans and receivables, excluding prepayments	663,003	619,666	283	59	52,558	1,125	673,691
Insurance receivables, excluding deferred reinsurance premiums	34,761	34,761	-	-	-	-	34,761
Cash and cash equivalents	7,413	7,413	-	-	-	-	7,413
Total financial assets	1,024,321	762,097	134,557	28,185	155,307	1,198	1,081,344
Claims liabilities	453,741	185,979	228,337	28,418	11,007	-	453,741
Subordinated loan	30,436	2,700	30,658	-	-	-	33,358
Insurance payables, excluding deferred premiums and commission	79,702	79,702	-	-	-	-	79,702
Post-employment benefit	396		-	180	176	40	396
Other payables	32,887	31,302	852	116	616	-	32,886
Total financial liabilities	597,162	299,683	259,847	24,714	11,799	40	600,083

* Expected utilisation or settlement is within 12 months from the reporting date.

35 FINANCIAL RISK (CONTINUED)

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprised three types of exposures: foreign exchange rates (currency risk), market interest rates (interest rates/profit yield risk) and market prices (process risk).

The key features of the Company's market risk management practices and policies are as follows:

- The Company-wide market risk policy setting out the evaluation and determination of what constitutes market risk for the Company is put in place. Compliance with the policy is monitored and reported every quarter to the Investment Committee and Risk Management Committee.
- The Company has policies and limits to manage market risk. The market risk is managed through portfolio diversification and changes in assets allocation. The Company's policies on assets allocation, portfolio limit structure and diversification benchmark have been put in line with the Company's risk management policy after taking cognisance of the regulatory requirements in respect of maintenance of assets and solvency.

Currency risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company has no exposure in currency risk.

Interest rate/Profit yield rate

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates/profit yield.

The Company is exposed to interest rate risk primarily through investments in fixed income securities. Deposits are fixed rated and short term as such the Company is not affected by market interest movement. Interest rate is managed by the Company on an ongoing basis.

The analysis below is performed for reasonably possible movements in interest rates with all other variables held constant, showing the impact of statements of profit or loss and changes in equity (due to changes in fair value of available-for-sale financial assets).

35 FINANCIAL RISK (CONTINUED)

Interest rate/Profit yield rate (continued)

	31 December 2014		31 March 2014	
	Impact on PBT	Impact on Equity*	Impact on PBT	Impact on Equity*
	RM'000	RM'000	RM'000	RM'000
Change in Variable	← (Decrease)/Increase →			
Interest Rate +50bps	-	(2,096)	-	(2,415)
Interest Rate -50bps	-	2,182	-	2,513

* Impact on Equity reflects adjustments for tax, when applicable.

Price risk

Equity price risk is the risk that the fair value of future cash flows of a financial instruments will fluctuate because of the changes in market prices (other than those arising from interest rate/profit yield risk or currency risk), regardless whether those changes are caused by factors specific to the individual financial statements or its issuer or factors affecting similar financial instruments traded in the market. The Company has no exposure on price risk.

Operational risk

Operational risk is the risk of loss arising from system failure, human error, fraud and external events. When controls fail to perform, operational risks can cause damage to reputation, have legal or regulatory implications or can lead to financial loss.

The Company cannot expect to eliminate all operational risks but mitigates them by establishing a control framework and by monitoring and responding to potential risks. Controls include effective segregation of duties, access controls, authorisation, reconciliation procedures, staff training and evaluation procedures, including the use of Internal Audit. Business risk, such as changes in environment, technology and the industry are monitored through the Company's strategic planning and budgeting process.

The Company's risk taking units (Business Development/Technical/Support Divisions) are primarily responsible for management day-to-day operational risk inherent in their respective business and functional areas. They are responsible for putting in place and maintaining their respective operational manuals, and ensuring that activities undertaken by them comply with the Company's operational risk management framework and oversight by the Risk Management Committee and the Board.

36 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 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.

The capital structure of the Company as at 31 December 2014, and the comparative, as prescribed under the RBC Framework is provided below:

	31.12.2014	31.3.2014
	RM'000	RM'000
Eligible Tier 1 Capital:		
Share capital (paid up)	100,000	100,000
Retained earnings	291,429	246,683
	391,429	346,683
Tier 2 Capital:		
Asset revaluation reserve	18,329	18,329
AFS reserve	(1,616)	(2,195)
Subordinated loan	-	30,000
	16,713	46,134
Total capital available	408,142	392,817

37 SIGNIFICANT EVENT

The Minister of Finance ("MoF") had approved (through the letter dated 3 July 2014 from Bank Negara Malaysia ("BNM")) Uni.Asia Capital Sdn. Bhd. (''UAC"), the holding company of Uni.Asia General Insurance Berhad ("UAG") to enter into a sale and purchase agreement ("SPA") dated 16 July 2014 with Liberty Seguros, Compania de Seguros y Reaseguros, S.A. ("Liberty Seguros") for the sale of 68,094,444 ordinary shares of RM1.00 each in UAG ("Sale Shares"), representing approximately 68.09% of the issued and paid-up share capital of UAG.

The sale consideration for the Sale Shares of RM374,519,442 for the 68.09% equity interest (based on an implied valuation of RM550.0 million for a 100% equity interest) was arrived at on a willing buyer willing seller basis through a bidding process involving several parties.

The sale consideration was fully paid in cash by Liberty Seguros to UAC on 16 July 2014.

Further, in August 2014, in accordance with the applicable laws and regulations, the Company held a mandatory general offer issued for the remaining voting shares of the Company. As a result of the general offer, Liberty Seguros increased its ownership to 86.76%. The additional equity interest of 18.67% was satisfied by a cash consideration of RM102,739,346.

38 COMPARATIVE INFORMATION

The financial year end of the company was changed from 31 March to 31 December to coincide with the year end of the ultimate holding company, Liberty Mutual Group Inc. Accordingly, the financial statements of the Company for the current financial period ended 31 December 2014 covers a nine-month period compared to a twelve-month period for the previous financial year ended of 31 March 2014, and therefore the comparative amounts for the statement of income, statement of comprehensive income, statement of changes in equity, statement of cash flows and the related notes are not comparable.

UNI.ASIA GENERAL INSURANCE BERHAD
(Incorporated in Malaysia)

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

We, Dato' Haji Kamil Khalid Ariff and Luciano Suzuki, being two of the Directors of Uni.Asia General Insurance Berhad, do hereby state that, in the opinion of the Directors, the financial statements set out on pages 19 to 115 are drawn up so as to give a true and fair view of the financial position of the Company as at 31 December 2014 and of the financial performance and cash flows of the Company for the financial period ended on that date in accordance with Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards and comply with the provisions of the Companies Act, 1965 in Malaysia.

Signed on behalf of the Board of Directors in accordance with their resolution dated 13 March 2015.

DATO' HAJI KAMIL KHALID ARIFF
DIRECTOR

LUCIANO SUZUKI
DIRECTOR

Kuala Lumpur
13 March 2015

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

I, Tan See Dip, the Officer primarily responsible for the financial management of Uni.Asia General Insurance Berhad, do solemnly and sincerely declare that the financial statements set out on pages 19 to 115 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 in Malaysia.

Subscribed and solemnly declared
by the abovenamed
at Kuala Lumpur in Malaysia
on 13 March 2015

TAN SEE DIP

Before me,

16688-K

Independent auditors' report to the members of
Uni.Asia General Insurance Berhad
(Incorporated in Malaysia)

Report on the financial statements

We have audited the financial statements of Uni.Asia General Insurance Berhad, which comprise statement of financial position as at 31 December 2014, and the statement of income, statement of comprehensive income, statement of changes in equity and statement of cash flows for the period from 1 April 2014 to 31 December 2014, and a summary of significant accounting policies and other explanatory information, as set out on pages 19 to 115.

Directors' responsibility for the financial statements

The directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The directors are also responsible for such internal control as the directors determine is 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 about 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 entity'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 entity'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.

Independent auditors' report to the members of
Uni.Asia General Insurance Berhad (continued)
(Incorporated in Malaysia)

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 31 December 2014 and of its financial performance and cash flows for the period from 1 April 2014 to 31 December 2014 in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and requirements of the Companies Act, 1965 in Malaysia.

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

Brandon Bruce Sta Maria
No. 2937/09/15(J)
Chartered Accountant

Kuala Lumpur, Malaysia
13 March 2015