

# FINANCIAL STATEMENTS - 31 MARCH 2011

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

# UniAsia

General Insurance

## STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2011

Note	31.3.2011 RM'000	(restated) 31.3.2010 RM'000	(restated) 1.4.2009 RM'000
<b>ASSETS</b>			
Property and equipment	60,725	60,271	52,221
Investment properties	1 40,388	39,764	33,880
Available-for-sale financial assets	2 79,275	55,805	212,991
Held-to-maturity financial assets	2 148,888	117,583	13,349
Loans and receivables	347,762	366,646	255,939
Deferred tax assets	-	-	3,295
Reinsurance assets	270,290	131,801	142,680
Insurance receivables	53,069	52,110	41,877
Deferred acquisition cost	18,693	19,083	21,097
Current tax recoverable	3,549	5,206	4,283
Cash and cash equivalents	35,194	60,442	50,547
<b>Total assets</b>	<b>1,057,833</b>	<b>908,711</b>	<b>832,159</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>			
Share capital	100,000	100,000	100,000
Reserves	19,415	19,518	411
Retained earnings	130,075	93,853	120,965
<b>Total equity</b>	<b>249,490</b>	<b>213,371</b>	<b>221,376</b>
Insurance contract liabilities	3 657,341	625,869	554,977
Subordinated loan	30,000	-	-
Other financial liabilities	46,659	182	422
Deferred tax liabilities	1,655	-	-
Deferred acquisition cost-reinsurance	7,732	2,655	3,822
Insurance payables	47,360	52,557	42,326
Other payables	16,955	13,250	8,346
Post employment benefit obligations	641	827	890
<b>Total liabilities</b>	<b>808,343</b>	<b>695,340</b>	<b>610,783</b>
<b>Total shareholders' equity and liabilities</b>	<b>1,057,833</b>	<b>908,711</b>	<b>832,159</b>

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

## INCOME STATEMENT FOR THE FINANCIAL YEAR ENDED 31 MARCH 2011

	31.3.2011 RM'000	31.3.2010 RM'000
Operating revenue	432,106	425,266
Gross written premium	412,802	397,162
Change in premium liabilities	(2,721)	6,531
Gross earned premiums	410,081	403,693
Gross written premium ceded to reinsurers	(205,355)	(62,363)
Change in premium liabilities	66,270	(3,176)
Premium ceded to reinsurers	(139,085)	(65,539)
Net earned premium	270,996	338,154
Investment income	22,025	21,573
Realised gains and losses	31	4,483
Fair value gains and losses	637	8,633
Commission income	38,921	11,790
Other income	10,668	12,750
Other income	72,282	59,229
Gross claims paid	(290,296)	(268,192)
Claims ceded to reinsurers	48,925	33,196
Gross change to contract liabilities	(28,751)	(77,423)
Change in contract liabilities ceded to reinsurers	72,219	(7,703)
Net claims incurred	(197,903)	(320,122)
Commission expense	(45,216)	(44,592)
Management expenses	(57,857)	(56,938)
Other expenses	(103,073)	(101,530)
Finance costs	(2,036)	-
Profit/(loss) before taxation	40,266	(24,269)
Tax expense	(4,053)	(2,843)
Profit/(loss) for the financial year	36,213	(27,112)
Basic earnings/(loss) per share (sen)	36.21	(27.11)

## STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 MARCH 2011

	31.3.2011 RM'000	31.3.2010 RM'000
Profit/(loss) for the financial year	36,213	(27,112)
Other comprehensive income:		
Change in revaluation surplus on self-occupied properties	79	10,186
Fair value changes on available-for-sale financial assets	(249)	13,907
Loss/(gain) recognised in income statement on disposal of available-for-sale financial assets	19	(4,533)
Reversal on deferred tax liability on revaluation reserve	-	1,891
	(151)	21,451
Tax effect on fair value changes in available-for sale financial assets	62	(3,477)
Tax effect on (loss)/gain recognised in income statement on disposal of available-for-sale financial assets	(5)	1,133
Other comprehensive income for the financial year, net of tax	(94)	19,107
<b>Total comprehensive income/(loss) for the financial year</b>	<b>36,119</b>	<b>(8,005)</b>

## STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 MARCH 2011

	Issued and fully paid ordinary shares of RM1 each		Non-distributable		Distributable	
	Number of shares 000	Nominal value RM'000	Asset revaluation reserve RM'000	Available-for-sale reserve RM'000	Retained earnings RM'000	Total RM'000
At 1 April 2009						
- as previously stated	100,000	100,000	7,233	(6,822)	119,568	219,979
- change in accounting policy	-	-	-	-	1,397	1,397
As restated 1 April 2009	100,000	100,000	7,233	(6,822)	120,965	221,376
Total comprehensive income/(loss) for the financial year	-	-	12,077	7,030	(27,112)	(8,005)
At 31 March 2010	100,000	100,000	19,310	208	93,853	213,371
At 1 April 2010						
- as previously stated	100,000	100,000	16,596	208	92,456	209,260
- change in accounting policy	-	-	2,714	-	1,397	4,111
As restated 1 April 2010	100,000	100,000	19,310	208	93,853	213,371
Reversal of revaluation surplus on disposal of self-occupied properties	-	-	(9)	-	9	-
Total comprehensive income/(loss) for the financial year	-	-	79	(173)	36,213	36,119
At 31 March 2011	100,000	100,000	19,380	35	130,075	249,490

## STATEMENT OF CASH FLOW FOR THE FINANCIAL YEAR ENDED 31 MARCH 2011

	31.3.2011 RM'000	31.3.2010 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit/(loss) for the financial year	36,213	(27,112)
Adjustment for non-cash items:		
Property and equipment		
- depreciation	2,484	2,852
- loss on disposal	(5)	25
- written off	3	58
Gain on disposal of investments	(49)	(4,533)
Reversal of impairment charge on available-for-sale financial assets	-	(2,684)
Investment income	(22,025)	(21,573)
Finance cost	2,036	-
Writeback of impairment allowance	(401)	(537)
Provision for post-employment benefits	208	162
Tax expenses	4,053	2,843
Fair value gain on investment properties	(624)	(5,884)
Reversal of impairment loss on self occupied properties	(13)	(65)
	21,880	(56,448)
Purchase of available-for-sale financial assets	(49,738)	(111,364)
Purchase of held-to-maturity financial assets	(31,175)	(120,550)
Proceeds from maturity of available-for-sale financial assets	15,000	75,000
Proceeds from disposal of available-for-sale financial assets	10,704	225,588
Interest income received	20,332	20,175
Dividend income received	830	1,243
Other investment income received	1,116	1,030
Payment of staff retirement benefits	(394)	(225)
Increase/(decrease) in reinsurance assets	(138,489)	10,879
Increase in insurance receivables	(558)	(9,695)
Decrease in deferred acquisition cost-gross	390	2,014
(Decrease)/increase in insurance payables	(5,197)	10,231
Increase/(decrease) in other financial liabilities	46,477	(240)
Increase in claims liabilities	31,472	70,892
Decrease/(increase) in loan and receivables	18,884	(110,747)
Increase in other payables	3,266	4,904
Increase/(decrease) in deferred acquisition cost-reinsurance	5,077	(1,167)
Cash generated from operations	(50,123)	11,518
Income tax paid	(683)	(889)
Net cash flows from operating activities	(50,806)	10,629
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of property and equipment	(3,044)	(808)
Proceeds from disposal of property and equipment	201	74
Net cash flows from investing activities	(2,843)	(734)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Finance cost	(1,599)	-
Subordinated loan	30,000	-
Net cash flows from financing activities	28,401	-
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(25,248)</b>	<b>9,895</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR</b>	<b>60,442</b>	<b>50,547</b>
<b>CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR</b>	<b>35,194</b>	<b>60,442</b>

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## NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2011

### 1. INVESTMENTS PROPERTIES

	Freehold land and building RM'000	Leasehold land and building RM'000	Total RM'000
At 1 April 2010	10,200	29,564	39,764
Fair value changes	400	224	624
31 March 2011	10,600	29,788	40,388
At 1 April 2009	9,380	24,500	33,880
Fair value changes	820	5,064	5,884
At 31 March 2010	10,200	29,564	39,764

The titles to the leasehold land and buildings and freehold land and buildings included in investment properties at carrying value of RM29,788,000 (2010: RM29,564,000) and RM10,600,000 (2010: RM10,200,000) 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 formalisation of this transfer to be completed.

### 2. INVESTMENTS

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

	31.3.2011 RM'000	31.3.2010 RM'000
Available-for-sale financial assets ("AFS")	78,633	55,115
Accrued interest	642	690
	79,275	55,805
Held-to-maturity financial assets ("HTM")	147,077	116,200
Accrued interest	1,811	1,383
	148,888	117,583
Total investments	228,163	173,388

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

	AFS RM'000	HTM RM'000	Total RM'000
(a) AFS			
At fair value:			
Unquoted equity securities	93	93	
Unquoted corporate debt securities	49,640	55,022	
Quoted unit trusts in Malaysia	28,900	-	
Accrued interest	642	690	
Total available-for-sale financial assets	79,275	55,805	
(b) HTM			
At amortised cost:			
Unquoted corporate debt securities, at cost	147,410	116,274	
Amortisation of premiums net of accretion of discounts	(333)	(74)	
Accrued interest	1,811	1,383	
Total held-to-maturity financial assets	148,888	117,583	

### (c) Carrying value of financial assets

	AFS RM'000	HTM RM'000	Total RM'000
At 1 April 2009	212,991	13,349	226,340
Purchases	43,027	100,478	143,505
Disposal/maturity/repayment	(207,598)	-	(207,598)
Fair value gain recorded in:			
Other comprehensive income	9,374	-	9,374
Amortisation	(162)	(74)	(236)
Writeback of provision in diminution in value	-	2,635	2,635
Accrued interest	(1,827)	1,195	(632)
At 31 March 2010/ 1 April 2010	55,805	117,583	173,388
Purchases	49,738	31,176	80,914
Disposal/maturity/repayment	(25,615)	(40)	(25,655)
Fair value gain recorded in:			
Other comprehensive income	(230)	-	(230)
Amortisation	(375)	(259)	(634)
Accrued interest	(48)	428	380
At 31 March 2011	79,275	148,888	228,163

The maturity structure of available-for-sale financial assets is as follows:

	31.3.2011 RM'000	31.3.2010 RM'000
Investments maturing within 12 months	25,338	15,943
Investments maturing after 12 months	53,937	39,862
	79,275	55,805

The maturity structure of held-to-maturity financial asset is as follows:

	31.3.2011 RM'000	31.3.2010 RM'000
Investments maturing within 12 months	9,811	1,383
Investments maturing after 12 months	139,077	116,200
	148,888	117,583

### 3. INSURANCE CONTRACT LIABILITIES

	31.3.2011			31.3.2010			1.4.2009		
	Gross RM'000	Re- insurance RM'000	Net RM'000	Gross RM'000	Re- insurance RM'000	Net RM'000	Gross RM'000	Re- insurance RM'000	Net RM'000
General insurance	657,341	(270,290)	387,051	625,869	(131,801)	494,068	554,977	(142,680)	412,297
The general insurance contract liabilities and its movement are further analysed as follows:									
Provision for claims	319,315	(104,064)	215,251	329,408	(72,496)	256,912	259,482	(70,968)	188,514
Provision for "IBNR"	131,392	(67,006)	64,386	92,548	(26,355)	66,193	85,051	(35,587)	49,464
Claims liabilities (i)	450,707	(171,070)	279,637	421,956	(98,851)	323,105	344,533	(106,555)	237,978
Premium liabilities (ii)	206,634	(99,220)	107,414	203,913	(32,950)	170,963	210,444	(36,126)	174,318
	657,341	(270,290)	387,051	625,869	(131,801)	494,068	554,977	(142,680)	412,297

### (i) Claims liabilities

	31.3.2011			31.3.2010		
	Gross RM'000	Re- insurance RM'000	Net RM'000	Gross RM'000	Re- insurance RM'000	Net RM'000
At 1 April	421,956	(98,851)	323,105	344,533	(106,554)	237,979
Claims incurred for the current accident year (direct and facultative)	287,389	(109,617)	177,772	266,161	(29,007)	237,154
Adjustment to claims incurred in prior accident year (direct and facultative)	6,237	(5,778)	459	75,784	27	75,811
Claims incurred during the financial year (treaty inwards claims)	5,190	(242)	4,948	3,055	-	3,055
Movement in PRAD of claims liabilities at 75% confidence level	12,363	(1,283)	11,080	(222)	3,639	3,417
Movement in claims handling expenses	7,867	(4,223)	3,644	837	(152)	685
Claims paid during the financial year	(290,295)	48,924	(241,371)	(268,192)	33,196	(234,996)
At 31 March	450,707	(171,070)	279,637	421,956	(98,851)	323,105

### Claims liabilities by class of business

	31.3.2011			31.3.2010		
	Motor RM'000	Non-motor RM'000	Net RM'000	Motor RM'000	Non-motor RM'000	Net RM'000
Gross claims liabilities	338,762	111,945	450,707	324,519	97,437	421,956
Reinsurance	(97,206)	(73,864)	(171,070)	(34,017)	(64,834)	(98,851)
Net claims liabilities	241,556	38,081	279,637	290,502	32,603	323,105

### (ii) Premium liabilities

	31.3.2011			31.3.2010		
	Gross RM'000	Re- insurance RM'000	Net RM'000	Gross RM'000	Re- insurance RM'000	Net RM'000
At 1 April	203,913	(32,950)	170,963	210,444	(36,126)	174,318
Premiums written during the financial year	412,802	(205,355)	207,447	397,162	(62,363)	334,799
Premiums earned during the financial year	(410,081)	139,085	(270,996)	(403,693)	65,539	(338,154)
At 31 March	206,634	(99,220)	107,414	203,913	(32,950)	170,963

### 4. CAPITAL COMMITMENT AND CONTINGENT LIABILITIES

#### Contingent liabilities

The contingent liabilities consist of guaranteed payment for the Foreign Workers Compensation Scheme and collateral for Bond class of business.

At the date of this report, there is no capital commitment.

### 5. REGULATORY CAPITAL REQUIREMENTS

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

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

The capital structure of the Company as at 31 March 2011, and the comparative, as prescribed under the RBC Framework is provided below:

	31.3.2011 RM'000	31.3.2010 RM'000
Eligible Tier 1 Capital:		
Share capital (paid-up)	100,000	100,000
Retained earnings	130,075	92,456
	230,075	192,456
Tier 2 Capital:		
Eligible reserves	49,415	16,804
Total Capital Available	279,490	209,260

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

On 22 June 2011, we reported on the statutory financial statements of Uni.Asia General Insurance Berhad for the financial year ended 31 March 2011. In that report we stated that:

#### REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of Uni.Asia General Insurance Berhad, which comprise the statement of financial position as at 31 March 2011, and the statement of income, other comprehensive income, changes in equity and cash flow for the financial year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 22 to 97.

#### Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation of these financial statements that give true and fair view in accordance with the Malaysian Accounting Standards Board ("MASB") Approved Accounting Standards in Malaysia for Entities Other than Private Entities and the provisions of the Insurance Act 1996 and Companies Act, 1965, and for such internal control as the Directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

#### Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### Opinion

In our opinion, the financial statements have been properly drawn up in accordance with MASB Approved Accounting Standards in Malaysia for Entities Other than Private Entities, and the provisions of the Companies Act, 1965 and Insurance Act, 1996 so as to give a true and fair view of the financial position of the Company as of 31 March 2011 and of its financial performance and cash flows for the financial year then ended.

#### REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

#### OTHER MATTERS

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

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

Accordingly, for a full appreciation of the financial position of the Company as at 31 March 2011 and of its financial performance and cash flows for the financial year ended on that date, reference should be made to the statutory financial statements of the Company for the financial year ended 31 March 2011 in which context of our record of 22 June 2011 was made.

PRICEWATERHOUSECOOPERS  
(No. AF: 1146)  
Chartered Accountants

SRIDHARAN NAIR  
(No. 2656/05/12 (J))  
Chartered Accountant

Kuala Lumpur  
22 June 2011

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